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Proposed Commercial Large Solar Program

Current state law divides the solar market by the capacity of the photovoltaic (PV) system. City Light compensates systems under 100 kW using annual net metering, whereby energy generation is banked annually and credited at the retail rate. There are approximately 3,000 net metered customers. For larger systems over 100 kW, customers must negotiate a custom contract with City Light. There are currently three systems of this size.

To support this customer segment that has larger power demands and available roof space, City Light wants to establish a commercial solar program with a standard pricing mechanism for PV systems over 100 kW, but less than 2 MW. We see these larger rooftop systems as a gap in the market and an area of increased interest given decreasing PV costs and alignment with city policy. There is an opportunity for a City Council approved pricing structure, thus increasing certainty for potential commercial solar customers and removing a repetitive business process for City Light.

Small Customers
<100 kW



Large Customers
100kW-2MW



Power Producer
2 MW+



As with any utility pricing proposals, it is important to define the goals clearly. We are flexible on these going forward, but have four main principles for larger commercial solar customers:

1. Provide customers a clear pricing structure for larger solar systems that gives more certainty in investment decisions.

2. Reward solar development that is aligned and sized to the building, similar to the value of energy efficiency, City Light's priority energy resource.
3. Ensure that the policy aligns with the capabilities of our IT systems and business processes.
4. Minimize cost shifting between customers to the degree feasible.

Based on these principles, the proposed terms of the program are as follows:

- For solar systems 100kW-2MW on a customer facility, any energy production that is used onsite will reduce energy purchases from City Light at the retail rate
- Any excess energy that is exported to City Light's system will be compensated at a price corresponding to the power value and long-term benefits to the grid.
- The AMI meter registers will measure and accumulate over the retail billing period the customer's inbound retail consumption and outbound power export.
- We will open enrollment for an initial two-year pilot and reevaluate after this time, guaranteeing initial enrollees this pricing structure and a minimum export price for 15 years.

City Light will provide transparent information that will help customers understand the development of the export price and the value of solar to City Light's customers. This will include:

- The commercial solar export price will be updated every two years.
- Currently we are deciding whether to use historical or forecast wholesale power prices to set the export price.
- The selected methodology is expected to be used going forward for the duration of the program unless there is a significant cost shift occurring that needs to be corrected.

Over the fall, City Light has sought extensive stakeholder feedback. We have held a series of direct meetings with the environmental community, solar installers, solar developers, and partner utilities, in addition to two public webinars. Based on this feedback, the proposal reflects several specific suggestions. First, we have increased the eligible system size from 1 MW to 2 MW. Second, we will offer a guaranteed 15-year term and a minimum price for the exported power for customers who enroll, as we heard this term was critical to secure financing. Lastly, the customers will retain the "greenness" of the energy generated and City Light will not buy the Renewable Energy Certificates (RECs).

This proposal requires City Council approval and should be implemented as soon as possible.