Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
AB 2175 (Garcia) – As Amended April 16, 2026

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

**SUMMARY**: Requires the California Public Utilities Commission (CPUC) to ensure logistics and manufacturing businesses are eligible customer-generators for the Net Billing Tariff-Aggregation (NBT-A) program, should the CPUC determine to extend the program.

**EXISTING LAW**:

1) Requires every electric utility, defined to include electrical corporations, local publicly owned electric utilities, and electrical cooperatives, to develop a standard contract or tariff for NEM, for generation by a renewable electrical generation facility, and to make this 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 eligible customer generators exceeds five percent of the electric utility's aggregate customer peak demand. (Public Utilities Code § 2827)

2) Requires the NEM calculation for eligible customer-generators to be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electrical grid over a 12-month period. (Public Utilities Code § 2827(h))

3) Defines "eligible customer-generator" as a residential customer, small commercial customer (as specified), or commercial, industrial, or agricultural customer of an electric utility, who uses a renewable electrical generation facility, or a combination of those facilities, with a total capacity of not more than one megawatt, that is located on the customer's owned, leased, or rented premises, and is interconnected and operates in parallel with the electrical grid, and is intended to primarily offset part or all of the customer's own electrical requirements. (Public Utilities Code § 2827)

4) Provides that an eligible customer-generator with multiple meters may elect 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. Makes customer-generators electing to aggregate the electric load permanently ineligible to receive net surplus compensation. This statute was implemented via the Net Energy Metering Aggregation (NEMA) subtariff. (Public Utilities Code § 2827(h)(4)(A)(B))

5) Requires the CPUC, by September 30, 2013, to determine whether allowing eligible customer-generators to aggregate their load from multiple meters will not result in any increase in the expected revenue obligations of customers who are not eligible customer-generators. (Public Utilities Code § 2827(h)(4)(D))

6) Provides that parcels that are divided by a street, highway, or public thoroughfare are considered contiguous, provided they are otherwise contiguous and under the same ownership. ((Public Utilities Code § 2827(h)(4)(F))

7) Authorizes an eligible customer-generator to elect to aggregate the electrical load of multiple meters if the renewable generation facility, or a combination of those facilities, has a total generating capacity of not more than one megawatt (MW). (Public Utilities Code § 2827(h)(4)(G))

8) Requires, if the CPUC determines there are cost or revenue obligations for an electrical corporation that may not be recovered from customer-generators participating in NEM, those obligations must remain within the customer class from which any shortfall occurred and prohibit those obligations from being shifted to any other customer class. (Public Utilities Code § 2827(k))

9) Requires the CPUC, for a large electrical corporation, as defined, to have developed a second standard contract or tariff to provide NEM to additional eligible customer-generators in the electrical corporation's service territory and imposes no limitation on the number of new eligible customer-generators entitled to receive service pursuant to this second standard contract or tariff. (Public Utilities Code § 2827.1)

10) Requires the CPUC to ensure that the second standard contract or tariff made available to eligible customer-generators by large electrical corporations ensures that customer-sited renewable distributed generation continues to grow sustainably. Requires the CPUC, in developing this standard contract or tariff, to include specific alternatives designed for growth among residential customers in disadvantaged communities. (Public Utilities Code § 2827.1(b)(1))

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

**BACKGROUND:**

*Net Energy Metering 101* – California's net energy metering (NEM) program started in 1997, prompted by SB 656 (Alquist, Chapter 369, Statutes of 1995). It allows customers who install eligible renewable electrical generation facilities to serve onsite energy needs and receive credits on their electric bills for surplus energy sent to the electric grid. Most customer-sited, grid-connected solar in California is interconnected through NEM tariffs. Enrollment in the first NEM program, now colloquially known as "NEM 1.0," was phased out between 2016 and 2017. NEM 1.0 was not meant to be cost-effective. Rather, the NEM tariff and the larger state program was meant to encourage adoption of rooftop solar so that manufacturing and installation costs could come down. This effort was successful: rooftop solar installation grew considerably from 2006 through 2012.

The Legislature called for the revision of NEM 1.0 per AB 327 (Perea, Chapter 611, Statutes of 2013) primarily to address the cost associated with the full retail credits available under the tariff. The CPUC responded with what is commonly referred to as NEM 2.0 in 2016. Customers taking service under that tariff – 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. On August 27, 2020, the CPUC initiated Rulemaking 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. The CPUC released a proposed decision in December 2021.[1] However, the final decision was delayed while the CPUC considered party comments and evaluated alternatives. On December 15, 2022, the CPUC adopted a new decision establishing the Net Billing Tariff (NBT), or colloquially NEM 3.0.[2]

The NBT applied to customers who submitted an interconnection application on or after April 15, 2023. The NBT made a number of changes from NEM 2.0, replacing export compensation tied to the retail rate with the avoided cost calculator (ACC) rate. The retail rate is typically a fixed amount, around 30-40¢/kWh, depending on service territory.[3] The ACC-calculated rate is variable, changing for each hour per month, with different values on weekends versus weekdays. These values are meant to track grid conditions, and can range from 0.03-0.05¢/kWh on the low end for most months of the year to over $1-$4/kWh on the high end for select evenings (5-7pm) in August-October.[4]

The NBT eliminated the netting interval, meaning customers' imports on the first meter channel are charged the import retail rate (fixed, usually higher prices), and all recorded exports on the second meter channel are credited the retail export compensation rate (variable, only high during certain evenings).[5] The consequence of eliminating the netting interval is that behind-the-meter consumption is incentivized (it effectively earns the retail rate), encouraging customers to install both electric vehicle charging equipment and battery storage paired with their solar. The NBT decision also did not affect existing rooftop solar customers; those legacy NEM 1.0 and NEM 2.0 customers remain on their tariff. The NBT decision also did not include any charges unique to solar customers (despite early draft decisions doing that). The result of these changes led to a drop in the compensation rooftop solar customers will receive, increasing the payback period to 9 years.[6]

According to the CPUC, as of 2021, the NEM program had enabled 1.3 million customer installations, equating to roughly 10 gigawatts (GWs) of customer-sited renewable generation, almost all of which is rooftop solar. Now, NEM systems reduce the demand on the electric grid by as much as 25% during midday when the sun is shining.[7]

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[1] See *Decision Revising Net Energy Metering and Subtariffs*, CPUC, December 13, 2021, at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M430/K903/430903088.PDF
[2] D. 22-12-056
[3] See PG&E's 2024 residential TOU at ~45¢ here: https://view.officeapps.live.com/op/view.aspx?src=https://www.pge.com/assets/rates/tariffs/Res_Inclu_TOU_Current.xlsx
[4] Values relative to SDG&E's Energy Export Credits under the NBT; https://www.sdge.com/solar/solar-billing-plan/export-pricing
[5] Pg. 129, D. 22-12-056
[6] CPUC, "Fact Sheet: Modernizing NEM to Meet California's Reliability and Climate Goals;" November 10, 2022. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/net-energy-metering-nem/nemrevisit/final-fact-sheet-nem.pdf
[7] CPUC Fact Sheet; "Modernizing California's Net Energy Metering Program to Meet our Clean Energy Goals." December 13, 2021.

*NEM Configurations* – While the December 2022 NBT decision[2] focused on single-meter properties/customers, a subsequent decision[8] focused on NEM arrangements serving multiple meters: the Virtual Net Energy Metering (VNEM) tariff, and the Net Energy Metering Aggregation (NEMA) subtariff. It is this subsequent decision from November 2023, and its relation to NEMA, that is the subject of this bill.

As shown in Figure 1, in a traditional NEM arrangement, a customer's solar system (1) is located on the same side of the meter (2) as the customer's load. Any electricity generated in excess of that serving onsite load is sent to the grid (3) and compensated at a specified export rate.

**Figure 1**: Schematic of various NEM tariff arrangements, showing traditional NEM (left), VNEM (center), and NEMA (right).


In the NEMA tariff system, the solar facility may be installed onsite or on adjacent or contiguous properties (1), serving a single customer with multiple meters on these adjacent or contiguous properties (2), and sized relative to load such that participating customers receive no net surplus compensation for their generated electricity. The customer receives a credit determined dynamically (every 15 mins) based on each benefiting meter's usage allocation for each month.

NEMA was adopted pursuant to SB 594 (Wolk, Chapter 610, Statutes of 2012) to allow customers the ability to install one generation facility sized to serve the entire load of these meters (up to one megawatt) as opposed to separate facilities at each meter. This arrangement acknowledged that for many, it was too cost-prohibitive to require individual solar facilities behind each meter on the customer's account. Per statute, NEMA is predicated on the CPUC making a determination 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. As a subtariff of NEM, the CPUC determined in Resolution E-4854 that the statewide cap of 5,256 MW (allocated per IOU) and sunset of July 1, 2017,[9] apply to the NEMA tariff.[10] Currently, utilities have about 13,000 properties interconnected to the grid under a NEMA subtariff with a

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[8] D. 23-11-068
[9] PUC § 2827(h)(B); after cap or sunset is reached, program is subject to CPUC discretion but statute directs *"there shall be no limitation on the amount of generating capacity or number of new eligible customer-generators entitled to receive service…*" pursuant to PUC § 2827.1(c)
[10] Pg. 5, Reso E-4854, June 15, 2017;
https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M190/K169/190169188.PDF

cumulative solar capacity of about 1,000 MW.[11] Based on data provided in the proceeding,[12] PG&E customer participation is split between residential (2,307 properties), non-residential (2,357 properties), and mixed residential and nonresidential (2,387 properties). The cumulative capacity of three property types ranges from 25.95 MW to 557.9 MW. Utilities reported that combined solar and storage installations participating in NEMA are about 181 of the 13,000 properties.

*CPUC November 2023 NEMA Decision.* In the December 2022 NBT decision, the CPUC declined to adopt changes to the VNEM or NEMA tariffs, instead indicating their intention to revisit those tariff designs at a later date. Nearly a year later, in November 2023, the CPUC adopted a decision concerning VNEM and NEMA.[13] For NEMA, the CPUC decision notes no obligation to continue the program, stating the authorizing statute only required NEMA as part of NEM 1.0 and the statutory NEM 1.0 cap of ~5,256 MWs had been reached.[14] Regardless, the CPUC adopted a Net Billing Tariff –Aggregation (NBT-A) program to optimize land resources, including locating solar facilities on agriculturally underperforming land. The CPUC noted this land optimization provided "additional benefits but only to the subtariff customers, not all customers."[15] The CPUC elected not to allow for netting/self-consumption. While the decision does not go into great detail regarding netting/self-consumption for NEMA, it does express concerns about interconnection costs in relation to NEMA and found that savings from net surplus compensation do not compensate for higher utility costs caused by NEMA subtariff customers.

**COMMENTS**:

1) *Author's Statement.* 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. While current law allows certain customers to aggregate electrical load across multiple meters, eligibility has been inconsistently applied. 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. California leads the way on policy innovation, and this legislation is one step we can take to bring us closer to our clean and renewable energy ambitions."

2) *Purpose of Bill.* AB 2175 authorizes the CPUC to ensure logistics and manufacturing customers are eligible customer-generators for the NBT-A program. The goal of this bill is to ensure that logistic and manufacturing customers can make use of available land

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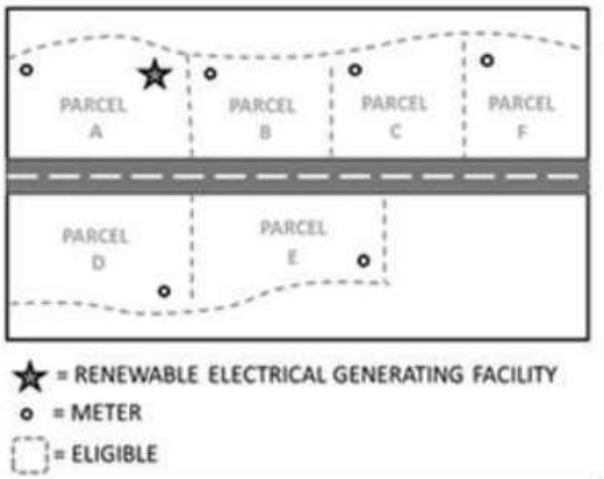
[11] Pg. 69, D. 23-11-068
[12] R. 20-08-020; Table 10, pg. 82, D. 23-11-068
[13] D. 23-11-068
[14] Pg. 73, D. 23-11-068
[15] Pg. 78, D. 23-11-068

around a warehouse (for example) to deploy a net energy metering system and use that energy in adjacent land parcels. Figure 1 highlights the idea behind the NBT-A program. Renewable energy is produced in Parcel A, but the adjacent parcels, including those across the street, are considered contiguous as long as they are owned by the same customer generator. This configuration allows the energy generated in Parcel A to be shared with Parcels B-E through their individual meters. There are some additional restrictions to participation in the NBT-A program, but participation from large energy users, such as warehouses, may be a powerful incentive to encourage decarbonization from these energy users.

**Figure 2**: Schematic of an eligible NBT-A. Parcel A is where the energy generating facility is located, with Parcels B-E eligible to receive energy from generation on A.[16]




3) *Prior Legislation.*

SB 1374 (Becker, 2024) required the CPUC by July 1, 2025, to update to a more generous compensation scheme for credits customers in multi-unit residential apartments or public schools receive from behind-the-meter (BTM) renewable generation facilities. Additionally, the bill required the CPUC by July 1, 2027, to update the contract or tariff established by the CPUC in 2023 to allow for account-level netting among certain meters, as determined by the CPUC. Status: Vetoed by Governor Newsom.

AB 1139 (Lorena Gonzalez) 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 the bill. Status: Died – Assembly Inactive file.

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

[16] Electrical Schedule NBT, Load Aggregation – NBTA, PG&E, https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_SCHEDS_NBT.pdf

SB 594 (Wolk), among its provisions, authorized NEMA to allow an eligible customer-generator to aggregate the electrical load from multiple meters, and NEM credits are shared among all properties that are attached, adjacent, or contiguous to the generation facility. Required that a customer-generator must be the sole owner, lessee, or renter of the properties in order to utilize NEMA. Status: Chapter 610, Statutes of 2012.

SB 656 (Alquist) 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 kilowatts and would be restricted to 0.1 percent of a utility's peak demand. Status: Chapter 369, Statutes of 1995.

**REGISTERED SUPPORT / OPPOSITION**:

*Note: This bill was significantly amended on April 16th. Any position letters on file are in reference to the previous version of the bill. The committee cannot verify current positions of these organizations.*

**Support**

350 Bay Area
350 Contra Costa Action
350 Contra Costa Action (350 Cca)
350 Humboldt
Bay Area Clean Air Coalition
Berkeley Electrification Working Group
California Alliance for Community Energy
California Interfaith Power & Light
Californians for Energy Choice
Center for Biological Diversity
Clean Coalition, the
Clean Coalition
Greenbank Associates
Ivy Energy
Monterey County Renters United
Oil & Gas Action Network
Reclaim Our Power!
San Diego 350
Solar Rights Alliance
Sunflower Alliance
Sustainable Systems Research Foundation
The Climate Center
Uniting the Central Coast for Action
Wellstone Democratic Club, Sacramento

**Opposition**

California State Association of Electrical Workers
Coalition of California Utility Employees
Pacific Gas and Electric Company and its Affiliated Entities

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