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Taxpayers Urge CPUC to Address Vast Inequities in Solar Rate Structure

Taxpayers Association and LatinX Coalition Partners Requesting Action for Communities of Concern NOW!

San Diego, CA (March 3, 2022) – While the California Public Utilities Commission (CPUC) has indefinitely postponed considering restructuring utility rates for solar customers, the San Diego County Taxpayers Association with numerous leaders in the LatinX community is calling for action.

On December 6, 2021 the Taxpayers Association released its study of NEM 2.0 and recommendations for NEM 3.0, which focused on accelerating corrections to the rate structure that burden lower income households, in general. In response to the Net Billing Tariff proposal released by the Commission on December 13th, the Association has since testified at CPUC public meetings urging such immediate action. Along with MANA de San Diego and the San Diego County Hispanic Chamber of Commerce, the San Diego County Taxpayers Association submitted a letter to the members of the CPUC on Thursday highlighting the inequities and calling for corrective action quickly.

“It is disappointing and very concerning that the Commission has decided to indefinitely postpone considering a revised Net Billing Tariff given the severity of the inequities in the current structure,” said Haney Hong, president and CEO of the Association. “Through our analysis, we discovered that the current rate structure forces non-solar customers to pay 20 cents of every energy dollar to subsidize solar customers, who are typically higher-income earners. This problem needs to be corrected now, not when my two-year-old starts college.”

"It is unacceptable that lower income people in communities of concern are paying high energy bills to subsidize rooftop solar systems that largely belong to higher income families," said Inez Gonzales Perezchica, Executive Director of MANA de San Diego. "The communities MANA de San Diego serves are already struggling, and increased financial burdens caused by poorly designed energy rate structures further the inequities we are experiencing."

Along with the call to action requesting the Commission continue the discussions to adopt a new rate structure, the Taxpayers Association urged the commissioners to consider the following recommendations:



1. Given that increases in poverty result in even higher costs to taxpayers in public support programs and that San Diego already experiences the highest electricity rates in the country, the rate structure should eliminate all cost shifting to low and middle income (LMI) households.
2. Because new technologies to decarbonize and stabilize the grid should not be disincentivized, incentives should not be recovered through volumetric rates; thus, those incentives should be managed outside of rate structures like NEM.
3. All future rooftop solar customers should not be compensated for excess energy at a greater value than the value of energy at true market rates and avoided costs. All solar customers should also be charged appropriate fixed cost fees to ensure shared infrastructure costs are fairly distributed amongst all customers.
4. Vintage NEM 1.0 and 2.0 customers should be transitioned to a rate structure where they are compensated at true market rates for excess energy over a period within five years, with exception to those customers who are enrolled in any low-income rate programs. For all low-income customers, bills should not change at a rate faster than the consumer price index.
5. For all new solar customers who are enrolled in low-income programs, the CPUC should consider a reasonable “payback” period to be ten years. For all other solar customers, rates need not consider a reasonable payback period, as it would be better to achieve “reasonable payback” through upfront subsidies as opposed to integration into volumetric usage rates.

The rationale for these recommendations assesses key public policy goals in the areas of equity, decarbonization and grid stabilization. The [full report can be found here](#).

SDCTA president and CEO, Haney Hong published an Opinion Editorial in the Union Tribune highlighting his cost savings as a solar customer and the cost they impose on others. The [full Opinion Editorial can be found here](#).

The full letter to the California Public Utilities Commission is attached below.

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