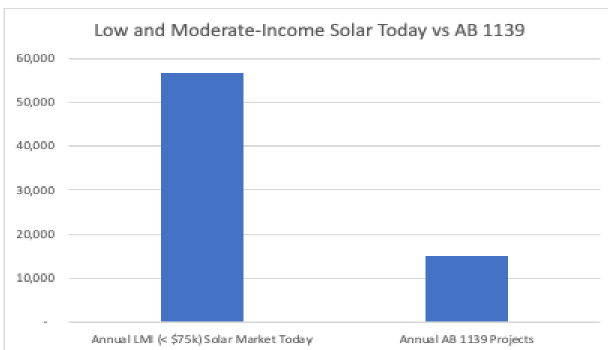
AB 1139 (Gonzalez) Would Harm Low- and Moderate-Income Consumers and Reduce Access to Rooftop Solar

AB 1139 would move California backward in achieving energy equity by harming existing low-income solar users, eliminating the market for multifamily housing, and bringing solar benefits to fewer at-risk communities than today's net metering-based market.

AB 1139 (Gonzalez) Would Add Fees, Cut Savings for Low- and Moderate-Income Solar Users
AB 1139 would allow utilities to charge a $50 average monthly fee on all low-income solar users regardless of whether they ever export a single electron back to the grid.[i] It would also slash the value of solar exported to the grid by 80%.[ii] Rooftop solar would no longer provide financial savings for low- and moderate-income consumers. Simple payback for a solar system, i.e., when the cumulative monthly bill savings cover the upfront cost, would go from 11 years today to over 45 years. AB 1139 would eliminate the general market for rooftop solar, but it would also reduce the number of solar systems built to service low- and moderate-income consumers to 75% of what it is today.[iii]



AB 1139 (Gonzalez) Would Hurt 150,000 Existing Low-Income Solar Users
AB 1139 would hurt 150,000 income-eligible CARE consumers who have solar on their home today by retroactively changing their net metering contract, adding fees and reducing compensation for energy exported to the grid on hot summer days. Instead of saving $122-$178 on average monthly bills, monthly savings would be reduced to $37-$56, a 70% reduction of today's solar savings. This would not be enough to cover the upfront cost of the system, thus harming consumers who were encouraged by the state to embrace clean energy. This kind of retroactive policy is bad for all consumers, but it is especially damaging to working-class solar users.

Low-Income Customer Savings Before and After AB 1139[iv]

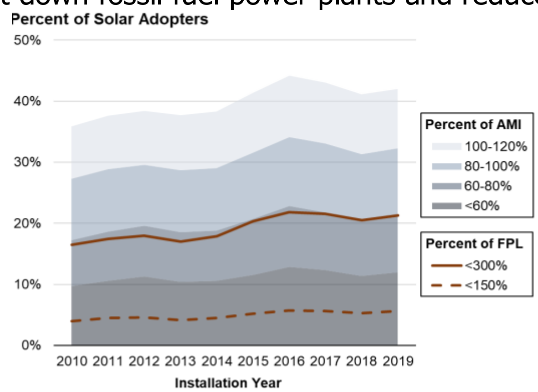
	SDG&E-CARE Monthly Savings	SCE-CARE Monthly Savings	PG&E-CARE Monthly Savings
NEM Today	$178	$122	$139
AB 1139	$56	$37	$45

AB 1139 (Gonzalez) Would Put Solar Renters Under Water, Killing the Market for Multifamily Solar
Tenants at multifamily housing projects with solar would pay *more* under AB 1139 than they would if their properties did not have solar. New fees would outweigh solar credits. Projects under development

designed to bring solar benefits to low-income renters would be scrapped, and new projects would not be pursued. Even if the upfront cost of the solar system was covered through a grant, renters of a solarized multifamily housing project under AB 1139 would see their monthly utility bills increase by 60%.[v] A solar system wouldn't just be a bad long-term investment for California renters as a result of this bill, they would pay the utility *more* money per month after going solar than before. AB 1139 would put thousands of current and future low-income tenants at financial risk.

AB 1139 (Gonzalez) Would Reverse Positive Trends in Low-Income Solar Adoption

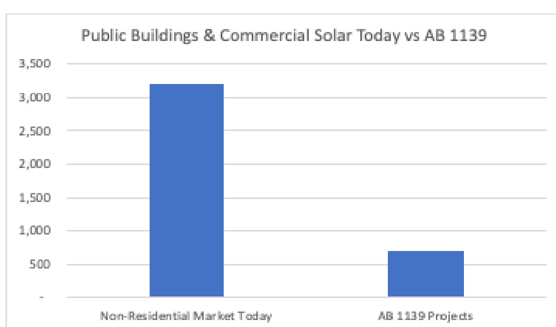
California has invested over $1 billion to incentivize low-income solar adoption through 2030, with net metering as a critical driver of the economic success of those programs. At present, 15% of all net-metered solar users (150,000) are on income-eligible CARE rates.[vi] An additional 30,000 rental units serving over 100,000 people at multifamily affordable housing projects are under development via the Solar on Multifamily Affordable Housing (SOMAH) program. According to a recent Lawrence Berkeley National Labs report, solar adoption among low- and moderate-income households is trending upward, covering 42% in 2019, or 60,000 installations. AB 1139 would reverse this positive trend, leaving solar for only the wealthy, save for a relatively small number of fully subsidized systems. This would have a negative effect on efforts to shut down fossil fuel power plants and reduce persistent air pollution.



Solar Adoption Trends by Income (LBNL)[vii]

AB 1139 (Gonzalez) Would Harm Solar Projects for Schools and Other Public Buildings

AB 1139 would set aside $500 million to provide discounts for solar on public buildings. Given the negative economics of rooftop solar created by this bill, however, this amount of money would have to completely cover the cost of the system and still, the bill would greatly decrease the financial savings of schools and other public sector buildings. Without the positive economics of solar, efforts to add energy storage to create more resilient communities would falter. Ultimately, California would see just 700 public buildings go up solar under AB 1139, compared to the 3,000 public sector and commercial projects built annually today.



AB 1139 (Gonzalez) Would Bar the CPUC Cutting Costs for All Ratepayers from Rooftop Solar

The last paragraph in Section 5 of AB 1139—enacting PUC section 2827, subdivision (h)—would prohibit the CPUC from deferring distribution system upgrades due to the build-out of distributed energy. This would eliminate ratepayer savings that would otherwise accrue thanks to the rise in rooftop solar adoption, also known as "non-wires alternatives." Subdivision (h) states, "…the commission shall not authorize or permit any distributed resources located on the customer side of the meter to be used to defer investment by an electrical corporation in the distribution system." This language would have utilities build more infrastructure even if cheaper alternatives are available, allowing them to reap a 10% return on investment.

AB 1139 (Gonzalez) Would Kill Hundreds of Small Businesses, Tens of Thousands of Jobs
The vast majority of California's estimated 2,000 solar companies are small to medium-sized businesses providing energy services within their region of the state. AB 1139 would put the majority of these companies out of business by eliminating the general market. The shuttering of these small businesses would come with a loss of tens of thousands of jobs for solar workers. The solar industry employs approximately 70,000 solar workers today, the majority of whom work in the distributed energy sector.

AB 1139 (Gonzalez) Promotes Exaggerated "Cost Shift" Numbers to Enrich Utilities
AB 1139 promotes exaggerated claims about a solar user "cost shift." Utilities claim that consumers buying less grid-supplied electricity is a "cost shift," but in reality, they want to protect their profits. Nobody should be charged for energy they don't buy from the grid, but that is exactly what the utilities would achieve under AB 1139. Utilities don't make money selling electrons in California, but they do profit from reinforcing a system that is based on moving electrons across great distances. The CPUC's recent white paper highlights runaway transmission costs, totaling $4 billion in 2021 alone, driven by the utilities' desire for increased profit at the expense of all ratepayers. In contrast, all ratepayers save when one ratepayer goes solar because the energy is delivered to end users without the build-out of more poles and wires. In 2018 alone—thanks to rooftop solar and energy efficiency—state energy officials canceled or modified dozens of massive power line maintenance projects, saving all ratepayers $2.6 billion.[viii] A recent study found a major expansion in rooftop solar across the country would save Americans $473 billion.[ix] California can lower costs for all ratepayers by continuing to develop rooftop solar and by further encouraging the addition of energy storage.

Conclusion
AB 1139's provisions to set aside $1 billion in government funds to further promote energy equity and access for at-risk communities is laudable. But the bulk of AB 1139 harms existing consumers, including low-income consumers, and all but eliminates the rooftop solar market.

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[i] Based on a system size of 6 kW that covers 85% of the customer's electricity needs.

[ii] Current credits average 17.3 ¢/kWh. Credits under AB 1139 would be 3.1 ¢/kWh.

[iii] Consumer bill savings would be so small under AB 1139 that solar systems for low- and moderate income (LMI) consumers would need to be fully subsidized by the funds created in the bill. Those funds would deliver far fewer systems for LMI consumers than what is built under today's NEM-based market. To calculate the number of LMI projects supported by this bill, we assume the cost of a medium-sized solar system (6 kW) is $20,580. $300 million would only cover the development of 15,000 solar homes per year, which is 75% of today's 56,700 solar homes under today's NEM program.

[iv] Assumes average system size of 6 kW, residential CARE rate for exports under current NEM 2.0 program.

[v] Assumes a two-bedroom, one-bath apartment that offsets nearly 90% of its annual electric consumption.

[vi] Based on data that appears in the CPUC's White Paper "Utility Costs And Affordability of the Grid of the Future," Feb. 2021, pages 28-29, and in https://www.californiadgstats.ca.gov, 150,000 CARE customers in three IOU territories have rooftop solar. This compares to the 1,075,000 total residential solar projects.

[vii] Residential Solar-Adopter Income and Demographic Trends: 2021 Update, LBNL.

[viii] https://www.utilitydive.com/news/efficiency-ders-saving-26b-in-avoided-transmission-costs-caiso-says/519935/

[ix] https://www.latimes.com/environment/newsletter/2021-01-07/how-rooftop-solar-could-save-americans-473-billion-dollars-boiling-point