

## Explanation of Net Energy Metering and Annual Net Surplus Electricity Settlement Options

### Applicability

This document is applicable to any City of Palo Alto Utilities (“CPAU”) Customer-Generator currently receiving Electric Service and participating in Net Energy Metering (“NEM”) via the use of a Renewable Electrical Generation Facility located on the Customer-Generator’s owned, leased, or rented premises that operates in parallel with the CPAU distribution system, so long as there is availability remaining within the NEM Cap. This document does not apply to Customer-Generators who participate in the City’s Net Energy Metering Successor Program.\*

### Net Energy Metering

Net Energy Metering means measuring the difference between the electricity supplied through CPAU’s Electric Utility Distribution System and the electricity generated by the Customer-Generator’s facility and delivered to CPAU’s Electric Utility Distribution System over a specified twelve-month period.

### Electric Meter for Solar Customer-Generators on Net Energy Metering

The electric meter measures the difference between electricity provided from the utility grid to the property, and the electricity sent from the PV system back out to the grid. The electric meter only registers *net electricity*, and will not provide separate information on the total electric consumption or the total PV generation.

*CPAU encourages all solar Customer-Generators to track monthly PV electricity generation from their system’s monitoring system or inverter display to determine if the PV system is in need of maintenance.*

### Monthly Net Metering Billing

When monthly electricity consumption:

- EXCEEDS the amount generated, CPAU Customer-Generators pay for the electricity at the standard CPAU retail rates ([E-1](#) for residents). This is called “net consumption”.
- IS LESS than the amount generated, CPAU Customer-Generators receive a credit based on the same retail rates. This is called “net generation”.

The monthly net generation credit is carried forward as a monetary value and is available to offset future electric purchases as long as the Customer-Generator’s CPAU account is active. However, the monthly net generation credit *cannot* be applied to the monthly minimum electric bill charge.

At this time, the CPAU monthly billing statement is only able to display net consumption. If a Customer-Generator has net generation, the bill will read “0 kWh”.

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### Annual Settlement for Eligible Customer-Generators

The annual settlement date occurs on either: 1) the anniversary of the interconnection date, or 2) the date the electric account was opened for a new Customer-Generator moving into a home with an existing solar system.

When more electricity is consumed than is generated in a 12-month period (beginning on each year's settlement date), the Customer-Generator does not need to submit a Net Surplus Electricity election form.

When more electricity is generated than is consumed in a 12-month period (beginning on each year's settlement date), the surplus electricity is called the annual net surplus electricity. Customer-Generators with annual net surplus electricity should submit a Net Surplus Electricity Election form to select either:

- **Option A- Cash out:** CPAU will calculate the cash out amount by multiplying the last 12 months of net surplus electricity (in kWh) by the Net Surplus Electricity rate ([NSE-1](#)). This is issued as a bill credit that can be used to cover all CPAU bill charges.
- **Option B-Roll-Over:** CPAU will roll-over the Net Energy Metering credit balance into the next 12-month settlement period which can be used to offset future electric consumption charges (excluding the monthly minimum electric bill charge). This option is recommended for solar Customer-Generators who expect an increase in their future electric needs, such as with charging an electric vehicle.

### Changing the Net Surplus Electricity Election

Customer-Generators may change their election once a year as long as their election form is submitted at least 60 days before their annual settlement date. Please note that while the Net Energy Metering credit balance may be rolled over into the next 12-month settlement period for multiple years, if the election is changed to Option A-Cash out, then only the last 12 months of net surplus electricity may be cashed out.