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California is blaming an unlikely villain for your high energy bills

Incentivizing solar power is a mainstay of environmentalist policy. But Gov. Gavin Newsom's administration says it's costing everyone else.

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By Stephen Council, Tech Reporter March 5, 2025

For years, California has pushed its residents to install solar panels on their homes with generous payments and tax breaks to boost the spread of the environmentally friendly tech. Hundreds of thousands of people bought in. But amid sky-high electricity rates, the state government is turning those residents into something of a scapegoat.

California regulators, analysts and even Gov. Gavin Newsom have recently blamed popular solar incentive programs for saddling other ratepayers with higher energy bills. A state ratepayers' advocacy office argued in a December report that solar owners are being compensated too much for their panels' excess energy and aren't paying their "fair share" of the grid's costs. Solar's advocates flatly deny those contentions; Dave Rosenfeld, executive director of the Solar Rights Alliance, told SFGATE that officials' arguments are "based on lies" and that they're scapegoating solar owners as a convenient "villain."

Indeed, the arguments from state officials pit the energy bills of two groups of California consumers — the haves and have-nots of at-home solar — against each other. It's a dramatic pivot from the state with more rooftop solar panels than any other but arrives as data shows that California's residential energy costs are almost twice as much as the U.S. average. From January 2022 to February 2025, the residential rates for PG&E customers rose 41%, and for Southern California Edison customers, 26%.

Hundreds of thousands of Californians have at-home solar

As of year-end 2023, more than 1.7 million customers of California's three major investor-owned utilities took advantage of the solar incentive programs known as Net Energy Metering (NEM) and Net Billing Tariff (NBT).

	Residential customers on NEM / NBT	Total residential customers	Share of residential customers on NEM / NBT
Pacific Gas & Electric	808,000	4,962,000	16%
San Diego Gas & Electric	304,000	1,356,000	22%
Southern California Edison	625,000	4,576,000	14%

Data is rounded, and valid as of year-end 2023.

Source: California Public Utilities Commission • Created with Datawrapper

From the governor down to his appointees in the California Public Utilities Commission and its ratepayer advocacy office, state leaders have formed a unified front. The commission has go-to statistics: It says that solar incentive programs, mostly known as Net Energy Metering, or NEM — which pay solar owners for energy they send into the grid — aid solar owners and harm non-solar customers with a "cost shift" of more than $8 billion. The commission blames pro-solar programs for up to 25% of the cost of non-solar customers' monthly bills.

The officials have turned solar incentives into a key part of their rhetoric on electricity policy. In October, Newsom issued an executive order asking regulators to investigate energy costs and programs. He wrote that though spending to reduce wildfire risk from electrical grid equipment is a key cause of rate increases, high rates have been "driven largely" by programs like NEM. Utilities commission spokesperson Terrie Prosper told SFGATE that non-solar customers, who are "disproportionately low-income," are stuck with more of the system's fixed costs than solar owners — that's the "cost shift."

It's a war of words that's now coming to a head. In a Feb. 18 report responding to Newsom's order, the commission proposed ideas for cutting electricity rates, and a few of them, if enacted, would cost solar panel owners badly. The regulators suggested kicking some solar customers off old NEM incentive plans and onto a 2023-launched version that pays less for excess power given to the grid, writing that it would "save non-participants billions of dollars." Another commission idea would see solar owners pay a "grid benefits charge" to offset those people's decreased payments toward grid maintenance.

Solar advocates argue, though, that the $8 billion "cost shift" statistic often cited by the California Public Utilities Commission is completely wrong — professors from San Jose

State and Stanford were among a group that signed a letter supporting a consultant's solar-funded rebuttal of the stat. Prominent energy economist Severin Borenstein, a UC Berkeley professor who has advocated for stripping back solar incentives to better distribute fixed costs, then rebutted the consultant's rebuttal. He calculated the "cost shift" onto non-solar residential customers as $4 billion.

Dave Rosenfeld's 150,000-member nonprofit, the Solar Rights Alliance, pushes for solar panel-friendly policies and against cuts to the net metering programs. He argued to SFGATE that greedy profit-seeking by the big utilities, rather than pro-solar programs, is driving up rates.

"You know, this is just classic scapegoating," Rosenfeld said. "It makes sense, because if you're the utilities, you want to keep your gravy train going, but we're hitting a breaking point [with prices], so you need to deflect attention away from what you're actually doing to drive up rates. And so you need a scapegoat. And so they've invented one with rooftop solar."

The utility commission's push to rethink solar rules is hardly new. In 2022, it cut the rate that solar owners can make for selling excess power to the grid. Tens of thousands of customers rushed to get solar built before a 2023 deadline, and then demand crashed. (It's since mostly rebounded.) Rosenfeld remembers rallies and protests against the cutback on solar incentives but said the regulators "just didn't listen."

The suggested "grid benefits charge" would continue the state's turn away from solar incentives — Rosenfeld called it "nice talk for a solar tax." He pointed to maligned goods that are taxed heavily, like cigarettes and gas, and asked why Californians with solar power should be hit with a similar fee, which might encourage fewer people to adopt the green energy source.

"It is whiplash for many solar customers, to go from being encouraged to do this thing that makes sense to do, to then all of a sudden becoming the villain," Rosenfeld said. "And becoming a villain, when right there in plain sight is a convicted criminal enterprise." (In 2020, PG&E pleaded guilty to 84 counts of involuntary manslaughter and one felony count of unlawfully starting a fire after its equipment started the horrific 2018 Camp Fire.)

PG&E spokesperson Mike Gazda declined to answer SFGATE's questions about solar incentives on the record but wrote that the utility had dropped residential electricity bills by 5% from January 2024 to February 2025. (A new rate increase is set to hit customer bills this month.)

“We recognize that higher costs, including energy bills, can be a challenge for customers,” he wrote. “We are laser focused on continuing our progress and exploring every opportunity to lower energy costs for our customers.”

Jeremy Nichols lives in Sonoma County, in a rural area near Santa Rosa. He told SFGATE that the utility commission’s new proposals feel like the “violation of a contract” he’d agreed to when he invested in his at-home solar panels.

Nichols said his household gets about two-thirds of its electricity from its solar system, and he acknowledged that the officials who set up pro-solar programs likely didn’t imagine so many people would buy in. Still, he doesn’t think NEM is the real issue. He pointed to PG&E’s $2.5 billion profit last year and that the state incentivizes the company to invest money in infrastructure like long transmission lines.

“Solar is not the problem,” Nichols argued. “The problem is that they’re spending all this money building long lines because, of course, that’s where their profit comes from. They’re blaming solar because we’re a small group and easy to blame.”