
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

SB 698 (McNerney) - California Solar Initiative: distributed energy resource equipment lists

Version: April 9, 2025

Urgency: No

Hearing Date: April 28, 2025

Policy Vote: E., U. & C. 13 - 3

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would authorize the California Energy Commission (CEC) to establish lists and rating standards for equipment and components for solar energy systems, distributed energy storage systems, and electric vehicle (EV) service equipment—including bidirectional EV service equipment—and would require the CEC to adopt guidelines for the distributed energy resource equipment lists, as provided.

Fiscal Impact:

- The CEC estimates ongoing costs of about \$1.5 million annually (ratepayer funds) starting in fiscal year 2027-28 (once the existing limited-term funding provided by the 2023 Budget Act is exhausted) for 8 positions to implement the provisions of this bill.
- The California Public Utilities Commission (CPUC) estimates ongoing costs of about \$200,000 annually (ratepayer funds) for 1 position to coordinate with the CEC on the creation and maintenance of new equipment lists, conduct regular meetings with the CEC, and build and maintain knowledge of applicable industry standards as they evolve.

Background: In 2005, the California Public Utilities Commission (CPUC) adopted a decision (D. 05-12-044) providing ratepayer incentives for solar development. Over multiple decisions, the CPUC adopted policies establishing the CSI. The Legislature codified and clarified requirements for the CSI in SB 1 (Murray, Chapter 132, Statutes of 2006). SB 1 required the CEC to establish eligibility criteria for solar energy systems to receive ratepayer incentives established by the CPUC. The CEC subsequently established the Solar Equipment List Program, which listed the solar systems that met performance standards necessary to qualify for incentives. While the CSI has since sunset, the Solar Equipment List has become a valuable tool for contractors and consumers by clarifying which products on the market provide expected behind-the-meter generation benefits. The Solar Equipment List has also been adopted by other states to support effective ratepayer investments, rebates, and public investments in behind-the-meter solar deployment.

Proposed Law: This bill would authorize the California Energy Commission (CEC) to establish lists and rating standards for equipment and components for solar energy systems, distributed energy storage systems, and EV service equipment, and would require the CEC to adopt guidelines for the distributed energy resource equipment lists, as provided. Specifically, this bill would:

1. Define the following:

- a. “Bidirectional electric vehicle service equipment” as EV service equipment capable of both charging and discharging electricity from a battery electric vehicle.
 - b. “California Solar Initiative” as the program providing ratepayer funded incentives for eligible solar energy systems adopted by the Public Utilities Commission in Decision 06-01-024.
 - c. “Distributed energy storage system” as an energy storage system with a useful life of at least 10 years that is connected to the distribution system or is located on the customer side of the meter.
 - d. “Electric vehicle service equipment” as an electric component assembly or cluster of component assemblies designed specifically to charge batteries within electric vehicles by permitting the transfer of electric energy to a battery or other storage device in an EV.
2. Authorize the CEC to establish lists and rating standards for equipment and components for solar energy systems, distributed energy storage systems, and EV service equipment, including bidirectional EV service equipment.
3. Require the CEC to adopt guidelines for solar energy systems receiving ratepayer funded incentives and for distributed energy resource equipment lists at a publicly noticed meeting offering all interested parties an opportunity to comment. Require no less than 30 days’ public notice be given of the meeting required before the CEC initially adopts guidelines. Specify that substantive changes to the guidelines shall not be adopted without at least 10 days’ written notice to the public.
4. Provide that, notwithstanding any other law, adopted guidelines shall be exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

Related Legislation:

AB 1423 (Irwin) of the current legislative session, would require the CEC to regulate the uptime of EV chargers and authorizes the CEC to assess administrative penalties for EV chargers that fail to meet uptime standards.

SB 59 (Skinner, Chapter 765, Statutes of 2024) authorized CEC to require any class of EV to be capable of bidirectional charging. The bill defined bidirectional charging and authorized CARB to modify those definitions as needed.

Staff Comments: The CEC notes that although the requirements of this bill would have state costs, this effort would ultimately save money for California ratepayers with the CEC handling this work centrally, rather than having multiple utilities and local jurisdictions duplicating this work. According to the CEC, its lists reduce market confusion between utility territories and local jurisdictions. The CEC states that the Solar Equipment List standardization is critical to enabling and reducing the cost of distributed energy resource deployment by customers across the state.