



Fact Sheet: AB 1813

COMMUNITY RENEWABLE ENERGY PROGRAM ACT

PROPOSED BILL

Assembly Bill (AB) 1813 will require the California Public Utilities Commission (CPUC) to create a community renewable energy program that prioritizes access and utility bill savings for low-income households and renters who cannot install on-site solar and storage for technical or cost-related reasons.

BACKGROUND

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. Other homes and businesses may be interested in solar but are unable to install it due to physical issues like excessive shading, limited space, structural challenges, or financial constraints.

The state can provide access for renters and low-income households through a robust community solar and storage program. These distribution interconnected projects are mid-size solar and storage installations built on landfills, commercial and industrial sites, or fallowed agricultural land. Multiple customers can subscribe and receive a credit on their utility bill for their share of the power that is produced, just as if the panels were on their own roof. This reduces barriers, allowing Californians who are unable to install residential systems to access renewable energy and utility bill savings.

Currently there are no viable community renewable energy programs in California. This has created a significant market gap undermining the state's ability to achieve its

energy equity and affordability priorities. It also undermines California's building codes, which require solar for most new construction, by limiting a low-cost compliance option.

In 2022, the legislature passed and the Governor signed AB 2316 (Ward), which directed the CPUC to evaluate these existing programs and authorized the modification or elimination if programs did not meet specified goals. In addition, AB 2316 allowed the CPUC to establish a new community solar and storage program if it benefits all ratepayers, compensating projects based on the full value of distributed energy resources (DERs).

In the ensuing proceeding - which the enabling legislation expedited in order to take advantage of anticipated federal Inflation Reduction Act benefits - community solar and storage advocates introduced their Net Value Billing Tariff (NVBT) proposal, which received broad support from ratepayer advocates, environmental justice groups, labor and others. Subsequently, the Administrative Law Judge (ALJ) sought feedback from various parties, particularly on the cost effectiveness of community solar and storage programs. Community solar advocates used the CPUC's standard tests and methods to evaluate the cost effectiveness of the NVBT proposal, which showed that community solar and storage projects benefit all ratepayers through the Total Resource Cost (TRC) and had a minimal impact on non-participating customers through the Ratepayer Impact Measure (RIM). These measures were developed by the CPUC and have

historically been used to evaluate DERs, but the CPUC declined to use them in this proceeding in lieu of a novel, unsubstantiated legal argument.

After considering stakeholder feedback, the CPUC issued a proposed decision rejecting the NVBT proposal, arguing it was illegal under federal law and not cost-effective. In order to justify the cost effectiveness claim, the CPUC relied on utility testimony arguing that these projects are more akin to wholesale resources and should be compensated as such. To determine the cost shift, the CPUC relied on a novel standard measure to determine cost effectiveness of community solar and storage projects. Among others, three former Federal Energy Regulatory Commission (FERC) commissioners, Norman Bay (D), Jon Wellinghoff (D), and Niel Chatterjee (R) submitted comments, calling the CPUC's legal claims "spurious" and outlined that none of the criteria were met to justify the CPUC's decision to consider these projects as wholesale resources.

Rather than adopting the NVBT, the CPUC adopted the Community Renewable Energy Program (CREP), which was proposed by investor-owned utilities, without opportunity for discovery, reply comments, or cross-examination. CREP used existing wholesale tariffs that were inadequate, expecting that federal and state funds could be used to subsidize projects and make these tariffs viable. Importantly, these tariffs do not fairly compensate projects for their full value to the grid and ratepayers, including avoided costs for transmission and distribution system upgrades, among others. Unfortunately, the CREP tariff relies entirely on external sources of funding, which are in jeopardy due to an unpredictable federal administration.

The CPUC and investor-owned utilities have a long history of administering programs that are ineffective and undersubscribed. SB

43 (2013) established the Green Tariff Shared Renewables (GTSR) Program. Unfortunately, twelve years after the passage of SB 43 there are practically no projects in operation in California. Repeated attempts to improve program viability fell short at the CPUC and investor-owned utilities have since requested to exit the program.

SOLUTION

AB 1813 would require the CPUC to modify the CREP or adopt a new program which meets the bill's requirements and to adopt a final decision on, or before, December 1, 2027. The bill requires the program to support the implementation of state building codes requiring solar on most new residential units (Title 24), ensure at least 51% its subscribers are low-income customers or low-income service organizations, minimize impacts to nonsubscriber ratepayers, and provide bill credits to subscribers based on the avoided costs of the community renewable energy facility, as determined by the CPUC's standard methods for calculating the cost effectiveness of DERs.

The community renewable energy program would provide direct benefits to subscribers by passing along savings in the form of bill credits at a time when Californians need relief the most, especially during the hottest months when energy usage is at its peak. It would do this while providing a valuable tool for achieving the state's ambitious energy efficiency and climate change goals, all while creating high-quality and competitive jobs in California.

A 2025 [study](#) by Aurora Energy Research concluded that community solar + storage can produce savings to cover its higher upfront costs, while delivering benefits to all Californians. A 5.4 GW program would generate \$6.5 billion in savings over 20 years, while also bringing reliability and emissions benefits to all Californians. The

report evidenced that there is no cost shift, but instead all ratepayers benefit.

AB 1813 includes a number of important guardrails, including: 1) a 5 MW project cap; 2) a 4 GW or 7-year program cap; 3) a program evaluation after 2 years; 4) project and its customers located within same local reliability area; and 5) regular reporting by project developers. In addition, AB 1813 requires the avoided costs be determinant on load modification designation by the CA Energy Commission.

SUPPORT

Californians for Local Affordable Solar & Storage (Sponsor)
Advanced Energy United (AEU)
Brightline Defense
Building Owners and Managers Association of California (BOMA)
California Alliance for Community Energy
California Apartment Association
California Building Industry Association
California Environmental Justice Alliance Action
California Environmental Voters
Center for Biological Diversity
Center for Sustainable Energy
Clean Coalition
Climate Health Now Action Fund
Coalition for Community Solar Access (CCSA)
Contra Costa County
Dayenu: A Jewish Call to Climate Action
GreenLatinos
GRID Alternatives
Natural Resources Defense Council (NRDC)
Neighborhood Sun
Nexamp
Peninsula Clean Energy (WestLight Energy)
San Diego Community Power (SDCP)
Solar Energy Industries Association (SEIA)
The Climate Center
The Nature Conservancy

The Utility Reform Network (TURN)
USA Properties Fund
Valley Vision
Vote Solar
Numerous *individual California farmers*

OPPOSITION

Pacific Gas and Electric Company and Its Affiliated Entities
San Diego Gas and Electric Company

FOR MORE INFORMATION

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