Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 1813 (Ward) – As Amended April 27, 2026

Policy Committee: Utilities and Energy Vote: 12 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires the California Public Utilities Commission (CPUC) to adopt or modify a customer renewable energy (CRE) subscription program by which a program participant is credited for electricity generated from a relatively nearby renewable generation facility, such as an array of solar panels, which the bill calls a community renewable energy generator (CREG).

Notably, this bill, among other things:

1) Requires the California Energy Commission (CEC), by, December 1, 2027, to evaluate the load-modifying potential of CREGs—meaning facilities that use eligible renewable energy resource that are co-located with energy storage systems that provides at least four hours of energy storage at the same capacity as the renewable energy resources—and identify attributes the CEC would expect a CREG to meet in order to be classified as a load-modifying resource, including that the CREG (a) consistently generates energy at times and in a manner that predictably and verifiably reshapes or reduces the net load curve and (b) could credibly reduce the energy procurement obligations of the load-serving entity, such as an electrical investor-owned utility (IOU), whose territory hosts the CREG.

2) Directs the CPUC, within 90 days of the CEC evaluation described above, to establish a mechanism to determine whether CREGs are load-modifying resources consistent with the attributes identified by the CEC and, in doing so, requires the CPUC to (a) adopt a prioritization, threshold, or hierarchy of attributes that a CREG would need to meet in order to be classified as a load-modifying resource and (b) limit the scope of the mechanism solely to the attributes identified by the CEC evaluation.

3) Further direct the CPUC, 90 days after the CPUC's establishment of the mechanism described above, to adopt or modify a CRE subscription program.

4) Caps total capacity of the CRE subscription program at four gigawatts (GW), ends program subscriptions after seven years, and ends the program when either limit is reached.

5) Requires any CREG participating in the CRE subscription program (a) be located within the same "local reliability area" as its subscribers, meaning an area identified by the California Independent System Operator (CAISO) as transmission constrained and for which prescribed quantities of local resource capacity are needed to be procured.

6) Makes various requirements of a CRE subscription program including, among other things, that such a program (a) promote participation by low-income customers at levels commensurate with the opportunity provided to all eligible customer-generators under the state's net-energy metering program (NEM), (b) ensure at least 51% of the CRE subscription program's capacity serves low-income customers, and (c) minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs, but only if CPUC determines the relevant CREG to be a load-modifying resource.

7) Directs the CPUC to evaluate the CRE subscription program two years from when the first CREG is operational under the program and requires the evaluation to ensure an evaluation of the cost-effectiveness of the CRE subscription program uses the CPUC's standard methods and practices for evaluating the cost-effectiveness of distributed energy resources, as outlined in the CPUC's Standard Practice Manual.

FISCAL EFFECT:

This bill will entail significant new analytical work of the CEC, and significant new administrative and analytical work of the CPUC. Costs to each entity will be substantial and, in case of the CPUC, ongoing.

Neither agency was able to provide an estimate of their costs to this committee by the time this analysis was prepared, as the current contents of the bill were only very recently amended into it. Nonetheless, it is reasonable to expect costs for the CPUC, paid from the Public Utilities Commission Utilities Reimbursement Account, and for the CEC, paid from the Energy Resources Program Account (ERPA), will range from the hundreds of thousands of dollars to the low millions of dollars.

The CEC has generally warned that ERPA faces an ongoing structural deficit and offered that it might be unable to support new activities.

COMMENTS:

1) **Background.** A community renewable energy program, very generally, is a program through which customers of large investor-owned utilities (IOUs) may subscribe to receive electricity from a local renewable electricity generation facility. The state has long had several such programs for solar energy; however, participation in the programs has never been robust.

   AB 2316 (Ward), Chapter 350, Statutes of 2022, directed the CPUC to evaluate existing customer community renewable energy programs in order to modify and possibly terminate them and to determine whether it is beneficial to ratepayers to develop a new program for community renewable energy by an electrical corporation, based on specified criteria, including ensuring at least 51% of the energy capacity serves low-income customers. The CPUC conducted its review, pursuant to AB 2316, and found that no existing program met statutory goals.

   For this reason, the CPUC chose to create a new program, the Community Renewable Energy Program, or "CREP." In adopting the CREP, the CPUC prescribed rates of compensation for the electricity generated by a CREP facility that is comparable to the rates of compensation provided to utility-scale renewable energy projects. This is because,

reasoned the CPUC, such projects are not collocated with the customers who subscribe to the program and, therefore, implicitly impose costs on the electricity distribution and transmission systems ("the grid").

Advocates for community solar, and businesses that would build and operate the facilities, disagreed, and implored the CPUC to value electricity produced by a community renewable energy facility as it does a rooftop solar system located behind a customer's electricity meter and participating in a different renewable energy program (NEM). In response, the author of this bill introduced AB 1260 (Ward) of the current legislative session, which, among other things, directs the CPUC to value the output of a community renewable energy facility as it would a behind-the-meter rooftop solar facility; that is, to quote AB 1260, to include "all of the avoided cost categories and values calculated for other customer generators connected to the distribution system." Bill proponents described this treatment as appropriate, because, they said last year, "There is no difference between electricity produced by a rooftop system that is exported to the distribution system and electricity produced by a community solar project that is exported to the distribution system." In contrast, the CPUC asserted "If rooftop BTM [behind-the-meter] solar avoided costs were applied to the [community solar] tariff, this would result in a sizeable cost-shift [to customers not participating in community renewable energy program]." Ultimately, AB 1260 failed passage in this committee.

In March of this year, the Assembly Committee on Utilities and Energy hosted an oversight review of implementation of AB 2316. According to the author's office, "it became very clear that the current program adopted by the CPUC is not workable, and will result in no new projects being built." In response, the author amended language into this bill "in consultation with the Utilities and Energy Committee" to "ensure it meets the original intent of AB 2316."

The most significant changes in this bill, when compared to AB 1260, are (1) directing the CEC to evaluate the load-modifying potential of CREGs and identify attributes the CEC would expect a CREG to meet in order to be classified as a load-modifying resource, and (2) requiring the CPUC to establish a mechanism to determine whether CREGs are load-modifying resources consistent with the attributes identified by the CEC.

Bill proponents contend it is appropriate to require the CPUC to value the electricity generated by a CREG as it would electricity generated by any load-modifying resource if, as this bill requires, the CREG meets the criteria the CEC determined a CREG would meet if it were a load-modifying resource. The CPUC objects, contending this bill, like AB 1260 before it, and despite the new role assigned to the CEC, nonetheless inappropriately requires the CPUC to utilize the same evaluation methodology for behind-the-meter distributed energy resources to evaluate the cost-effectiveness of the front-of-meter resources, like CREGs.

Central to implementation of AB 2316 was determining the effect of a community renewable energy subscription program on electric utility customers who do not participate in the subscription program. The CPUC determined such a program would shift costs on to nonparticipating customers. Bill proponents, citing a study prepared for a national trade association of solar developers, businesses and nonprofits, contended, and continue to contend, "there is no cost shift, but instead all ratepayers benefit." That question of who benefits and who pays—highly technical to answer—remains at the heart of this bill.

2) **Support and Opposition.** This bill is supported by Dimension Energy—a solar project developer—as well as a coalition that includes, among others, the California Building Industry Association, the Natural Resources Defense Council, the Solar Energy Industries Association, USA Properties Fund and Vote Solar, who together write:

> AB 1813 presents a significant opportunity to guarantee everyone has access to the benefits of distributed clean energy by providing direct benefits to subscribers and passing along savings when Californians need relief the most, especially during the hottest months when energy usage and costs are at their highest. The bill addresses California's energy equity challenges head on, particularly for those most underserved, while also relying on a compensation structure that is sensitive to the dynamic needs of the state's electricity grid. It would do this while providing a valuable tool for achieving the state's ambitious energy efficiency and climate change goals, allowing farmers to host community solar projects and keep land in family hands, all while creating high-quality and competitive jobs in California.

There is no opposition registered against this bill.

Analysis Prepared by: Jay Dickenson / APPR. / (916) 319-2081