



May 28, 2021

Assembly Member Lorena Gonzalez
State Capitol, Room 2114
Sacramento, CA 95814

Re: AB 1139 (Gonzalez) Energy - SUPPORT IF AMENDED

Dear Assembly Member Gonzalez:

On behalf of Natural Resources Defense Council (NRDC) and NRDC Action Fund, and our nearly half a million members and activists across the state, we are writing to express our support if amended position for your bill, AB 1139.

California's residential NEM policy has effectively grown the rooftop solar market, helped to bring down the cost of solar, and boosted solar production in the state. Now, this policy needs to modernize to be responsive to California's evolving clean energy needs – like electrifying cars and buildings, reducing our reliance on fossil fuels, and delivering affordable clean energy to low- and moderate-income customers. The current NEM policy is putting significant upward pressure on electric rates according to the [California Public Utilities Commission](#) (CPUC) and recent research by [Next 10](#). This rate pressure is a challenge to affordability and makes it harder for Californians to transition from gas appliances and gas-guzzling cars to those powered by clean electricity; essential strategies for California's economywide decarbonization goals and Governor Newsom's [Executive Order](#) that requires all new cars and passenger trucks sold in California to be zero-emission.

NRDC is actively engaged in the CPUC NEM 3.0 proceeding and our recommendation to evolve NEM is summarized in our [recent blog](#). We strongly prefer that the majority of NEM policy be updated through this proceeding, but we are supportive of AB 1139 as a backstop if the CPUC does not act in a timely manner.

We have engaged with your office and the sponsors of this bill about the following amendments, included in the May 27 version of the bill:

- Extending the deadline for CPUC action to August 1, 2022 to enable this existing proceeding sufficient time to conclude.
- If the CPUC does not act, solar should be valued at the avoided cost calculator rate, not the wholesale market rate [amendment to 2827.2(b)(5)]

- If the CPUC does not act, fixed charges should not be required for all customers [amendment to 2827.2(b)(4)]

It is also imperative to NRDC that vulnerable customers are both protected by this bill and enabled to adopt solar and other clean energy technologies going forward. To that end, we recommend that AB 1139 include all the following in the next round of amendments:

- The issue of transition periods for NEM 1.0 and 2.0 customers should be left to CPUC discretion and not determined by this bill.
- A modest equity fee should be collected during the transition period for NEM 1.0 and 2.0 customers. The revenue from this fee would fund projects that promote clean energy and resilience for customers in disadvantaged communities.
- If the CPUC does not act, the new NEM tariff should provide ongoing funding for projects that promote clean energy and resilience for customers in disadvantaged communities.

AB 1139 prompts an important conversation around how to equitably and sustainably advance California's clean energy goals. We plan to continue working with you, your colleagues and stakeholders as AB 1139 moves forward. Thank you for considering our views.

Sincerely,



Victoria Rome
Director of CA Govt Affairs



Alex Jackson
Senior Attorney



Mohit Chhabra
Senior Scientist