

BRIEFING DOCUMENT: Opposition Perspective on AB 942 (Calderon)

Topic: Net Energy Metering (NEM) Rollback for Solar Customers

Position: OPPOSE – Policy Reversal That Undermines Consumer Trust

Overview:

AB 942 proposes sweeping changes to California’s net energy metering (NEM) program, stripping away previously guaranteed benefits for residential solar customers who installed systems under NEM 1.0 and NEM 2.0. This bill forces long-time solar adopters—many of whom acted in good faith on state incentives and environmental goals—to transition to a less favorable compensation structure. It also eliminates key financial supports, further discouraging clean energy investments.

Key Provisions of the Bill (Effective 2026):

1. End of Legacy NEM Benefits (July 1, 2026):

- Customers who have been on **NEM 1.0 or NEM 2.0 for 10+ years** are **forced off their current tariff**.
- They must switch to the new "net billing tariff" adopted by the CPUC after Dec. 1, 2022.
- **Stripped of key benefits:**
 - No longer eligible for the **“glide path”** (temporary export compensation boost).
 - Required to pay **nonbypassable charges (NBCs)** like non-solar customers.

2. Home Sales Clause (Jan. 1, 2026):

- **New owners** of solar-equipped homes are **disqualified** from continuing legacy NEM benefits.
- They must enroll in the **current (less favorable)** net billing tariff.
- This eliminates solar’s **property value incentive** and disincentivizes green home purchases.

3. End of GHG Credit (Jan. 1, 2026):

- Rooftop solar customers will **no longer receive** credits funded by California's Cap-and-Trade program, despite still supporting the state's greenhouse gas goals.

4. CPUC Authority to Redefine Tariffs:

- CPUC can mandate new tariffs for solar customers if they reduce costs for non-solar ratepayers — potentially leading to **further rate reductions** for solar exports.
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Why This Bill is Problematic:

1. Policy Reversal – A Bait and Switch:

California **encouraged millions of residents to invest in rooftop solar** through promises of stable, long-term savings and environmental impact. AB 942 **breaks that promise**, retroactively changing the deal **after customers already paid tens of thousands of dollars** for systems sized under old rules.

2. Penalizes Environmental Leadership:

- Many early adopters installed solar **not just to save money**, but to **help California reach its climate goals**.
 - These same individuals are now being **punished** with higher bills and reduced compensation, despite continuing to generate clean power.
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3. Disproportionate Economic Impact:

- Retroactive changes **jeopardize return on investment** for tens of thousands of middle-income families.
- Reducing resale value by eliminating NEM benefits for new homeowners creates a **hidden tax on solar homes**.
- The bill treats solar owners as a burden, rather than **partners in grid decarbonization**.

Legislative Justification – Flawed Framing:

The bill cites a “**cost shift**” from solar to non-solar customers, with figures ranging from **\$3.4B to \$8.5B annually**. However:

- These estimates **lack transparency**.
- They ignore the **grid and environmental benefits** provided by distributed solar (e.g., peak demand reduction, GHG savings).
- Rather than reforming cost allocations equitably, AB 942 **blames solar adopters** for structural utility pricing issues.

BOTTOM LINE:

AB 942 **undermines California’s clean energy leadership** by retroactively changing the rules for existing solar customers. It **penalizes early adopters**, discourages future participation, and sends a chilling message about the state’s long-term policy commitments.