



Office of the Mayor

CONSENT CALENDAR

June 1, 2021

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín, Councilmembers Kate Harrison, Sophie Hahn, and Susan Wengraf

Subject: Oppose – AB 1139, Net energy metering

RECOMMENDATION

Adopt a Resolution in opposition to AB 1139 (Gonzalez): Net energy metering. Send a copy of the Resolution to Senator Skinner, Assemblymembers Wicks and Gonzalez, and Governor Newsom.

BACKGROUND

Consumers suffer when power is concentrated in the hands of a few. This was the lesson learned from the 2000 electricity crisis and out of that grew California's commitment to consumer solar and localized energy. Over the past two decades, hundreds of thousands of Californians have invested in rooftop solar to combat climate change, lower energy bills, and invest in local communities. The State of California encouraged these investments via policies like net metering, which lets solar users share their extra energy with their neighbors for a bill credit. Today, rooftop solar, often paired with battery storage, is an increasingly affordable investment embraced by working class communities as a common and increasingly affordable solution to wildfires, blackouts, and rate increases.

AB 1139, as written, severely threatens the ability for homeowners and tenants alike to benefit from rooftop solar by establishing, as the default policy of the State of California:

- A monthly fee estimated at \$70/month for an average home solar system.¹

¹ Link to [AB 1139](#); Section 3(b)(4) would require the state to charge solar users a "fixed charges based on the cost to...serve the eligible customer-generator". The precedent for how the CPUC would calculate this fee is to charge transmission and distribution charges for all the energy generated and consumed on-site by the solar user. In other words, the solar user who becomes more energy efficient, consuming less energy from the grid, would be charged a fee to cover what they would otherwise have bought from the utility. We estimate this fee to be approximately \$70/month for a typical 6 kW solar system. The larger the system, the higher the fee. Non-residential customers would be charged the fee as well as residential.
Net Metering Bill credit: Section 3(b)(5).

- An 80% reduction in the credit given to solar users for surplus energy sent back to the grid.²
- Drastic rule changes applied to all existing solar users within 1 to 10 years, reversing a well-established principle protecting consumer investments for 20 years. Such a policy not only harms existing consumers, including schools, low-income affordable housing, and farms, but it erodes consumer confidence in government-backed programs on clean energy.³

AB 1139 hurts working families the most and therefore interferes with the state's – including Berkeley's – equity goals.

- The fastest growing segment of California's rooftop solar market is in working class communities. Today, over 150,000 solar roofs serve customers in the California Alternate Rates for Energy (CARE) discount program. An additional 30,000 rental units serving more than 100,000 people at multifamily affordable housing projects are under development thanks to net metering. These low-income consumers will be greatly harmed by AB 1139, in some cases paying more for their energy than if they had never invested in solar.⁴
- According to analysis by the Center for Sustainable Energy, AB 1139 proposes to make virtual net energy metering – a principal tool for providing access to renters, particular in affordable housing under programs such as Solar on Multifamily Affordable Housing (SOMAH), with solar-generated energy – more expensive than not providing solar access at all.

	SDG&E	SCE	PG&E
Today	\$178	\$122	\$139
Under AB 1139	\$56	\$37	\$45
Percentage Drop	69%	70%	68%
Years to pay off solar in bill savings	40-50+ years	> 50 years	> 50 years

Table 1: CARE Solar Customer Monthly Savings Before and After AB 1139⁵

AB 1139 is based on flawed premise, promoted primarily by investor-owned utilities - the rooftop solar "cost shift". The real cost shift is wildfires, power outages, the long-distance transmission lines that cause them, as well as the lack of government accountability on those responsible.

- This year alone, ratepayers will be charged more than \$9 billion for power line maintenance and wildfire prevention.
- PG&E's transmission charges to ratepayers increased 68% from 2016 to 2021. Half of these charges were self-approved by PG&E.
- Investor-owned utilities profit by building more and more expensive power lines. The state's investor-owned utilities charged ratepayers nearly \$20 billion in

² Section 3 (b)(5) The average credit for surplus solar power is valued at 23 cents per kilowatt-hour. The bill would require "Credits ... for any electricity exported to the electrical grid at a rate equal to the hourly wholesale market rate..." The average hourly wholesale market rate for electricity is around 3 cents.

³ Section 2(b)(6) & 2(d)(B)(2)

⁴ Neighborhood level adoption data: The Berkeley Lab: [Solar Demographics Tool](#) and [Income Trends among U.S. Residential Rooftop Solar Adopters](#); [CARE data](#)

⁵ Based on a 6 kWh system and a reduction in NEM credits from 17 cents to 3 cents per kWh

transmission line projects between 2010 and 2019 and collected more than \$20 billion in profits over a similar time period.⁶

Rooftop-scale solar reduces costs for all ratepayers, but also cuts utility profits – which has led investor-owned utilities to craft this flawed proposal.

- In 2018 alone, rooftop solar and energy efficiency prompted the state to scale back more than 20 power line projects, saving \$2.6 billion.
- Maximizing rooftop solar could save American households nearly \$500 billion over the next thirty years, while doubling down on our overreliance on long-distance power lines could cost Americans \$350 billion.⁷
- Reducing grid costs cut against utility profits, even if it saves all ratepayers. As the CPUC recently outlined, “IOUs are inherently incentivized to make investments to drive an increase in their rate base and therefore, their profitability.”⁸

Investor-owned utilities have lobbied against every major proposal to help more marginalized communities adopt solar and battery storage: affordable housing solar incentives, community solar, microgrids, on-bill financing and more.⁹

Lawmakers can best help working communities by rejecting AB 1139 and embracing proposals to bring rooftop solar and battery storage to millions more Californians. More affordable rooftop solar, not less, is the path to helping Californians struggling under the burden of skyrocketing energy bills, power outages, and wildfires.¹⁰

FINANCIAL IMPLICATIONS

Limited staff time associated with sending a letter to designated recipients.

ENVIRONMENTAL SUSTAINABILITY

No direct identifiable environmental sustainability savings are associated with this item. However, the passage of SB 1139 is likely to squelch the deployment of rooftop-scale solar and storage in the City of Berkeley, which would interfere with a key strategy in the realization of Berkeley’s Climate Action goals.

⁶ CA Public Utilities Commission: [Utility Costs and Affordability of the Grid of the Future](#) (\$20 billion in transmission costs from 2010-19 pp. 39, Table 11; \$4.336 in 2021 transmission spending and rate of increase p. 36; 1\$/3.50 profit p. 37). \$20B profit figure from utility 10-K filings, [itemized here](#).

⁷ [Utility Dive](#) breakdown of this CA Independent Systems Operator report; Vibrant Clean Energy: [Why Local Solar for All Costs Less](#)

⁸ The Averch-Johnson effect described on page 24 of the CPUC’s “Utility Costs and Affordability of the Grid of the Future.”

⁹ Partial list of initiatives utilities lobbied to kill or defang: Affordable housing solar incentives ([AB 693](#) - Eggman, 2015); Low-income feed in tariff ([AB 1990](#) - Fong); Community solar ([SB 843](#) - Wolk, 2013; [SB 43](#) - Wolk, 2013; CPUC implementation); Microgrids (SB 1339, CPUC implementation)

¹⁰ Save California Solar: [Building Blocks to Equitable Solar & Storage Growth](#)

Oppose – AB 1139, Net energy metering

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June 1, 2021

CONTACT PERSON

Mayor Jesse Arreguín 510-981-7100

Attachments:

- 1: Resolution
2. Text of AB 1139
- 3: AB 1139 Factsheet

RESOLUTION NO. ##,###-N.S.

IN OPPOSITION OF AB 1139, NET ENERGY METERING

WHEREAS, Over the past two decades, hundreds of thousands of Californians have invested in rooftop solar to combat climate change, lower energy bills, and invest in local communities; and

WHEREAS, The State of California encouraged these investments via policies like net metering, which lets solar users share their extra energy with their neighbors for a bill credit; and

WHEREAS, Today, rooftop solar, often paired with battery storage, is an increasingly affordable investment embraced by working class communities as a common and increasingly affordable solution to wildfires, blackouts, and rate increases; and

WHEREAS, AB 1139, as written, severely threatens the ability for homeowners and tenants alike to benefit from rooftop solar by establishing, as the default policy of the State of California; and

WHEREAS, AB 1139 hurts working families the most and therefore interferes with the state's – including Berkeley's – equity goals; and

WHEREAS, AB 1139 is based on flawed premise, promoted primarily by investor-owned utilities - the rooftop solar "cost shift", when the real cost shift is wildfires, power outages, the long-distance transmission lines that cause them, as well as the lack of government accountability on those responsible; and

WHEREAS, Rooftop-scale solar reduces costs for all ratepayers, but also cuts utility profits – which has led investor-owned utilities to craft this flawed proposal; and

WHEREAS, Investor-owned utilities have lobbied against every major proposal to help more marginalized communities adopt solar and battery storage: affordable housing solar incentives, community solar, microgrids, on-bill financing and more; and

WHEREAS, Lawmakers can best help working communities by rejecting AB 1139 and embracing proposals to bring rooftop solar and battery storage to millions more Californians. More affordable rooftop solar, not less, is the path to helping Californians struggling under the burden of skyrocketing energy bills, power outages, and wildfires.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it hereby opposes AB 1139, Net energy metering.

BE IT FURTHER RESOLVED that that copies of this Resolution be sent to Governor Gavin Newsom, State Senator Nancy Skinner, and Assemblymembers Buffy Wicks and Lorena Gonzalez.

AMENDED IN ASSEMBLY MAY 4, 2021

AMENDED IN ASSEMBLY APRIL 8, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 1139

**Introduced by Assembly Member Members Lorena Gonzalez and
Carrillo
(Principal coauthor: Assembly Member Quirk)**

February 18, 2021

An act to amend Section ~~739.1~~ of, to repeal Sections ~~2827.1~~ and ~~2827.7~~ of, and to repeal and add Section ~~2827~~ of, ~~2827.1~~ of, and to add Sections ~~913.13~~ and ~~2827.2~~ to, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1139, as amended, Lorena Gonzalez. ~~Energy: California Alternate Rates for Energy program: net energy metering: electrical corporation distributed eligible renewable energy resource allocations: interconnections.~~ *Net energy metering.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law requires the commission to continue a program of assistance to low-income electric and gas customers with annual household incomes that are no greater than 200% of the federal poverty guideline levels, referred to as the California Alternate Rates for Energy (CARE) program, and requires that the cost not be borne solely by any single class of customer. Existing law requires the commission, in establishing CARE discounts for an electrical corporation with 100,000 or more customer accounts in California, to

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~~ensure that the average effective CARE discount shall not be less than 30% or more than 35% of the revenues that would have been produced for the same billed usage by non-CARE customers.~~

~~This bill would require the commission, in establishing CARE discounts for an electrical corporation with 100,000 or more customer accounts in California, to ensure that the average effective CARE discount shall not be less than 40% or more than 45% of the revenues that would have been produced for the same billed usage by non-CARE customers. The bill would require that 25% of the cost of the CARE program be paid for exclusively by the residential class of customers.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires every electric utility, defined to include electrical corporations, local publicly owned electric utilities, and electrical cooperatives, to develop a standard contract or tariff for net energy metering, as defined, for generation by a renewable electrical generation facility, as defined, and to make this contract or tariff available to eligible customer-generators, as defined, upon request on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer generators exceeds 5% of the electric utility's aggregate customer peak demand. For a large electrical corporation, as defined, existing law ~~required~~ requires the commission to ~~develop a new~~ have developed a 2nd standard contract or tariff to provide net energy metering to additional eligible customer-generators in its the electrical corporation's service territory and there is imposes no limitation on the number of new eligible customer-generators entitled to receive service pursuant to this new 2nd standard contract or tariff developed by the commission for a large electrical corporation. tariff. Existing law requires the commission to ensure that the 2nd standard contract or tariff made available to eligible customer-generators by large electrical corporations ensures that customer-sited renewable distributed generation continues to grow sustainably. Existing law requires the commission, in developing this standard contract or tariff, to include specific alternatives designed for growth among residential customers in disadvantaged communities.

~~This bill would repeal those provisions and require all electrical corporations to submit, by advice letter, a standard net energy metering contract or tariff that would take effect beginning on July 1, 2022, and apply to all customer self-generators and replace all prior standard contracts and tariffs, except as specified. The bill would require that~~

~~the new net energy metering contract or tariff credit the customer self-generator for any electricity exported by the customer self-generator to the distribution system or transmission system at a rate equal to the hourly wholesale market rate applicable at the time of the export and the location of the customer self-generator and that the customer self-generator shall be charged for electricity imported from the distribution system or transmission system at a rate equal to the otherwise applicable tariff for customers in the same class of service who are not customer self-generators. For customer self-generators taking energy supply service from a community choice aggregator, the bill would authorize the aggregator to determine to provide credits and charges in different amounts. The bill would require that a customer self-generator be charged a monthly grid access charge equal to the costs attributable to the customer's gross electricity usage billed at the otherwise applicable rates for all elements of retail service except for generation, minus the amount the customer paid for nongeneration elements of retail service paid as part of the rate for imported electricity.~~

~~Beginning July 1, 2022, this bill would require the commission to annually allocate up to the following amounts, divided proportionately among the electrical corporations based on the number of residential customers of each electrical corporation, for the following purposes: (1) \$300,000,000 for residential customer self-generators who both participate in the CARE program and live in multifamily housing or in underserved communities to discount the initial purchase cost for the renewable electrical generation facility, (2) \$300,000,000 to eliminate any rate premium required and provide an additional 10% discount for residential customers who participate in the CARE program to participate in a 100% solar option under the Green Tariff Shared Renewables Program, and (3) \$500,000,000 for facilities serving public buildings to discount the initial purchase cost for the renewable electrical generation facility. The bill would require the commission to annually allocate up to 5% of the funds to marketing and customer education designed to maximize participation in those programs. The bill would authorize the electrical corporations to collect the projected annual amounts used to implement these programs as a nonbypassable charge on distribution.~~

~~This bill would require that an electrical corporation ensure that requests for establishment of a customer self-generator interconnection are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working~~

~~days from the date it receives a completed application form for customer self-generator service, and if an electrical corporation is unable to process a request within the allowed time, the bill would require the electrical corporation to notify the customer self-generator and the commission of the reason for its inability to process the request and the expected completion date.~~

This bill would require the commission, no later than February 1, 2022, to develop a replacement for the 2nd standard contract or tariff, which may include net energy metering, for an eligible customer-generator with a renewable electrical generation facility that is a customer of a large electrical corporation, and would require that large electrical corporations offer the standard contract or tariff to eligible customer-generators beginning no later than December 31, 2023. The bill would eliminate the requirement that the large electrical corporation tariff or contract ensure that customer-sited renewable distributed generation continues to grow sustainably. The bill would require that a customer-generator of a large electrical corporation that receives service pursuant to the existing statutory net energy metering tariffs be transferred to the replacement tariff no later than 5 years from the date that customer first received service pursuant to those tariffs, except that an eligible customer-generator participating in the California Alternate Rates for Energy program would have to be transferred to the new tariff no later than 10 years from the date that customer first received service pursuant to those tariffs.

If the commission fails to adopt a replacement net energy metering tariff for large electrical corporations by February 1, 2022, this bill would require the commission to develop a successor net energy metering tariff for large electrical corporations, to take effect no later than December 31, 2023, that does specified things, including having interconnection fees and monthly fixed charges based on the cost to interconnect and serve the eligible customer-generator and crediting the eligible customer-generator for any electricity exported to the electrical grid at a rate equal to the hourly wholesale market rate applicable at the time of the export and at the location of the eligible customer-generator. The bill would require that a customer-generator of a large electrical corporation that receives service pursuant to the existing statutory net energy metering tariffs be transferred to the successor tariff no later than 5 years from the date that customer first received service pursuant to those existing tariffs, except that an eligible customer-generator participating in the California Alternate Rates for

Energy program would have to be transferred to the successor tariff no later than 10 years from the date that customer first received service pursuant to those existing tariffs.

Existing law requires the PUC to submit various reports to the Legislature, as specified.

This bill would require the PUC to annually report to the Legislature, by June 30, on progress made to grow use of distributed energy resources among residential customers in disadvantaged communities.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain provisions of the bill would require an order, decision, rule, direction, demand, or requirement of the commission to implement, this bill would impose a state-mandated local program by creating new crimes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 913.13 is added to the Public Utilities
2 Code, to read:

3 913.13. The commission shall annually report, to be included
4 in the assessment required by Section 913.7, on progress made to
5 grow use of distributed energy resources among residential
6 customers in disadvantaged communities.

7 SEC. 2. Section 2827.1 of the Public Utilities Code is amended
8 to read:

9 2827.1. (a) For purposes of this section, “eligible
10 customer-generator,” “large electrical corporation,” and “renewable
11 electrical generation facility” have the same meanings as defined
12 in Section 2827.

13 (b) Notwithstanding any other law, the commission shall develop
14 a standard contract or tariff, which may include net energy
15 metering, for eligible customer-generators with a renewable

1 electrical generation facility that is a customer of a large electrical
2 corporation no later than ~~December 31, 2015~~. The commission
3 may develop the standard contract or tariff prior to December 31,
4 2015, and may require a large electrical corporation that has
5 reached the net energy metering program limit of subparagraph
6 ~~(B) of paragraph (4) of subdivision (c) of Section 2827~~ to offer
7 the standard contract or tariff to eligible customer-generators.
8 *February 1, 2022*. A large electrical corporation shall offer the
9 standard contract or tariff to an eligible customer-generator
10 beginning July 1, 2017, or prior to that date if ordered to do so by
11 the commission because it has reached the net energy metering
12 program limit of subparagraph ~~(B) of paragraph (4) of subdivision~~
13 ~~(c) of Section 2827~~. *no later than December 31, 2023*. The
14 commission may revise the standard contract or tariff as appropriate
15 to achieve the objectives of this section. In developing the standard
16 contract or tariff, the commission shall do all of the following:

17 (1) ~~Ensure that the standard contract or tariff made available to~~
18 ~~eligible customer-generators ensures that customer-sited renewable~~
19 ~~distributed generation continues to grow sustainably and include~~
20 *Ensure* specific alternatives designed for growth among residential
21 customers in disadvantaged communities.

22 (2) Establish terms of service and billing rules for eligible
23 customer-generators.

24 (3) Ensure that the standard contract or tariff made available to
25 eligible customer-generators is based on the costs and benefits of
26 the renewable electrical generation facility.

27 (4) Ensure that the total benefits of the standard contract or tariff
28 to all customers and the electrical system are approximately equal
29 to the total costs.

30 (5) Allow projects greater than one megawatt that do not have
31 significant impact on the distribution grid to be built to the size of
32 the onsite load if the projects with a capacity of more than one
33 megawatt are subject to reasonable interconnection charges
34 established pursuant to the commission's Electric Rule 21 and
35 applicable state and federal requirements.

36 ~~(6) Establish a transition period during which eligible~~
37 ~~customer-generators taking service under a net energy metering~~
38 ~~tariff or contract prior to July 1, 2017, or until the electrical~~
39 ~~corporation reaches its net energy metering program limit pursuant~~
40 ~~to subparagraph (B) of paragraph (4) of subdivision (c) of Section~~

1 ~~2827, whichever is earlier, shall be eligible to continue service~~
2 ~~under the previously applicable net energy metering tariff for a~~
3 ~~length of time to be determined by the commission by March 31,~~
4 ~~2014. Any rules adopted by the commission shall consider a~~
5 ~~reasonable expected payback period based on the year the customer~~
6 ~~initially took service under the tariff or contract authorized by~~
7 ~~Section 2827.~~

8 ~~(7) The commission shall determine~~

9 (6) *Determine* which rates and tariffs are applicable to customer
10 generators only during a rulemaking proceeding. Any fixed charges
11 for residential customer generators that differ from the fixed
12 charges allowed pursuant to subdivision (f) of Section 739.9 shall
13 be authorized only in a rulemaking proceeding involving every
14 large electrical corporation. The commission shall ensure customer
15 generators are provided electric service at rates that are just and
16 reasonable.

17 (c) ~~Beginning July 1, 2017, or when ordered to do so by the~~
18 ~~commission because the large electrical corporation has reached~~
19 ~~its capacity limitation of subparagraph (B) of paragraph (4) of~~
20 ~~subdivision (e) of Section 2827, all~~ All new eligible
21 customer-generators *of a large electrical corporation* shall be
22 subject to the standard contract or tariff developed by the
23 commission and any rules, terms, and rates developed pursuant to
24 subdivision ~~(b)~~. *(b) by no later than December 31, 2023.* There
25 shall be no limitation on the amount of generating capacity or
26 number of new eligible customer-generators entitled to receive
27 service pursuant to the standard contract or tariff after July 1, 2017.
28 ~~An eligible customer-generator that has received service under a~~
29 ~~net energy metering standard contract or tariff pursuant to Section~~
30 ~~2827 that is no longer eligible to receive service shall be eligible~~
31 ~~to receive service pursuant to the standard contract or tariff~~
32 ~~developed by the commission pursuant to this section.~~ *tariff.*

33 (d) (1) *For purposes of this subdivision, the following terms*
34 *have the following meanings:*

35 (A) *“Prior tariff” means a net energy metering tariff approved*
36 *by the commission pursuant to either Section 2827 or this section*
37 *as it read prior to the addition of this subdivision.*

38 (B) *“Replacement tariff” means the contract or tariff that the*
39 *commission is required to develop and adopt for large electrical*
40 *corporations by February 1, 2022, pursuant to subdivision (b).*

1 (2) An eligible customer-generator of a large electrical
2 corporation receiving service pursuant to a prior tariff shall be
3 transferred to receive service pursuant to the replacement tariff
4 no later than five years from the date that customer first received
5 service pursuant to the prior tariff, except that an eligible
6 customer-generator participating in the California Alternate Rates
7 for Energy program shall be transferred to the replacement tariff
8 no later than 10 years from the date that customer first received
9 service pursuant to the prior tariff.

10 (e) Notwithstanding paragraph (1) of subdivision (a) of Section
11 1720 of the Labor Code, construction of any renewable electrical
12 generation facility after December 31, 2023, that is to receive
13 service pursuant to the replacement tariff, shall constitute a public
14 works project for purposes of Article 2 (commencing with Section
15 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code. For
16 purposes of this subdivision, “replacement tariff” has the same
17 meaning as defined in subdivision (d).

18 SEC. 3. Section 2827.2 is added to the Public Utilities Code,
19 to read:

20 2827.2. (a) For purposes of this section, the following terms
21 have the following meanings:

22 (1) “Eligible customer-generator,” “large electrical
23 corporation,” and “renewable electrical generation facility” have
24 the same meanings as defined in Section 2827.

25 (2) “Prior tariff” means a net energy metering tariff approved
26 by the commission pursuant to either Section 2827 or 2728.1 as
27 it read on December 31, 2021.

28 (3) “Replacement tariff” means the contract or tariff that the
29 commission is required to develop and adopt for large electrical
30 corporations by February 1, 2022, pursuant to subdivision (b) of
31 Section 2827.1.

32 (b) If the commission fails to adopt a replacement tariff for large
33 electrical corporations by February 1, 2022, the commission shall
34 develop a net energy metering tariff for large electrical
35 corporations, to take effect no later than December 31, 2023, that
36 does all of the following:

37 (1) Cost-effectively achieves the policy goals and objectives of
38 the state described in Sections 454.51, 454.52, and 454.53, and
39 includes specific alternatives designed for growth among
40 residential customers in disadvantaged communities.

1 (2) *Is based on the costs and benefits of the renewable electrical*
2 *generation facility for nonparticipating ratepayers.*

3 (3) *Ensures that the nonparticipating ratepayer benefits of the*
4 *standard contract or tariff exceeds or is approximately equal to*
5 *the benefits to participating eligible customer-generators.*

6 (4) *Has interconnection fees and monthly fixed charges based*
7 *on the cost to interconnect and serve the eligible*
8 *customer-generator.*

9 (5) *Credits the eligible customer-generator for any electricity*
10 *exported to the electrical grid at a rate equal to the hourly*
11 *wholesale market rate applicable at the time of the export and at*
12 *the location of the eligible customer-generator.*

13 (c) *An eligible customer-generator of a large electrical*
14 *corporation receiving service pursuant to a prior tariff shall be*
15 *transferred to receive service pursuant to the tariff adopted*
16 *pursuant to subdivision (b) no later than 5 years from the date*
17 *that customer first received service pursuant to the prior tariff,*
18 *except that an eligible customer-generator participating in the*
19 *California Alternate Rates for Energy program shall be transferred*
20 *to the tariff adopted pursuant to subdivision (b) no later than 10*
21 *years from the date that customer first received service pursuant*
22 *to the prior tariff.*

23 (d) *Notwithstanding paragraph (1) of subdivision (a) of Section*
24 *1720 of the Labor Code, construction of any renewable electrical*
25 *generation facility after December 31, 2023, that is to receive*
26 *service pursuant to the tariff adopted pursuant to subdivision (b),*
27 *shall constitute a public works project for purposes of Article 2*
28 *(commencing with Section 1770) of Chapter 1 of Part 7 of Division*
29 *2 of the Labor Code.*

30 SEC. 4. (a) *For purposes of this section, the following terms*
31 *have the following meanings:*

32 (1) *“Prior tariff” means a net energy metering tariff approved*
33 *by the Public Utilities Commission pursuant to Section 2827.1 of*
34 *the Public Utilities Code, as it read prior to the operative date of*
35 *this section.*

36 (2) *“Replacement tariff” means the contract or tariff that the*
37 *Public Utilities Commission is required to develop and adopt for*
38 *large electrical corporations by February 1, 2022, pursuant to*
39 *subdivision (b) of Section 2827.1 of, or the tariff developed*
40 *pursuant to Section 2827.2 of, the Public Utilities Code.*

1 (b) *Until a replacement tariff is adopted and takes effect, all*
2 *prior tariffs adopted by the Public Utilities Commission shall*
3 *remain in operation.*

4 *SEC. 5. No reimbursement is required by this act pursuant to*
5 *Section 6 of Article XIII B of the California Constitution because*
6 *the only costs that may be incurred by a local agency or school*
7 *district will be incurred because this act creates a new crime or*
8 *infraction, eliminates a crime or infraction, or changes the penalty*
9 *for a crime or infraction, within the meaning of Section 17556 of*
10 *the Government Code, or changes the definition of a crime within*
11 *the meaning of Section 6 of Article XIII B of the California*
12 *Constitution.*

13 ~~SECTION 1. This act shall be known, and may be cited, as the~~
14 ~~Solar Equity and Ratepayer Relief Act.~~

15 ~~SEC. 2. The Legislature finds and declares all of the following:~~

16 ~~(a) When the net energy metering program was initially enacted~~
17 ~~in 1995 (Chapter 369 of the Statutes of 1995), it was reasonable~~
18 ~~for most electrical service customers to subsidize the small minority~~
19 ~~of customers who participated in the rooftop solar program. This~~
20 ~~cost shift was just and reasonable because the fledgling rooftop~~
21 ~~photovoltaic solar energy industry needed a public subsidy to~~
22 ~~become established and to create a big enough market to drive~~
23 ~~down costs.~~

24 ~~(b) Those goals have been accomplished. There are now one~~
25 ~~million net energy metering customers with solar energy systems~~
26 ~~with a generating capacity of nearly 10,000 megawatts. The cost~~
27 ~~of solar energy systems has dropped more than 70 percent.~~

28 ~~(c) While the cost of solar energy systems has dropped, the~~
29 ~~subsidy to the rooftop solar industry has grown to \$3,000,000,000~~
30 ~~in 2021. This means that in 2021 customers without rooftop solar~~
31 ~~are each spending more than \$200 per customer every year to~~
32 ~~subsidize those with rooftop solar energy systems. The subsidy is~~
33 ~~projected to grow to more than \$4,500,000,000 by 2030, or more~~
34 ~~than \$300 per customer per year.~~

35 ~~(d) The subsidy is not cost effective for ratepayers. According~~
36 ~~to the January 21, 2021, Net Energy Metering 2.0 Lookback Study~~
37 ~~prepared at the request of the Public Utilities Commission, the~~
38 ~~benefit-cost ratio of the current net energy metering program is~~
39 ~~only 0.37, meaning that the costs to ratepayers not participating~~
40 ~~in the program are almost triple the benefits.~~

1 ~~(e) This cost shift is unreasonably increasing electrical service~~
2 ~~rates for customers without rooftop solar energy systems.~~

3 ~~(f) This cost shift is economically unjust. The median income~~
4 ~~of those with rooftop solar energy systems using net energy~~
5 ~~metering is much higher than the median income of those who do~~
6 ~~not participate in the program.~~

7 ~~(g) According to a study published in the journal Nature~~
8 ~~Sustainability, even after accounting for household income, rooftop~~
9 ~~solar has been disproportionately installed in majority White~~
10 ~~communities compared to communities of color.~~

11 ~~(h) Section 451 of the Public Utilities Code requires that all~~
12 ~~charges by public utilities to customers be just and reasonable.~~
13 ~~Unjust or unreasonable charges are unlawful.~~

14 ~~(i) To remedy the growing unjust and unreasonable charges,~~
15 ~~the Legislature enacted Assembly Bill 327 (Chapter 611 of the~~
16 ~~Statutes of 2013). Certain provisions of that act required the~~
17 ~~commission to revise the net energy metering program so that~~
18 ~~nonparticipating customers do not subsidize rooftop solar energy~~
19 ~~system customers. The commission has not done so, resulting in~~
20 ~~a continuation of this unsustainable and unjust cost shift.~~

21 ~~(j) It is time to reduce rates for electrical service for all~~
22 ~~customers and particularly for lower income customers.~~

23 ~~(k) It is time to make California's net energy metering programs~~
24 ~~fairer to lower income customers. Customers who have been~~
25 ~~burdened by high rates and shut out of solar energy system~~
26 ~~programs deserve lower rates and more opportunities to participate~~
27 ~~in the solar energy system revolution.~~

28 ~~(l) This act replaces the current net energy metering structure~~
29 ~~for residential customers with a fairer net energy metering structure.~~

30 ~~(m) Rooftop solar customers will continue to see economic~~
31 ~~benefits from their solar energy systems in two ways. Rooftop~~
32 ~~solar customers will be paid the wholesale market rate for~~
33 ~~electricity they export to the electrical grid and will continue to~~
34 ~~self-supply their own usage, rather than buying electricity from~~
35 ~~their electrical utility or community choice aggregator. This will~~
36 ~~allow rooftop solar customers to continue to have lower electrical~~
37 ~~service bills than nonparticipating customers.~~

38 ~~(n) To the extent they obtain their electricity over the electrical~~
39 ~~grid, rooftop solar customers will also pay for their usage of the~~

1 transmission and distribution grid they rely on just like customers
2 that do not participate in net energy metering.

3 ~~(o) California must continue to expand solar generation to~~
4 ~~advance the state's environmental and climate change goals for~~
5 ~~the electrical industry. This act will enable California to increase~~
6 ~~solar generation by targeting subsidies to lower income customers,~~
7 ~~reduce rates for all customers, reduce rates even further for lower~~
8 ~~income customers, and enable lower income Californians to~~
9 ~~participate in solar energy system generation.~~

10 ~~(p) Targeted solar energy system subsidies will create tens of~~
11 ~~thousands of good jobs.~~

12 ~~SEC. 3.— Section 739.1 of the Public Utilities Code is amended~~
13 ~~to read:~~

14 ~~739.1.—(a) The commission shall continue a program of~~
15 ~~assistance to low-income electric and gas customers with annual~~
16 ~~household incomes that are no greater than 200 percent of the~~
17 ~~federal poverty guideline levels. Except as provided in paragraph~~
18 ~~(4) of subdivision (c), the cost of the program shall not be borne~~
19 ~~solely by any single class of customer. For one-person households,~~
20 ~~program eligibility shall be based on two-person household~~
21 ~~guideline levels. The program shall be referred to as the California~~
22 ~~Alternate Rates for Energy or CARE program. The commission~~
23 ~~shall ensure that the level of discount for low-income electric and~~
24 ~~gas customers correctly reflects the level of need.~~

25 ~~(b) The commission shall establish rates for CARE program~~
26 ~~participants, subject to both of the following:~~

27 ~~(1) That the commission ensure that low-income ratepayers are~~
28 ~~not jeopardized or overburdened by monthly energy expenditures,~~
29 ~~pursuant to subdivision (b) of Section 382.~~

30 ~~(2) That the level of the discount for low-income electricity and~~
31 ~~gas ratepayers correctly reflects the level of need as determined~~
32 ~~by the needs assessment conducted pursuant to subdivision (d) of~~
33 ~~Section 382.~~

34 ~~(c) In establishing CARE discounts for an electrical corporation~~
35 ~~with 100,000 or more customer accounts in California, the~~
36 ~~commission shall ensure all of the following:~~

37 ~~(1) The average effective CARE discount shall not be less than~~
38 ~~40 percent or more than 45 percent of the revenues that would~~
39 ~~have been produced for the same billed usage by non-CARE~~
40 ~~customers. The average effective discount determined by the~~

1 commission shall reflect any charges not paid by CARE customers,
2 including payments for the California Solar Initiative, payments
3 for the self-generation incentive program made pursuant to Section
4 379.6, payment of the separate rate component to fund the CARE
5 program made pursuant to subdivision (a) of Section 381, payments
6 made to the Department of Water Resources pursuant to Division
7 27 (commencing with Section 80000) of the Water Code, and any
8 discount in a fixed charge. The average effective CARE discount
9 shall be calculated as a weighted average of the CARE discounts
10 provided to individual customers.

11 (2) If an electrical corporation provides an average effective
12 CARE discount in excess of the maximum percentage specified
13 in paragraph (1), the electrical corporation shall not reduce, on an
14 annual basis, the average effective CARE discount by more than
15 a reasonable percentage decrease below the discount in effect on
16 January 1, 2013, or that the electrical corporation had been
17 authorized to place in effect by that date.

18 (3) The entire discount shall be provided in the form of a
19 reduction in the overall bill for the eligible CARE customer.

20 (4) Twenty-five percent of the CARE program shall be paid for
21 exclusively by the residential class of customers.

22 (d) The commission shall work with electrical and gas
23 corporations to establish penetration goals. The commission shall
24 authorize recovery of all administrative costs associated with the
25 implementation of the CARE program that the commission
26 determines to be reasonable, through a balancing account
27 mechanism. Administrative costs shall include, but are not limited
28 to, outreach, marketing, regulatory compliance, certification and
29 verification, billing, measurement and evaluation, and capital
30 improvements and upgrades to communications and processing
31 equipment.

32 (e) The commission shall examine methods to improve CARE
33 enrollment and participation. This examination shall include, but
34 need not be limited to, comparing information from CARE and
35 the Universal Lifeline Telephone Service (ULTS) to determine
36 the most effective means of utilizing that information to increase
37 CARE enrollment, automatic enrollment of ULTS customers who
38 are eligible for the CARE program, customer privacy issues, and
39 alternative mechanisms for outreach to potential enrollees. The
40 commission shall ensure that a customer consents prior to

1 enrollment. The commission shall consult with interested parties,
2 including ULTS providers, to develop the best methods of
3 informing ULTS customers about other available low-income
4 programs, as well as the best mechanism for telephone providers
5 to recover reasonable costs incurred pursuant to this section.

6 ~~(f) (1) The commission shall improve the CARE application~~
7 ~~process by cooperating with other entities and representatives of~~
8 ~~California government, including the California Health and Human~~
9 ~~Services Agency and the Secretary of California Health and Human~~
10 ~~Services, to ensure that all gas and electric customers eligible for~~
11 ~~public assistance programs in California that reside within the~~
12 ~~service territory of an electrical corporation or gas corporation,~~
13 ~~are enrolled in the CARE program. The commission may determine~~
14 ~~that gas and electric customers are categorically eligible for CARE~~
15 ~~assistance if they are enrolled in other public assistance programs~~
16 ~~with substantially the same income eligibility requirements as the~~
17 ~~CARE program. To the extent practicable, the commission shall~~
18 ~~develop a CARE application process using the existing ULTS~~
19 ~~application process as a model. The commission shall work with~~
20 ~~electrical and gas corporations and the Low-Income Oversight~~
21 ~~Board established in Section 382.1 to meet the low-income~~
22 ~~objectives in this section.~~

23 ~~(2) The commission shall ensure that an electrical corporation~~
24 ~~or gas corporation with a commission-approved program to provide~~
25 ~~discounts based upon economic need in addition to the CARE~~
26 ~~program, including a Family Electric Rate Assistance program,~~
27 ~~utilize a single application form, to enable an applicant to~~
28 ~~alternatively apply for any assistance program for which the~~
29 ~~applicant may be eligible. It is the intent of the Legislature to allow~~
30 ~~applicants under one program, that may not be eligible under that~~
31 ~~program, but that may be eligible under an alternative assistance~~
32 ~~program based upon economic need, to complete a single~~
33 ~~application for any commission-approved assistance program~~
34 ~~offered by the public utility.~~

35 ~~(g) It is the intent of the Legislature that the commission ensure~~
36 ~~CARE program participants receive affordable electric and gas~~
37 ~~service that does not impose an unfair economic burden on those~~
38 ~~participants.~~

39 ~~(h) The commission's program of assistance to low-income~~
40 ~~electric and gas customers shall, as soon as practicable, include~~

1 nonprofit group living facilities specified by the commission, if
2 the commission finds that the residents in these facilities
3 substantially meet the commission's low-income eligibility
4 requirements and there is a feasible process for certifying that the
5 assistance shall be used for the direct benefit, such as improved
6 quality of care or improved food service, of the low-income
7 residents in the facilities. The commission shall authorize utilities
8 to offer discounts to eligible facilities licensed or permitted by
9 appropriate state or local agencies, and to facilities, including
10 women's shelters, hospices, and homeless shelters, that may not
11 have a license or permit but provide other proof satisfactory to the
12 utility that they are eligible to participate in the program.

13 (i) (1) In addition to existing assessments of eligibility, an
14 electrical corporation may require proof of income eligibility for
15 those CARE program participants whose electricity usage, in any
16 monthly or other billing period, exceeds 400 percent of baseline
17 usage. The authority of an electrical corporation to require proof
18 of income eligibility is not limited by the means by which the
19 CARE program participant enrolled in the program, including if
20 the participant was automatically enrolled in the CARE program
21 because of participation in a governmental assistance program. If
22 a CARE program participant's electricity usage exceeds 400
23 percent of baseline usage, the electrical corporation may require
24 the CARE program participant to participate in the Energy Savings
25 Assistance Program (ESAP), which includes a residential energy
26 assessment, in order to provide the CARE program participant
27 with information and assistance in reducing their energy usage.
28 Continued participation in the CARE program may be conditioned
29 upon the CARE program participant agreeing to participate in
30 ESAP within 45 days of notice being given by the electrical
31 corporation pursuant to this paragraph. The electrical corporation
32 may require the CARE program participant to notify the utility of
33 whether the residence is rented, and if so, a means by which to
34 contact the landlord, and the electrical corporation may share any
35 evaluation and recommendation relative to the residential structure
36 that is made as part of an energy assessment, with the landlord of
37 the CARE program participant. Requirements imposed pursuant
38 to this paragraph shall be consistent with procedures adopted by
39 the commission.

1 ~~(2) If a CARE program participant's electricity usage exceeds~~
2 ~~600 percent of baseline usage, the electrical corporation shall~~
3 ~~require the CARE program participant to participate in ESAP,~~
4 ~~which includes a residential energy assessment, in order to provide~~
5 ~~the CARE program participant with information and assistance in~~
6 ~~reducing their energy usage. Continued participation in the CARE~~
7 ~~program shall be conditioned upon the CARE program participant~~
8 ~~agreeing to participate in ESAP within 45 days of a notice made~~
9 ~~by the electrical corporation pursuant to this paragraph. The~~
10 ~~electrical corporation may require the CARE program participant~~
11 ~~to notify the utility of whether the residence is rented, and if so, a~~
12 ~~means by which to contact the landlord, and the electrical~~
13 ~~corporation may share any evaluation and recommendation relative~~
14 ~~to the residential structure that is made as part of an energy~~
15 ~~assessment, with the landlord of the CARE program participant.~~
16 ~~Following the completion of the energy assessment, if the CARE~~
17 ~~program participant's electricity usage continues to exceed 600~~
18 ~~percent of baseline usage, the electrical corporation may remove~~
19 ~~the CARE program participant from the program if the removal~~
20 ~~is consistent with procedures adopted by the commission. Nothing~~
21 ~~in this paragraph shall prevent a CARE program participant with~~
22 ~~electricity usage exceeding 600 percent of baseline usage from~~
23 ~~participating in an appeals process with the electrical corporation~~
24 ~~to determine whether the participant's usage levels are legitimate.~~

25 ~~(3) A CARE program participant in a rental residence shall not~~
26 ~~be removed from the program in situations where the landlord is~~
27 ~~nonresponsive when contacted by the electrical corporation or~~
28 ~~does not provide for ESAP participation.~~

29 ~~SEC. 4. Section 2827 of the Public Utilities Code is repealed.~~

30 ~~SEC. 5. Section 2827 is added to the Public Utilities Code, to~~
31 ~~read:~~

32 ~~2827. (a) As used in this section, the following terms have the~~
33 ~~following meanings:~~

34 ~~(1) "Customer self-generator" means a residential, commercial,~~
35 ~~industrial, or agricultural customer of an electrical corporation,~~
36 ~~who uses a renewable electrical generation facility, or a~~
37 ~~combination of those facilities, that is located behind the customer's~~
38 ~~meter, and is interconnected and operates in parallel with the~~
39 ~~electrical grid, and whose capacity is sized to primarily offset part~~
40 ~~or all of the customer's own electrical requirements, but which~~

1 shall not exceed one megawatt unless, as of December 31, 2021,
2 it was eligible for, and receiving service pursuant to, a net energy
3 metering contract or tariff approved by the commission pursuant
4 to former Section 2827 or former Section 2827.1, as those sections
5 existed on that date.

6 ~~(2) “Gross electricity usage” means that total usage of a~~
7 ~~customer self-generator that is served by either imports from the~~
8 ~~grid or production from an onsite renewable electrical generation~~
9 ~~facility.~~

10 ~~(3) “Renewable electrical generation facility” means a facility~~
11 ~~that generates electricity from a renewable source listed in~~
12 ~~paragraph (1) of subdivision (a) of Section 25741 of the Public~~
13 ~~Resources Code. A small hydroelectric generation facility is not~~
14 ~~an eligible renewable electrical generation facility if it will cause~~
15 ~~an adverse impact on instream beneficial uses or cause a change~~
16 ~~in the volume or timing of streamflow.~~

17 ~~(b) The commission shall require all electrical corporations to~~
18 ~~submit by advice letter a standard net energy metering contract or~~
19 ~~tariff that shall take effect beginning on July 1, 2022, and apply~~
20 ~~to all customer self-generators. The standard contract or tariff shall~~
21 ~~replace all prior standard contracts and tariffs and shall provide~~
22 ~~for all of the following:~~

23 ~~(1) The customer self-generator shall be credited for any~~
24 ~~electricity exported by the customer self-generator to the~~
25 ~~distribution system or transmission system, as applicable, at a rate~~
26 ~~equal to the hourly wholesale market rate applicable at the time~~
27 ~~of the export and the location of the customer self-generator. These~~
28 ~~credits shall be applied to the customer self-generator’s other bill~~
29 ~~obligations.~~

30 ~~(2) The customer self-generator shall be charged for electricity~~
31 ~~imported by the customer self-generator from the distribution~~
32 ~~system or transmission system, as applicable, at a rate equal to the~~
33 ~~otherwise applicable tariff for customers in the same class of~~
34 ~~service who are not customer self-generators.~~

35 ~~(3) Notwithstanding paragraphs (1) and (2), for customer~~
36 ~~self-generators taking energy supply service from a community~~
37 ~~choice aggregator, the aggregator may determine to provide credits~~
38 ~~and charges in different amounts.~~

39 ~~(4) Notwithstanding the limitations of subdivision (f) of Section~~
40 ~~739.9, the customer self-generator shall be charged a monthly grid~~

1 access charge equal to the costs attributable to the customer's gross
2 electricity usage billed at the otherwise applicable rates for all
3 elements of retail service except for generation, including all
4 nonbypassable charges, such as those authorized by Sections 366.1,
5 366.2, and 380, minus the amount the customer paid for
6 nongeneration elements of retail service paid as part of the rate for
7 imported electricity.

8 (5) Notwithstanding paragraphs (1) through (4), inclusive, any
9 customer self-generator that previously began service under a net
10 energy metering contract or tariff prior to January 1, 2022, may
11 continue to take service under that contract or tariff as follows

12 (A) If the original net energy metering interconnection was prior
13 to January 1, 2014, a customer self-generator may continue to take
14 service under that contract or tariff until July 1, 2022.

15 (B) If the original net energy metering interconnection was after
16 January 1, 2014, and prior to January 1, 2017, a customer
17 self-generator may continue to take service under that contract or
18 tariff until July 1, 2023.

19 (C) If the original net energy metering interconnection was after
20 January 1, 2017, and prior to January 1, 2022, a customer
21 self-generator may continue to take service under that contract or
22 tariff until July 1, 2024.

23 (6) Notwithstanding paragraphs (1) to (4), inclusive, a
24 nonresidential customer self-generator that pays a demand charge
25 may take service under the tariff for customer self-generators that
26 existed as of December 31, 2021. The commission may revise the
27 tariff, if the revised tariff requires the customer self-generator to
28 pay a demand charge or grid benefit charge that ensures that there
29 are no costs shifted from that customer to any other customers or
30 customer classes.

31 (e) (1) Beginning July 1, 2022, the commission shall do all the
32 following:

33 (A) Annually allocate up to three hundred million dollars
34 (\$300,000,000) statewide, divided proportionately among the
35 electrical corporations based on the number of residential customers
36 of each electrical corporation, which shall be used for residential
37 customer self-generators who both participate in the California
38 Alternative Rates for Energy program implemented pursuant to
39 Section 739.1 and live in multifamily housing or in underserved
40 communities, as defined in Section 1601, to discount the initial

1 purchase cost for the renewable electrical generation facility. The
2 discount to the initial purchase cost shall be designed to maximize
3 the number of participating customers. The renewable electrical
4 generation facilities serving these customer self-generators shall
5 be newly constructed, behind the customer meter, and located on
6 or near their housing.

7 (B) Annually allocate up to three hundred million dollars
8 (\$300,000,000) statewide, divided proportionately among the
9 electrical corporations based on the number of residential customers
10 of each electrical corporation, which shall be used to eliminate
11 any rate premium required and provide an additional 10-percent
12 discount for residential customers who participate in the California
13 Alternative Rates for Energy program implemented pursuant to
14 Section 739.1 to participate in a 100-percent solar option under
15 the Green Tariff Shared Renewables Program provided in Section
16 2833. The premium elimination and 10-percent discount shall be
17 in addition to the discount provided in Section 739.1. All renewable
18 electric generating facilities supplying electricity pursuant to this
19 subparagraph shall be newly constructed to supply electricity for
20 this program and shall meet the product content category
21 requirements of paragraph (1) of subdivision (b) of Section 399.16
22 in addition to the requirement of subdivision (e) of Section 2833.
23 The facility size and program size limits in subdivisions (b) and
24 (d) of Section 2833 shall not apply to participation in the Green
25 Tariff Shared Renewables Program under this subparagraph. Funds
26 shall be allocated pursuant to this subparagraph notwithstanding
27 subdivision (q) of Section 2833.

28 (C) Annually allocate up to five hundred million dollars
29 (\$500,000,000) statewide, divided proportionately among the
30 electrical corporations based on the number of residential customers
31 of each electrical corporation, which shall be used for facilities
32 serving public buildings to discount the initial purchase cost for
33 the renewable electrical generation facility. The discount to the
34 initial purchase cost shall be designed to maximize the number of
35 facilities served. The renewable electrical generation facilities
36 serving these customer self-generators shall be newly constructed,
37 behind the customer meter, and located on or near the public
38 building. For purposes of this subparagraph, a public building is
39 any building owned by the state or a political subdivision of the

1 state, as defined in subdivision (a) of Section 8698 of the
2 Government Code.

3 ~~(D) Annually allocate up to 5 percent of the funds described in~~
4 ~~this paragraph to marketing and customer education designed to~~
5 ~~maximize participation in these programs.~~

6 ~~(E) Authorize the electrical corporations to collect the projected~~
7 ~~annual amounts used to implement this paragraph as a~~
8 ~~nonbypassable charge on distribution. Any revenue authorized and~~
9 ~~collected but not used for this purpose shall be trued up and~~
10 ~~credited back to distribution customers of the electrical corporation.~~

11 ~~(2) Notwithstanding paragraph (1) of subdivision (a) of Section~~
12 ~~1720 of the Labor Code, construction of any renewable electrical~~
13 ~~generation facility to supply power for the programs described in~~
14 ~~paragraph (1) shall constitute a public works project for purposes~~
15 ~~of Article 2 (commencing with Section 1770) of Chapter 1 of Part~~
16 ~~7 of Division 2 of the Labor Code.~~

17 ~~(d) (1) Every electrical corporation shall ensure that requests~~
18 ~~for establishment of a customer self-generator interconnection are~~
19 ~~processed in a time period not exceeding that for similarly situated~~
20 ~~customers requesting new electric service, but not to exceed 30~~
21 ~~working days from the date it receives a completed application~~
22 ~~form for customer self-generator service, including a signed~~
23 ~~interconnection agreement from a customer self-generator and the~~
24 ~~electric inspection clearance from the governmental authority~~
25 ~~having jurisdiction.~~

26 ~~(2) Every electrical corporation shall ensure that requests for~~
27 ~~an interconnection agreement from a customer self-generator are~~
28 ~~processed in a time period not to exceed 30 working days from~~
29 ~~the date it receives a completed application form from the customer~~
30 ~~self-generator for an interconnection agreement.~~

31 ~~(3) If an electrical corporation is unable to process a request~~
32 ~~within the allowed time pursuant to paragraph (1) or (2), it shall~~
33 ~~notify the customer self-generator and the commission of the reason~~
34 ~~for its inability to process the request and the expected completion~~
35 ~~date.~~

36 ~~(e) (1) If a customer participates in direct transactions pursuant~~
37 ~~to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,~~
38 ~~with an electric service provider that does not provide distribution~~
39 ~~service for the direct transactions, the electrical corporation that~~
40 ~~provides distribution service for the eligible customer-generator~~

1 is not obligated to provide the standard contract or tariff provided
2 in this section to the customer.

3 ~~(2) If a customer participates in direct transactions pursuant to~~
4 ~~paragraph (1) of subdivision (b) of Section 365 or 365.1 with an~~
5 ~~electric service provider, and the customer is a customer~~
6 ~~self-generator, the electrical corporation that provides distribution~~
7 ~~service for the direct transactions may recover from the customer's~~
8 ~~electric service provider the incremental costs of metering and~~
9 ~~billing service related to the standard contract or tariff provided~~
10 ~~in this section in an amount set by the commission.~~

11 ~~(f) A renewable electrical generation facility used by a customer~~
12 ~~self-generator shall meet all applicable safety and performance~~
13 ~~standards established by the National Electrical Code, the Institute~~
14 ~~of Electrical and Electronics Engineers, and accredited testing~~
15 ~~laboratories, including Underwriters Laboratories Incorporated~~
16 ~~and, where applicable, rules of the commission regarding safety~~
17 ~~and reliability.~~

18 ~~(g) A customer self-generator shall reimburse the Department~~
19 ~~of Water Resources for all charges that would otherwise be~~
20 ~~imposed on the customer's gross electricity usage by the~~
21 ~~commission to recover bond-related costs pursuant to an agreement~~
22 ~~between the commission and the Department of Water Resources~~
23 ~~pursuant to Section 80110 or Division 28 (commencing with~~
24 ~~Section 80500) of the Water Code, as well as the costs of the~~
25 ~~department equal to the share of the department's estimated net~~
26 ~~unavoidable power purchase contract costs attributable to the~~
27 ~~customer. The commission shall ensure that the charges are~~
28 ~~nonbypassable.~~

29 ~~(h) The commission may authorize distributed resources located~~
30 ~~on the customer side of the meter to participate in any wholesale~~
31 ~~energy market transactions permitted by federal or state law.~~
32 ~~Distributed resources may be aggregated for this purpose.~~
33 ~~Notwithstanding Section 769, the commission shall not authorize~~
34 ~~or permit any distributed resources located on the customer side~~
35 ~~of the meter to be used to defer investment by an electrical~~
36 ~~corporation in the distribution system. For purposes of this~~
37 ~~subdivision, "distributed resources" has the same meaning as in~~
38 ~~subdivision (a) of Section 769.~~

39 ~~SEC. 6. Section 2827.1 of the Public Utilities Code is repealed.~~

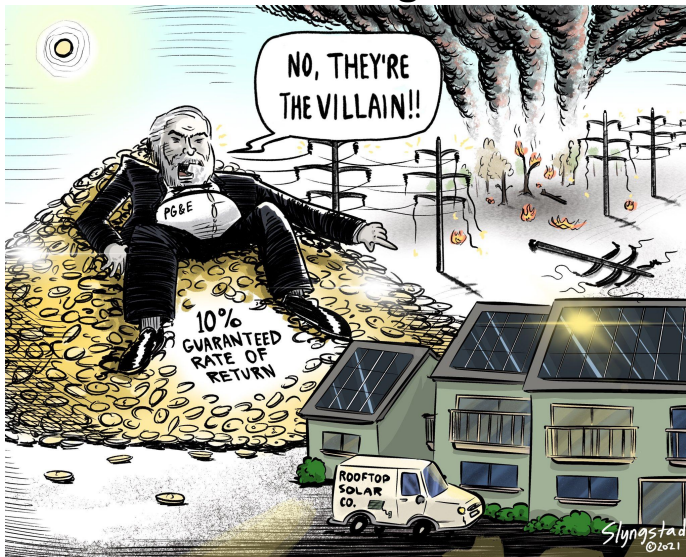
40 ~~SEC. 7. Section 2827.7 of the Public Utilities Code is repealed.~~

1 ~~SEC. 8. No reimbursement is required by this act pursuant to~~
2 ~~Section 6 of Article XIII B of the California Constitution because~~
3 ~~the only costs that may be incurred by a local agency or school~~
4 ~~district will be incurred because this act creates a new crime or~~
5 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
6 ~~for a crime or infraction, within the meaning of Section 17556 of~~
7 ~~the Government Code, or changes the definition of a crime within~~
8 ~~the meaning of Section 6 of Article XIII B of the California~~
9 ~~Constitution.~~

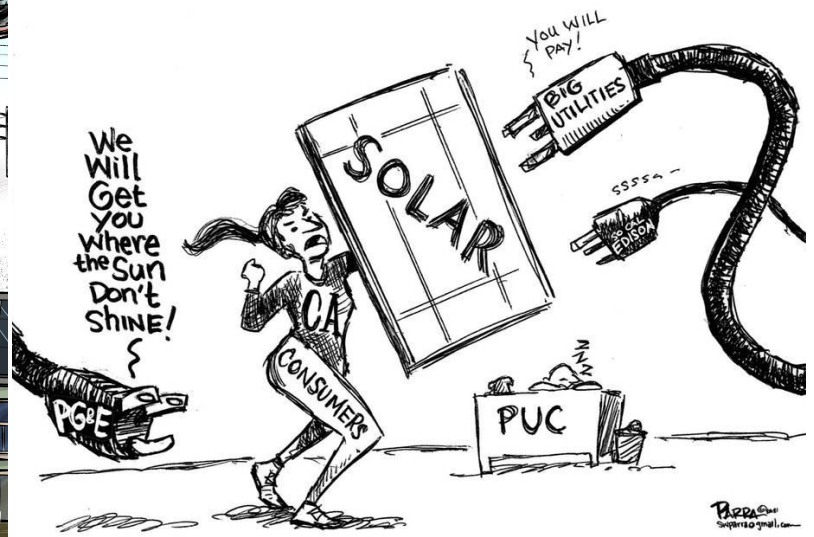
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Fact Sheet:

AB 1139 (Gonzalez) is a Utility Profit Grab to Kill Rooftop Solar Just When It Is Taking Off In Working and Middle Class Communities



Credit: Ben Slyngslad



Credit: Fresno Bee, SW Parra

Consumers suffer when power is concentrated in the hands of a few. This was the lesson learned from the 2000 electricity crisis and out of that grew California's commitment to consumer solar and localized energy. Over the past two decades, hundreds of thousands of Californians have invested in rooftop solar to combat climate change, lower energy bills, and invest in local communities.

The state encouraged these investments via policies like net metering, which lets solar users share their extra energy with their neighbors for a bill credit.

Today, utilities are threatened by this people-centered movement because it cuts at their profits. Rooftop solar is no longer niche but an increasingly affordable investment embraced by working class communities as a no-brainer solution to wildfires, blackouts, and rate increases. Utilities see this trend and want to end it by coming after the most powerful policy driving rooftop solar: net metering.

AB 1139 will kill rooftop solar by establishing, as the default policy of the State of California:

- A monthly fee estimated at \$70/month for an average home solar system. [1]
- An 80% reduction in the credit given to solar users for surplus energy sent back to the grid. [2]
- Drastic rule changes applied to all existing solar users within 1 to 10 years, reversing a well-established principle protecting consumer investments for 20 years. Such a policy not only harms existing consumers, including schools, low-income affordable housing, and farms, but it erodes consumer confidence in government-backed programs on clean energy. [3]

AB 1139 hurts working families the most

- The fastest growing segment of California's rooftop solar market is in working class communities. Today, over 150,000 solar roofs serve customers in the CARE discount program. An additional 30,000 rental units serving more than 100,000 people at multifamily affordable housing projects are under development thanks to net metering. These low-income consumers will be greatly harmed by AB 1139, in some cases paying more for their energy than if they had never invested in solar. [4]

CARE Solar Customer Monthly Savings Before and After AB 1139 [5]

	SDG&E	SCE	PG&E
Today	\$178	\$122	\$139
Under AB 1139	\$56	\$37	\$45
Percentage Drop	69%	70%	68%
Years to pay off solar in bill savings	40-50+ years	> 50 years	> 50 years

AB 1139 is premised on a utility-invented falsehood - the rooftop solar "cost shift". The real cost shift is wildfires, power outages, the long-distance transmission lines that cause them, as well as the lack of government accountability on those responsible.

- This year alone, ratepayers will be charged more than \$9 billion for power line maintenance and wildfire prevention.
- PG&E's transmission charges to ratepayers increased 68% from 2016 to 2021. Half of these charges were self-approved by PG&E.
- Utilities profit by building more and more expensive power lines. The state's investor-owned utilities charged ratepayers nearly \$20 billion in transmission line projects between 2010 and 2019 and collected more than \$20 billion in profits over a similar time period. [6]

Rooftop solar reduces costs for all ratepayers. This saves everyone money, but also cuts utility profits. That's what this is all about.

- In 2018 alone, rooftop solar and energy efficiency prompted the state to scale back more than 20 power line projects, saving \$2.6 billion.
- Maximizing rooftop solar could save American households nearly \$500 billion over the next thirty years, while doubling down on our overreliance on long-distance power lines could cost Americans \$350 billion. [7]
- Reducing grid costs cut against utility profits, even if it saves all ratepayers. As the CPUC recently outlined, "IOUs are inherently incentivized to make investments to drive an increase in their rate base and therefore, their profitability." [8]

Utilities care about profits, not equity.

- Utilities have lobbied against every major proposal to help more marginalized communities adopt solar and battery storage: affordable housing solar incentives, community solar, microgrids, on-bill financing and more. [9]

More solar, not less

- Lawmakers can best help working communities by rejecting AB 1139 and embracing proposals to bring rooftop solar and battery storage to millions more Californians. More affordable rooftop solar, not less, is the path to helping Californians struggling under the burden of skyrocketing energy bills, power outages and wildfires. [10]

[1] Link to [AB 1139](#); Section 3(b)(4) would require the state to charge solar users a "fixed charges based on the cost to...serve the eligible customer-generator". The precedent for how the CPUC would calculate this fee is to charge transmission and distribution charges for all the energy generated and consumed on-site by the solar user. In other words, the solar user who becomes more energy efficient, consuming less energy from the grid, would be charged a fee to cover what they would otherwise have bought from the utility. We estimate this fee to be approximately \$70/month for a typical 6 kW solar system. The larger the system, the higher the fee. Non-residential customers would be charged the fee as well as residential.

Net Metering Bill credit: Section 3(b)(5)

[2] Section 3 (b)(5) The average credit for surplus solar power is valued at 23 cents per kilowatt-hour. The bill would require "Credits ... for any electricity exported to the electrical grid at a rate equal to the hourly wholesale market rate..." The average hourly wholesale market rate for electricity is around 3 cents.

[3] Section 2(b)(6) & 2(d)(B)(2)

- [4] Neighborhood level adoption data: The Berkeley Lab: [Solar Demographics Tool](#) and [Income Trends among U.S. Residential Rooftop Solar Adopters](#); [CARE data](#)
- [5] Based on a 6 kWh system and a reduction in NEM credits from 17 cents to 3 cents per kWh
- [6] CA Public Utilities Commission: [Utility Costs and Affordability of the Grid of the Future](#) (\$20 billion in transmission costs from 2010-19 pp. 39, Table 11; \$4.336 in 2021 transmission spending and rate of increase p. 36; 1\$/3.50 profit p. 37). \$20B profit figure from utility 10-K filings, [itemized here](#).
- [7] [Utility Dive](#) breakdown of this CA Independent Systems Operator report; Vibrant Clean Energy: [Why Local Solar for All Costs Less](#)
- [8] The Averch-Johnson effect described on page 24 of the CPUC's "Utility Costs and Affordability of the Grid of the Future."
- [9] Partial list of initiatives utilities lobbied to kill or defang: Affordable housing solar incentives ([AB 693](#) - Eggman, 2015); Low-income feed in tariff ([AB 1990](#) - Fong); Community solar ([SB 843](#) - Wolk, 2013; [SB 43](#) - Wolk, 2013; CPUC implementation); Microgrids (SB 1339, CPUC implementation)
- [10] Save California Solar: [Building Blocks to Equitable Solar & Storage Growth](#)

