

# UNDERSTANDING YOUR ENERGY BILL FOR NET ENERGY METERING CUSTOMERS

## Charges and Credits... How It All Works



SCE customers who produce their own electricity, and who have eligible renewable energy generation systems connected to SCE's system (interconnected) and meet program requirements, are eligible for a rate option called Net Energy Metering (NEM). The NEM option allows you to receive a credit for the surplus electricity you supply to the electric grid. This credit will then be applied to your energy bill, to offset all or part of the costs associated with the energy you consume each month. Under this rate option, domestic accounts are billed once a year for "net" energy consumed or generated over the previous 12 months, if any. Small business accounts served under Rate Schedule GS-1 with peak monthly demand equal to or less than 20 kilowatts (kW) also qualify for annual billing. Large business NEM accounts are billed monthly for their energy usage.

Net surplus energy is the amount of generated kilowatt-hours (kWh) energy you export to the electric grid that exceeds the amount you receive from SCE. Any net surplus energy remaining at the end of your 12-month billing period (also called your "relevant period") will be given a monetary value known as the Net Surplus Compensation Rate (NSCR). The NSCR value is calculated using a market-based mechanism derived from an hourly day-ahead electricity market price known as the Default Load Aggregation Point (DLAP) price. SCE's DLAP price reflects the costs SCE avoids in procuring power during the time period net surplus generators are likely to produce excess power. SCE uses the DLAP price corresponding to your 12-month relevant period to establish the rate for calculating your net surplus compensation. You may choose to either roll over the monetary

value of any net surplus energy to the next billing cycle, or receive payment for any net surplus energy at the end of your 12-month relevant period. You will also be billed monthly for nominal non-energy-related charges.

### Here's How NEM Works

With a non-NEM account, an electricity meter measures the amount of kWh of electricity consumed. With an NEM account, the meter measures the amount of kWh consumed and the energy being generated beyond what you are consuming. When you generate more electricity than you consume, the net surplus energy is sent back to SCE's electric grid.

SCE will read your meter once a month to record the net amount of energy either consumed or generated over the entire month. If in a given month your system generates more electricity than you consume, the surplus energy will be credited to your account at the same rate you would have been charged if you had purchased that electricity from SCE. When your generating system produces more energy than you consumed during your 12-month relevant period, you may choose to either apply your net surplus energy compensation credit toward future energy charges, or receive compensation in the form of a check. You can submit a selection form once every 12 months to change your net surplus energy compensation payment option.



This fact sheet is meant to enhance your understanding of SCE's Net Energy Metering Rate Schedule. It does not replace pricing information contained in the CPUC-approved tariffs. Please refer to the tariffs for a complete list of terms and conditions of service, which can be viewed online at [www.sce.com](http://www.sce.com).

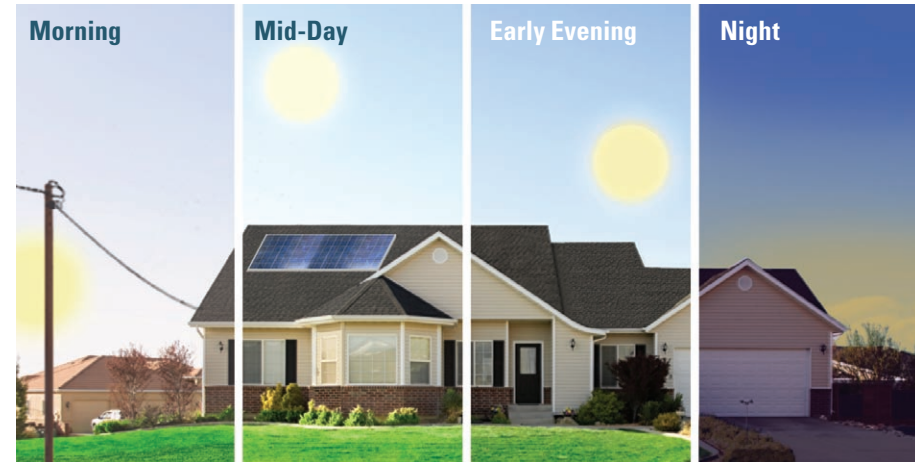
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## A DAY IN THE LIFE OF AN SCE SOLAR NEM CUSTOMER

Here is an example of what might happen on a typical day, if you were to use your own solar power to generate electricity while enrolled in NEM:



### Behind the scenes:

Your **inverter** would convert the solar system's DC power into Alternating Current (AC) power to be used at your property.



Your **meter** would measure the power delivered from SCE to your property, and the power your solar system generated, to determine the net consumption or generation.

### In the Morning:

A solar system's energy generation rises with the sun. As solar production increases, you would begin to reduce the amount of energy you would purchase from SCE.

#### SAMPLE CALCULATION:

Solar energy your system generated: 2 kWh

Energy you consumed: 4 kWh

**Net Energy Consumed: 2 kWh**

### Mid-Day:

Your solar production would be at its highest, generating more energy than your property needed. Your electricity meter would measure any surplus energy you generated. You would earn credit for the surplus energy you produced.

#### SAMPLE CALCULATION:

Solar energy your system generated: 6 kWh

Energy you consumed: 3 kWh

**Net Energy Generated: 3 kWh**

### Early in the Evening:

Your solar energy production would start to drop at sunset, and you would begin to purchase energy from SCE to power your property.

#### SAMPLE CALCULATION:

Solar energy your system generated: 4 kWh

Energy you consumed: 4 kWh

**Net Energy Consumed or Generated: 0 kWh**

### At Night:

Your solar energy generation would stop completely. Your property would get all its electricity from SCE, tapping into the credit you earned during the day.

#### SAMPLE CALCULATION:

Solar energy generated by your system: 0 kWh

Energy consumed by you: 5 kWh

**Net Energy Consumed: 5 kWh**

**Net for the day: 4 kWh energy consumed (-2 + 4 - 6 + 3 - 4 + 4 + 5)**

## Example of Energy Usage Totals

The electricity meter is read once each month. The meter measures the energy generated by the generating system, and the energy consumed by a user over a month's time, to determine the net generation or consumption. Over a year, energy usage totals may look something like this:

**Sample Relevant Period:** August to July

Month 1 (Aug)	Month 2 (Sept)	Month 3 (Oct)	Month 4 (Nov)	Month 5 (Dec)	Month 6 (Jan)	Month 7 (Feb)	Month 8 (Mar)	Month 9 (Apr)	Month 10 (May)	Month 11 (June)	Month 12 (July)
Generated 550 kWh	Generated 520 kWh	Generated 420 kWh	Generated 200 kWh	Generated 155 kWh	Generated 190 kWh	Generated 185 kWh	Generated 215 kWh	Generated 395 kWh	Generated 410 kWh	Generated 465 kWh	Generated 550 kWh
Consumed 500 kWh	Consumed 510 kWh	Consumed 500 kWh	Consumed 400 kWh	Consumed 475 kWh	Consumed 415 kWh	Consumed 395 kWh	Consumed 405 kWh	Consumed 420 kWh	Consumed 405 kWh	Consumed 410 kWh	Consumed 525 kWh
Energy Charges = -50 kWh (energy usage credit)	Energy Charges = -10 kWh (energy usage credit)	Energy Charges = 80 kWh (energy usage charge)	Energy Charges = 200 kWh (energy usage charge)	Energy Charges = 320 kWh (energy usage charge)	Energy Charges = 225 kWh (energy usage charge)	Energy Charges = 210 kWh (energy usage charge)	Energy Charges = 190 kWh (energy usage charge)	Energy Charges = 25 kWh (energy usage charge)	Energy Charges = -5 kWh (energy usage credit)	Energy Charges = -55 kWh (energy usage credit)	Energy Charges = -25 kWh (energy usage credit)

This sample customer's **annual energy bill** is tallied as: - 50 - 10 + 80 + 200 + 320 + 225 + 210 + 190 + 25 - 5 - 55 - 25 = 1,105 kWh x Energy Rate per kWh

## UNDERSTANDING YOUR ENERGY CHARGES AND CREDITS

With the NEM rate option, it is important to note that you will be billed both monthly and annually.

Your monthly bill will include each month's **non-energy charges**, which include such items as your utility taxes and city and county fees. These charges are due and payable each month and, although minimal, your payment for these charges must be made monthly. Your monthly bill will also list each month's **energy usage charges** (if any). However, residential and small business customers are not required to pay these charges on a monthly basis.

Your annual energy bill will come once every 12 months, and will include your **energy usage charges** for the entire year. This annual billing period is called your "relevant period" and is an important time frame to remember. During your relevant period, your net energy usage charges or energy credits are tracked on a monthly basis. At the end of your relevant period, the energy usage charges from each month are added together, and any surplus energy credits are applied to the account. The balance is used to determine your net surplus energy compensation credit, or the **total amount due** that will be listed on your annual energy bill.

If this calculation determines that you owe for energy charges, payment of these charges will be due at that time. If you have net surplus energy compensation credits, your account will be credited. Assembly Bill 920, signed into law October 11, 2009, allows for any NEM net surplus energy compensation credit after January 1, 2011 to be available for payment to account holders who affirmatively select to receive compensation for their net surplus energy compensation credit. You may choose to receive monetary payment, or to roll over the net surplus energy compensation credit to your next relevant period.

At this time, if you choose to receive payment for your net surplus energy credit, you will receive payment for that amount. However, if you choose to rollover your net surplus energy credit to the next relevant period, SCE will apply your net surplus energy credit to your next 12-month relevant period. Net surplus energy payments can be applied to non-energy charges incurred during the preceding 12 months.

### How Energy Credits will be Displayed

Your energy credits (in kWh) will be displayed as a line item on your bill:

**Total electricity you used this month in kWh: - 168**

Energy credits will be paid to you at the same rate you would have normally been charged monthly if you had purchased the energy from SCE. You will see details of these energy credits on your bill under "Delivery Charges" and "Generation Charges." The summary of your month's energy credits will be found in the following line item (displayed as a negative amount):

**Energy Charge Total: - \$20.98**

The energy credits you accrue will be applied only to your energy charges. The credits can't be used to pay non-energy or monthly minimum charges, and they can't be applied to other service accounts other than the NEM account billed in the statement.

### How Energy Charges will be Displayed

If your system offsets most (but not all) of your electricity needs, the energy supplied by SCE will be charged under your standard rate schedule. Charges will be displayed in the following line items on your bill:

**Your cumulative energy charge total as of previous month: \$137.69**

This is the total of the energy charges you have accrued since your relevant period began. This total does not include the current month's charges.

**Your current month energy charge total: -\$20.98**

These are your energy charges for the current billing month.

**Your cumulative energy charge year-to-date: \$116.71**

This is the cumulative total of all your energy charges (including this month's charges) since your relevant period began.

**Note:** Please pay special attention to this line every month to avoid a single large energy payment at the end of your relevant period.

**Your cumulative kWh year-to-date: 1,019 kWh**

This is the cumulative total of the kWh (including this month's kWh) since your relevant period began. At the end of your relevant period, any net surplus energy generation will be given a monetary value using a simple rolling average of the day-ahead default load aggregation point electricity prices from 7:00 a.m. to 5:00 p.m., corresponding to your last month of your relevant period. This monetary value will be calculated on a monthly basis and applied to your "true up" period in the following month.

### How Non-Energy Charges will be Displayed

Regardless of whether you have accrued any energy charges in a given month, your bill will list SCE's customer charges and any applicable taxes and fees. These non-energy charges will appear in the following section of your bill:

#### Details of your non-energy-related charges

These non-energy charges must be paid monthly.

# UNDERSTANDING YOUR NEM BILL

**1 Your account summary**  
 Amount of your last bill \$0.92  
 Payment we received on Mar 15 '11 - thank you \$0.92  
 Balance forward \$0.00  
 Your new charges \$1.71  
**Total amount you owe by Apr 25 '11 \$1.71**

**2**

**3**

**4 Compare the electricity you are using**  
 Your current read for meter 0000-000000 - Apr 2 '11 01888  
 Your previous read - Mar 4 '11 - 02056  
**Total electricity you used this month in kWh -168**

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## 1. Your account summary

Displays the previous month's non-energy charges and any previous payments you made toward those charges. Note that any previous payments made toward your energy charges will not be reflected here.

## 2. Total amount you owe by date

Shows the amount due and the date by which you should pay your bill to avoid a late fee.

## 3. Net energy metering monthly billing month

Displays your NEM billing month in relation to your 12-month relevant billing period. Your relevant period begins in the anniversary month of when you transferred to NEM billing, and ends 12 months from then. In your 12th month, all energy-related charges will be due.

## 4. Total electricity used this month in kWh

Shows the total amount of electricity you used for the current month. If you "net consumed" energy, this amount will be a positive number, and you will have energy usage charges for the month. If you "net generated" energy, this amount will be a negative number (as in the example) and you will have an energy credit for the month.

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## 5. Compare the electricity you are using

Compares your energy usage from month to month. You will be able to see the dips and peaks in your energy usage and generation, and if there are any seasonal trends.

## 6. Payment stub

This section will show the amount due by the due date. Tear off this section and include it with your check in the return envelope.

## 7. Details of your non-energy related charges

This section provides details of your non-energy related charges. These include taxes and other fees related to energy distribution. These fees must be paid monthly.

## 8. Additional information

This section tells you important information about how your non-energy related charges are allocated. You'll also find your monthly baseline allowance for the current season and your selected Net Surplus Compensation Option.

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## 9. Details of your new charges

This section shows the details of your energy charges (or credits). If you "net consumed" energy (meaning you used more energy than you generated) you will have energy charges. These charges are calculated monthly based on your usage. Since your energy charges are cumulative, this data is tracked and displayed here for informational purposes only — energy related charges are not due until the end of your relevant period.

## 10. Additional information regarding your net consumption/generation

This section provides a breakdown of your charges regarding your net consumption and net surplus energy generation:

*Your cumulative energy charge total as of previous month:*

This is the total amount of energy you have consumed or generated from all the previous billing months since your relevant period began. If a negative number is displayed, it means you generated more than you consumed up to this point in time.

*Your current month energy charge total:*

This amount tells you your total energy charges or credits for the current billing month.

## 11. Energy Charge Total

This amount shows your Energy Charge Total for this billing period.

Energy charges and credits are calculated monthly based on your particular SCE rate. This data will be displayed for informational purposes only. As an NEM customer on Annual Billing, you are only required to pay energy related charges at the end of your 12-month relevant period. If you would like to include your current energy charges in your monthly payment, please feel free to do so. Payments will be reflected as credits on your next statement. **Although you are not required to pay your current energy charges each month, doing so will reduce the chance of having a large balance due for energy charges on your annual bill.**

## 12. Things you should know/what's on your bill

Look here for important messages from SCE.

If you are "net consuming" in any given month, a **Current Tier Usage** graph will appear on your statement indicating the tier in which your usage falls. This graph will help you better understand how your usage charges are calculated. For help understanding SCE's tiered billing structure, visit [www.sce.com/tiers](http://www.sce.com/tiers).



## ADDITIONAL RATE OPTIONS

If you are a residential NEM customer, you also have the option to be placed on a **Domestic-NEM Time-of-Use (TOU)** rate, which bills (and credits) you differently depending on the time of day you are using and producing electricity. With a TOU rate, the cost of buying and selling electricity is highest during on-peak periods (10:00 a.m. to 6:00 p.m. on weekdays excluding holidays) and lowest during off-peak periods (all other times). It may help to view these rates in the same way as peak and off-peak telephone rates or airline fares.

Because your solar system generates electricity during the most expensive time of day — “on-peak” hours — you’ll be

selling surplus electricity into the grid at the best rate and typically drawing electricity from the grid during “off-peak” hours, which are generally the least expensive rates. However, if you use energy during on-peak hours, you will be charged the higher on-peak rate, so be sure you are able to shift most of your usage to off-peak hours.

If you choose to be placed on a Domestic-NEM Time-of-Use (TOU) rate, you may need to install a special meter capable of measuring the flow of electricity in two directions. For more information regarding this rate, please call us at **866-701-7868 for residential and 866-701-7869 for business customers.**

## FREQUENTLY ASKED QUESTIONS

### What charges will be offset by my net generation credits?

If you generate more electricity than you use during a particular month, you will receive kWh energy credits for that month. SCE will keep track of the net surplus energy compensation credits you accumulate over your 12-month relevant period, and apply them to any energy charges at the end of your relevant period. Any net surplus energy at the end of your relevant period will be given a monetary value, and you will have the option to receive payment or roll the monetary value over to your next relevant period. The monetary value of the surplus energy can be used, for example, to offset non-energy related charges such as monthly fees, or city and county taxes. These non-energy charges must be paid each month.

### Does SCE pay me money for the net surplus energy I produce?

Yes. SCE follows the laws governing net surplus energy compensation credits. Surplus generation you send to the grid each month will be credited to your account at the same rate you would normally be charged if you had purchased the energy from SCE. At the end of your relevant period, SCE will use a simple rolling average of the default load aggregation point price from 7:00 a.m. to 5:00 p.m., corresponding to your 12-month relevant period as the value of the electricity portion of your net surplus energy compensation. At this point, based on your preference, you will either receive payment for your net surplus energy, or roll the monetary value over to your next relevant period.

### How does SCE calculate the dollar amount of my net surplus energy compensation credit?

First, we start with the surplus amount of energy you generated for the month, which would be the difference between the number of kilowatt hours (kWh) you used subtracted from the number of kWh you generated. Then, we multiply the surplus kWh by the price per kWh to determine the energy credit you will receive. Because the price of energy can vary, we perform this calculation separately for each month your system generates more electricity than you use. At the end of your relevant period, any net surplus energy generation will be given a monetary value using a simple rolling average of the day-ahead default load aggregation point electricity prices from 7:00 a.m. to 5:00 p.m., corresponding to your 12-month relevant period as the value of the electricity portion of your net surplus compensation.

### What is my “relevant period”?

Your first relevant period begins immediately after your account is placed on NEM billing, and ends 12 months from that date. Each year thereafter, your relevant period — also referred to as your annual billing cycle — remains the same.

Once a year, in the billing month that ends your relevant period, a “true up” of your energy charges and surplus energy credits occurs. This is when you are responsible for paying the balance of any energy charges you have accrued over the course of the year. Please be advised that your annual bill may be significant, if you typically consume more energy than your system generates. To see these charges tallied on a monthly basis, see the “Your Cumulative Energy Charge Year-To-Date” line item on your monthly statement.

## FREQUENTLY ASKED QUESTIONS *(continued)*

### Can I carry over net surplus energy compensation credits to my new 12-month relevant period?

Yes. Similar to rollover minutes on your cellular phone plan, energy credits are unused, accumulated, “anytime” energy credits that carry over from month-to-month through the end of your current 12-month relevant period. These energy credits are applied toward your energy charges. Please note that any net surplus energy credits remaining after your 12-month relevant period has ended will be given a monetary value. You may choose to receive a check, or roll-over the monetary value to your new 12-month relevant period.

### Can I be charged a late payment charge?

Yes. If you overlook a payment of your monthly non-energy charges, a late payment charge of 0.9% will be applied to the total unpaid balance on the account. The late payment charge is applied in accordance with SCE tariffs.

### Can I still pay my total bill monthly?

Yes. You may include payment of your current energy charges along with payment for your non-energy charges each month, if that is your preference. Payments will be reflected as credits on your next statement. In fact, some customers prefer to make periodic payments of their energy charges along with the non-energy charges payment to avoid a single large payment at the end of their relevant period.

### Why does my billing have to change?

SCE is following California state law making the process of solar interconnection as simple and economical as possible. As such, current legislation allows eligible customers to receive the additional benefits provided by the NEM billing process, which gives you energy credit on your bill for the surplus electricity you are generating. If you chose to receive compensation for any remaining net surplus energy at the end of your relevant period, you will have the option of receiving payment for your net surplus energy, or roll over the monetary value to your new 12-month relevant period.

### Can I participate in SCE’s Summer Discount Plan and also receive NEM net surplus compensation?

Yes. However, you will likely not receive the full dollar amount of credits offered by that program. The goal of the Summer Discount Plan is to reduce electricity usage by “cycling off” your air conditioner (A/C) during periods of high demand. If your solar system is sized to offset most of your electricity use, or if you normally generate surplus electricity each month, your system is already contributing to this goal by generating electricity for the grid. If we can reduce your usage by cycling off your A/C, we will give you credit for that reduction. However, if you are net generating electricity, we will not be able to reduce your usage by cycling off your A/C, and therefore cannot provide you with credits.

### What if I am a Direct Access customer?

Customers who procure electricity from another energy provider must contact their Electric Service Provider (ESP) to confirm their ESP will support NEM. The ESP must provide notice of eligibility in writing to SCE. If the ESP does not support NEM, SCE’s Direct Access Support Team will explain additional customer options.

At this time, Direct Access and Community Choice Aggregation (CCA) customers are not qualified for net surplus energy compensation. You can reach the support team by calling 800-799-4723.

### How do I avoid a large settlement bill?

If you only pay your non-energy bills each month, then you may have to pay a large settlement bill at the end of the 12-month relevant period. To avoid this, you may pay your current energy charges along with your non-energy charges monthly.

### Who do I contact for general questions about NEM, about my NEM Billing, or about Late Notices as an NEM customer?

For all NEM questions, please contact SCE’s NEM support center directly, Monday through Friday, 8:00 a.m. to 5:00 p.m., at **866-701-7868 for residential and 866-701-7869 for business customers.**

To participate in the Net Surplus Compensation Rate (NSCR) for your eligible generation, please complete and return the Net Surplus Compensation Rate Selection Form available at [www.sce.com/nemAB920](http://www.sce.com/nemAB920). Details are also shown in the Frequently Asked Questions section of the web page.

