



Igor Tregub
Councilmember, District 4

CONSENT CALENDAR
June 3, 2025

To: Honorable Mayor and Members of the City Council

From: Councilmembers Igor Tregub (Author), Brent Blackaby (Co-Sponsor), and Cecilia Lunaparra (Co-Sponsor)

Subject: Resolution in Opposition to California Assembly Bill 942 (Calderon), Net energy metering: eligible customer-generators: tariffs

RECOMMENDATION

Adopt a resolution in opposition to California State Assembly Bill 942 (Calderon), Net energy metering: eligible customer-generators: tariffs, and distribute copies to California Governor Gavin Newsom, Senator Jesse Arreguín, Assemblymember Buffy Wicks, California Senate President pro Tempore Mike McGuire, and California Assembly Speaker Robert Rivas to oppose its passage.

CURRENT SITUATION AND ITS EFFECTS

Customers who install small solar, wind, biogas, and fuel cell generation facilities to serve all or a portion of onsite electricity needs are eligible for the state's Net Energy Metering (NEM) program. NEM allows customers who generate their own energy to serve their energy needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility.¹

The program provides customer generators rate credits for energy exported to the grid and requires them to pay charges that align NEM customer costs more closely with non-

¹ <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/customer-generation/net-energy-metering-and-net-billing>

NEM customer costs. NEM is designed to support the installation of customer-sited renewable energy generation. In December 2022, the California Public Utilities Commission (CPUC) issued a final decision updating the NEM structure.² The new rulemaking is referred to as NEM 3.0 because this is the third iteration of the NEM program, and the resultant tariff is referred to as the Net Billing Tariff (NBT).³

The following elements, which were opposed by the Berkeley City Council at its December 2022 meeting⁴, were approved by the CPUC:

- Most residential NEM solar consumers who applied for a NEM interconnection after April 14, 2023, experience an average 75% reduction in the credit they receive for sharing their extra energy with the grid – from an average of \$0.30/kilowatt-hours (kWh) to about \$0.08/kWh.⁵
- Churches, nonprofits, or businesses who went solar after April 14, 2023, realize an even greater reduction in the solar credit.⁶

These changes led to a dramatic reduction in the adoption of rooftop solar in Berkeley, that even extended statewide.⁷

AB 942 (Calderon), as amended on May 5, 2025, proposes the following two changes to the NEM tariff for residential and commercial customers: (1) requires new property owners inheriting solar systems to take service under the current, not the inherited, NEM tariff,⁸ and (2) ends Climate Credit allocations to NEM customers starting on January 1, 2026.⁹

These changes threaten to further stymie Berkeley's as well as California's climate goals while driving up the costs of existing ownership and rental housing. By moving new homeowners to the NBT regardless of how recently the solar system was installed, the value of the home being purchased is reduced. As a result of this loss of home sales value, some prospective sellers will be less likely to sell their home until such time that the value of the solar system they purchased or leased is recouped. Similarly, prospective homebuyers may be disincentivized to purchase a home with solar if they

² <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M500/K043/500043682.PDF>

³ <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/customer-generation/net-energy-metering-and-net-billing>

⁴ https://berkeleyca.gov/sites/default/files/documents/Urgent%20Item%20-%20Net%20Energy%20Metering_Resolution%20in%20Support%20and%20Reaffirm%20Support.pdf

⁵ <https://solarrights.org/blog/2024/10/01/faqnem3/>

⁶ <https://solarrights.org/blog/2022/12/16/update-state-officials-release-new-rooftop-solar-proposal/>

⁷ <https://calmatters.org/environment/climate-change/2024/01/california-solar-demand-plummets/>

⁸ Existing rules allow customers of legacy NEM-1/NEM-2 systems, regardless of any change in ownership, to remain on the tariff for 20 years from the date of interconnection before transitioning to the NBT.

<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/customer-generation/net-energy-metering-and-net-billing>

⁹ https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill_id=202520260AB942

know that the cost-savings incentives associated with the solar system they are obtaining with the home would be between 75% and 80% less than those for the sellers.

The proposed changes are even more dire for the residential and commercial renters in multi-family and/or mixed-use buildings. According to CoStar nationally aggregated data,¹⁰ ownership of the average multi-family building turns over seven (7) years following certificate of occupancy. Since 2020, low-rise (defined by the California Energy Commission as no taller than three stories), and since 2023, high-rise multi-family housing in California has required photovoltaic solar panels under Title 24, California's Energy Code.^{11 12} As the payback period for a typical multifamily solar system is greater than 7 years,¹³ the new property owner will have to increase the rents to make up for the resultant economic loss associated with reduced solar incentives should this bill pass.

For all these reasons, it is recommended that the City of Berkeley join a broad and diverse coalition of municipalities, organizations, and elected officials in opposing AB 942.¹⁴

FISCAL IMPACTS OF RECOMMENDATION

Limited staff time is required to communicate the city's position to the State representatives.

ENVIRONMENTAL SUSTAINABILITY

The passage of AB 942 is likely to further stymie rooftop-scale solar and storage adoption in the City of Berkeley in contravention with a key strategy to realize Berkeley's Climate Action goals.

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¹⁰ <https://www.costar.com/>

¹¹ <https://www.energy.ca.gov/programs-and-topics/programs/building-energy-efficiency-standards/energy-code-support-center/2022-3>

¹² <https://www.greenlancer.com/post/california-solar-mandate>

¹³ <https://www.solar.com/learn/what-is-the-average-payback-period-for-solar-panels/>

¹⁴ <https://docs.google.com/document/d/1sTde2ac8RLyhtSBYPKS9iB72HRGWZrQaPpDo2ydZHJA/edit?tab=t.0>

Attachments:

1. Resolution
2. Coalition Opposition Letter

RESOLUTION NO. ##,###N.S.

RESOLUTION IN OPPOSITION TO ASSEMBLY BILL 942 (CALDERON): NET ENERGY METERING: ELIGIBLE CUSTOMER-GENERATORS: TARIFFS

WHEREAS, Assembly Bill (AB) 942, which proposes to add Section 2827.2 to the California Public Utilities Code, was introduced to the State Legislature for consideration on February 19, 2025 and most recently amended on May 5, 2025; and

WHEREAS, AB 942, if passed, will make sweeping changes to California's net energy metering (NEM) program, stripping away previously guaranteed benefits for certain residential and commercial solar customers with systems installed under NEM 1.0 and NEM 2.0 regardless of whether the previously guaranteed 20-year benefitting period has elapsed; and

WHEREAS, the changes proposed to the NEM program include, but are not limited to, disqualifying homebuyers purchasing a solar-equipped home from continuing legacy NEM benefits, eliminating the ability for rooftop solar customers to receive credits funded by California's Cap-and-Trade program, and allowing the California Public Utilities Commission to mandate new tariffs for solar customers if they reduce costs for non-solar ratepayers; and

WHEREAS, the changes proposed to the NEM program under AB eliminates key financial supports jeopardizing the return on investment for tens of thousands of working and middle-income families, reduces the resale value of solar homes by eliminating NEM benefits for new homeowners, and further exacerbates the cost of housing, particularly for residential and commercial tenants in multifamily housing, all of which contravenes Berkeley's and California's climate and housing affordability goals; and

WHEREAS, California previously encouraged millions of residents to invest in rooftop solar through the promise of stable, long-term savings and potential for combating climate change; and

WHEREAS, AB 942 would break that promise, retroactively changing the deal should customers have already paid tens of thousands of dollars for systems sized under old rules need to sell their homes and investment as well as the residential and commercial renters whose rents would like be driven up as a direct result of AB 942 if adopted

NOW, THEREFORE, BE IT RESOLVED that the Berkeley City Council hereby registers its strong opposition to Assembly Bill 942; and

BE IT BE FURTHER RESOLVED that a copy of this resolution will be sent to Governor Gavin Newsom, Attorney General Rob Bonta, Senate President Pro Tempore Mike McGuire, Senator Jesse Arreguín (SD7), Speaker Robert Rivas, and Assemblymember Buffy Wicks (AD14).

Don't Break Contracts of Two Million Solar Consumers

Stop Blaming Consumers. Start Fixing What's Really Driving High Rates: Utility Spending & Profits

[Sign on here](#)



SUNRISE MOVEMENT
ORANGE COUNTY



The Climate Reality Project®

ORANGE COUNTY, CA CHAPTER



Coalition for Environmental Equity and Economics



EJCW



SAN JOAQUIN URBAN NATIVE COUNCIL



LOCAL CLEAN ENERGY ALLIANCE





COFEM

Consejo de Federaciones Mexicanas



THIRD ACT SOCIAL



THIRD ACT
SF BAY AREA



RECLAIM OUR POWER!
Utility Justice Campaign



SAN DIEGO
EARTHWORKS

CLIMATE HAWKS VOTE

MOTHERS FOR PEACE



HAMMOND CLIMATE SOLUTIONS FOUNDATION
Dynamic Action for a Sustainable Planet



The Democratic Club of West Orange County
★★★★★
D.C.W.O.C.



fgto
Federación de Guanajuatenses

FEDERACION DE NAYARITAS EN ESTADOS UNIDOS
FENAY-USA

café coop

SOUTH BAY 350 LOS ANGELES



FECADEMIN
Federación de Clubes y Asociaciones de Michoacán



SOCAL 350 CLIMATE ACTION



INDIVISIBLE MARIN

FEDECCOL
Federación de Clubes de Colima

350 HUMBOLDT
Grassroots Climate Action

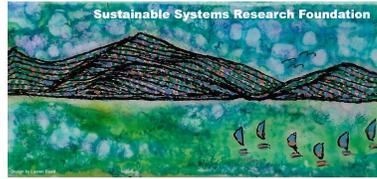
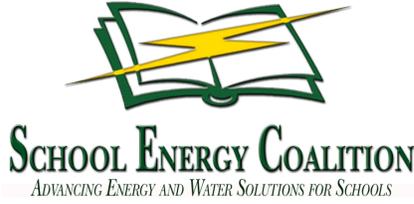


Center for Sustainable Energy®



SOLAR UNITED NEIGHBORS ACTION

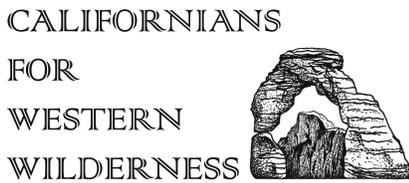




LONG BEACH ALLIANCE FOR CLEAN ENERGY

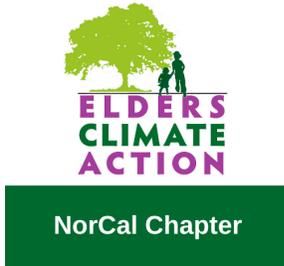
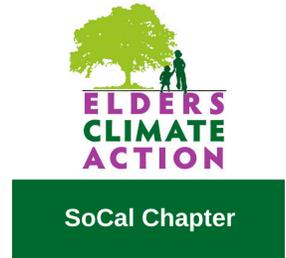


Unitarian Universalist Fellowship of Redwood City





ZeroW.org



bowman.change





The Honorable Cottie Petrie Norris
1021 O Street, Suite 8120
Sacramento, CA 95814

Dear Chair Petrie-Norris;

We are writing to strongly oppose [AB 942](#), which would break long-standing contracts on two million solar consumers who signed up for solar before April 2023.

Californians have been active players in building a clean energy powered future, with two million customer-sited solar systems now [producing around twenty percent of our state's electricity needs](#) on California's hottest days. These consumers signed a contract, the terms of which were set by the state of California. Reneging on those contractual agreements would harm millions of people who answered California's call to invest in clean energy as a way to reduce peak demand, stabilize rates, and clean up the air. We need you to stand up for consumers and reject this irresponsible bill.

California has repeatedly upheld the state's decision to honor rooftop solar contracts for the twenty-year life of the solar panels. [The CPUC's own consumer guide](#) requires solar contracts under the state's net metering policy be guaranteed for twenty years. When customers took the risk to invest in solar, they signed a [state mandated legal agreement with their utility](#) that specified [in the terms and conditions](#) that the rooftop solar system can stay on the net metering plan for twenty years from the time of interconnecting the solar panels to the electric grid. This is based on a long standing policy that solar customers have the same terms for twenty years, or the expected life of the solar system, affirmed by Governor Jerry Brown in his [signing letter for SB 327 in 2013](#), and the CPUC in [2014](#) and again in [2022](#).

The CPUC's new proposal, to break energy contracts mid-stream, would be patently unfair. It would punish the very people who California encouraged to invest in solar energy. And it would gut consumer confidence and trust in government, right when we need more Californians to make the choice to invest in clean energy technologies.

California should address the cause of high electricity rates, which is out of control utility spending to maximize profit.

[The data is clear](#) that more than 90% of the rate hikes over the last decade are driven by increased utility spending. PG&E, SoCal Edison, and SDG&E spending on poles and wires increased by 300% over the last twenty years, even though peak electricity demand was flat. Only 12% of that spending was for wildfire mitigation, according to the utilities' own rate filings.

To address rising rates, California must focus on what's really wrong with our energy system: uncontrolled utility spending and record utility profits. We'll never control rates or meet our goals for clean, reliable energy if we don't get at these roots of the problem.

The utilities already get a state authorized 10% or higher profit from every dollar they spend on poles and wires. The [CPUC is considering a new proposal to increase these already excessive profit rates](#), despite [record utility profits](#) and evidence that this structure is creating a perverse incentive for them to spend more than necessary.

In contrast, California's two million rooftop solar consumers are saving all other ratepayers \$1.5 billion in 2024 alone according to [a study endorsed by more than a dozen of the top energy economists](#).

California leaders should stop blaming consumers for the errors and missteps of the state's private utility companies and the inability for the CPUC to rein in their out of control spending. Reneging on two million contracts would not only be unfair but it would reduce energy choices for consumers, and [threaten a promising solution](#) to rein in future costs.

Against a backdrop of out-of-control rate increases and a range of confusing utility bill fees and charges, California ratepayers are now threatened by a proposal to break California's promise on solar energy.

Unfortunately, instead of protecting consumers, California's chief cop on the beat—the Public Utilities Commission— is considering punishing them. Instead of focusing on what's really wrong with electric utilities—out of control spending and profit making on the backs of ratepayers—the CPUC is now pushing to break the contracts with two million solar homes, schools, and businesses. This would be a terrible move for California.

Please reject AB 942 and the CPUC's proposal to break 2 million rooftop solar customer contracts and urge them to focus on the real source of high rates: increased utility spending. AB 942 would increase rates, limit choice, derail the state's clean energy progress, erode public trust in government, and avoid the hard work of actually reforming our state's utility industry.

This is a crossroads moment for California: if the state is truly serious about tackling both air pollution, energy reliability and electricity rates, it will focus on utility spending and stand with consumers who need more choice, clean air, and more affordable energy.

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Centro Binacional para el Desarrollo Indígena Oaxaqueño

Todos Unidos

Federación de Guanajuatenses

Cafe Coop

FECAMIN (Federation of Clubs and Associations of Michoacanos in North America)

Anahuak Youth Soccer Association

Federación de Clubes y Asociaciones

Federación Duranguenese USA

Organización Regional de Oaxaca Por El Respeto y La Defensa De Nuestra Cultura

Federación de Nayaritas en Estados Unidos

Federación de Clubes Colima

Sonora USA

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