

Project Finance and Renewable Energy

SDG&E Proposes Network Use Charge Impacting Distributed Solar Generators

December 19, 2011

As part of its latest rate design application, San Diego Gas & Electric (SDG&E) has proposed a “network use charge” to the California Public Utilities Commission (CPUC) payable by its customers for all energy that flows through the meter regardless of whether the energy is imported from, or exported to, the grid. This charge would particularly affect distributed solar generators that sell electricity into the grid through net metering arrangements.

For small commercial customers using less than 20 kilowatts per month, the proposed network use charge is \$.95 per KW per month¹. In addition, SDG&E has proposed an additional “public purpose program” charge based upon a customer’s usage of the distribution system, in the same manner as the network use charge, with a \$.25 per KW per month charge to begin in 2014. For customers using more than 20 KW per month, the per KW fees for the network use charge and the public purpose program charge have yet to be determined, but will be set based on SDG&E’s total distribution costs divided by each customer’s proportionate use of the distribution system.

Protests to SDG&E’s application have been submitted by numerous parties including Californians for Renewable Energy, Inc.; The Center for Accessible Technology; the city of San Diego; the Division of Ratepayer Advocates; The Greenlining Institute; multiple San Diego County public agencies; San Diego Solar Coalition; the Solar Alliance; Utility Consumers’ Action Network; The Utility Reform Network; and Vote Solar Initiative.

Both PG&E and Southern California Edison have submitted written responses to the SDG&E proposal, indicating interest in this new rate design structure. If SDG&E’s application is approved by the CPUC, these utilities could propose similar measures.

The CPUC review process has just begun. The CPUC is not scheduled to make a final decision until December 2012, with any new rate design becoming effective January 2013. However, as currently proposed, the network use charge and public purpose program charge would not go into effect until January 2014.

CONTACT INFORMATION

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¹ It is unclear in SDG&E’s application whether this charge is intended to be levied on a per kilowatt-hour basis.

