
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

Senator Josh Becker, Chair

2025 - 2026 Regular

Bill No:	SB 698	Hearing Date:	4/7/2025
Author:	McNerney		
Version:	2/21/2025	Introduced	
Urgency:	No	Fiscal:	Yes
Consultant:	Sarah Smith		

SUBJECT: California Solar Initiative: distributed energy resource equipment lists

DIGEST: This bill authorizes the California Energy Commission (CEC) to establish lists and rating standards for equipment, components, and systems that further state energy and environmental goals, including, but not limited to, solar, energy storage, and electric vehicle (EV) charging equipment.

ANALYSIS:

Existing law:

- 1) Codifies the California Solar Initiative (CSI), which provided ratepayer incentives for certain solar energy systems. Existing law also required the CEC to establish eligibility criteria for solar energy systems to receive ratepayer incentives and prohibited the provision of ratepayer incentives for solar energy systems that failed to meet the CEC’s criteria. Existing law specified minimum requirements the CEC must include in criteria for eligible solar systems and required the CEC to provide assistance to builders and contractors to ensure the efficient and correct installation of solar systems. (Public Resources Code §25780)
- 2) Requires the CEC to provide specified assistance to builders and contractors to ensure the efficient and correct installation of solar systems. Existing law also required the CEC to regularly audit solar systems to verify their performance and report on the performance of solar systems. (Public Resources Code §25783)
- 3) Defines “electric vehicle service equipment” as means an electric component assembly or cluster of component assemblies designed specifically to charge batteries within EVs by permitting the transfer of electric energy to a battery or other storage device in an EV. (Health and Safety Code §44268)
- 4) Defines “bi-directional electric vehicle service equipment” as EV equipment capable of both charging and discharging electricity from a battery EV. (Health and Safety Code §44269)

- 5) Defines a “distributed energy storage system” as an energy storage system with a useful life of at least 10 years that is connected to the distribution system or is located on the customer side of the meter. (Public Utilities Code §2838.2)
- 6) Authorizes the CEC to require any weight class of EV to be bidirectional capable. Existing law also authorizes the California Air Resources Board (CARB) to modify definitions related to bidirectional EV and EV charging and create an incentive program for EV manufacturers that voluntarily add bidirectional charging capability to their vehicles. (Health and Safety Code §44269.2)

This bill:

- 1) Establishes the following definitions:
 - a) “Bidirectional charging system” means technology that enables a plug-in EV to be charged by either the electrical grid or an onsite energy resource and to discharge the energy stored in the onboard battery to buildings, including a home, or to the distribution grid.
 - b) “Electric vehicle supply equipment” means equipment that enables a plug-in EV to absorb energy from the distribution grid to charge the onboard battery of the plug-in EV.
 - c) “Energy storage system” means a technology that is capable of storing electricity that is generated from a co-located generator or from the distribution grid for a period of time before discharging it to meet the energy needs of the host customer site or back to the distribution grid.
- 2) Authorizes the CEC to create distributed energy resource equipment lists with rating standards for equipment, components, and systems that further state energy and environmental goals, including, but not limited to, for solar energy systems, energy storage systems, bidirectional charging systems, and EV supply equipment.
- 3) Specifies that nothing in this bill impacts the CEC’s existing duties to report on the performance of solar systems and provide support to contractors and builders regarding the installation of solar systems.

Background

Bill expands on the Solar Equipment List Program. In 2005, the California Public Utilities Commission (CPUC) adopted a decision (D. 05-12-044) providing ratepayer incentives for solar development. Over multiple decisions, the CPUC adopted policies establishing the CSI. The Legislature codified and clarified requirements for the CSI in SB 1 (Murray, Chapter 132, Statutes of 2006). SB 1 required the CEC to

establish eligibility criteria for solar energy systems to receive ratepayer incentives established by the CPUC. The CEC subsequently established the Solar Equipment List Program, which listed the solar systems that met performance standards necessary to qualify for incentives. While the CSI has since sunset, the Solar Equipment List has become a valuable tool for contractors and consumers by clarifying which products on the market provide expected behind-the-meter generation benefits. The Solar Equipment List has also been adopted by other states to support effective ratepayer investments, rebates, and public investments in behind-the-meter solar deployment.

Need for this bill? This bill would re-codify and expand the Solar Equipment List Program to allow the CEC to adopt lists for a variety of distributed energy resource technologies. This bill does not provide an exhaustive list of those technologies for which the CEC would have the authority to establish lists; however, this bill explicitly authorizes the CEC to establish lists for energy storage, EV charging, and bidirectional EV charging systems.

The CEC has already established lists for solar systems, energy storage systems, and vehicle-to-grid equipment. While existing statute has only expressly required the establishment of a solar equipment list for the purposes of the CSI, the CEC maintains lists for energy storage systems, batteries, meters, inverters, power control systems, and vehicle-to-grid equipment lists, which includes listing bidirectional charging equipment. This bill appears to explicitly broaden and codify the CEC's authority to create these lists. However, it is unclear if the CEC needs statutory direction as the CEC has already established lists for a variety of distributed energy resource equipment.

Need for amendments. As currently written, this bill establishes definitions for certain behind-the-meter resources that conflict with definitions in existing law. This bill also specifies that the codification of its existing activities does not impact existing law that requires the CEC to provide certain technical assistance and reports related to the CSI. However, it is not clear why this clarification is necessary. This bill authorizes the CEC to establish equipment lists for potentially any energy or environmental purpose, without clarifying the purpose of those lists or benefits to consumers. *As a result, the author and committee may wish to amend this bill to do the following:*

- *Conform the bill's definitions to those in existing law.*
- *Limit the CEC's authority to establish equipment lists to distributed solar, energy storage, EV charging systems.*
- *Delete subdivision (b) in Section 5 of the bill.*

Prior/Related Legislation

AB 1423 (Irwin) of the current legislative session, requires the CEC to regulate the uptime of EV chargers and authorizes the CEC to assess administrative penalties for EV chargers that fail to meet uptime standards. The bill is currently pending in the Assembly.

SB 59 (Skinner, Chapter 765, Statutes of 2024) authorized CEC to require any class of EV to be capable of bidirectional charging. The bill defined bidirectional charging and authorized CARB to modify those definitions as needed.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

California Center for Sustainable Energy
California Solar & Storage Association
Union of Concerned Scientists

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

California has the largest solar market in the U.S., with solar energy supplying more than 25% of the state's electricity. The success of CA's solar industry is due in part to the state's world-leading system of standards, known as the Solar Equipment Lists (SELs). Developed by the California Energy Commission (CEC) to set industry standards for solar, the state's SELs are now used by state agencies, local governments, and stakeholders across the U.S. and abroad to ensure solar equipment is safe and reliable. SB 698 preserves CA's Solar Equipment Lists and expands the scope of the SELs to include bidirectional charging equipment and battery storage systems.

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