Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 1813 (Ward) – As Amended March 19, 2026

SUBJECT: Public Utilities Commission: customer renewable energy subscription programs

SUMMARY: Adjusts various program and reporting timelines related to the California Public Utilities Commission's (CPUC) implementation of a community solar program.

EXISTING LAW:

1) Mandates an evaluation of existing community renewable energy programs by March 31, 2024, and allows for the establishment of a new community renewable energy program. This new community renewable energy program must:
    a. Be in compliance with Title 24;
    b. Ensure at least 51% of the program's capacity serves low-income customers;
    c. Minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs;
    d. Adhere to a number of construction standards as specified;
    e. Provide bill credits to subscribers based on the avoided costs of the program's facilities, as determined by the commission's methods for calculating the full set of benefits of distributed energy resources;
    f. Prioritize the maximum use of state and federal incentives for the benefit of subscribers. (Public Utilities Code § 769.3)

2) Establishes the Green Tariff Shared Renewables (GTSR) program with 600 megawatts (MWs) of renewable resources available to customers of the investor-owned utilities (IOU). IOUs with 100,000 or more California customer accounts must participate; i.e. Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The GTSR program also includes:
    g. 100 MWs for facilities one MW or less located in areas identified by the California Environmental Protection Agency as the most impacted and disadvantaged communities;
    h. Prohibits the shifting of costs to nonparticipating customers;
    i. 100 MWs for residential customers;
    j. 20 MWs for the City of Davis. (Public Utilities Code §§ 2831-2833)

3) Requires the CPUC to ensure that the GTSR charges and credits result in no costs shifted from participating customers to nonparticipating ratepayers. (Public Utilities Code § 2833(q))

4) Requires the IOUs to actively market the GTSR Program to low-income and minority communities and customers. (Public Utilities Code § 2833(j))

5) Defines a Load Serving Entity as IOUs, electric service providers, and community choice aggregators. (Public Utilities Code § 380 (k))

6) Requires each electrical IOU to offer a net energy metering (NEM) tariff with a credit for all electricity generated by a customer-owned renewable resource against the customer's usage of electricity, on a kWh basis. (Public Utilities Code §§ 2827, 2827.1)

7) Requires that all low-rise residential subdivisions of ten or more units include solar in new construction starting in 2020. (Cal. Code Regulations Title 24, Part 6 § 150.1)

8) Allows participation in a community shared solar or battery storage system, approved by the California Energy Commission (CEC), as a compliance option to partially or totally meet the onsite solar electric generation system and/or battery storage system that is otherwise required by Title 24. (Cal. Code Regulations. Tit 24, Part 6 § 10-115)

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Assembly Committee on Appropriations for its review.

BACKGROUND:

What is Community Solar? –The primary mechanism in California to participate in solar generation is to install panels on the roof of your home. However, that option is not available to all consumers, and faces its own equity and cost concerns.

The goal of community solar programs is to provide greater access for the public to participate in solar projects. Community solar provides an option for individuals who don't own their homes, have financial constraints, or have insufficient roof conditions such as shading, roof size, or other factors. In most cases, customers of community solar projects benefit from energy generated by solar panels at an off-site array. On-site multifamily community solar options also exist, where occupants of an apartment and condominium complex each benefit from the energy produced from the rooftop array. Subscribers to the program typically receive a bill credit for electricity generated by their share of the community solar project. However, the value of that customer bill credit can vary widely depending on the project.

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 individuals, businesses, nonprofits, and other groups.[1] This is a broad definition, and there are multiple community solar development and implementation models on the market. A large utility may own or operate a community solar project that is open to voluntary ratepayer participation. Customers may also collectively sign a contract with a third-party developer and be treated as departing load from their utility.

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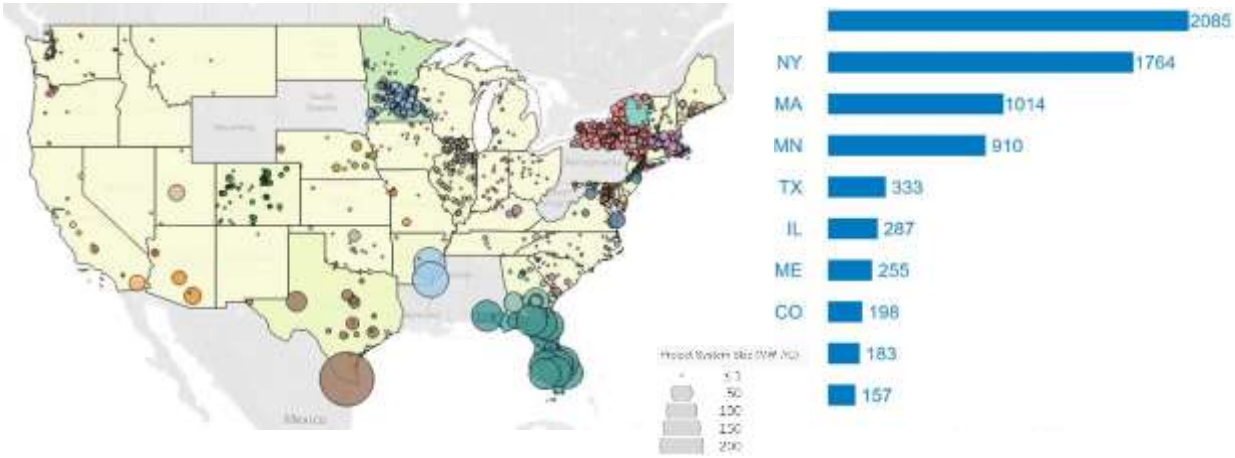
[1] DOE Office of Energy Efficiency & Renewable Energy; "Community Solar Basics"; https://www.energy.gov/eere/solar/community-solar-basics

Community Solar Across the United States[2] – Although community solar program adoption is eclipsed by rooftop solar adoption in California, community solar programs have grown extensively across the rest of country. Community solar projects are in 44 states, including the District of Columbia. Twenty-three of the 44 have policies that support these projects. As of June 2025, community solar projects represent more than 11 gigawatts (GW)-AC of total installed capacity and about 75% of the total market is concentrated in the top four states: Florida, New York, Massachusetts, and Minnesota, as shown in Figure 1.[3]

Figure 1. **A:** (left) Community solar projects across the country, each dot represents a community solar project, the size is correlated with the project system size.

B: (right) The top ten states cumulative community solar capacity. The top four states are Florida (3,873 MW-AC), New York (2,410 MW-AC), Massachusetts (1,054 MW-AC), and Minnesota (932 MW-AC), as of June 2025.[3]

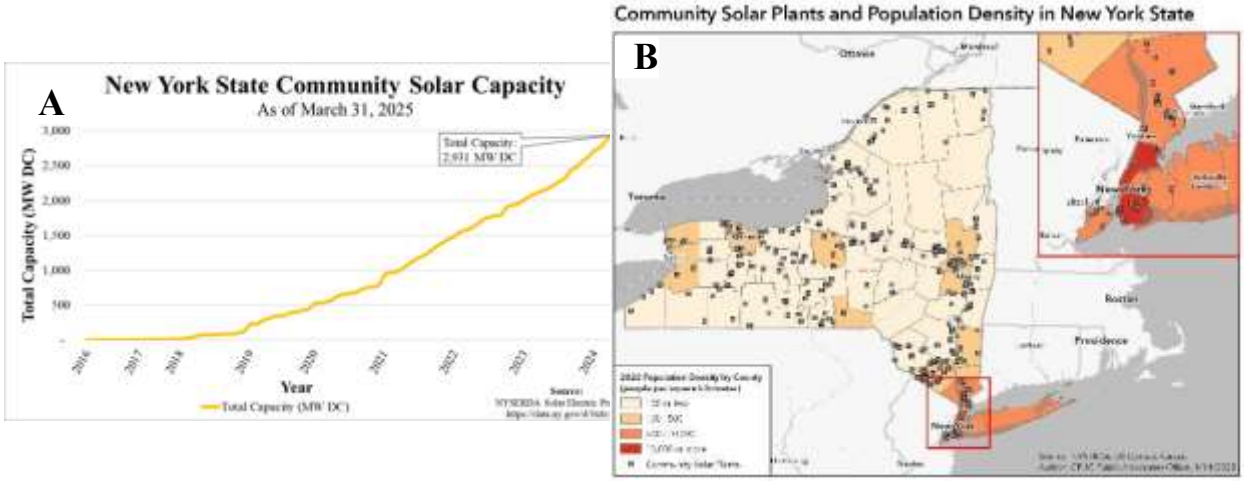


The growth of these projects has been swift. The state of New York gained more than 2 GW of new capacity within just five years, between 2018-2023, as shown in Figure 2A. There is some concern that the community solar installations have been sited far from demand, decreasing the value of these resources to the grid, as demonstrated in the New York case in Figure 2B.[4]

[2] NREL, "Sharing the Sun: Community Solar Deployment and Subscriptions (as of June2024)" Kaifeng Xu, Gabriel Chan, Sudha Kannan, September 2024
[3] https://www2.nrel.gov/state-local-tribal/community-solar, Accessed April 19, 2026
[4] *Ibid.*

Figure 2. A: (left) Growth of New York Community Solar Capacity.

B: (right) Community solar plants and population density in the state of New York,[3] where the load is concentrated in New York City, while many "community" projects reside upstate or far west.



AB 2316 (Ward) and the Creation of a New Community Solar Program – AB 2316 (Ward, Chapter 350, Statutes of 2022) mandated the CPUC to evaluate existing community solar programs and authorized the modification or elimination of programs that did not meet specified goals.[5] In addition, AB 2316 allowed the CPUC to establish a new community solar and storage program, requiring 51% of capacity to serve disadvantaged communities, among other provisions. In 2022, the CPUC opened a proceeding to implement AB 2316. Within the proceeding, the Coalition for Community Solar Access, which represents companies and nonprofits that advocate for community solar, proposed the Net Value Billing Tariff (NVBT) as a proposal to meet the requirements of the statutorily authorized new community solar program. That proposal sought to enable 8 gigawatts of new community solar projects.

After considering stakeholder feedback, the CPUC issued a decision on May 30, 2024, rejecting the NVBT proposal.[6] The CPUC argued the proposal is not cost-effective, suggesting that the proposed community solar projects are akin to wholesale resources as opposed to rooftop customer generators. This different classification changed the value of the resource, because a wholesale asset receives a wholesale rate, whereas a behind-the-meter asset receives an Avoided Cost Calculator rate. Rather than approving the NVBT, the CPUC adopted an alternative program: the Community Renewable Energy Program (CREP). CREP uses existing wholesale tariffs to dictate energy costs and relies on federal and state funds to subsidize the projects.

Some additional elements of dispute with the CREP and AB 2316 include: 1) the availability of alternative funding to offset program cost; 2) compliance with Title 24 building standards; and 3) interpretation of "avoided cost" for calculating customer credits. These are discussed in more detail in the committee's Outcomes Review background paper

[5] Public Utilities Code § 769.3
[6] CPUC Decision 24-05-065

from the February 25, 2026, hearing on AB 2316 (Ward) implementation.[7]

The Avoided Cost Calculator (ACC) and Cost Shifts – Technologies such as solar photovoltaic systems have led to the decentralization of energy generation on our grid. Distributed Energy Resources (DERs) are defined in California law as distribution-connected renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response programs.[8] One of the benefits of DERs is that energy generated by local resources, or demand-side resources like rooftop solar, can be used either on-site or nearby, avoiding the need to invest in more distribution and transmission infrastructure. The Avoided Cost Calculator (ACC) is a mechanism to assess the value of distributed energy resources to the grid by modeling avoided costs of multiple grid variables. These variables include calculated costs for generation energy, generation capacity, ancillary services, transmission and distribution capacity, and decarbonization policy compliance. The ACC calculates a monetary amount in $/kWh to value a distributed resource for the cost saved by not connecting a wholesale resource and is updated annually. Although updates help make real cost calculations more accurate, they can create volatility for programs relying on the ACC to determine credits or incentive values. For instance, the value of rooftop solar's avoided costs has declined over the last decade.[9]

The CPUC assesses a program's overall cost-effectiveness using the ACC as one of the inputs. Costs to administer the program (customer service, marketing, sales, IT, customer education), capital costs (equipment and build), and any offered incentives are weighed against the benefits of any tax credits, the ACC, reliability benefits, and any non-energy benefits. Cost shifts occur when the rewards to participants, developers and/or operators of a program outweigh the benefits to the grid as a whole. This imbalance results in nonparticipants of the program covering the cost difference.

A primary conflict in cost shift determinations is how benefits to the grid are defined and assessed. In Decision 24-05-065, the CPUC disputes that NVBT community solar resources avoid transmission, distribution, and capacity costs. Because of this, the CPUC did not find it appropriate to use the standard ACC in establishing the new community solar program pursuant to AB 2316. [10] The CPUC argued that community solar projects are more similar to wholesale generation resources. Community solar advocates dispute this assertion and argue that the CPUC is undervaluing the contribution of these resources to the grid. Moreover, the community solar developers note that without the ACC credit, alongside the absence of any federal or state incentive, the community solar projects would be unfinanceable; rendering the CREP defunct before it even began.

AB 1260 (Ward) and Recent CPUC Activity – AB 1260 (Ward, 2025) was introduced to adopt many of the CREP reforms the proponents of the original AB 2316 adoption were seeking in the CPUC's implementation of the statute. This includes program modifications limiting projects to the same Local Reliability Area as their subscribers (the NVBT

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[7] https://autl.assembly.ca.gov/media/1417
[8] PUC § 769
[9] E3 blog, "CPUC Approves 2021 Avoided Costs for Valuing Distributed Energy Resources," June 28, 2021; https://www.ethree.com/cpuc-approves-2021-avoided-costs-for-valuing-distributed-energy-resources/

[10]CPUC Decision 24-05-065

proposal had no such constraint); putting per-project megawatt limits; or instituting an overall program cap. Proponents suggest that the location requirement in particular addresses the concern that community solar projects do not avoid transmission and distribution costs and would ensure community solar project contribute significantly to alleviating transmission constraints. They therefore note projects meeting these location criteria should be compensated at an ACC rate.

While AB 1260 (Ward) did not advance, the CPUC has continued its efforts to implement the CREP. Earlier this month – on April 7, 2026 – the CPUC issued a proposed decision (PD) implementing the California Shared Renewables Portfolio, reforming multiple CPUC-designed tariffs in light of the changing federal funding landscape.[11]

The decision is driven in large part by the U.S. EPA's August 2025 termination of California's Solar for All award – which the state has challenged in ongoing litigation – and the enactment of Public Law 119-21, which accelerated the expiration of Inflation Reduction Act tax credits to the end of 2025 for residential projects and 2027 for commercial projects. Despite this funding gap, the PD finalizes implementation of the CREP tariff.

The CREP tariff is proposed to be operated as a subscription-based program layered on top of the existing Renewable Market Adjusting Tariff (ReMAT). Despite the absence of external funding – the $33 million state appropriation having reverted to the General Fund and the EPA's Solar for All award having been terminated – the PD proceeds with finalizing the tariff structure, finding that the lack of incentive funding does not preclude establishing the program framework. ReMAT was selected as the cost and generation resource foundation because it allows for contracts of up to 20 years, providing greater long-term revenue certainty for project developers.[12] The PD rejects proposals, including from this bill's sponsors, that would have provided compensation above avoided costs through capacity adders, grid value adders, or modified tariff structures, finding all such proposals noncompliant with Public Utilities Code § 769.3(c)'s prohibition on nonparticipating customers bearing costs in excess of avoided costs.[13] The PD may be heard at the CPUC's May 14, 2026, Business Meeting

COMMENTS:

1) *Author's Statement.* 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."

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[11] CPUC Proposed Decision of ALJ Kao, "Decision Implementing California Shared Renewables Portfolio," in A. 22-05-022; mailed April 7, 2026.
[12] Pg. 7, *Ibid.*
[13] Pg. 8-10, *Ibid.*

2) *Proposed Amendments***.** As indicated by the background section above, this bill has extensive legislative and regulatory history. So much so that AB 2316 (Ward, 2022) was the subject of an Outcomes Review (OR) by this committee in March. The amendments before the committee today arise from that OR process – a framework specifically designed to evaluate whether existing statutory programs are achieving their intended policy objectives and to recommend corrections when they are not. *In order to respond to the policy considerations raised during the OR hearing, the Committee may wish to accept amendments put forward by the author to significantly broaden the bill as follows:*

   1) Establishes a Load Modifying Resource Framework: requires the CEC to evaluate, by December 1, 2027, whether community renewable energy generators qualify as "load modifying resources" and identify the attributes required for that classification. Requires the CPUC, within 90 days of the CEC completing that evaluation, to establish a mechanism to determine which projects meet the load modifying resource classification. Grants ACC value to CREP projects determined to be a load modifying resource under this new framework.

   2) Ties Compensation to the Framework: Replaces the blanket prohibition on nonparticipating customers bearing costs above avoided costs with a narrower formulation tied to a generator obtaining load modifying resource status – if a project qualifies, bill credits are based on the full avoided cost of distributed energy resources.

   3) Adjusts Program Timeline and Sequencing: Replaces the fixed March 31, 2027, deadline for program adoption with a trigger tied to the CPUC establishing the load modifying resource framework, effectively sequencing program implementation after the CEC evaluation is complete.

   4) Establishes New Eligibility and Siting Requirements: Requires all participating generators to be sited within the same local reliability area as their subscribers. Caps individual project size at 5 MW of generation and 5 MW of storage. Caps total program capacity at 4 gigawatts or 7 years of enrollment, whichever comes first.

   5) Other Changes: adds or expands definitions, adjusts timing of program reports, and makes other corrections.

   A mock-up of these changes is included at the end of this analysis.

3) *The Key Issue: ACC vs. Wholesale Rates.* The central dispute of this bill, and past legislative efforts on this subject, is whether community solar facilities, which connect in front of the customer's meter, deliver the same grid benefits as behind-the-meter rooftop solar and should therefore be compensated using the same Avoided Cost Calculator methodology. Proponents argue that once electricity is exported onto the distribution system, its physical effect on the grid is identical regardless of source: both reduce upstream demand on the transmission system, both can defer transmission and distribution (T&D) infrastructure investment, and both deliver peak value when dispatched during high-demand periods. Because the bill (as proposed to be amended) requires paired battery storage, proponents contend community solar projects can reliably deliver the locational and temporal grid benefits that the ACC is designed to capture.

The CPUC, however, in both its regulatory action in implementing the CREP and in the OR hearing on this topic, contends that community solar is fundamentally a supply-side, front-of-meter resource more analogous to wholesale generation than to rooftop solar. The CPUC – and other parties opposed to this approach – note the ACC methodology was designed specifically to capture the onsite and proximate benefits of customer-sited resources, benefits that community solar does not fully replicate. They note that applying ACC-based compensation to community solar would result in a meaningful cost shift onto nonparticipating customers who would effectively subsidize a program delivering fewer avoided costs than the compensation assumes.

The resolution of this disagreement has financial consequences: ACC-based compensation is substantially more generous than wholesale avoided cost rates, so the choice of methodology directly determines whether community solar projects are economically viable for developers or whether the program imposes net costs on the broader customer base.

Both sides find support in technical principles. The proponents' argument that electrons injected onto the same distribution feeder are physically indistinguishable regardless of source seems a reasonable electrical engineering principle, and the bill's storage requirements are specifically designed to ensure projects deliver the benefits the ACC captures. Opponents counter that grid benefits are not uniform – they are locational, temporal, and conditional – and that the ACC's multiple components depend on siting, dispatch timing, and subscriber location in ways that vary significantly from project to project. A statewide program, by design, cannot make these distinctions; it establishes standard terms that will apply across a wide range of participants and grid conditions.

The amendments attempt to address this tension through some guardrails, including requiring generators to be sited within the same LRA as their subscribers. The Public Advocates Office, in the OR hearing, raised the question of whether this guardrail is sufficient, noting that a subscriber in the same LRA but on a different feeder may not receive the same locational distribution benefits, given that the LRA is a transmission-level construct rather than a distribution-level one. The amendments seek to resolve this core tension by directing the CEC and CPUC to develop a load modifying resource framework that identifies attributes for classifying resources as "load modifying." CREP resources would only receive ACC compensation if they meet that designation, deferring the compensation determination until there is a technical finding that a project actually delivers the grid benefits the compensation assumes.

4) *Prior Legislation.*

AB 1260 (Ward, 2025) would have required the CPUC to adopt or modify a customer renewable energy subscription program established under AB 2316 (Ward, 2022) by which a program participant is credited for electricity generated from a relatively nearby renewable generation facility, such as an array of solar panels, at the avoided cost calculator rate. Status: *Died* – Assembly Committee on Appropriations.

AB 2316 (Ward) requires the CPUC to open a proceeding by March 31, 2023, to establish a community renewable energy program that meets specified criteria. This bill also requires 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. Status: Chapter 350, Statues of 2022.

SB 1385 (Cortese, 2022) establishes a new 10-year, 3,000 MW multifamily housing local solar program that requires each large electrical corporation to construct solar and storage systems on or near multifamily housing. Status: Held in the Senate Committee on Appropriations.

AB 1139 (Lorena Gonzalez, Carrillo, 2021) would have directed the CPUC to adopt a new NEM standard contract or tariff, which the bill defines as the "replacement tariff," by August 1, 2022, and requires an electrical IOU to offer the replacement tariff to an eligible customer-generator by December 31, 2023. If the CPUC fails to act, the CPUC is required to adopt a new tariff under terms prescribed by this bill. Status: Inactive File.

AB 801 (Levine, 2019) would have required the CPUC, in collaboration with the CEC, to assess the feasibility of expanding an existing tariff or program, or establishing a new tariff or program, to facilitate compliance with the requirement of the California Building Code, adopted by the CEC, that all new low-rise residential buildings include solar PV capacity. The assessment was to include whether the tariff or program could be implemented in a manner that ensures nonparticipating ratepayer indifference consistent with the requirement of the statutory GTSR program. Status: Held in the Assembly Committee on Appropriations.

REGISTERED SUPPORT / OPPOSITION:

Support

Coalition for Community Solar Access (Sponsor)
Brightline Action
California Building Industry Association (CBIA)
Californians for Local Affordable Solar and Storage
Ceja Action
Contra Costa County
Dayenu: a Jewish Call to Climate Action
Deploy Action
Dimension Energy
Environment California
Grid Alternatives
Natural Resources Defense Council (NRDC)
Nexamp
Solar Energy Industries Association
The Utility Reform Network (TURN)
USA Properties Fund, INC.
Vote Solar

Support If Amended

Western Electrical Contractors Association

Opposition

None on file.

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Proposed Amendments to AB 1813 – DRAFT

Note: this mock-up is generally reflective of the language proposed to be adopted. Legislative Counsel may make necessary changes to correct for inconsistencies, misspellings, or errors in drafting.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 769.3 of the Public Utilities Code is amended to read:

769.3. (a) For purposes of this section, the following definitions apply:

(1) "Affordable housing" means a residential dwelling unit that is restricted by deed or other recorded document as affordable housing for persons and families of low or moderate income, as that term is defined in Section 50093 of the Health and Safety Code.

~~(1)~~ ***(2)***"Community choice aggregator" has the same meaning as defined in Section 331.1.

(3) "Community renewable energy generator" means a facility that uses an eligible renewable energy resource, as defined in Section 399.12, that is colocated with an energy storage system that provides at least four hours of energy storage at the same capacity as the solar generator.

~~(2)~~ ***(4)(A) "Customer renewable energy subscription program" means a program adopted or modified by the commission pursuant to this section for customers to subscribe to receive all or a portion of the benefits and capacity from community renewable energy generators.***

(B) "Customer renewable energy subscription program" does not include the net energy metering program specified in Sections 2827 and 2827.1 or the Multifamily Affordable Housing Solar Roofs Program established pursuant to Chapter 9.5 (commencing with Section 2870) of Part 2.

(C) "Customer renewable energy subscription program" includes an alternative designed for growth among residential customers in disadvantaged communities pursuant to paragraph (1) of subdivision (b) of Section 2827.1.

(***5) "Distribution system" means feeder lines rated as less than 50 kilovolts and their connected substations.***

(6) "Eligible customer-generator" has the same meaning as defined in Section 2827.

(7) "Load-serving entity" has the same meaning as defined in Section 380.

(8) "Local reliability area" means a local area identified by the Independent System Operator as transmission constrained and for which prescribed quantities of local resources capacity are needed to be procured by load-serving entities or the Independent System Operator.

~~(3)~~ ***(9)*** "Low-income customer" means either of the following:

(A) An individual or household who qualifies for one or more of the following programs:

(i) The California Alternate Rates for Energy (CARE) program described in Section 739.1.

(ii) The Family Electric Rate Assistance (FERA) program described in Section 739.12.

(iii) The CalFresh program established pursuant to Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of the Welfare and Institutions Code.

(iv) The federal Supplemental Nutrition Assistance Program (SNAP) (Chapter 51 (commencing with Section 2011) of Title 7 of the United States Code).

(v) The Low-Income Home Energy Assistance Program (LIHEAP) (42 U.S.C. Sec. 8621).

(B) An individual or household who resides within an underserved community.

(C) An occupant or owner of an affordable housing unit.

(4) "Underserved community" includes each of the following:

(A) A "low-income community" as defined in Section 39713 of the Health and Safety Code.

(B) A community within an area identified as among the 25 percent most disadvantaged areas in the state according to the California Environmental Protection Agency and based on the most recent California Communities Environmental Health Screening Tool, also known as CalEnviroScreen, that is used to identify disadvantaged communities pursuant to Section 39711 of the Health and Safety Code.

(C) A community located on lands belonging to a California Native American tribe, as defined in Section 21073 of the Public Resources Code.

(b) ~~On or before March 31, 2027~~ ***Ninety days following the establishment of a mechanism pursuant to subdivision (f)***, the commission shall, in a new or existing proceeding, ~~do both of the following:~~ ***adopt or modify a customer renewable energy subscription program, consistent with the requirement of subdivision (c).***

~~(1) (A) Evaluate each customer renewable energy subscription program, including the Green Tariff Shared Renewables Program (Chapter 7.6 (commencing with Section 2831) of Part 2) and any program established as an alternative designed for growth among residential customers in disadvantaged communities pursuant to paragraph (1) of subdivision (b) of Section 2827.1, to determine if the program meets all of the following goals:~~

~~(i) Efficiently serves distinct customer groups.~~

~~(ii) Minimizes duplicative offerings.~~

~~(iii) Promotes robust participation by low-income customers.~~

~~(B) Consider, as part of the evaluation, the energy load migration trends among bundled and nonbundled customers and any associated risks with maintaining or creating a customer renewable energy subscription program.~~

~~(C) If the commission determines a customer renewable energy subscription program does not meet all of the goals described in subparagraph (A), authorize the termination or modification of the program.~~

~~(2) (A) Determine whether it would be beneficial to ratepayers to establish a new tariff or program for an electrical corporation, or modify an existing tariff or program administered by an electrical corporation, to establish a community renewable energy program consistent with the criteria described in subdivision (c). If the commission determines that it would be beneficial to ratepayers to establish the community renewable energy program, the commission shall, on or before July 1, 2027, establish the program as part of the same proceeding and require each electrical corporation to participate in the program.~~

~~(B) If the commission establishes a community renewable energy program pursuant to subparagraph (A), each~~

(2) Each community choice aggregator and electric service provider, within ~~190~~ ***180*** days of the ~~establishment of the~~ ***adoption or modification of the customer renewable energy subscription*** program, shall notify the commission ***regarding*** whether it will participate in the ***customer renewable energy subscription*** program. A community choice aggregator or electric service provider may begin participating in, or end its participation in, the ***customer renewable energy subscription*** program at any time by notifying the commission.

(c) The ~~community renewable energy~~ ***customer renewable energy subscription*** program~~, if established,~~ shall do all of the following:

(1) Efficiently serve distinct customer groups.

(2) Minimize duplicative offerings.

(3) Promote participation by low-income customers at levels commensurate with the opportunity provided to all eligible customers under paragraph (1) of subdivision (c) of Section 2827.

~~(1)~~ ***(4)*** ~~Be complementary to, and consistent with,~~ ***Meet*** the requirements of Section 10-115 of the California Building Standards Code (Title 24 of the California Code of Regulations) ***and offer an alternative compliance pathway for regulated entities under that section of the California Building Standards Code***. For purposes of this paragraph, the commission shall consult with the Energy Commission***, and the Energy Commission shall issue a written confirmation if the customer renewable energy subscription program represents a valid alternative compliance pathway***.

~~(2)~~ ***(5)*** Ensure at least 51 percent of the program's capacity serves low-income customers.

~~(3)~~ ***(6)*** Minimize impacts to nonparticipating customers by prohibiting the ***customer renewable energy subscription*** program's costs from being paid by nonparticipating customers in excess of the avoided ~~costs. Qualifying funds for financial incentives shall only be available through an appropriation by the Legislature.~~ ***costs of distributed energy resources, if the community renewable energy generator is determined to be a load modifying resource consistent with subdivision (f). Financial incentives in excess of the avoided costs for distributed energy resources may be provided by nonratepayer funds.***

~~(4)~~ ***(7)*** (A) Except as provided in subparagraph (B), require that all of the following requirements apply to the construction of a ~~community renewable energy facility pursuant to the~~ ***community renewable energy generator participating in the customer renewable energy subscription*** program:

(i) All construction workers employed in the execution of the project shall be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(ii) The owner of the community renewable energy ~~facility~~ ***generator*** shall ensure that the prevailing wage requirement is included in all contracts for the performance of the work.

(iii) All contractors and subcontractors shall maintain payroll records pursuant to Section 1776 of the Labor Code and make those records available for inspection and copying as provided in that section.

(iv) The requirement on contractors and subcontractors to pay prevailing wages pursuant to this section may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project, by an underpaid worker through an administrative complaint or civil action, or by a joint labor-management committee through a civil action under Section 1771.2 of the Labor Code. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.

(B) Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code and subparagraph (A) shall not apply to the construction of a community renewable energy ~~facility~~ ***generator*** pursuant to the ***customer renewable energy subscription*** program if all contractors and subcontractors performing work on the project are subject to a project labor agreement that requires the payment of prevailing wages and provides for enforcement of that obligation through an arbitration procedure. For purposes of this subparagraph, "project labor agreement" has the same meaning as defined in Section 2500 of the Public Contract Code.

~~(5)~~ ***(8)*** Provide bill credits to subscribers based on the avoided costs of the ***customer renewable energy subscription*** program's facilities, as determined by the commission's methods for calculating the full set of benefits of ***eligible customer-generator*** distributed energy resources***, if the community renewable energy generator is determined to be a load modifying resource***

consistent with subdivision (f). The commission may use actual wholesale market prices for the energy supply portion of an avoided cost calculation or credit value.

~~(6)~~ ***(9)*** Prioritize the maximum use of state and federal incentives and accelerate implementation of the ***customer renewable energy subscription*** program to ensure that time- or quantity-limited federal incentives can be obtained for the benefit of subscribers. As part of this prioritization, the commission shall ensure that a community renewable energy ~~facility~~ ***generator*** participating in the ~~community renewable energy~~ ***customer renewable energy subscription*** program is eligible for an enhanced federal investment tax credit available as a qualified low-income economic benefit project pursuant to subsection (e) of Section 48 of Title 26 of the United States Code.

(10)(A) Require that all community renewable energy generators participating in the customer renewable energy subscription program be sited within the same local reliability area as its subscribers.

(11) Ensure that an evaluation of the cost-effectiveness of the program uses the commission's standard methods and practices for evaluating the cost-effectiveness of distributed energy resources, as outlined in the commission's Standard Practice Manual.

(12) Ensure, to the extent possible, that the terms and conditions of the program support viable and feasible project development and financing. In making its determination, the commission shall include quantitative and qualitative analysis based on project economics.

(13) Require that all community renewable energy generators participating in the program have no more than five megawatts of generation capacity and no more than five megawatts of storage.

(14) Limit total customer renewable energy subscription program capacity to four gigawatts, or end enrollment of new community renewable energy generators in the program after seven years, with the customer renewable energy subscription program closing to new community renewable energy generators when either limit is first reached.

(15) Require the customer renewable energy subscription program administrators to report quarterly on customer renewable energy subscription program operations and outcomes, on a project-by-project basis, and post the reported information publicly on the commission's internet website for all distributed generation projects.

(C) The quarterly reports shall include the megawatthours of participant usage, the number of projects approved and completed, the location of projects, subscriber information, job training, local hiring, project status and capacity, the percent of low-income participation, and any other information as determined by the commission.

(D) The information described in this paragraph shall be collected and reported during the first two years of the customer renewable energy subscription program.

(d) (1) Beginning two years from the time when the first eligible project is operational under the adopted or modified customer renewable energy subscription program, the commission

shall evaluate the customer renewable energy subscription program to ensure consistency with the requirements of subdivision (c).

(2) If the commission determines a customer renewable energy subscription program does not meet all of the requirements of subdivision (c), the commission shall modify the customer renewable energy subscription program so that it meets the requirements of subdivision (c) or prohibit new enrollment of community renewable energy generators in the customer renewable energy subscription program.

(3) The commission may terminate the customer renewable energy subscription program before the limits described in paragraph (14) of subdivision (c) are reached.

(e) (1) The Energy Commission shall, on or before December 1, 2027, evaluate the load modifying potential of community renewable energy generators and identify attributes that the Energy Commission would expect any community renewable energy generator to meet in order to be classified as a load modifying resource.

(2) The Energy Commission shall ensure, as part of its identification of attributes, that the community renewable energy generator meet at least both of the following:

(A)The community renewable energy generator consistently generates at times and in a manner that predictably and verifiably reshapes or reduces the net load curve.

(B)The community renewable energy generator could credibly reduce the energy procurement obligations of the load-serving entity whose territory hosts the community renewable energy generator.

(3)The Energy Commission may recommend a prioritization, threshold, or hierarchy of attributes that would be necessary to be met in order to classify a community renewable energy generator as a load modifying resource.

(f) Ninety days following the completion of the evaluation by the Energy Commission pursuant to subdivision (e), the commission shall, in an existing or new proceeding, establish a mechanism to determine whether community renewable energy generators are load modifying resources consistent with the attributes identified by the Energy Commission. In establishing the mechanism, the commission shall:

(1)adopt a prioritization, threshold, or hierarchy of attributes that would be necessary to be met in order to classify a community renewable energy generator as a load modifying resource.

(2) limit its scope solely to the attributes identified by the Energy Commission pursuant to subdivision (e).

SEC. 2. Section 913.15 of the Public Utilities Code is amended to read:

913.15. (a) Within 24 months of ~~establishing~~ ***the adoption or modification of the customer*** ~~a community~~ renewable energy program pursuant to Section 769.3~~, if applicable,~~ and annually thereafter for the duration of the ***customer renewable energy subscription*** program, the commission shall submit a report to the Legislature~~, in compliance with Section 9795 of the Government Code,~~ on the ~~facilities~~ ***community renewable energy generators*** deployed and customers subscribed, pursuant to that program, including an analysis of low-income customer participation.

~~(b) (1) On or before March 31, 2027, the commission shall report to the Legislature on its actions taken pursuant to subdivision (b) of Section 769.3 and its justification for terminating, modifying, or retaining each customer renewable energy subscription program pursuant to that subdivision.~~

~~(2) The requirement for submitting a report imposed under this subdivision is inoperative on January 1, 2034, pursuant to Section 10231.5 of the Government Code.~~

~~(3) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.~~

(b) This section shall remain in effect only until January 1, 2034, and as of that date is repealed.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.