
CONSENT

Bill No: AB 2175
Author: Garcia (D)
Amended: 4/16/26 in Assembly
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 17-0, 6/16/26

AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Becker, Caballero, Gonzalez, Grove, Hurtado, McNerney, Niello, Reyes, Richardson, Rubio, Stern, Strickland, Wahab

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 68-0, 5/21/26 (Consent) - See last page for vote

SUBJECT: Renewable electrical generation facilities: multiple meters: aggregation: logistics businesses and manufacturing businesses

SOURCE: Author

DIGEST: This bill explicitly states logistics and manufacturing businesses are eligible customer-generators for the Net Billing Tariff-Aggregation (NBT-A) program, should the California Public Utilities Commission (CPUC) determine to extend the program.

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (Article XII of the California Constitution)
- 2) Requires that all charges demanded or received by any public utility for any product, commodity or service be just and reasonable. (Public Utilities Code §451)

- 3) Requires each electrical utility, including each electrical corporation, local publicly owned electric utility (POU), electrical cooperative, or other entity that offers electrical service, except as specified, to develop a standard contract or tariff that provides for net energy metering (NEM), which, among other things, compensates each eligible customer-generator, as defined, for the electricity it generated during a preceding 12-month period that exceeds the electricity supplied by the electrical utility through the electrical grid to the eligible customer-generator during that same period, as provided. Requires each electrical utility to make the contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by those eligible customer-generators exceeds five percent of the electrical utility's aggregate customer peak demand, except as specified. This contract or tariff is commonly known as NEM 1.0. (Public Utilities Code §2827)
- 4) Authorizes an eligible customer-generator with multiple meters to aggregate the electrical load of the meters located on the property where the renewable electrical generation facility is located and on all property adjacent or contiguous to the property on which the renewable electrical generation facility is located, if those properties are solely owned, leased, or rented by the eligible customer-generator, as provided. (Public Utilities Code §2827 (h)(4)(A))
- 5) Requires the CPUC to develop an additional standard contract or tariff, which may include NEM, for eligible customer-generators that are customers of large electrical corporations, as defined. Requires each large electrical corporation to offer this standard contract or tariff to its eligible customer-generators beginning July 1, 2017, or before that date if ordered to do so by the CPUC because it has reached the above-mentioned five percent NEM 1.0 program limit, and prohibits limiting the amount of generating capacity or the number of new eligible customer-generators entitled to receive service pursuant to this standard contract or tariff, as specified. This contract or tariff is commonly known as NEM 2.0. Authorizes the CPUC to revise the standard contract or tariff as appropriate to achieve specified objectives. (Public Utilities Code §2827.1)

This bill:

- 1) Requires the CPUC, for purposes of certain NEM contracts or tariffs, to ensure that logistics businesses and manufacturing businesses are eligible customer-

generators for purposes of aggregating multiple meters, as described above, if the CPUC extends the application of that provision.

2) Includes nonsubstantive code clean-up.

Background

NEM tariff. Electric utility customers have helped fund the cost of customer-sited electricity generation from renewable resources, which is largely electricity generated by rooftop solar. The vast majority of rooftop solar customers are enrolled in NEM 1.0 or NEM successor tariffs, including NEM 2.0 and net billing tariff (NBT) established under Public Utilities Code §§2827 and 2827.1, respectively. The NEM tariff 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 kilowatt hours (kWh) that is exported back to the electric 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.

Successor tariff adopted. In August 2020, the CPUC initiated Rulemaking (R. 20-08-020) to develop 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. In December 2022 CPUC Decision (D. 22-12-056), the CPUC adopted a new version of the NEM tariff, now known as the NBT, which adjusts the compensation for solar energy electricity exported back to the electric grid with a reduced amount of compensation from systems that were installed after to April 15, 2023. The CPUC decision revises the NEM tariff to improve price signals by better aligning them with the electric grid's conditions, both day and night. The updated billing structure of the tariff is designed to optimize grid use by the tariff's customers and incentivize adoption of combined solar and storage systems.

About NBT-A. Pursuant to SB 594 (Wolk, Chapter 610, Statutes of 2012), the CPUC established the net energy metering aggregation (NEMA) subtariff of the NEM tariff to allow an eligible customer-generator with multiple meters to aggregate the electrical load of the meters located on the property where the generation facility is located or on property contiguous to that with the generation facility. The legislation provided that a customer could install one generation facility sized to serve the entire load of these meters (up to one megawatt (MW)) as opposed to separate facilities at each meter. This is predicated on the CPUC determining that aggregating the load from multiple meters would not result in an increase in the costs for customers not participating in the NEMA tariff. Customers who elect to participate in NEMA are prohibited from receiving net surplus electricity compensation. In the NEM proceeding, electric utilities reported having about 13,000 properties interconnected to the grid under a NEMA subtariff with a cumulative solar capacity of about 1,000 MW. Electric utilities reported that combined solar and storage installations participating in NEMA are about 181 properties of the 13,000 NEMA participating properties. The NBT-A tariff was established in 2023 decision (D.23-11-068), adjusted to reflect changes made in the compensation under the NBT decision and emphasized the CPUC was not required by statute to continue the program. The CPUC decided to continue the aggregation tariff to optimize land resources and provide these additional benefits to the subtariff customers.

Comments

Need for this bill. According to the author:

AB 2175 amends Section 2827 of the Public Utilities Code to clarify that logistics and manufacturing businesses are eligible customer-generators under California's Net Energy Metering (NEM) program if the California Public Utilities Commission (CPUC) elects to extend the multiple-meter load aggregation program. ...By making this clarification, the amendment ensures fair access to clean energy programs, encourages private investment, and supports progress toward the state's climate and energy goals. It also represents an important step toward making microgrids a more practical and widespread reality for Californians by enabling large-scale users to better generate and manage distributed energy across interconnected systems. At the same time, it preserves all existing safeguards by maintaining CPUC authority to evaluate ratepayer impacts, ensure grid reliability, and implement the program in a balanced and cost-effective manner.

NBT-A for logistics and warehouse businesses. This bill makes it explicit that logistics and warehouse businesses can participate in the NBT-A program. The goal of the author and proponents is to afford these businesses, many which occupy large parcels of land, the opportunity to support their efforts to decarbonize by electrifying some of their operations. The NBT-A tariff would help them install solar on one parcel to also benefit contiguous parcels they own. It's not clear that these businesses have been precluded from the NBT-A, but this bill makes it clear they are eligible for the program.

Related/Prior Legislation

AB 1104 (Pellerin, Chapter of 632, Statutes of 2025) specified that, for the construction of a renewable electrical generation facility and associated battery storage, the contractor who enters into a contract with the entity, not the entity itself, is the awarding body only for limited purposes. The bill also specified which public works requirements apply to such construction projects and authorized a renewable electrical generation facility to remain eligible to receive service pursuant to a standard contract or tariff, regardless of a contractor's willful violation of prevailing wage requirements, if restitution has been made to the affected workers and all associated penalties and fines have been paid.

SB 1374 (Becker, 2024) proposed changes to a November 2023 decision by the CPUC concerning the NEM program, including the compensation treatment of electric utility customers of apartment buildings and public schools who install solar and other renewable generating facilities on the customer's side of the meter. The bill was vetoed.

AB 1070 (Lorena Gonzalez, Chapter 662, Statutes of 2017) required the Contractors State Licensing Board in collaboration with the CPUC to develop and make available a "solar energy system disclosure document" for solar energy customers, compile an annual report documenting consumer complaints relating to solar contractors and develop standardized inputs and assumptions to be used in the calculation and presentation of electric utility bill savings to a consumer.

AB 327 (Perea, Chapter 611, Statutes of 2013) instituted several rate reforms and required the CPUC to adopt a successor NEM tariff no later than December 31, 2015.

SB 656 (Alquist, Chapter 369, Statutes of 1995) required every electric utility, including electrical corporations, which offer residential service to develop a

standard tariff providing for NEM to eligible customer-generators. Applies only to those systems that produce up to 10 KW and would be restricted to 0.1% of a utility's peak demand.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 6/29/26)

350 Bay Area
350 Conejo/San Fernando Valley
350 Contra Costa Action
350 Humboldt
350 South Bay Los Angeles
350 Southland Legislative Alliance
A1 Sun
Albany Climate Action Coalition
Bay Area Clean Air Coalition
Berkeley Electrification Working Group
California Interfaith Power & Light
Californians for Energy Choice
Center for Biological Diversity
Clean Coalition
CleanEarth4Kids.org
Climate Action Mendocino
Collective Resilience
Community Renewable Solution
Fresnans Against Fracking
Green Solutions & Technologies
Greenbank Associates
Ivy Energy
Long Beach Gray Panthers
Monterey County Renters United
Oil & Gas Action Network
Project Green Home
Reclaim Our Power!
Récolte Energy
San Diego 350
Santa Cruz Climate Action Network
Solano County Democratic Central Committee
Solar Rights Alliance
Sun Light & Power

Sun Run
Sunflower Alliance
Sustainable Systems Research Foundation
The Climate Center
Uniting the Central Coast for Action
Ventura Energy
23 Individual

OPPOSITION: (Verified 6/29/26)

California State Association of Electrical Workers
Coalition of California Utility Employees

ARGUMENTS IN SUPPORT: The arguments in support generally argue for greater deployment of microgrids and policies that ensure access by all customers to clean energy resources.

ARGUMENTS IN OPPOSITION: The arguments from the opposition reflect language that was previously in this bill.

ASSEMBLY FLOOR: 68-0, 5/21/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gallagher, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Irwin, Jackson, Johnson, Kalra, Krell, Lee, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Zbur, Rivas

NO VOTE RECORDED: Arambula, Chen, Gabriel, Garcia, Hoover, Lackey, Lowenthal, Ramos, Celeste Rodriguez, Schultz, Wicks, Wilson

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