

ASSEMBLY THIRD READING

AB 1813 (Ward)

As Amended April 27, 2026

Majority vote

SUMMARY

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).

Major Provisions

- 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.

COMMENTS

A community renewable energy program, very generally, is a program through which customers 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.

This bill has a substantial legislative history, rooted in AB 2316 (Ward, Chapter 350, Statutes of 2022), which directed the CPUC to evaluate existing customer community renewable energy programs and potentially develop a new one prioritizing low-income customers. After the CPUC found no existing program met statutory goals, it created a new Community Renewable Energy Program (CREP) that compensated electricity at wholesale generation rates. Advocates and industry stakeholders pushed back, arguing that community solar facilities should be valued on par with behind-the-meter rooftop solar systems.

Last year, AB 1260 (Ward, 2025), attempted to resolve this dispute in favor of the proponents, but failed passage in the Assembly Appropriations Committee. Following an oversight hearing earlier this year, the author amended the present bill to address additional concerns, largely building off the framework of AB 1260. The most notable 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 if a CREG meets the criteria the CEC identifies as necessary to qualify as a load-modifying resource, the CPUC should be required to value its electricity output accordingly – that is, the same way it would value electricity from any other behind-the-meter resource. According to the Assembly Appropriations analysis, the CPUC objects to this. The CPUC notes this bill, like AB 1260 before it, 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, wholesale 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 remains at the heart of this bill.

According to the Author

According to the author, "California must build seven times the amount of solar, wind, and batteries every year for the next 25 years if we are to meet SB 100 goals. Unfortunately, nearly half of all California households are renters, and 70% of low-income households are renters,

which in nearly any situation prevents onsite solar opportunities. AB 1813 provides a targeted way to build a robust community renewables program to lower electric bills for low-income households and renters, provide benefits to all ratepayers, and ease cost burdens for meeting the significant demand for new homes. Community Solar and Storage programs are an incredible tool the state can use to bridge this gap and ensure all Californian's can access the benefits of renewable energy."

Arguments in Support

This bill is supported by a coalition that includes, among others, the Solar Energy Industries Association, Vote Solar, Natural Resources Defense Council, the California Building Industry Association, and the Utility Reform Network. One coalition letter notes: "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."

Arguments in Opposition

This bill is opposed by both San Diego Gas & Electric Company (SDG&E) and Pacific Gas & Electric Company (PG&E). PG&E notes in their opposition letter that "the bill does not require that the program actually be cost-effective" and "prioritizes developer economics over ratepayer protection." While SDG&E points out that the bill is "not [about] affordability, it is a cost-shift." Both utilities note their cost-shift concern arises from the classification of the CREG as load modifying, which SDG&E notes is "conceptually flawed and inconsistent with statutory requirements" because the CREG "operates as a wholesale generation resource."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, this bill will entail significant new work at the CEC and CPUC and result in significant costs – in the hundreds of thousands to low millions of dollars – to those entities.

VOTES

ASM UTILITIES AND ENERGY: 12-0-6

YES: Petrie-Norris, Boerner, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Zbur

ABS, ABST OR NV: Patterson, Calderon, Chen, Davies, Ta, Wallis

ASM APPROPRIATIONS: 10-2-3

YES: Wicks, Aguiar-Curry, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Dixon, Tangipa

ABS, ABST OR NV: Hoover, Calderon, Ta

UPDATED

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