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## AB-1260 Electricity: renewable energy subscription programs. (2025-2026)

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AMENDED IN ASSEMBLY APRIL 28, 2025

AMENDED IN ASSEMBLY APRIL 10, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### ASSEMBLY BILL

NO. 1260

Introduced by Assembly Member Ward

February 21, 2025

An act to amend Section 769.3 of the Public Utilities Code, relating to electricity.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1260, as amended, Ward. Electricity: renewable energy subscription programs.

Existing law requires the Public Utilities Commission (PUC) to evaluate each customer renewable energy subscription program to determine if the program meets certain goals and determine whether it would be beneficial to ratepayers to establish a new tariff or program or modify an existing tariff or program to establish a community renewable energy program consistent with certain requirements, including a requirement that the program provides bill credits to subscribers based on the avoided costs of the program's facilities, as provided. Pursuant to this requirement, the PUC has adopted a community renewable energy program.

This bill would revise and recast the requirements for the customer renewable energy subscription program to, among other things, specify that the avoided costs include certain avoided cost values. The bill would impose additional requirements that the program is required to ~~meet~~ *meet, including requiring facilities participating in the program to have no more than 5 megawatts of generation capacity and no more than 5 megawatts of storage, and capping the total program capacity at 5 gigawatts or ending program subscription after 7 years, when either limit is first reached*. The bill would require the PUC, on or before September 1, 2026, to adopt or modify the community renewable energy program to ensure consistency with certain requirements, as provided. The bill would require each community choice aggregator and electric service provider, within 180 days of the ~~establishment~~ *adoption or modification* of the program, to notify the PUC regarding whether it will participate in the program. The bill would authorize a community choice aggregator or electric service provider to begin participating in, or end its participation in, the program at any time by notifying the PUC. *The bill would require the PUC, beginning 2 years from the adoption or modification of the program, to evaluate the program to ensure consistency with the program's requirements and would require the PUC to authorize the termination or modification of the program if the PUC determines that the program does not meet those requirements*. The bill would require the State Energy Resources Conservation and Development Commission (Energy Commission) to evaluate community solar and storage projects as a load-modifying resource so that those projects may be

counted as a load-modifying resource. The bill would require the Energy Commission to undertake the evaluation and issue a determination on or before September 1, 2026, as provided.

Under existing law, a violation of the Public Utilities Act or an order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because the above provisions would be part of the act and a violation of a PUC action implementing this 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

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

### **SECTION 1.** The Legislature finds and declares all of the following:

(a) The Legislature has authorized the Public Utilities Commission to modify existing renewable energy access programs to establish a new community renewable energy program and the commission has taken steps to do so.

(b) California's demand for clean, reliable energy and capacity is growing, and there is an immediate need to encourage and facilitate the development of community solar and storage projects that can cost-effectively provide carbon-free energy generation capacity and avoid the need for transmission and distribution capacity.

(c) Combined community solar and storage projects is a means to provide near-term bill relief and thereby support affordability of electricity for residents of the state.

(d) A successful community renewable energy program must offer avoided cost-based credits to customers that fully reflect the value of the community solar and storage resources, are consistent with other distributed energy resources connected to the distribution system, and ensure that project development and financing are feasible.

### **SEC. 2.** Section 769.3 of the Public Utilities Code is amended to read:

#### **769.3.** (a) For purposes of this section, all of 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.

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

(3) (A) "Customer renewable energy subscription program" or "program" means a program adopted or modified by the commission pursuant to this section.

(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.

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

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

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

(7) "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.

(8) "Low-income customer" means any 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.

(9) "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, 2024, the commission shall, in a new or existing proceeding, do all of the following:~~

~~(1) 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:~~

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

~~(B) Minimizes duplicative offerings.~~

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

~~(2) 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.~~

~~(3) If the commission determines a customer renewable energy subscription program does not meet all of the goals described in paragraph (1), authorize the termination or modification of the program.~~

~~(e)~~

~~(b)~~ (1) On or before September 1, 2026, the commission shall, in a new proceeding, adopt or modify a customer renewable energy subscription program to ensure consistency with the requirement of subdivision ~~(d)~~ (c).

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

~~(d)~~

(c) A customer renewable energy subscription program 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.

(4) Meet the requirements of Section 10-115 of the California Building Standards Code (Title 24 of the California Code of Regulations) and offer a 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 that the program represents a valid alternative compliance pathway.

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

(6) Minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs of distributed energy resources, the calculation of which shall include all of the avoided cost categories and values calculated for other customer generators connected to the distribution system. Financial incentives in excess of the avoided costs for distributed energy resources may be provided by nonratepayer funds.

(7) (A) Except as provided in subparagraph (B), require that all of the following requirements apply to the construction of a facility participating in the 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 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 pursuant to the 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.

(8) (A) 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 eligible customer-generator distributed energy resources. The commission may use actual wholesale market prices for the energy supply portion of an avoided cost calculation or credit value.

(B) The avoided costs shall include all of the following:

(i) The full avoided cost values used for crediting exports by eligible customer-generators, including long-run values for energy, ancillary services, greenhouse gas emissions, high global warming potential gases, and long-run values for transmission and distribution capacity.

(ii) Long-run avoided generation capacity values if the Energy Commission determines that these projects are treated as a load-modifying resource that reduces resource adequacy obligations.

(iii) Additional relevant avoided costs as determined by the commission that are consistent with the values used to measure the benefits of distributed energy resources for eligible customer-generators.

(9) Prioritize the maximum use of state and federal incentives and accelerate implementation of the 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 participating in the 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) Require that all facilities participating in the program be sited within the same local reliability area as its subscribers. ~~The commission may review this requirement and may modify this requirement to additionally allow for the facilities and customers to be located outside of local reliability areas.~~

(11) Require that all solar photovoltaic generation facilities, if any, participating in the program be combined with energy storage systems that provide at least four hours of storage at the same capacity as the solar generator.

(12) 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.

(13) 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.

*(14) Require that all facilities participating in the program have no more than five megawatts of generation capacity and no more than five megawatts of storage.*

*(15) Cap total program capacity at four gigawatts, or end program subscriptions after seven years, with the program ending when either limit is first reached.*

*(16) (A) Require the program administrators to report quarterly on 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.*

*(B) 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.*

*(C) The information described in this paragraph shall be collected and reported during the first two years of the program.*

~~(e)~~

*(d)* For ~~the~~ purposes of maximizing the reduction of resource adequacy compliance costs for load-serving entities and meeting the requirements of clause (ii) of subparagraph (B) of paragraph (8) of subdivision ~~(d)~~, *(c)*, the Energy Commission shall evaluate community solar and storage projects as a load-modifying resource so that those projects may be counted as a load-modifying resource and thereby reduce resource adequacy procurement obligations. The Energy Commission shall undertake the evaluation and issue a determination on or before September 1, 2026. In making its determination, the Energy Commission shall demonstrate the impact on load of these resources compared to customer generators that are currently treated as load modifiers for purposes of determining the resource adequacy obligations of load-serving entities.

*(e) (1) Beginning two years from the adoption or modification of the program, the commission shall evaluate the 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 authorize the termination or modification of the program.*

*(3) The commission's authorization of program termination may occur before the program limits of paragraph (15) of subdivision (c) are reached.*

**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.