

---

# SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair  
2025 - 2026 Regular Session

---

## AB 1813 (Ward) - Electricity: customer renewable energy subscription program

**Version:** June 18, 2026

**Urgency:** No

**Hearing Date:** June 29, 2026

**Policy Vote:** E., U. & C. 11 - 2

**Mandate:** Yes

**Consultant:** Ashley Ames

**Bill Summary:** This bill would require (1) 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); and (2) require the California Energy Commission (CEC) to evaluate the load modifying potential of community renewable energy generators and identify attributes that CEC would expect a CRE generator to meet to be classified as a load modifying resource, among other things.

### Fiscal Impact:

- The CEC estimates ongoing costs of about \$2.7 million in the first year and \$1.7 million annually thereafter (Energy Resource Program Account [ERPA]) to engage with stakeholders and develop a “load modifying” criteria for CREGs, collect and analyze data to understand the nature and capabilities of CREGs and their relation to the load subscribed to the projects, and provide policy support to understand load-serving entity procurement obligations and maintain alignment with related state electric system planning processes, among other things. The CEC warns that ERPA faces an ongoing structural deficit and may not be able to sustainably support new activities.
- Ongoing costs of an unknown but significant amount, likely over \$3 million annually (ratepayer funds), for the CPUC to implement the provisions of this bill.

### Background:

*Community Solar.* The U.S. Department of Energy defines community solar as any solar project or purchasing program, within a geographic area, in which the benefits of a solar project flow to multiple customers such as includes from various customer classes: residential, commercial, etc. Community solar can be designed in several ways, but the ultimate goal is to provide residents with more options to participate in solar projects. In most cases, customers are benefitting from energy generated by solar panels at an off-site array; however, there are also on-site multifamily community solar options where occupants of apartment and condominium buildings each benefit from the energy produced from the rooftop solar project. Additionally, who pays to plan, construct, and operate the solar project varies across the different community solar models – such as when a utility may own or operate a project that is open to voluntary ratepayer participation, or when customers themselves may collectively sign a contract with a third-party developer and be treated as departing load from their utility.

Community solar customers typically receive a bill credit for electricity generated by their share of the community solar system – similar to someone who has rooftop panels installed on their home and receives the NEM tariff. However, the value of that customer bill credit can also vary widely between community solar programs, with some more generous than others. Community solar can be a great option for people who do not own their homes, have financial constraints, or have insufficient roof conditions such as shading, roof size, or other factors and who desire to participate in a solar project.

*Existing Community Solar Programs.* There are four main community solar programs currently in place for eligible customers of California's large electric IOUs:

- Disadvantaged Communities-Green Tariff (DAC-GT) program.
- Community Solar Green Tariff (CSGT) program.
- GTSR program, which is comprised of two subprograms:
  - the Green Tariff (GT) option.
  - the Enhanced Community Renewables (ECR) option.

AB 327 (Perea, Chapter 611, Statutes of 2013) directed the CPUC to develop specific alternatives designed to increase adoption of renewable generation in disadvantaged communities. In 2018, the CPUC created several programs (Decision 18-06-027) aimed at increasing access to solar energy for residents of disadvantaged communities (DAC) located in one of the three large electric IOU distribution service territories. These include:

- DAC-GT program:
  - Renewable facility is a utility-scale, utility-procured project.
  - Open to residential customers in DAC.
  - Customers receive a 20% bill discount.
- DAC-CSGT program:
  - Renewable facility is a local solar project.
  - Open to residential customers in DAC.
  - Communities work with a local non-profit or government sponsor to organize community interest and present siting locations to their electric IOU or CCA.
  - Project sizes are capped at four MW.
  - Projects must be built within five miles of where customers reside.
  - Customers receive a 20% bill discount.

In order to offset the high costs of these projects, electric IOU greenhouse gas (GHG) auction proceeds and public purpose funds from non-participating ratepayers are utilized.

Prior to the establishment of the DAC programs, SB 43 (Wolk, Chapter 413, Statutes of 2013) directed the CPUC to establish the GTSR program. GTSR has the overall objective of expanding customer access to renewable energy and to build up to 600 MW in additional renewable facilities. GTSR includes both a GT option and an ECR option. Pursuant to statute, the costs of GTSR may not be borne by nonparticipants.

The two GTSR programs are similar in structure to the two DAC community solar programs mentioned previously.

- GT program:
  - Renewable facility is utility-scale and utility procured.
  - Open to all customers of states' three largest IOUs.
  - Customer pays the difference between their current charge for generation on their IOU bill and the cost of procuring either 50 or 100% renewables.
  
- ECR program:
  - Renewable facility is a local solar project.
  - Project size limited to 20 MW.
  - Facility developers must fulfill a "community interest requirement," where interested customers commit to enroll in 30% of the project's capacity or expressed interest to reach a 50% subscription rate ahead of time, and must have a minimum of three separate subscribers.
  - Customers agree to purchase a share of a local solar project directly from a solar developer, and in exchange, the customer will receive a credit from their utility for the customer's avoided generation and for their share of the benefit of the solar development to the utility.
  - Customers, in buying the solar generation directly from a third party, are treated as departing load. When an ECR customer moves within the IOU's territory they can retain their ECR subscription at their new service address.

*Solar on Multifamily Affordable Housing (SOMAH).* Established by AB 693 (Eggman, Chapter 582, Statutes of 2015), the SOMAH program provided incentives for solar energy photovoltaic (PV) systems for multifamily affordable housing. SOMAH provides for up to \$100 million annually from the electric IOUs GHG auction proceeds, up to \$1 billion dollars over 10 years, to install 300 MW of capacity. The SOMAH program began accepting applications on July 1, 2019, receiving more than 200 applications on the first day it opened, and waitlists were started in the large electric IOUs' territories.

*Solar ready buildings in the Title 24 Regulations.* In May of 2018, as part of its regulation of building energy efficiency, the CEC adopted a requirement for the installation of solar system capacity on all new low-rise residential buildings. More specifically, the CEC regulations require (a) installation of a certain sized solar system on a newly constructed, low-rise residential building; (b) successful exemption from the installation requirement in the event of excessive shade, roof design or other defined factors; or (c) development of a community solar project that offsets the load of the newly constructed, low-rise residential building.

Builders are struggling to comply with the CEC's requirement. In particular, builders are looking to develop community solar projects as a means of compliance, which builders note are much cheaper to develop than rooftop solar.

*Title 24 community solar compliance option.* For a community solar project to comply with Title 24 it must (a) reduce the building's energy bill by an amount greater than the added cost to the building resulting in the building's share in the community solar project; (b) provide energy savings benefits dedicated to the building for no less than 20 years, and (c) be exclusively dedicated to the building. The CEC's community solar

compliance option is conceptually analogous to the ECR component of GTSR. Current statute requires electric IOUs to support ECR projects that allow customers to contract directly with a third-party participating renewable developer to subscribe to a specific local renewable facility. The ECR component of the GTSR has been unsuccessful, to date at least, with only 10 MW (of a possible 600 MW) developed. To date, two utilities have community solar programs that satisfy the CEC's alternative compliance option, the Sacramento Municipal Utility District (SMUD) and recently approved Plumas-Sierra electrical cooperative. SMUD's program is currently fully subscribed.

*The Avoided Cost Calculator (ACC).* The ACC is a complex determination of the benefits resources provide to the grid and all ratepayers. It calculates a monetary amount in \$/kWh to value a resource. The ACC calculates the avoided costs of electricity resources based on generation energy, generation capacity, ancillary services, transmission and distribution capacity, GHG, and high global warming potential gases. For example, using Pacific Gas & Electric's (PG&E's) E-TOU-C residential rate for simplicity, the summer off-peak retail rate is 42¢/kWh, which corresponds to the hours that solar-only systems would export to the grid. The generation-only portion of that is 0.14¢/kWh. However, the avoided cost value for mid-day hours is closer to 0.01¢/kWh. NEM relies on the generous retail rate to compensate owner-generators, while other CPUC programs provide a generation-only rate. This bill's program compensates based on the avoided cost. The ACC is updated annually to improve the accuracy of how benefits are calculated, taking inputs from various CPUC proceedings and CAISO wholesale market data. However, this annual updating may create volatility for programs relying on the ACC to determine credits or incentives values. For instance, the value of solar avoided costs has declined over the last decade. Cost shifts occur when the program's costs outweigh its benefits, and nonparticipants of the program are left covering the difference. This is the controversy associated with NEM – where customers with NEM are paid from collections of customers without NEM.

*Net Energy Metering.* Electric utility customers have helped subsidize the cost of customer-sited electricity generation from renewable resources, which is largely electricity generated by solar on rooftops. The vast majority of rooftop solar customers are enrolled in NEM (NEM 1.0) or NEM Successor (NEM 2.0) tariffs, established under Public Utilities Code §§2827 and 2827.1, respectively. The NEM program supports onsite renewable energy (largely rooftop solar) installations designed to offset a portion, or all, of the customer's electrical energy usage. Under NEM, customers receive a bill credit (in dollars) based on the retail rate (including generation, transmission, and distribution rate components) for any excess generation (in kWh) that is exported back to the grid. In periods when a customer's bill is negative (because the amount of energy the solar system exported to the grid exceeded the amount of energy consumed by the customer), the bill credits are carried forward up to one year, at which point customers may elect to receive net surplus compensation for any electricity produced in excess of on-site energy usage. Customers taking service under NEM 2.0 pay the cost to connect to the grid, take service on a "time-of-use" rate plan, and pay "non-bypassable" charges that are not offset with surplus energy credits. In CPUC initiated rulemaking (R. 20-08-020) the CPUC developed a successor to the NEM 2.0 tariff, as part of the requirement in statute and a commitment in a previous decision to review the current tariff to address the shift in costs to nonparticipating customers. The CPUC adopted the new tariff, Net-Billing Tariff (NBT) in December 2022 which further reduced the compensation for rooftop solar installations.

*Prevailing wages.* In California, the prevailing wage rate is an hourly rate paid on public works projects that is often set in the terms of a collective bargaining agreement. Prevailing wage creates a level playing field by requiring an across-the-board rate for all bidders on publicly subsidized projects. According to the Department of Industrial Relations, the wage rate relies upon such factors as:

“the particular craft, classification or type of work within the locality and in the nearest labor market area (if majorities of such workers are paid at a single rate). If there is no single rate paid to a majority, then the single or modal rate being paid to the greater number of workers is prevailing.”

**Proposed Law:** This bill would:

1. Revise the requirements of the customer renewable energy subscription program, among other things, to:
  - a. Promote participation by low-income customers at levels commensurate with the opportunity to customer-generators as part of NEM.
  - b. Provide bill credits to subscribers based on the avoided costs of a community renewable energy generators participating in the program if the community renewable energy generator is determined to be a load modifying resource.
  - c. Require all community renewable energy generators participating in the program to have no more than five megawatts (MW) of generation capacity and no more than five MW of energy storage.
  - d. Limit the total program capacity to four gigawatts (GW) or end the enrollment of new community renewable energy generators in the program after seven years, whichever occurs first.
2. Require the CEC, on or before December 1, 2027, to evaluate the load modifying potential of community renewable energy generators and identify attributes that CEC would expect a community renewable energy generator to meet to be classified as a load modifying resource.
3. Require the CPUC, 90 days following the completion of the evaluation by the CEC, to establish a mechanism to determine whether community renewable energy generators are load modifying resources consistent with the attributes identified by the CEC.
4. Require the CPUC, 90 days following the establishment of the mechanism, to adopt or modify a customer renewable energy subscription program consistent with the revisions to the program made by this bill.
5. Require the CPUC, within 24 months of the adoption or modification of a customer renewable energy subscription program and annually thereafter for the duration of the program, to submit to the Legislature a report on the community renewable energy generators participating in the program and customers subscribed. Repeals this requirement on January 1, 2034.

**Related Legislation:**

AB 2316 (Ward, Chapter 350, Statutes of 2022) required the CPUC to open a proceeding by March 31, 2023, to establish a community renewable energy program that meets specified criteria. The bill also required the CPUC, as part of the proceeding, to evaluate customer renewable energy subscription programs and to report the findings from the evaluation to the Legislature by December 31, 2023. Upon evaluation, authorizes the CPUC to terminate or modify programs that fail to meet certain requirements, as specified.

AB 2838 (O'Donnell, Chapter 418, Statutes of 2022) authorized the CPUC, beginning April 1, 2023, to authorize IOUs to terminate the GTSR programs.

SB 1385 (Cortese, 2022) would have established, by January 1, 2024, a new 1,500 MW multifamily housing local solar program that requires each large electrical corporation, as specified, to construct solar and storage systems in front of the customers' meters on or near multifamily housing. The bill sunsets the program as of January 1, 2027. The bill died in the Assembly Appropriations Committee.

AB 693 (Eggman, Chapter 582, Statutes of 2015) created the Multifamily Affordable Housing Solar Roofs Program, to provide financial incentives for qualified solar installations at multifamily affordable housing properties funded from IOU's GHG allowances.

SB 43 (Wolk, Chapter 413, Statutes of 2013) established, until January 1, 2019, a Shared Renewable Self Generation Program allowing IOU customers to purchase an interest in a "community renewable energy facility" and receive a bill credit for the generation component of the customer's electrical service.

AB 327 (Perea, Chapter 611, Statutes of 2013), among other provisions, required the CPUC to develop specific alternatives to the NEM tariff to ensure that customer-sited renewable distributed energy is available to residential customers in disadvantaged communities.

**Staff Comments:** This bill seeks to create the community solar option sought by the proponents who have thus far been unsuccessful at securing at the CPUC. This proposal would also require energy storage (at five MW) with solar (at five MW) and a program cap of four GW. This bill would require the CEC to determine whether community solar subscription program would be a load-modifying resource. The CEC notes that the directives to the CEC in this bill are a significant departure from current practices.

-- END --