

Oppose AB 1139: The Utility Profit Grab



The California Alliance for Community Energy (the Alliance) joins a wide array of other organizations in speaking out in strong opposition to Assembly Bill 1139 (Gonzalez). While this bill initially contained equity provisions, subsequent amendments have eliminated all such measures.

Doing the Utilities' Dirty Work

The Alliance considers AB 1139 the antithesis of the “equity” bill that its proponents claim it to be. Rather, by imposing unreasonable fixed fees, changing compensation rates, and breaking faith with existing solar owners, AB 1139 would make local solar considerably more expensive for all Californians. The bill accepts this damaging impact under the specious premise that the added revenues would be redirected to the benefit of low-income and environmental justice communities. Yet AB 1139 contains no such provisions.

We call out AB 1139 as a wolf in sheep’s clothing. It is a cynical attempt to use the language of equity and concern for low-income communities to mask the basic intent of the investor-owned utilities (IOUs): to arrest the growth of local clean energy in general and rooftop solar in particular. By manipulating the economics of self-generation with solar so that payback periods jumps from 5-7 years to 40-50¹—roughly twice the productive lifetime of solar panels—it removes any incentive to invest in clean energy options..

As solar and local clean energy installations drop precipitously, local solar companies and jobs are lost, community projects like microgrid-based resilience hubs stall, and our collective ability to address the climate crisis through a locally-controlled, decentralized energy system is thwarted—all by IOU design.

In the eyes of the IOUs, the growth of community-based clean energy systems is a threat to their century-old hegemony and their monopoly business model. The contrast between decentralized rooftop solar—the potential for everyone to benefit from local clean energy—and the IOUs’ efforts to centralize all energy resource decisions, couldn’t be greater.

The IOUs’ “Cost Shift” Deception

AB 1139 proponents argue that an unfair “cost shift” occurs between those who have solar systems and those who do not. These cost shift arguments are based on cherry-picked, often misleading data and biased methodologies. Countless studies document the contribution that decentralized solar makes in offsetting grid costs—benefitting all utility customers. The IOUs’ cost-shift narrative ignores these benefits. It also ignores huge rate increases due to the cost of transmission lines, wildfire mitigation, and ratepayer IOU bailouts for safety failures, all of which swamp the purported solar cost shift.

The IOUs’ focus on a “cost shift” from solar to non-solar customers is to distract ratepayers from the massive ongoing shift of wealth from all customers into the pockets of IOU shareholders. AB 1139 is intended to arrest the growth of all local clean energy generation and in so doing strengthen the IOUs ability to extract huge profits from California’s ratepayers. It is an IOU profit grab – and *power* grab -- of major proportions.

Equity Means Clean Power to the People

In 2019, the fastest growing fraction of the solar market in California was represented by low- and middle-income communities. In 2021, over 150,000 local solar systems serve CARE customers²—roughly 11% of the total 1,255,360 solar rooftops in California.³ As the average cost for solar systems continues its precipitous decline,⁴ continued industry growth and more clean energy jobs broaden clean energy access in low-income and environmental justice communities. The possibility of specific

incentives for low-income customers in a successor net metering tariff now under consideration by the California Public Utilities Commission (CPUC) could well be lost if AB 1139 passes into law.

Expanding equity is the best way to build a new, climate-resilient, community-centered, decentralized energy system. Local rooftop solar and other clean energy resources under the ownership and control of our communities—Clean Power to the People—will help build the equity-centered future we all seek.

Dr. Shalanda Baker, Deputy Director of Energy Justice at the U.S. Department of Energy, states it best:

“For those on the front line of climate change—*island nations, low-income communities, communities of color, and indigenous communities—justice actually *requires* [emphasis in original] access to decentralized energy⁵ ... The communities who will suffer the most from climate change are those who stand to gain the most from broadening access to rooftop solar in their communities today.⁶*

Local Solar is the Backbone of an Equitable Energy Future

If the IOUs win this battle and AB 1139 passes, access to local clean energy will drop precipitously, as it did in Nevada and more recently in Arizona where similar bills were passed. Only high-income customers, able to buy without regard to future savings, will be able to do so.

Rooftop solar underpins California’s progress toward the clean, sustainable, resilient, equitable energy future we need to address the climate crisis. Without the continued annual growth in these distributed clean energy resources like rooftop solar—200 MW/year in the SDGE service territory alone⁷—and its penetration into low-income communities, that energy future will not be realized. Instead, California’s renewable energy growth will depend entirely on remote, large-scale solar facilities that benefit IOU shareholders: the IOUs get a guaranteed rate of return on each dollar invested in every mile of new transmission and distribution infrastructure.

We Urge Strong Opposition

The Alliance sees AB 1139 as a disingenuous attempt by California’s IOUs to guarantee and expand their monopoly control over the existing centralized electrical energy system. This system is the very one responsible for the utility-caused wildfires, power shutoffs, and rate increases that disproportionately hurt the communities the bill purports to help.

Californians have a huge stake in defeating AB 1139. This includes the 11 million Community Choice customers who look to rooftop solar and other forms of community-based energy as a vital resource for strengthening their communities, especially in the face of the climate crisis. The state’s 24 Community Choice agencies were established as an alternative to the IOUs, as a vehicle to better serve the environmental and economic development needs of their communities. The success of that alternative depends crucially on the local control and ownership of energy resources represented by rooftop solar. AB 1139—its reassertion and strengthening of IOU control over renewable energy and the profit and power grab it represents—is therefore a threat to Community Choice customers, to their communities, and to the agencies that serve them.

The timing of AB 1139 is meant to derail the CPUC proceeding now underway to evaluate and modify the state’s net metering tariff. This effort has yielded a number of successor tariff proposals to benefit all utility customers, especially low-income communities. Passage of AB 1139 would impose the bill’s draconian measures over what could be an improved successor net metering tariff.

In short, AB 1139 requires strong opposition. The most compelling argument in our view is the simple, fundamental fact that, without a vibrant local solar program, our clean energy progress, the green jobs we need, the social, economic and energy justice we demand for our communities, and the broad, equitable access we all seek to our own local generation—all of these will be set back for decades.

End Notes

- ¹ Based on a 6 kW residential solar system, new fixed charges and a cut in net metering credits from 17 cents to 3 cents per kWh. See Save California Solar campaign's "AB 1139 Utility Profit Grab" Fact Sheet" at <https://docs.google.com/document/d/1YucfTj6DXqv-EcMLJ7wC4A6uXVA9ewWJwm1WRIa0fFs/edit>.
- ² https://docs.google.com/spreadsheets/d/1CYM1Gr0aAfVl8Bl_VqG2HEnPSPAnRXqVLumu-tc730Q/edit#gid=1180928827
- ³ <https://www.seia.org/state-solar-policy/california-solar>
- ⁴ "Solar costs have fallen 82% since 2010", PV Magazine, June 3, 2020. Accessed 05/21/21 here: <https://www.pv-magazine.com/2020/06/03/solar-costs-have-fallen-82-since-2010/>
- ⁵ Dr. Shalanda H. Baker; *Revolutionary Power*, Island Press, 2021, page 97
- ⁶ Ibid. page 106
- ⁷ Bill Powers, "Roadmap to 100 Percent Local Solar Build-Out by 2030 in the City of San Diego", Protect Our Communities Foundation; June 2020. See page 13. Accessed 05/21/21 from <https://protectourcommunities.org/press-release-roadmap-to-100-percent-local-solar-build-out-by-2030-in-the-city-of-san-diego/>