On February 20, 2020, the California Energy Commission approved its first community solar system under the 2019 Energy Code, which allows developers of new homes within Sacramento Municipal Utility District (“SMUD”) to meet mandatory solar energy system requirements through solar agreements with SMUD instead of installation of solar panels on new homes.

Builders opting to utilize the SMUD Neighborhood SolarShares® program (“SolarShares Program”) are required to enter into signed agreements with SMUD. CC&Rs must be recorded for the benefit of, and enforceable by, SMUD to bind future homeowners to the SolarShares Program requirements. Participating homeowners are required to pay a SolarShares Program charge which is applied to their monthly electric bill. SolarShares credits (reductions in the bill) are also reflected on the participating homeowner’s electric bill. Additional information regarding the California Energy Commission approved SolarShares Program is available here.

Community solar systems are specifically contemplated by the California Energy Code. SMUD’s SolarShares Program is the first program approved by the California Energy Commission under the 2019 Energy Code and potentially represents the first
of many programs that will provide residential homebuilders with an alternative to the 2019 California Building Standards’ mandate to install solar systems on newly constructed homes.

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