



California Wind Energy Association

April 21, 2025

The Honorable Cottie Petrie-Norris, Chair
Assembly Utilities and Energy Committee
1020 N Street, Room 408A
Sacramento, CA 95814

AB 942 (Calderon), As Amended 3/25/25 – Support

Dear Chair Petrie-Norris,

On behalf of the California Wind Energy Association (CalWEA), I am writing to convey our support for AB 942. The bill addresses one of the most pressing issues Californians face today – rising electricity bills – by reforming the outdated net energy metering (NEM) subsidy. Rising electricity rates pose a barrier to achieving California's greenhouse-gas-reduction goals by increasing the cost of operating electric cars, heat pumps, and other electric appliances that replace those that run on fossil fuels.

CalWEA's wind energy industry members are focused on operating and developing wind energy resources within and directly interconnected to California and off the coast of California, as well as capturing the related economic and workforce development benefits for California, to help California achieve its GHG reduction goals while maintaining affordable energy costs.

Under the NEM rate structure, customers with rooftop solar are paid at the retail rate for the electricity they export to the grid or self-consume. That compensation is significantly above the value solar systems provide to the grid. As a result of this over-compensation, non-solar customers pay for costs that NEM customers avoid paying. In 2024, that amount was \$8.5 billion. This was 21% to 27% of the average non-solar customer's electricity bill. This cost shift will grow as retail rates go up.

AB 942 provides a sensible, moderate approach to help mitigate the NEM cost shift. By moving customers to the Net Billing Tariff (NBT) after 10 years on NEM, requiring new owners of property to take service under the NBT, and eliminating the California Climate Credit for solar customers who already receive bill discounts, AB 942 would save non-solar customers an estimated \$1.33 billion in 2026, which is about an 8% bill savings. From 2026

through 2043, AB 942 would save non-solar customers an estimated \$58 billion, which is about a 19% rate reduction over the 18 years. These are meaningful savings for Californians.

We have seen arguments from the rooftop solar industry that AB 942 would “break 20-year contracts” of two million solar customers. This is wrong. There is no such thing as a NEM contract. NEM is a rate structure created by the CPUC. The CPUC can change the NEM rate structure, just like it can any other rate. Indeed, the CPUC recently changed the rates applicable to all residential customers, including NEM customers, to add a fixed charge.

Moreover, because the NEM subsidy allows customers to pay back the cost of their systems in four to five years, NEM customers would have their systems paid off long before transitioning to the NBT. They would also continue receiving savings by consuming the electricity they generate.

Finally, the NBT still provides a generous subsidy. The CPUC, in adopting the NBT, had a payback period goal of nine years. However, we now know that the NBT subsidy allows customers to pay back the cost of their systems in typically six to seven years or less. Reported payback periods from the solar industry are less: four to five years. According to the CPUC, NBT customers still get 76% to 82% of the bill savings they would have received as NEM customers.

Californians cannot afford to continue shouldering the outdated, inequitable, and growing NEM cost shift, and California won't meet its climate goals if electricity is more costly than fossil fuel. AB 942 will help mitigate rising electricity bills. Please vote YES on AB 942.

Sincerely,



Nancy Rader
Executive Director
California Wind Energy Association
nrader@calwea.org

cc: Vice Chair Joe Patterson
Members of the Committee
