



# California AB 942 – CHANGES TO SOLAR CREDITS

California Assembly Bill 942 (AB942) aims to amend the public utilities code to address net energy meeting (NEM) and tariffs for eligible customer-generators. This Bill impacts how electrical utilities compensate customers who generate their own electricity.

## KEY POINTS

### NET METERING CHANGES

The bill mandates that homes with rooftop solar must switch from their current net energy metering (NEM) plans to NEM 3.0 upon sale or transfer. NEM 3.0 offers significantly lower compensation for electricity sent to the grid, reducing the financial benefits of solar investments.

### IMPACT ON HOMEOWNERS:

Homeowners who sell or transfer their property will see an increase in their electricity bills, estimated at around \$63 per month. This change could complicate real estate transactions and affect home values.

### INDUSTRY REACTION:

The California Solar and Storage Association (CALSSA) has criticized the bill, stating it breaks contractual promises with millions of solar users and undermines the value of solar investments.

### LEGISLATIVE INTENT:

Proponents of the bill argue it aims to lower energy rates. However, critics claim it is designed to protect utility profits rather than benefit consumers.

The bill introduces complexities in verifying real estate transactions and could lead to confusion during property transfers, especially in cases of inheritance, divorce, or rental properties. The bill may discourage solar adoption and investment, impacting California's renewable energy goals and potentially setting a precedent for other states.

When buying or selling a property with solar installations, it is crucial to understand the implications of AB 942. The bill affects the financial benefits associated with solar energy systems, which can influence property values and transaction terms. During escrow, parties must verify the status of NEM contracts and tariffs. Accurate documentation and disclosure of any existing agreements are essential to avoid disputes and ensure a smooth transaction.

### WHY IT MATTERS:

AB 942 promotes sustainable energy practices by incentivizing customer-generators to produce renewable energy. Understanding the relationship between this bill and title or escrow processes is vital for real estate professionals, buyers, and sellers to navigate property transactions involving solar energy systems effectively.

Source: <https://leginfo.legislature.ca.gov>.

*Make sure your next transaction is not affected!  
Stay educated about your next closing.*