

New Solar and Storage Rate

SMUD's 2021 Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services proposes a new Solar and Storage Rate for customers approved to connect to SMUD's grid on or after January 1, 2022.

The proposed rate structure and supporting programs and incentives will transform the market from solar only to solar and storage because of the greater value and broader benefits pairing solar with storage brings to all customers. The proposed rate is the outcome of extensive collaboration with representatives from the solar and storage industry that began in 2019.

Here are key details about the proposed rate:

- Solar customers on the existing Net Energy Metering (NEM 1.0) rate can remain on that rate through 2030.
- We'll provide incentives and programs to encourage the adoption of solar with energy storage (batteries) and continue to support the solar and storage industry.
- When solar customers have excess power they do not use or store in their battery, they can sell it back to SMUD.

- The proposal outlines SMUD buying this excess electricity from the customer for 7.4¢/kWh, no matter the time of day or season. This buyback rate would be effective January 1, 2022.
- Along with the new rate, the proposal includes a one-time fee to connect new solar systems to SMUD's grid to recover the cost of providing that service, which includes a technical document review, validation of system sizes, integration costs into our distribution system and processing of the application. SMUD is one of the few utilities that does not currently charge a fee. The fee would be applied to all new systems starting January 1, 2022.

With this new solar and storage recommendation, we're committed to bringing the benefits of solar to our under-resourced multi-family dwelling communities through a Virtual Net Energy Metering program, where solar and storage customers can share their clean solar energy through our grid with others in the community.





Finding a solution

In 2019, we introduced a new rate recommendation for customers with onsite generation, such as solar—a grid access charge.

We made the decision to change course and removed the grid access charge recommendation from the final 2019 CEO & General Manager's Report and Recommendation on Rates and Service and committed to embark on a collaborative journey with our customers, stakeholders and the solar and storage industry to develop a new recommended solar and storage rate.

In October 2019, we kicked off a technical working group with key stakeholders from the solar, storage, environmental and under-resourced community organizations to reach agreement on the inputs for the Value of Solar Study.

In September 2020, we published a Value of Solar and Solar + Storage Study, which was a detailed independent study based on the technical working group's agreed upon inputs to value the costs and benefits of rooftop solar energy in Sacramento.

In October 2020, we invited a wide-range of organizations to collaborate with us and help design a revised Solar and Storage Rate that will benefit all customers to include in this year's rate action. The outcomes of the study were incorporated in the proposed rate recommendation.

Other changes proposed in the 2021 rate proposal

The 2021 rate proposal also outlines a 1.5% increase in rates effective March 1, 2022 and a 2% increase effective January 1, 2023, a new optional Critical Peak Pricing (CPP) rate to help conserve electricity during periods of highest demand and other miscellaneous changes.

Public workshops and hearings



Members of the public can ask questions and provide feedback about the Rate Proposal at the following virtual meetings. For instructions to join a workshop, please visit smud.org/RateInfo.

Public workshops

Thursday, July 8 | 5:30 p.m.

Tuesday, July 27 | 10 a.m.

Public hearing

Tuesday, August 31 | 5:30 p.m.

Learn more

To view the complete Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, please visit smud.org/RateInfo.



Answers to common questions

Why is SMUD proposing a new rate for solar?

If we want to build a zero-carbon economy, improve health outcomes, decrease asthma rates and decrease pollution in our region, then we must find a comprehensive approach that benefits everyone.

The proposed Solar and Storage Rate does that by promoting the adoption of clean power that eventually will allow us to close gas-fired power plants, expanding solar to lower-income customers, providing a new market for battery storage as well as new clean energy jobs and more.

If I already have solar, will this new rate impact me?

Customers that already have solar will have a choice. If the proposal is approved by SMUD's Board, solar customers on the existing Net Energy Metering (NEM 1.0) rate can remain on that rate through 2030. This includes all SMUD customers with systems approved for connection to SMUD's grid before January 1, 2022.

However, a customer that already has solar will have the option to take advantage of incentives to add battery storage, at which time they will transition to the proposed Solar and Storage Rate.

Does SMUD support solar?

Yes. For over 30 years, we've played a critical leadership role in providing early support and incentives to grow the rooftop solar industry into the thriving and growing industry it is today. In fact, we've invested about \$250 million to support customer adoption of rooftop solar over the past 20 years.

The cost of solar has significantly decreased and storage technology has advanced enough that it's now time to transform the industry to a solar PLUS storage one, which is more valuable to all customers, SMUD and the community. With our new proposed rate and programs, we plan to invest about \$25 million over the next 9 years to incentivize storage adoption, which plays a critical role in achieving our goal to remove all carbon from our power supply by 2030.

In addition, nearly 1,000 MW of new utility-scale solar will be pursued locally over the next 20 years. SMUD's utility-scale solar will provide clean energy to all customers, even those that can't afford or can't install rooftop solar.

These local utility-scale solar projects will positively impact local air quality in the greater Sacramento region and help us achieve our carbon reduction goals.