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

**Senator Steven Bradford, Chair  
2023 - 2024 Regular**

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<b>Bill No:</b>	SB 1148	<b>Hearing Date:</b>	4/22/2024
<b>Author:</b>	Blakespear		
<b>Version:</b>	4/4/2024 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Nidia Bautista		

**SUBJECT:** Electrical service: master meters

**DIGEST:** This bill authorizes the use of master meters for electrical service by exempting: (1) multifamily sites with specified solar and battery storage; and (2) any building owned or operated by a local government, institution of higher education, private school, or religious institution from the state requirement that every residential unit be individually metered for electrical service.

**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) Requires the CPUC, municipal and public utilities to require every residential unit in an apartment house or similar multiunit residential structure, condominium, or mobilehome park issued a building permit on or after July 1, 1982, with certain exceptions, to be individually metered for electrical and gas service. (Public Utilities Code §780.5 and Government Code §39730)
- 3) Requires the CPUC to require that, whenever gas or electrical service, or both, is provided by a master meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex, the master meter customer shall charge each user of the service at the same rate that would be applicable if the user were receiving gas or electricity, or both, directly from the gas corporation or load-serving entity (LSE), as defined in Section 380. (Public Utilities Code §739.5)
- 4) Requires the CPUC to take specified actions by December 1, 2020 to facilitate the commercialization of microgrids for distribution customers of large electrical corporations. (Public Utilities Code §8370 *et seq.*)

This bill:

- 1) Adds an exception from the requirement that every residential unit be individually metered for electrical service for a multifamily site that includes deployment of an electrical generation and energy storage facility and that meets specified requirements, including:
  - a) that deployment of the electrical generation and energy storage facility is capable of providing backup electricity to the multifamily site using renewable energy resources,
  - b) that the owner of the multifamily site does not increase rent in association with the costs of the deployment's components or lease agreement,
  - c) that each tenant's electricity costs are less than what the effective fully bundled rate would have been if billed by the relevant LSE, and
  - d) that the owner bills the nonresidential meters and residential tenants for electricity usage directly, as measured by private submeters installed by the owner for each individual unit at the site.
- 2) Requires the CPUC to authorize the use of a master meter in any building owned or operated by a local government, institution of higher education, private school, or religious institution.

## **Background**

*Master meter.* Utilities distribute electrical service to customers utilizing a meter at the customer's service line connection to measure the amount consumed. In the case of master meter arrangement a property may have one meter providing service from the utility to the property owner/manager of the building who is the customer of record. The utility bills the property owner/manager. However, the property owner/manager may bill occupants of the property themselves, not involving the utility. In the case of multifamily residential properties, individual occupants, likely tenants, could receive a bill from the property manager as part of the rent or separate from the rent. Those tenants may not know how much electricity they use and may not be eligible for any of the utility assistance or other programs, as the customer of record is the property owner/manager.

*Master meter prohibition.* CPUC Decision (D. 88651) in 1978 first required that multifamily residential new construction be individually metered for gas and electric service. Subsequently, all the utilities closed their master meter tariffs. In

the following years, SB 757 (Mills, Chapter 701, Statutes of 1981) was chaptered to require individual meters for every residential unit in an apartment house or similar multi-unit residential structure, condominium, and mobilehome park where a building permit would need to be obtained on or after July 1, 1982. The bill exempted dormitories and other postsecondary educational institutions for its students or employees and farmworker housing. The bill also exempted gas service for residential units that receive the majority of their energy from solar energy system or cogeneration technology. The bill adopted similar language for both CPUC-regulated electric and gas service and service provided by municipal and public utilities in Government Code §39730.

### Comments

*Need for this bill.* The supporters of this bill contend that the requirement that utilities meter the energy consumption of each individual unit in multifamily buildings and local government buildings has made deployment of microgrids infeasible. They argue that the increasing intensity and frequency of climate-related disasters means grid power outages will become more frequent. They believe multi-unit buildings are ubiquitous in California, so reducing regulatory barriers to microgrid deployment in these buildings is critical to clear the path for communities to achieve energy resilience, whereby the microgrids can be islanded from the electric grid during a disruption to the electricity system. Supporters contend that single-family residences are afforded the opportunity for behind-the-meter (BTM) solar and renewable installations that may have the capability to island from the electric grid. They seek to expand these opportunities for resiliency to multi-meter residences who represent a significant share of the population. They believe providing the exemption from the 40+ year policy prohibiting master metering in new construction will ensure these occupants have access to solar and storage.

The supporters note that in response to customer desire for resiliency from electric grid power outages, utilities have developed a process for multi-unit building owners to deploy front-of-meter (FOM) microgrids, which complies with the statutory individual unit metering requirement. However, they argue that FOM microgrid deployment involves higher per-unit costs, longer installation times and delays, and more onsite space requirements for equipment as compared to deploying behind-the-meter microgrids. This is largely because FOM microgrids require more involvement and configurations with the utility system.

*What's lost?* The dominant narrative on the prohibition on master metering has largely been about ensuring energy conservation, consumer protection, and transparent price signal. The notion against master metering has been that

individual customers would lack the certainty of knowing and controlling how much their usage affects their utility bill. As such, these customers may be unaffected by a price signal to encourage conservation and may also be surprised by their bills. Additionally, customers with complaints of their billing may attempt to seek resolution with the utility or CPUC, but find frustration in the CPUC's or utility's inability to resolve the matter. Instead, these customers may need to raise their concerns directly with their property manager or landlord, something that renters may be reluctant to attempt.

Master metering has been prevalent at mobilehome parks, and similar challenges and issues have been raised. The CPUC has now had a program in place to help utilities convert these properties to individually metered properties. Additional, issues that can arise in master meter arrangements include limitations on customers receiving some of the assistance they may be eligible for, such as rate assistance programs. To the extent a discount program is applied, the landlord is responsible for passing the discount along. Customers may be challenged to know whether they are receiving the full amount. During the COVID pandemic, the water arrearage assistance, per federal guidelines, was limited to eligible customers. For customers in master meter arrangements, the landlord had to apply for the assistance. Some customers were frustrated as their landlords (sometimes companies from out of state) were unwilling to apply. Neither the utility or administering agency were able to help these customers. Additionally, under a master meter arrangement, individual tenants are likely to pay for a proportion of their usage of the all tenants (and possibly property), not solely their usage. It's also possible that customers will be billed for a resilience or related charge to account for the costs of the systems being installed.

*What's gained?* Proponents for this bill attempt to address some of these issues within this bill, particularly by requiring submetering by third parties on multiunit properties, along with some of the billing requirements to attempt to protect ratepayers. However, they also acknowledge the significant sensitivity needed to address renters' concerns, as well as, the challenges with enforcement for such arrangements. Nonetheless, they believe the value of the resiliency that could be afforded by the microgrid (solar and battery storage combination) could outweigh those limitations. They note the existing front-of-the meter Community Microgrid Enablement Tariff (CMET) deployed by PG&E as part of the CPUC microgrid proceeding has not had any uptake and does not address the needs of these properties.

*Costs to ratepayers.* This bill would authorize that customers of the master metered property would benefit from the net energy metering (NEM) provisions, including the recently adopted net-billing tariff (NBT). Given that most of the collection of electric grid operating costs are being borne by volumetric charges, this will likely

reduce the amount collected from these customers to pay for the electric system and compensate them for the higher value of the NBT tariff, as compared to other resources. The CPUC notes that any transmission savings are already included in the avoided cost calculator that is used to calculate the NBT. Additionally, opponents of the bill express that the limitations of fully recovering electric system costs from a master meter arrangement (as there is one customer of record, but multiple customers on the meter) would further exacerbate impacts of these costs to other customers. Opponents also contend that language in the bill would likely undercut the “over-the-fence” rule regarding the definition of electrical corporations. Thereby resulting in the owners/developers of the systems providing electricity as an unregulated utility.

*Need for amendments.* *Given the myriad of concerns and challenges with the proposed widespread exemptions to the existing master meter prohibition, the author and committee may wish to replace the language of this bill with language directing the CPUC to study these issues and provide a report of the challenges, barriers, and opportunities, including those for tenants of these properties.*

*Dual Referral.* Should this bill be approved by this committee, it will be re-referred to the Senate Committee on Labor, Public Employment and Retirement.

### **Prior/Related Legislation**

SB 1374 (Becker, 2024) would require the CPUC, by July 1, 2025, to ensure that any contract or tariff, as part of the NEM program for renewable electrical generation facilities configured to serve non-residential customers who are either multiple customers with meters on a single property or multiple meters of a single customer on a property or a set of contiguous properties provide for property-netting, thereby overturning a recent CPUC decision concerning the treatment of self-consumption for these electric utility meter arrangements. The bill is pending in this committee.

AB 2143 (Carillo, Chapter 774, Statutes of 2022) applied public works project requirements, specifically prevailing wages, for renewable energy installations, and associated battery storage, that receive service through an electric investor-owned utility’s NEM tariff.

SB 1117 (Monning, Chapter 164, Statutes of 2020) ensured existing consumer protections for electrical service provided via a master meter customer are also explicit for submetered residents and tenants of mobile home parks, apartment buildings, or similar residential complexes, regardless of whether the electrical generation is provided by an entity other than an electrical corporation.

SB 1339 (Stern, Chapter 566, Statutes of 2018) required the CPUC, in consultation with the California Energy Commission, and the California Independent System Operator, to take specified actions by December 1, 2020, to facilitate the commercialization of microgrids for distribution customers of large electrical corporations. The bill required the governing board of a local publicly owned electric utility to develop and make available a standardized process for the interconnection of a customer-supported microgrid, including separate electrical rates and tariffs, as necessary.

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

**SUPPORT:**

Clean Coalition, Sponsor  
Supervisor Laura Capps, Santa Barbara County  
Supervisor Joan Hartmann, Santa Barbara County  
350: Bay Area Action, Humboldt, and Ventura County Climate Hub  
Alameda County Democratic Party  
Albany Climate Action Coalition  
Alliance of Nurses for Healthy Environments  
Anahuak Youth Sports Association  
Asian Pacific Environmental Network  
Basin and Range Watch  
Bay Area Council  
Better APC  
Business for Good San Diego  
Caird Family Housing  
California Alliance for Retired Americans  
California Association of Local Housing Finance Agencies  
California Energy Storage Alliance  
California Environmental Justice Alliance Action  
California Environmental Voters  
California Interfaith Power & Light  
California Solar & Storage Association  
Californians for Energy Choice  
Canal Alliance  
Carbon Free Palo Alto  
Center for Biological Diversity  
Center for Community Energy  
Cinnamon Energy Systems  
Citizen's Climate Lobby Santa Cruz Chapter  
Citizen's Climate Lobby Ventura County Chapter

CivicWell  
Climate Action: California, Campaign, and Mendocino  
Climate Justice Team, First Unitarian Universalist Church of San Diego  
Climate Resilient Communities  
Coalition for Environmental Equity and Economics  
Community Environmental Council  
Congregations Organized for Prophetic Engagement  
Consejo De Federaciones Mexicanas  
Courageous Resistance of The Desert and Indivisible  
DignityMoves  
DSD Renewables  
Earthwise Energy Solutions  
Elders Climate Action NorCal Chapter & SoCal Chapters  
Endangered Habitats League  
ENGIE North America  
Environment California  
Environmental Working Group  
Extinction Rebellion San Francisco Bay Area  
Friends Committee on Legislation of California  
Glendale Environmental Coalition  
Greenbank Associates  
GreenStart Electrify  
GRID Alternatives  
Housing Action Coalition  
Housing Authority of the County of Santa Barbara  
Indivisibles: California Green Team, Orchard City, Sausalito, SFV, Sonoma  
County, South Lake Tahoe, and Westside LA  
Inland Equity Community Land Trusts  
Institute for Local Self-Reliance  
LEAN Energy US  
LIFT Economy  
Local Clean Energy Alliance  
Lumina  
Lynx Engineering  
McCalmont Engineering  
Menlo Spark  
Morongo Basin Conservation Association  
MOSO  
Mountain Progressive Frazier Park  
New Life Christian Church  
North County Climate Change Alliance  
Northern California Land Trust

Open Doors Management  
Operation Checks and Balances  
Optima Energy  
Pacific Coast Legacy Emissions Action Network  
Pacifica Climate Committee  
PAE Consulting Engineers  
Paired Power  
Panel the Planet  
PearlX Infrastructure  
Physicians for Social Responsibility - San Francisco Bay Area Chapter  
PRC - Black Leadership Council  
Project Green Home  
Protect Our Communities Foundation  
Reclaim Our Power  
R colte Energy  
Redwood Energy  
Reform and Sustain  
Resilience OC  
Rewiring America  
San Francisco Climate Emergency Coalition  
San Mateo Climate Action Team  
Save the Frogs!  
SCB Architecture, Planning, Interior and Urban Design  
Sierra Club California  
SkyCentrics  
Solar Energy Industries Association  
Solar Rights Alliance  
Solar United Neighbors  
Sunflower Alliance  
Sunnova Energy Corporation  
SunPower Corporation  
Sustainable Silicon Valley  
TerraVerde Energy  
Thai Community Development Center  
The Climate Center  
The Climate Reality Projects: California, Los Angeles, San Diego,  
San Fernando Valley, and South Central Coast  
The Energy Coalition  
U.S. Green Building Council California  
Urban Environmentalists  
Vote Solar  
World Business Academy



**OPPOSITION:**

Pacific Gas and Electric Company  
San Diego Gas and Electric Company  
Southern California Edison  
An Individual

**ARGUMENTS IN SUPPORT:** A coalition of supporters of the bill state:

Unfortunately, under the status quo multi-meter facilities are not afforded the same opportunities for resilience as single-meter facilities, which makes designing for resilience difficult, if not impossible, to achieve. This is the case despite 47% of Californians renting their housing, 66% of whom reside at a multi-unit housing facility. The lack of options for resilience at multi-meter facilities is an unintended consequence of legislation passed in 1981 that requires each residential unit within a multi-unit housing facility to be individually metered for electricity and gas service. In the context of a vulnerable electrical grid prone to outages, individual metering at sites with multiple meters creates an unexpected obstacle to achieving resilience...

SB 1148 provides a clear path for multi-unit residential housing, government facilities, and places of worship to become resilient, protecting residents and vital services from power outages.

**ARGUMENTS IN OPPOSITION:** In opposition to this bill, the electric utilities state:

SB 1148 invites unsafe utility operations and shifts costs to utility customers, jeopardizes decades of policy and rulemaking, and lacks consumer protections by allowing a building owner or generator operator (operator) to act as an unregulated utility.

While customers using submeters of these operators would be granted statutory protections, they are not provided the same safeguards granted by CPUC-approved electric rules. For example, master metering of mobile-home parks have fallen out of favor due to lax consumer protections. Utilities can only communicate with the customer of record and not the tenant, this makes it challenging to address shared infrastructure issues, which are typically identified during interconnection studies. There is also no mechanism for the utility to verify the accuracy of customer billing, except relying on the building owner's commitment to operate.

-- END --