



## OFFICE OF THE GOVERNOR

**SEP 27 2024**

To the Members of the California State Senate:

I am returning Senate Bill 1374 without my signature.

This bill requires the California Public Utilities Commission (CPUC), by July 1, 2025, to revise electric rate tariffs for customers in multi-unit residential and non-residential buildings and public schools with solar photovoltaic (PV) systems on their property to allow for account-level netting.

California has provided policy and financial support for the customer solar PV market over the last two decades. Support that created the largest customer solar PV market in the country. Given the market's exponential growth and significant cost declines in solar PV systems, it is appropriate and prudent to realign the subsidies provided to customers who choose to install these systems at the expense of customers without solar PV systems. This is why the CPUC facilitated a robust, public decision-making process over the last several years to revise the applicable electric rate tariffs that provide these rate subsidies to customers with solar PV systems. The revisions adopted by the CPUC from this process focused on aligning these rate subsidies with the measurable value these systems provide to the electric grid and towards furthering the state's greenhouse gas emission reduction goals. This endeavor stems from the growing need to address the affordability of electric bills for all customers.



While I support the continued growth of the customer solar PV market, this bill would compound the challenge of electric bill affordability by overturning a key component of a recent CPUC decision adopting these alignment changes. Specifically, this bill would increase the amount that most customers would pay for their own electric service to provide a rate subsidy to certain customers, and public schools, that install solar PV systems on their property.

For these reasons, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be "Gavin Newsom", written over the printed name. The signature is stylized and somewhat abstract, with a long horizontal line extending to the right.

Gavin Newsom