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

**Senator Josh Becker, Chair
2025 - 2026 Regular**

Bill No:	AB 1104	Hearing Date:	7/7/2025
Author:	Pellerin		
Version:	5/5/2025 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Net energy metering: construction of renewable electrical generation facilities: public works project requirements

DIGEST: This bill authorizes a renewable electrical generation facility to be eligible to receive service pursuant to a net energy metering (NEM) tariff if restitution has been made to the affected workers and all associated penalties and fines have been paid when there has been a willful violation of prevailing wage requirements. This bill specifies that, for the construction of a renewable electrical generation facility and associated battery energy storage, the entity that engaged the contractor is not an awarding body and only specified public works requirements apply.

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations and gas corporations. (Article XII of the California Constitution)
- 2) Establishes within the Department of Industrial Relations the Division of Labor Standards Enforcement (DLSE) under the direction of the Labor Commissioner, and empowers the Labor Commissioner to ensure a just day's pay in every work place and to promote justice through robust enforcement of labor laws. (Labor Code §79-107)
- 3) Defines "public works" to mean construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the CPUC or other public authority. Public works also includes, among other things, irrigation work, street improvements, and tree trimming. (Labor Code §1720(a))

- 4) Defines “awarding body” to mean a department, board, authority, officer or agent awarding a contract for public work. (Labor Code §1722)
- 5) Requires every electric utility, defined to include electrical corporations, local publicly owned electric utilities, and electrical cooperatives, to develop a standard contract or tariff for NEM for generation by a renewable electrical generation facility, and to make this contract or tariff available to eligible customer-generators, upon request on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer generators exceeds five percent of the electric utility’s aggregate customer peak demand. (Public Utilities Code §2827)
- 6) Requires the CPUC, for a large electrical corporation, as defined, to have developed a second standard contract or tariff to provide NEM to additional eligible customer-generators in the electrical corporation’s service territory and imposes no limitation on the number of new eligible customer-generators entitled to receive service pursuant to this second standard contract or tariff. (Public Utilities Code §2827.1)
- 7) Requires each contractor and subcontractor on a public work to keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the contractor or subcontractor in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, with specified information. (Labor Code §1776(a))
- 8) Provides that the construction of any renewable electrical generation facility, and any associated battery storage, after December 31, 2023, that receives service pursuant to the standard contract or tariff, as specified, shall constitute a public works project. (Public Utilities Code §769.2(a))
- 9) Requires a contractor who enters into a contract to perform work on a renewable electrical generation facility or associated battery storage described in to do all of the following:
 - a) The contractor shall pay each construction worker employed in the execution of the work, at minimum, the general prevailing rate of per diem wages, except that an apprentice registered in a program approved by the Chief of the Division of Apprenticeship Standards shall be paid, at minimum, the applicable apprentice prevailing rate.

- b) The contractor shall maintain and verify payroll records pursuant to recordkeeping provisions of the Labor Code and make those records available for inspection and copying as required by those provisions. The contractor shall not be required to provide copies of certified payroll records to any entity other than the Department of Industrial Relations (DIR) and the CPUC.
- c) The contractor shall biannually, on July 1 and December 31 of each year, submit to the commission digital copies of its certified payroll records for projects covered by this bill. The CPUC shall retain these records as public records for five years.
(Public Utilities Code §769.2(b))

10) Provides that the requirement above may be enforced through the following mechanisms:

- a) Within 18 months after completing the renewable electrical generation facility, by the Labor Commissioner through the issuance of a civil wage and penalty assessment, as specified, which may be reviewed.
- b) By an underpaid construction worker or apprentice through an administrative complaint or civil action.
- c) By a joint labor-management committee through a civil action.
(Public Utilities Code §769.2(c))

11) Prohibits a facility from being eligible to receive service pursuant to a standard contract or tariff if a willful violation of the prevailing wage requirement has been enforced against a contractor for the construction of a renewable electrical generation facility. (Public Utilities Code §769.2(d))

This bill:

- 1) Specifies that an entity that engaged a contractor for construction of a renewable electrical generation facility or associated battery storage, as described above is not an awarding body and that certain public works project requirements do not apply to that entity.
- 2) Makes a renewable electrical generation facility eligible to receive service pursuant to NEM 1.0, NEM 2.0, or the net billing tariff despite enforcement of a willful violation against a contractor for the construction of the facility, as described above, if restitution has been made to the affected workers and all associated penalties and fines have been paid.

Background

Net Energy Metering (NEM) tariff. Electric utility customers have long subsidized the cost of customer-sited electricity generation from renewable resources, which is largely electricity generated by rooftop solar. The vast majority of rooftop solar customers are enrolled in NEM 1.0 or NEM Successor (NEM 2.0) tariffs, established under Public Utilities Code §§2827 and 2827.1, respectively. The NEM tariff supports onsite renewable energy (largely rooftop solar) installations designed to offset a portion, or all, of the customer's electrical energy usage. Under NEM, customers receive a bill credit (in dollars) based on the retail rate (including generation, transmission, and distribution rate components) for any excess generation (in kWh) that is exported back to the grid. In periods when a customer's bill is negative (because the amount of energy the solar system exported to the grid exceeded the amount of energy consumed by the customer), the bill credits are carried forward up to one year, at which point customers may elect to receive net surplus compensation for any electricity produced in excess of on-site energy usage. Customers taking service under NEM 2.0 pay the cost to connect to the grid, take service on a "time-of-use" rate plan, and pay "non-bypassable" charges that are not offset with surplus energy credits.

On August 27, 2020, the CPUC initiated Rulemaking (R. 20-08-020) to develop a successor to the NEM 2.0 tariff, as part of the requirement in statute and a commitment in a previous decision to review the current tariff to address the shift in costs to nonparticipating customers. In December 2022, the CPUC adopted a new version of the NEM tariff, now known as the Net Billing Tariff (NBT), which adjusts the compensation for solar energy electricity exported back to the electric grid with a reduced amount of compensation from systems that were installed after April 15, 2023. The CPUC decision revises the NEM tariff to improve price signals by better aligning them with the electric grid's conditions, both day and night. The updated billing structure of the tariff is designed to optimize grid use by the tariff's customers and incentivize adoption of combined solar and storage systems. The CPUC intends for the changes to help meet California's climate goals and increase reliability, while promoting affordability across all income levels. However, opponents to the CPUC Decision filed a lawsuit which is currently pending at the California Supreme Court, with a possible decision within the next 90 days.

Public works projects. Public works projects are, generally, those funded in part by public dollars. All workers employed on public works projects must be paid the prevailing wage determined by the Director of the DIR, according to the type of work and location of the project. In California, the prevailing wage rate is an hourly rate paid on public works projects that is often set in the terms of a

collective bargaining agreement. Prevailing wage creates a level playing field by requiring an across-the-board rate for all bidders on publically subsidized projects. According to the DIR, the wage rate relies upon such factors as:

“The particular craft, classification or type of work within the locality and in the nearest labor market area (if majorities of such workers are paid at a single rate). If there is no single rate paid to a majority, then the single or modal rate being paid to the greater number of workers is prevailing.”

AB 2143 (Carrillo, Chapter 744, Statutes of 2022). In 2022, the Legislature extended public works requirements to the construction of any renewable electrical generation facility and any associated battery storage eligible for the NEM tariff after December 31, 2023 (Carrillo, 2022) above specified sizes. Contractors who enter into a contract to perform work on projects subject to AB 2143’s requirements must: (1) pay each construction worker, at minimum, the general prevailing rate of per diem wages; (2) maintain and verify payroll records and make those records available for inspection and copying, as specified; and (3) submit biannually, on July 1 and December 31, to the CPUC digital copies of certified payroll records. Unlike other public works projects, AB 2143 only requires contractors to provide certified payroll data to DIR and the CPUC. The Labor Commissioner, an underpaid construction worker or apprentice, and joint labor-management committees are authorized to enforce the prevailing wage requirement. Renewable electrical generation facilities built by contractors who willfully violated AB 2143’s provisions are not eligible to receive service pursuant to a standard contract or tariff, as specified.

Defining “awarding bodies.” Awarding bodies and contractors working on public works projects are required to abide by a set of laws that ensure public funds are used responsibly. Among other things, these laws require awarding bodies to notify DIR of public works contracts and to ensure all contractors utilized on the project are registered.

Comments

Need for this bill. This bill attempts to address changes to AB 2143 (Carrillo, 2022) by clarifying that the entity that engaged the contractor for the construction of a renewable electrical generation facility and any associated battery storage is not an awarding body and that public works requirements not included in AB 2143 do not apply to the entity. However, the bill continues to preserve the prevailing wage requirements. Additionally, the bill authorized a renewable electrical generation facility to be eligible to receive service pursuant to a NEM tariff, regardless of a contractor’s willful violation of the prevailing wage requirements,

in instances where restitution has been made to the affected workers and all associated penalties and fines have been paid.

Dual referral. This bill passed out of the Senate Labor, Public Employment and Retirement Committee on June 11, 2025 with a vote of 5-0.

Prior/Related Legislation

AB 2192 (Calderon) of 2025, requires: (1) new property owners inheriting solar systems to take service under the current, not the inherited, NEM tariff; and (2) ends the Climate Credit allocations to NEM customers starting on January 1, 2026. The bill is pending in this committee.

AB 2143 (Carrillo, Chapter 744, Statutes of 2022) required a contractor who enters into a contract to perform work on the renewable electrical generation facility or associated battery storage to pay each construction worker employed in the execution of the work, at minimum, the general prevailing rate of per diem wages and each apprentice, at minimum, the applicable apprentice prevailing rate, as specified.

AB 841 (Ting, Chapter 372, Statutes of 2020) required that all electric vehicle charging infrastructure and equipment located on the customer side of the electrical meter that is funded or authorized, in whole or in part, by state entities shall be installed by a contractor with the appropriate license and at least one electrician on each crew, at any given time, who holds an Electric Vehicle Infrastructure Training Program certification.

SB 350 (De León, Chapter 547, Statutes of 2015) specified that construction, alteration, demolition, installation, or repair work on the electric transmission system located in California constitutes a public works project, subjecting these projects to prevailing wage.

AB 327 (Perea, Chapter 611, Statutes of 2013) instituted several rate reforms and required the CPUC to adopt a successor NEM tariff no later than December 31, 2015.

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

SUPPORT:

Scudder Solar Electrical Energy Systems (Sponsor)
180 Solar Power
Aeterna Energy

AWS Solar
Baker Home Energy
Brighten Solar Construction
California Solar & Storage Association
Capital City Solar Electric
Chico Electric
Climate Action California
CollectiveSun
Corda Solar
Core Energy
Enphase Energy
Excite Energy
GRID Alternatives
Harmony Air
Mr. Roofing
MW Energy
Mynt Systems
Nova West Energy
Pearlx Infrastructure, LLC
Simply Solar
Six Rivers Solar
Solar Renewable Energy
Solar Symphony Construction
Solex/Applied Solar Energy
Source Solar
Tenco Solar
Your SolarMate

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: Scudder Solar Electrical Energy Systems, the sponsor of this bill, states:

AB 1104 is narrowly tailored to protect small businesses' access to solar energy while upholding AB 2143's labor standards and protecting the environment. This bill is vital to safeguard small businesses' ability to access and own clean energy sources, which is particularly important during a natural disaster, such as a wildfire, or when the grid is down or unavailable.

As the sponsor of AB 1104, Scudder Solar Electrical Energy Systems believes that this bill offers a critical policy fix to the recent declines in the commercial

solar market. It strikes the right balance between supporting small businesses, sustaining clean energy progress, and maintaining our state's labor standards and their enforcement.

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