

**Dissent of Commissioner Michel P. Florio on Decision 16-01-044,
Adopting a Net Energy Metering Successor Tariff**
2/3/2016

I respectfully disagree with the majority of my colleagues on this decision adopting a Net Energy Metering Successor Tariff. While the decision makes important progress in advancing California's Net Energy Metering policies, it fails to secure a sustainable future for rooftop solar in California.

My reasoning is as follows. First, I think that there is sometimes a misconception that somehow the Investor Owned Utilities are paying whatever Net Energy Metering customers receive for their solar generation. This is not correct; the utilities are just a conduit. Other customers -- the people who do not or even cannot have solar -- pay the compensation that the Net Energy Metering customers receive. As such, we are legally bound to balance the interests of participating and non-participating customers, while ensuring the solar industry continues to grow sustainably.

Second, while I earnestly support the rooftop solar industry, in my judgment the compensation level that this decision now provides for solar is just too high. It does not need to be that high for the solar industry to thrive. My opinion in this regard is informed by both analytics and observation of the industry. Analytically, the record of this proceeding clearly demonstrates that the pay-back period for adoption of rooftop solar is less than ten years, more than 50% shorter than the 20 year guarantee provided by the adopted tariff. This conclusion was validated by the solar industry's praise for the proposed decision as issued in December. Following that acceptance by the industry, two developments further enriched the compensation: Congress' extension of the Investment Tax Credit and modifications to the Decision to exempt Net Energy Metering customers from transmission access charges.

I conclude that the exemption of participating solar customers from paying transmission access charges unreasonably tilts the balance needed to ensure a sustainable future for rooftop solar. I believe the benefits of this enriched compensation structure will accrue to solar vendors, not solar customers, and will go well beyond the levels needed to assure a sustainable industry.

Going forward, I favor a compensation structure that reflects the value of exported generation. Participating customers should be compensated at the retail rate for generation consumed on site. Exports should be compensated

in a way that reflects their value, which should at minimum be differentiated by time and location. This decision makes some progress toward that end by requiring participating customers to be on a Time of Use rate. I applaud this step forward, but ultimately believe compensation for exports should be delinked from retail rates altogether. While the decision makes inadequate progress toward that end, it does not preclude it. Therefore I resolve to work to support that outcome by 2019.

/s/ MICHEL PETER FLORIO

2/3/2016