



What are the major differences between NEM 1.0 and NEM 2.0?

In adopting the NEM Successor Tariff Decision (D.) 16-01-044, the California Public Utilities Commission (CPUC) instituted three key changes to the existing NEM (NEM 1.0) program that will apply to NEM 2.0 customers:

1. Non-bypassable charges (NBCs) – require NBCs to be assessed on the net of kilowatt hours (kWh) consumed in each metered interval (i.e., generally, at the hourly interval level for residential users and at the 15-minute interval level for non-residential users)
2. Mandatory Time of Use (TOU) rates – NEM 2.0 customers must be on a TOU rate. Those who receive service under a NEM 2.0 tariff schedule prior to the implementation of default Residential TOU rates in SCE’s service territory (expected to be in 2019, subject to Commission direction), have the option to stay on the TOU rate that they are served on at that time for a period of five years from the date service commenced at that TOU rate. The only exception to the mandatory TOU rate requirement applies to residential customers who do not have a TOU rate available to them (e.g., master-metered customers served on a DM/DMS rates). Customers may contact SCE at 800-644-4555 to select another TOU rate for which they are eligible.

3. New interconnection fee – NEM 2.0 customers will be required to pay an interconnection fee with their interconnection request. The current fees are as follows:
 - a. \$75 for an interconnection request that is 1 megawatt (MW) and smaller
 - b. \$800 for an interconnection request that is greater than 1 MW

For NEM 2.0 projects above 1 MW, does the California Independent System Operator’s (CAISO) tariff apply?

Under NEM 2.0, customers can install generating facilities larger than 1 MW as long as the generating facility is sized to the customer’s past twelve months’ energy (kWh) usage (or the customer provides load justification for the increased size). NEM customers with a generating facility more than 1 MW may also have additional obligation under the California Independent Systems Operator’s (CAISO) tariff. These customers will have to consult with CAISO regarding any such obligations. SCE cannot advise customers on the applicability of CAISO’s tariff because only the CAISO can opine on such matters.

Net Energy Metering (NEM) Successor Tariff

Does submitting a NEM 1.0 interconnection application before the NEM 2.0 start date reserve your project under NEM 1.0?

There is no reservation system. Thus, customers are eligible for NEM 1.0 if we have received all documentation (no corrections or deficiencies) necessary for taking service on the NEM rate prior to SCE hitting its NEM cap or July 1, 2017, whichever is earlier.

Can I apply under NEM 2.0 even though SCE is still accepting current NEM (NEM 1.0) interconnection requests?

Yes. Resolution E-4792 ordered SCE to immediately make the NEM-ST application documents available and begin processing NEM 2.0 interconnection requests, beginning September 1, 2016.

Note: Although SCE will accept and review NEM 2.0 interconnection requests prior to the date that NEM 2.0 is effective in our service territory, SCE will not be able to issue a Permission to Operate for these interconnection requests until SCE hits its 2,240 megawatt (MW) NEM 1.0 cap or July 1, 2017, whichever comes first.

How do I apply under NEM 2.0?

As of September 1, 2016 the [online application tool](#) is available to accept NEM 2.0 interconnection requests. Please be aware there will be concurrent NEM online application systems available (e.g., NEM 1.0). Make sure you submit to the appropriate NEM 2.0 online application system. Other NEM 2.0 application documents can be found at [sce.com/nem](#) under the section called "NEM Successor Tariff (NEM 2.0) Application Documents".

Do I have to pay an interconnection fee when I submit an NEM 2.0 interconnection request?

Yes, you are required to pay an interconnection fee. For an interconnection request where the total generating capacity is 1 MW or smaller, the fee is \$75. For an interconnection request above 1 MW, the fee is \$800.

Until an electronic payment option is available, interconnection fee payments must be paid via check made payable to Southern California Edison. An interconnection fee invoice with instructions for payment will be sent to the applicant once the application has been received.

SCE will not begin processing the application until the interconnection fee is received. Additional fees may be required for distribution studies and/or equipment upgrades.



Since the NEM 2.0 Form 14-957 is available now for submittal to SCE, are the NEM 2.0 Interconnection Agreements also available (prior to SCE hitting its NEM Cap or July 1, 2017, whichever comes first)?

Yes. The NEM 2.0 Interconnection Agreements will be available.

Note: Although SCE will accept and review NEM 2.0 interconnection requests prior to the date that NEM 2.0 is effective in our service territory, SCE will not be able to issue a Permission to Operate for these interconnection requests until SCE hits its 2,240 megawatt (MW) NEM 1.0 cap or July 1, 2017, whichever comes first. SCE is currently on track to transition to the NEM Successor Tariff on or before July 1, 2017.

Can I apply for a generating facility that is greater than 1 MW under NEM 2.0?

Yes. However, the generating facility must be sized to past twelve months' energy (kWh) usage, or load justification must be provided for any increase over that amount.

Net Energy Metering (NEM) Successor Tariff

For a NEM generating facility that is greater than 1 MW, what are some of the differences in requirements compared to those that are less than or equal to 1 MW?

There is a special interconnection process within Rule 21 for NEM generating facilities sized 1 MW and smaller. This special interconnection process does not apply to NEM generating facilities sized larger than 1 MW. Rather, all standard Rule 21 provisions including but not limited to the interconnection processes, \$800 application fee, study agreements, queuing, timelines, cost responsibility, insurance and financial security, telemetry, etc. apply.

This segment of customers may have additional obligations under the California Independent System Operator's (ISO's) tariff. These customers will need to consult with the California ISO regarding any such obligations. SCE cannot advise customers on the applicability of the California ISO's tariff because only the California ISO can opine on such matters.

Additionally, in order to be eligible for Net Surplus Compensation, customers interconnecting a generating facility sized >1 MW are required to self-certify their generating facility as a Qualifying Facility pursuant to the Public Utility Regulatory Policies Act of 1978 using Federal Energy Regulatory Commission (FERC) Form No. 556 and provide a copy of the self-certification to SCE. Customers can find a link to the FERC Form No. 556 on sce.com/nem under the NEM 2.0 Transition & Documents tab and submit the completed form to customer.generation@sce.com.



Will a customer's rate plan (e.g., Domestic) change when they enroll in NEM 2.0?

Under the NEM 2.0 program, customers are required to be on a Time of Use (TOU) rate. Since business customers are already on a TOU rate, their current rate will not change when enrolling in NEM 2.0. For residential customers who are not on a TOU rate, they will need to switch to a TOU rate in order to take service under NEM 2.0. Customers will be placed on Schedule TOU-D, Option A unless they select an alternate TOU rate option for which they are eligible at the time they begin service on NEM 2.0.

Customers who receive service under a NEM 2.0 tariff schedule prior to the implementation of default Residential TOU rates in SCE's service territory (expected to be in 2019, subject to Commission direction) have the option to stay on the TOU rate that they are served on at that time for a period of five years from the date service commenced at that TOU rate.

Note: For residential customers who do not have a TOU rate available to them (e.g., master-metered customers served on DM/DMS rates), they will be allowed to stay on non-TOU rates unless and until one is made available to them.

If I am an existing NEM 1.0 customer and would like to expand my generating system, will I have to apply under NEM 2.0?

If your system expansion does not exceed the greater of 1 kW or 10 percent of the originally interconnected capacity and does not result in the Renewable Electrical Generating Facility exceeding a total capacity of 1 MW and the customer's annual onsite load, your entire generating system including the expansion can stay on NEM 1.0. However, if the expansion is more than 10 percent of your onsite usage, and you decide that the expansion portion of the entire generating system will be treated as NEM 2.0, you must apply under a Multi-Tariff interconnection application. If you decide to treat the entire generating system as NEM 2.0 then you must apply under the NEM Successor Tariff and conform to the tariff requirements e.g. NEM-ST.