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AB-1104 Net energy metering: construction of renewable electrical generation facilities: public works project requirements. (2025-2026)

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Assembly Bill No. 1104

CHAPTER 632

An act to amend Section 769.2 of the Public Utilities Code, relating to energy.

[Approved by Governor October 11, 2025. Filed with Secretary of State October 11, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1104, Pellerin. Net energy metering: construction of renewable electrical generation facilities: public works project requirements.

(1) Existing law requires each electrical utility or other entity that offers electrical service, except as specified, to develop a standard contract or tariff that provides for net energy metering (NEM), that, among other things, compensates each eligible customer-generator, as defined, for the electricity it generated, as provided. Existing law requires each electrical utility to make the contract or tariff, commonly known as NEM 1.0, available to eligible customer-generators, upon request, as specified. Existing law requires the Public Utilities Commission to develop an additional standard contract or tariff, and requires each large electrical corporation to offer that standard contract or tariff, commonly known as NEM 2.0, to its eligible customer-generators, as provided. Existing law authorizes the commission to revise the standard contract or tariff, as specified. Pursuant to its authority, the commission adopted Decision 22-12-056 (December 19, 2022), commonly known as the net billing tariff, which creates a successor tariff to NEM 1.0 and NEM 2.0 and includes specified elements.

Existing law requires that, except as specified, not less than the general prevailing rate of per diem wages, determined by the Director of Industrial Relations, be paid to workers employed on public works projects. Existing law defines "public works" for purposes of requirements regarding the payment of prevailing wages to include construction, alteration, demolition, installation, or repair work done under contract and paid for using public funds, except as specified. Existing law requires the awarding body, as defined, of a contract for public work to do specified things, including to withhold and retain all amounts required to satisfy any civil wage and penalty assessments issued by the Labor Commissioner from payments made to the contractor, as specified. Existing law requires an awarding body to provide notice, containing certain information, to the Department of Industrial Relations of any public works contract subject to the public works requirements, within 30 days of the award, as provided. Existing law constitutes, beginning December 31, 2023, the construction of any renewable electrical generation facility and any associated battery storage that receives service pursuant to NEM 1.0, NEM 2.0, or the net billing tariff, except as specified, as a public works project.

This bill would specify that an entity that engaged a contractor for construction of a renewable electrical generation facility and associated battery storage, as described above, is not an awarding body and that certain public works project requirements do not apply to that entity. The bill would also specify that the contractor who enters into a contract with that entity for those construction services is the awarding body only for purposes of the above-described requirement to provide notice to the Department of Industrial Relations.

Existing law provides for various enforcement mechanisms related to ensuring a contractor pays each construction worker the prevailing rate of per diem wages, and provides that enforcement of a willful violation of any of these mechanisms against a contractor for the construction of a renewable electrical generation facility disqualifies that facility from being eligible to receive service pursuant to NEM 1.0, NEM 2.0, or the net billing tariff.

This bill instead would specify that a renewable electrical generation facility remains eligible to receive service pursuant to NEM 1.0, NEM 2.0, or the net billing tariff despite enforcement of a willful violation against a contractor for the construction of the facility, as described above, if restitution has been made to the affected workers and all associated penalties and fines have been paid.

(2) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the above-described provisions of this bill would be a part of the act and a violation of a commission action implementing the bill's requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Section 769.2 of the Public Utilities Code is amended to read:

769.2. (a) Notwithstanding paragraph (1) of subdivision (a) of Section 1720 of the Labor Code, construction of a renewable electrical generation facility, and associated battery storage, after December 31, 2023, that receives service pursuant to the standard contract or tariff developed pursuant to Section 2827.1, shall constitute a public works project for purposes of Article 2 (commencing with Section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code, except as specified in subdivision (f).

(b) A contractor who enters into a contract to perform work on a renewable electrical generation facility or associated battery storage described in subdivision (a) shall do all of the following:

(1) The contractor shall pay each construction worker employed in the execution of the work, at minimum, the general prevailing rate of per diem wages, except that an apprentice registered in a program approved by the Chief of the Division of Apprenticeship Standards shall be paid, at minimum, the applicable apprentice prevailing rate.

(2) The contractor shall maintain and verify payroll records pursuant to Section 1776 of the Labor Code and make those records available for inspection and copying as provided in that section. Notwithstanding Section 1776 of the Labor Code, the contractor shall not be required to provide copies of certified payroll records to any entity other than the Department of Industrial Relations and the commission.

(3) The contractor shall biannually, on July 1 and December 31 of each year, submit to the commission digital copies of its certified payroll records, in a format consistent with systems used for compliance with Section 1776 of the Labor Code, for projects subject to this section. The commission shall retain these records as public records for five years.

(c) The requirement imposed in paragraph (1) of subdivision (b) may be enforced through any of the following mechanisms:

(1) Within 18 months after completing the renewable electrical generation facility, 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.

(2) By an underpaid construction worker or apprentice through an administrative complaint or civil action.

(3) By a joint labor-management committee through a civil action pursuant to Section 1771.2 of the Labor Code.

(d) If a willful violation of this section has been enforced against a contractor for the construction of a renewable electrical generation facility pursuant to subdivision (c), that facility shall remain eligible to receive service pursuant to a standard contract or tariff developed pursuant to Section 2827 or 2827.1 if restitution has been made to the affected workers and all associated penalties and fines have been paid.

(e) The commission shall require each large electrical corporation to include the requirements of this section in each standard contract or tariff offered pursuant to Section 2827.1.

(f) (1) This section does not apply to a residential renewable electrical generation facility that is eligible to receive service pursuant to the standard contract or tariff developed pursuant to Section 2827.1 and has a maximum generating capacity of 15 kilowatts or less of electricity.

(2) This section does not apply to a residential renewable electrical generation facility that is eligible to receive service pursuant to the standard contract or tariff developed pursuant to Section 2827.1 and that is installed on a single-family home.

(3) This section does not apply to a project that is a public work, as defined in Section 1720 of the Labor Code, and that is subject to Article 2 (commencing with Section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

(4) This section does not apply to a renewable electrical generation facility that serves only a modular home, a modular home community, or multiunit housing that has two or fewer stories.

(g) (1) The entity that engaged the contractor to perform work on a renewable electrical generation facility and associated battery storage described in subdivision (a) is not an awarding body, as defined in Section 1722 of the Labor Code. Public works project requirements not found in this section do not apply to the entity. This section does not affect the entity's liability for nonpayment of wages or materials under Section 3 of Article XIV of the California Constitution.

(2) The contractor who enters into a contract with the entity described in paragraph (1) to perform work on a renewable electrical generation facility and associated battery storage described in subdivision (a) is the awarding body only for the limited purposes of Section 1773.3 of the Labor Code.

SEC. 2. 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.