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**AB-1070 Solar energy systems: contracts: disclosures.** (2017-2018)

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Date Published: 10/12/2017 02:00 PM

**Assembly Bill No. 1070**

**CHAPTER 662**

An act to add Sections 7169 and 7170 to the Business and Professions Code, and to add Section 2854.6 to the Public Utilities Code, relating to solar energy systems.

[ Approved by Governor October 11, 2017. Filed with Secretary of State October 11, 2017. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1070, Gonzalez Fletcher. Solar energy systems: contracts: disclosures.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law, the Contractors' State License Law, provides for the licensure and regulation of contractors by the Contractors' State License Board. Existing law requires licensed contractors to be classified and authorizes them to be classified as, among other things, a solar contractor. Under existing law, a solar contractor installs, modifies, maintains, and repairs thermal and photovoltaic solar energy systems. Existing law prohibits a solar contractor from performing building or construction trades, crafts, or skills, except when required to install a thermal or photovoltaic solar energy system.

Existing law authorizes the legislative body of a public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance certain improvements, and to utilize Property Assessed Clean Energy (PACE) financing for the installation of distributed generation renewable energy sources and energy or water efficiency improvements, as specified. Existing law requires a financing estimate and disclosure form to be completed and delivered to a property owner before the property owner consummates a voluntary contractual assessment pursuant to one of these programs.

This bill would require the board, in collaboration with the Public Utilities Commission, on or before July 1, 2018, to develop and make available on its Internet Web site a disclosure document that provides a consumer with accurate, clear, and concise information regarding the installation of a solar energy system, as specified. The bill would require this disclosure document to be provided by the solar energy systems company to the consumer prior to completion of a sale, financing, or lease of a solar energy system, as defined, and that it, and the contract, be written in the same language as was principally used in the sales presentation and marketing material. The bill would also require, for solar energy systems utilizing PACE financing, that the financing estimate and disclosure form satisfy these requirements with respect to the financing contract, as specified. The bill would also require the board to post the PACE Financing Estimate and Disclosure form on its Internet Web site.

The bill would require the Contractors' State License Board to receive and review complaints and consumer questions, and complaints received from state agencies, regarding solar energy systems companies and solar contractors. The bill would, beginning on July 1, 2019, require the board annually to compile a report documenting complaints it received relating to solar contractors that it shall make available publicly on the board's and the Public Utilities Commission's Internet Web sites.

The California Constitution establishes the Public Utilities Commission and authorizes the commission to exercise ratemaking and rulemaking authority over all public utilities, as defined, subject to control by the Legislature.

This bill would require the Public Utilities Commission, on or before July 1, 2019, to develop standardized inputs and assumptions to be used in the calculation and presentation of electric utility bill savings to a consumer that can be expected by using a solar energy system by vendors, installers, or financing entities and to post them on its Internet Web site. The bill also would require electrical corporations to post the standardized inputs and assumptions.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

**SECTION 1.** Section 7169 is added to the Business and Professions Code, to read:

**7169.** (a) The board, in collaboration with the Public Utilities Commission, shall develop and make available a "solar energy system disclosure document" or documents that provide a consumer, at a minimum, accurate, clear, and concise information regarding the installation of a solar energy system, total costs of installation, anticipated savings, the assumptions and inputs used to estimate the savings, and the implications of various financing options.

(b) On or before July 1, 2018, the board, in collaboration with the Public Utilities Commission, shall develop, and make available on its Internet Web site, the disclosure document described in subdivision (a) that a solar energy system company shall provide to a consumer prior to completion of a sale, financing, or lease of a solar energy system. The "solar energy system disclosure document" shall be printed on the front page or cover page of every solar energy contract. The "solar energy system disclosure document" shall be printed in boldface 16-point type and include the following types of primary information:

- (1) The total cost and payments for the system, including financing costs.
- (2) Information on how and to whom customers may provide complaints.
- (3) The consumer's right to a cooling off period of three days pursuant to Section 7159 of the Business and Professions Code.

(c) At the board's discretion, other types of supporting information the board and the commission deem appropriate or useful in furthering the directive described in subdivision (a) may be included in the solar energy disclose document following the front page or cover page, including, but not limited to:

- (1) The amounts and sources of financing obtained.
- (2) The calculations used by the home improvement salesperson to determine how many panels the homeowner needs to install.
- (3) The calculations used by the home improvement salesperson to determine how much energy the panels will generate.
- (4) Any additional monthly fees the homeowner's electric company may bill, any turn-on charges, and any fees added for the use of an Internet monitoring system of the panels or inverters.
- (5) The terms and conditions of any guaranteed rebate.
- (6) The final contract price, without the inclusion of possible rebates.
- (7) The solar energy system company's contractor's license number.
- (8) The impacts of solar energy system installations not performed to code.
- (9) Types of solar energy system malfunctions.
- (10) Information about the difference between a solar energy system lease and a solar energy system purchase.
- (11) The impacts that the financing options, lease agreement terms, or contract terms will have on the sale of the consumer's home, including any balloon payments or solar energy system relocation that may be required if the contract is not assigned to the new owner of the home.
- (12) A calculator that calculates performance of solar projects to provide solar customers the solar power system's projected output, which may include an expected performance-based buydown calculator.

(d) A contract for sale, financing, or lease of a solar energy system and the solar energy system disclosure document shall be written in the same language as was principally used in the oral sales presentation made to the consumer or the print or digital

marketing material given to the consumer.

(e) For solar energy systems utilizing Property Assessed Clean Energy (PACE) financing, the Financing Estimate and Disclosure form required by subdivision (b) of Section 5898.17 of the Streets and Highways Code shall satisfy the requirements of this section with respect to the financing contract only, but not, however, with respect to the underlying contract for installation of the solar energy system.

(f) The board shall post the PACE Financing Estimate and Disclosure form required by subdivision (b) of Section 5898.17 of the Streets and Highways Code on its Internet Web site.

(g) For purposes of this section, "solar energy system" means a solar energy device to be installed on a residential building that has the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity, that produces at least one kW, and not more than five MW, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to Section 25782 of the Public Resources Code.

(h) This section does not apply to a solar energy system that is installed as a standard feature on new construction.

**SEC. 2.** Section 7170 is added to the Business and Professions Code, to read:

**7170.** (a) The Contractors' State License Board shall receive and review complaints and consumer questions regarding solar energy systems companies and solar contractors. The board shall also receive complaints received from state agencies regarding solar energy systems companies and solar contractors.

(b) Beginning on July 1, 2019, the board annually shall compile a report documenting consumer complaints relating to solar contractors. The report shall be made available publicly on the board's and the Public Utilities Commission's Internet Web sites. The report shall contain all of the following:

- (1) The number and types of complaints.
- (2) The ZIP Code where the consumer complaint originated.
- (3) The disposition of all complaints received against a solar contractor.

(c) For purposes of this section, "solar energy system" means a solar energy device to be installed on a residential building that has the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity, that produces at least one kW, and not more than five MW, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to Section 25782 of the Public Resources Code.

**SEC. 3.** Section 2854.6 is added to the Public Utilities Code, to read:

**2854.6.** (a) On or before July 1, 2019, the commission shall develop standardized inputs and assumptions to be used in the calculation and presentation of electric utility bill savings to a consumer that can be expected by using a solar energy system by vendors, installers, or financing entities, and the commission and each electrical corporation shall post these standardized inputs and assumptions on their Internet Web sites.

(b) For purposes of this section, "solar energy system" means a solar energy device to be installed on a residential building that has the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity, that produces at least one kW, and not more than five MW, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to Section 25782 of the Public Resources Code.