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Subject: Rate Reform Group Phase 2 - NEM discussion proposal

Rate reform allies,

I'm forwarding an outline for a possible deal on Net Energy Metering (NEM) in AB 327. This approach may not be that different from what we're likely to see from the Governor's office. Here are the broad strokes:

- (1) Codify NEM cap "new math" in §2827 with respect to definition of "aggregate customer peak demand".
- (2) Direct the CPUC to develop new NEM program rules (including rates, size limitations, terms of service) by January 1, 2015. These rules should ensure that rates charged to customer-generators maintains ratepayer indifference for non-participating customers of the same electrical corporation.
- (3) Beginning on January 1, 2015, all new customer enrollments in a net energy metering tariff, a co-energy metering tariff or a wind co-energy metering tariff, shall be subject to the revised rules.
- (4) All customers served under tariffs authorized by §2827 (old NEM) shall remain subject to the terms and conditions of the tariff in effect as of December 31, 2014 until 7 years after the date the customer initially enrolled in NEM. After 7 years, the customer shall be subject to the revised NEM tariffs.
- (5) Repeal §2827 as of December 31, 2021.

My guess is that the points of contention will be the date of initial transition, the date for existing NEM customers to switch to NEM 2.0, and the guidance provided to the CPUC on the parameters for NEM 2.0.

Feel free to email or call with feedback.

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