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PUBLIC UTILITIES - CALIFORNIA

Center for Biological Diversity, Inc. v. Public Utilities Commission

Court of Appeal, First District, California - March 9, 2026 - Cal.Rptr.3d - 118 Cal.App.5th 1288 - 2026 WL 657656

Environmental and utility ratepayer advocacy groups petitioned for writ of review challenging Public Utilities Commission's decision adopting tariff that reduced price utilities pay for customer-generated power, arguing tariff was inconsistent with Public Utilities Code.

The First District Court of Appeal granted the petition and affirmed PUC's decision. The Supreme Court granted review, and reversed and remanded.

The Court of Appeal held that:

- Court of Appeal would exercise its independent judgment in interpreting provisions of statute requiring PUC to design successor program for rooftop solar and other customer-sited renewable generation;
- PUC acted within its delegated authority in adopting successor tariff that replaced netting by quantity with net billing approach, separately valued imported and exported electricity, based export compensation largely on avoided cost values, reduced extent of cost-shifting to nonparticipating customers, and included temporary "glide path" adder to soften transition;
- PUC acted within its delegated authority under statutory provision requiring PUC to base new net-metering tariff on real upsides and downsides of rooftop or customer-side renewable generation in adopting successor tariff that accounted for benefits of customer generation through concept of utilities' avoided costs; and
- PUC acted within its delegated authority under statutory provision implementing flexible, aggregate cost-equals-benefit requirement designed to ensure successor tariff was roughly cost-justified for system as whole in adopting successor tariff that based its export compensation rates on value of power exported — rather than providing offset based on quantity alone.

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