



February 12, 2024

The Honorable Mike McGuire

Senate President pro Tempore
1021 O Street, Suite 8610
Sacramento, CA 95814

The Honorable Robert Rivas

Assembly Speaker
State Capitol, Room 219
Sacramento, CA 95814

Re: Stop the solar crisis and stand up for California's climate leadership

Dear President McGuire and Speaker Rivas,

Cc: Senator Steven Bradford, Assemblymember Cottie Petrie-Norris

California has long been a leader in fighting climate change in large part by deploying renewable energy technologies that shepherd us away from dirty fossil fuels towards a cleaner future. Leadership on clean energy is something the legislature has championed.

Our ability to reach our clean energy goals, however, is in jeopardy due to the state of crisis in the rooftop solar market. Rooftop solar and battery storage are essential to meeting our climate change goals— California cannot be a leader with rooftop solar and storage crawling at a snail's pace. We are writing to ask for your attention and leadership on this critical matter.

Please take immediate action to restore California's rooftop solar growth by considering the following actions:

- **First, make sure the state does no more harm.** The first order of business should be to put a cap back on the fixed charges authorized by AB 205. High fixed charges discourage energy conservation and efficiency and further harm the economics of going solar.
- **Second, delay implementation of the Virtual NEM and Aggregate NEM decision** slated to go into effect February 14, 2024 and restore the ability of multi-meter properties such as schools, farms, apartment buildings, and strip malls to self-generate and self-consume on-site solar.
- **Battery Rebates:** In the Net Billing decision, the California Public Utilities Commission (CPUC) called for \$900 million to be allocated for battery rebates for all types of consumers to help cushion the blow brought about by the reduced credits for solar exports. \$280 million of those funds, earmarked for low-income consumers, were allocated in the 2023-2024 budget but unfortunately have not yet been disbursed. We call on you to ensure the CPUC immediately **disburses the \$280 million appropriated**

in the 2023-2024 budget for residential storage incentives. This funding can go to work immediately and expand the benefits of distributed clean energy to low-income Californians. Further, consider making a portion of these funds available immediately for the already-existing SGIP program that serves working- and middle-class families.

- **In the 2024-2025 budget, fulfill the remainder of the \$900 million** in battery incentives and restore solar and storage funding delays proposed in the Governor’s January budget. We understand there is a significant budget deficit, but these programs are critical to energy reliability, and delays are far more costly in the long run. If some of the \$280 million in funds were allocated to the mainstream market, restore the low income funds to their original amount. Further, investing in solar and storage installations helps grow state tax revenue through solar sales taxes, business income taxes and payroll taxes from solar workers.
- **Direct the CPUC to immediately re-evaluate the value of distributed solar** and to fully and accurately value *all* the benefits of rooftop solar energy including societal benefits in the CPUC’s [Avoided Cost Calculator](#).
- **Unlock the solar potential of all rooftops in California.** The state should encourage solar on large commercial rooftops that can accommodate larger installations by lifting the system size cap. Putting as much solar as will fit on all 66,000+ [warehouses](#) and 10,000+ [superstores](#) in California could power nearly 6 million homes annually but current rules limit that kind of deployment.

Rooftop solar has been the workhorse of our clean energy transition since the Million Solar Roofs Initiative in 2006. We’re already closing in on [2 million](#) solar rooftops since hitting 1 million in 2019. Thanks to forward-looking public policy, solar energy has become the “people’s choice” of clean energy, embraced as a no-brainer home improvement project by millions of families throughout the state. It has also been embraced by thousands of public schools, multi-family housing developers, businesses, houses of worship and farms. California now has [more](#) installed solar capacity than any other state, but we still need much more distributed solar electricity generation to meet our 100% clean energy requirement.

The California Energy Commission estimates we need to build 6 gigawatts (GW) of new renewable energy and energy storage every year between 2020 and 2045 to meet our 100% clean energy goals. Recently, the legislature raised the bar, calling for the state to get 90% of the way there by 2035. We applaud your action but it requires us to move even more quickly toward renewable energy. Yet, the state is currently headed in the opposite direction.

Following the CPUC’s R.20-08-020 proceeding related to net energy metering (NEM), California’s progress toward clean energy and climate goals is in jeopardy. When the CPUC slashed successful rooftop solar incentives, it caused a crisis within the rooftop solar market. History [shows](#) that drastic cuts to rooftop solar incentives can cause solar installations to plummet, and we’re now seeing this play out in California. New data from the investor-owned utilities shows that solar interconnection applications have decreased between 77% and 85% year over year since implementation of the new “Net Billing Tariff” in April 2023. As a direct

result, the California Solar and Storage Association [estimates](#) that 17,000 solar jobs were lost in 2023 along with many solar businesses.

The CPUC went even further in November 2023, dramatically reducing solar incentives for multi-metered properties and prohibiting self-consumption for the majority of multi-family housing projects, schools, farms, religious institutions, strip malls and other commercial properties. This further jeopardizes rooftop solar's growth once the changes go into effect in February, 2024.

In addition to needing a lot more solar energy, California also needs a lot more energy storage to make the "sun shine at night" and to build a more reliable electric grid. However, the new Net Billing policy is [not driving](#) a mainstream market for solar batteries despite the claims to the contrary. Instead, it is simply leading to less solar and approximately the same amount of energy storage as was adopted by consumers before the changes were put in place. We look to you as California's representatives to bring about changes at the speed and scale needed to truly fight climate change.

In that regard it is important to note that storage deployment potential is not limited to the batteries in the garage. It is projected that electric vehicle batteries, which have much greater storage capacity than typical stationary storage, could serve as a key asset for personal resilience and grid management – if the vehicles have bidirectional charging capability. The CEC [estimates](#) that there will be over 7 million plug-in electric vehicles on California roads by 2030. That amounts to over 70 gigawatts of storage capacity in these rolling power plants. Even a small percentage of that capacity, able to be fed to the grid, can help significantly with system demand flexibility.

The undersigned organizations urge you to take immediate action to put California's solar leadership back on track. Every sunny rooftop without solar panels is a missed opportunity. Every garage without a battery is a missed chance to strengthen reliability and resilience, and to bolster clean energy progress. We cannot afford to leave behind rooftop solar and storage as we experience more climate-induced disasters like extreme heat waves, devastating wildfires and more. Rooftop solar and storage offer a variety of benefits that improve the lives of Californians including cleaner air for frontline communities near fossil gas power plants and fewer greenhouse gas emissions. It also builds a more resilient energy grid that can keep the lights on during disruptions, reduce the need for expensive long-distance transmission lines that raise electric rates and spark wildfires, and cause less disruption of natural spaces for energy infrastructure.

Thank you for considering our request to stand up for rooftop solar in 2024, restore California's climate leadership and get the state back on track to achieve its clean energy goals. We look forward to working with the legislature and other stakeholders to fix the current solar crisis and rebuild a robust rooftop solar and storage market in the Golden State.

Sincerely,

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Environment California

Roger Lin
Center for Biological Diversity

Gregory Stevens
California Interfaith Power and Light

Bill Allayaud
Environmental Working Group

Ellie Cohen
The Climate Center

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