

PROPOSED CONFERENCE REPORT NO. 1
AUGUST 27, 2002

AMENDED IN SENATE AUGUST 6, 2002

AMENDED IN SENATE JUNE 20, 2002

AMENDED IN ASSEMBLY JANUARY 16, 2002

AMENDED IN ASSEMBLY JANUARY 7, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 58

**Introduced by Assembly Members Keeley and Pescetti
(Coauthors: Assembly Members Kehoe, Richman, and Wayne)**

December 4, 2000

An act to add Section 25401.6 to the Public Resources Code, and to amend Sections 2827 and 2827.7 of, to add Section 2827.8 to, and to repeal Section 2827 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 58, as amended, Keeley. Net energy metering.

(1) *Under existing law, the Public Utilities Commission is required to order the respective electrical corporations to collect and spend funds in accordance with a prescribed schedule. Under existing law, of the funds expended in-state operation and development of emerging renewable resource technologies a certain amount shall be used for programs designed to provide customer credits for purchases of renewable energy produced by certified energy providers.*

This bill would require the commission, in its administration of these provisions, to establish a separate rebate for eligible distributed emerging technologies for affordable housing projects.

These provisions would only become operative if SB 1038 is also enacted and amends Section 383.5 of the Public Utilities Code.

(2) Existing law requires every electric service provider to develop a standard contract or tariff providing for net energy metering, and to make this contract available to eligible customer-generators, upon request. Existing law, commencing on January 1, 2003, requires every electric service provider, upon request, to make available to eligible customer-generators contracts for net energy metering subject to specified limitations on the number of contracts. Existing law requires, commencing in 1999, every electric service provider, to make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area.

This bill would require every electric service provider, *as defined*, commencing January 1, 2003, to make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area. The bill would require every electric service provider to ensure that requests for establishment of net energy metering service are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working days from the date the electric service provider receives a completed application form, including a signed interconnection agreement, from an eligible customer-generator and an electric inspection clearance. The bill would require an electric service provider to ensure that requests for an interconnection agreement be processed in a time period not to exceed 30 working days from the date the electric service provider receives the completed application. The bill would require an electric service provider that is unable to process the requests within these timeframes, to notify the customer-generator and the ratemaking authority. The bill would also require every electric service provider to make forms and contracts for net energy metering available for download from the Internet. The bill would specify special net-metering provisions for an eligible customer-generator with a capacity of more than 10 kilowatts, ~~but not exceeding one megawatt~~ *that receives electrical service from a local publicly owned electric utility that has elected to utilize a co-energy metering program. The bill*



would require, if the commission determines that there are cost or revenue obligations for an electric service provider that may not be recovered from customer-generators acting pursuant to the bill, that those obligations remain within the customer class from which any shortfall occurred and would prohibit those obligations from being shifted to any other customer class. The bill would require that net-metering and co-metering customers shall not be exempt from the public benefits charge. The bill would require the commission, in its report to the Legislature, to examine different methods to ensure the public benefits charge remains a nonbypassable charge. The bill would require net metering customers to reimburse the Department of Water Resources for all charges that would otherwise be imposed on the customer by the commission to recover bond-related costs, as specified. The bill would require the ~~Public Utilities Commission~~ commission to report to the Governor and the Legislature by January 1, ~~2007~~ 2005, on the economic and environmental costs and benefits of net energy metering. The bill would express legislative intent that the Treasurer incorporate net energy metering and co-energy metering projects as sustainable building methods or distributive energy technologies for purposes of evaluating low-income housing projects.

This bill would require eligible customer-generators, unless approved by the electric service provider, that utilize wind energy co-metering, as defined by the bill, with a capacity of more than 50 kilowatts, but not exceeding one megawatt, to utilize described meters.

The bill would provide that the consumption of electricity from the electric service provider for wind energy co-metering by an eligible customer-generator is to be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use an eligible wind electrical generating facility, and that the generation of electricity provided to the electric service provider is to result in a credit to the eligible customer-generator.

~~(2)~~

(3) Existing law provides that generation eligible for net energy metering installed on or before December 31, 2002, is entitled to the net energy metering terms in effect on the date of installation for the life of the installation.

This bill would make this provision applicable *only to generation eligible for net energy metering that has all local and state permits required to commence construction on or before December 31, 2002,*



and has completed construction on or before September 30, 2003, regardless of any change in customer or ownership of the energy system. The applicable terms would be those in effect on the date local and state permits were acquired.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25401.6 is added to the Public
2 Resources Code, to read:

3 25401.6. (a) In its administration of subdivision (e) of
4 Section 383.5 of the Public Utilities Code, the commission shall
5 establish a separate rebate for eligible distributed emerging
6 technologies for affordable housing projects including, but not
7 limited to, projects undertaken pursuant to Section 50052.5,
8 50053, or 50199.4 of the Health and Safety Code. In establishing
9 the rebate, where the commission determines that the occupants of
10 the housing shall have individual meters, the commission may
11 adjust the amount of the rebate based on the capacity of the system,
12 provided that a system may receive a rebate only up to 75 percent
13 of the total installed costs. The commission may establish a
14 reasonable limit on the total amount of funds dedicated for
15 purposes of this section.

16 (b) It is the intent of the Legislature that this section fulfills the
17 purpose of subparagraph (E) of paragraph (2) of subdivision (e)
18 of Section 383.5 of the Public Utilities Code.

19 SEC. 2. Section 2827 of the Public Utilities Code, as amended
20 by Section 11 of Chapter 8 of the Statutes of the 2001–02 First
21 Extraordinary Session, is amended to read:

22 2827. (a) The Legislature finds and declares that a program
23 to provide net energy metering for eligible customer-generators is
24 one way to encourage substantial private investment in renewable
25 energy resources, stimulate in-state economic growth, reduce
26 demand for electricity during peak consumption periods, help
27 stabilize California’s energy supply infrastructure, enhance the
28 continued diversification of California’s energy resource mix, and
29 reduce interconnection and administrative costs for electricity
30 suppliers.

31 (b) As used in this section, the following definitions apply:



1 (1) “Electric service provider” means an electrical
2 corporation, as defined in Section 218, a local publicly owned
3 electric utility, as defined in Section 9604, or an electrical
4 cooperative, as defined in Section 2776, or any other entity that
5 offers electrical service. *This section shall not apply to a local*
6 *publicly owned electric utility, as defined in Section 9604 of the*
7 *Public Utilities Code, that serves more than 750,000 customers*
8 *and that also conveys water to its customers.*

9 (2) “Eligible customer-generator” means a residential, small
10 commercial customer as defined in subdivision (h) of Section 331,
11 commercial, industrial, or agricultural customer of an electric
12 service provider, who uses a solar or a wind turbine electrical
13 generating facility, or a hybrid system of both, with a capacity of
14 not more than one megawatt that is located on the customer’s
15 owned, leased, or rented premises, is interconnected and operates
16 in parallel with the electric grid, and is intended primarily to offset
17 part or all of the customer’s own electrical requirements.

18 (3) “Net energy metering” means measuring the difference
19 between the electricity supplied through the electric grid and the
20 electricity generated by an eligible customer-generator and fed
21 back to the electric grid over a 12-month period as described in
22 subdivision (h). Net energy metering shall be accomplished using
23 a single meter capable of registering the flow of electricity in two
24 directions. An additional meter or meters to monitor the flow of
25 electricity in each direction may be installed with the consent of
26 the customer-generator, at the expense of the electric service
27 provider, and the additional metering shall be used only to provide
28 the information necessary to accurately bill or credit the
29 customer-generator pursuant to subdivision (h), or to collect solar
30 or wind electric generating system performance information for
31 research purposes. If the existing electrical meter of an eligible
32 customer-generator is not capable of measuring the flow of
33 electricity in two directions, the customer-generator shall be
34 responsible for all expenses involved in purchasing and installing
35 a meter that is able to measure electricity flow in two directions.
36 If an additional meter or meters are installed, the net energy
37 metering calculation shall yield a result identical to that of a single
38 meter. An eligible customer-generator who already owns an
39 existing solar or wind turbine electrical generating facility, or a



1 hybrid system of both, is eligible to receive net energy metering
2 service in accordance with this section.

3 (4) “Wind energy co-metering” means any wind energy project
4 greater than 50 kilowatts, but not exceeding one megawatt, where
5 the difference between the electricity supplied through the electric
6 grid and the electricity generated by an eligible
7 customer-generator and fed back to the electric grid over a
8 12-month period is as described in subdivision (h). Wind energy
9 co-metering shall be accomplished pursuant to Section 2827.8.

10 (5) “Co-energy metering” means a program that is the same in
11 all other respects as a net energy metering program, except that the
12 local publicly owned electric utility, as defined in Section 9604,
13 has elected to apply a generation-to-generation energy and
14 time-of-use credit formula as provided in subdivision (i).

15 (6) “Ratemaking authority” means, for an electrical
16 corporation as defined in Section 218, or an electrical cooperative
17 as defined in Section 2776, the commission, and for a local
18 publicly owned electric utility as defined in Section 9604, the local
19 elected body responsible for regulating the rates of the local
20 publicly owned utility.

21 (c) (1) Every electric service provider shall develop a standard
22 contract or tariff providing for net energy metering, and shall make
23 this contract available to eligible customer-generators, upon
24 request, on a first-come-first-served basis until the time that the
25 total rated generating capacity used by eligible
26 customer-generators exceeds *one-half of* 1 percent of the electric
27 service provider’s aggregate customer peak demand.

28 (2) On an annual basis, beginning in 2003, every electric service
29 provider shall make available to the ratemaking authority
30 information on the total rated generating capacity used by eligible
31 customer-generators that are customers of that provider in the
32 provider’s service area. For those electric service providers who
33 are operating pursuant to Section 394, they shall make available
34 to the ratemaking authority the information required by this
35 paragraph for each eligible customer-generator that is their
36 customer for each service area of an electric corporation, local
37 publicly owned electric utility, or electrical cooperative, in which
38 the customer has net energy metering. The ratemaking authority
39 shall develop a process for making the information required by this
40 paragraph available to energy service providers, and for using that



1 information to determine when, pursuant to paragraph (3), a
2 service provider is not obligated to provide net energy metering to
3 additional customer-generators in its service area.

4 (3) Notwithstanding paragraph (1), an electric service provider
5 is not obligated to provide net energy metering to additional
6 customer-generators in its service area when the combined total
7 peak demand of all customer-generators served by all the electric
8 service providers in that service area furnishing net energy
9 metering to eligible customer-generators exceeds *one-half of* 1
10 percent of the aggregate customer peak demand of those electric
11 service providers.

12 (d) Electric service providers shall make all necessary forms
13 and contracts for net metering service available for download from
14 the Internet.

15 (e) (1) Every electric service provider shall ensure that
16 requests for establishment of net energy metering are processed in
17 a time period not exceeding that for similarly situated customers
18 requesting new electric service, but not to exceed 30 working days
19 from the date the electric service provider receives a completed
20 application form for net metering service, including a signed
21 interconnection agreement from an eligible customer-generator
22 and the electric inspection clearance from the governmental
23 authority having jurisdiction. If an electric service provider is
24 unable to process the request within the allowable timeframe, the
25 electric service provider shall notify both the customer-generator
26 and the ratemaking authority of the reason for its inability to
27 process the request and the expected completion date.

28 (2) Electric service providers shall ensure that requests for an
29 interconnection agreement from an eligible customer-generator
30 are processed in a time period not to exceed 30 working days from
31 the date the electric service provider receives a completed
32 application form from the eligible customer-generator for an
33 interconnection agreement. If an electric service provider is
34 unable to process the request within the allowable timeframe, the
35 electric service provider shall notify the customer-generator and
36 the ratemaking authority of the reason for its inability to process
37 the request and the expected completion date.

38 (f) (1) If a customer participates in direct transactions pursuant
39 to paragraph (1) of subdivision (b) of Section 365 with an electric
40 supplier that does not provide distribution service for the direct



1 transactions, the service provider that provides distribution service
2 for an eligible customer-generator is not obligated to provide net
3 energy metering to the customer.

4 (2) If a customer participates in direct transactions pursuant to
5 paragraph (1) of subdivision (b) of Section 365 with an electric
6 supplier, and the customer is an eligible customer-generator, the
7 service provider that provides distribution service for the direct
8 transactions may recover from the customer's electric service
9 provider the incremental costs of metering and billing service
10 related to net energy metering in an amount set by the ratemaking
11 authority.

12 (g) Each net energy metering contract or tariff shall be
13 identical, with respect to rate structure, all retail rate components,
14 and any monthly charges, to the contract or tariff to which the same
15 customer would be assigned if the customer did not use an eligible
16 solar or wind electrical generating facility, except that eligible
17 customer-generators shall not be assessed standby charges on the
18 electrical generating capacity or the kilowatthour production of an
19 eligible solar or wind electrical generating facility. The charges for
20 all retail rate components for eligible customer-generators shall be
21 based exclusively on the customer-generator's net kilowatthour
22 consumption over a 12-month period, without regard to the
23 customer-generator's choice of electric service provider. Any new
24 or additional demand charge, standby charge, customer charge,
25 minimum monthly charge, interconnection charge, or any other
26 charge that would increase an eligible customer-generator's costs
27 beyond those of other customers who are not customer-generators
28 in the rate class to which the eligible customer-generator would
29 otherwise be assigned if the customer did not own, lease, rent, or
30 otherwise operate an eligible solar or wind electrical generating
31 facility are contrary to the intent of this section, and shall not form
32 a part of net energy metering contracts or tariffs.

33 (h) For eligible residential and small commercial
34 customer-generators, the net energy metering calculation shall be
35 made by measuring the difference between the electricity supplied
36 to the eligible customer-generator and the electricity generated by
37 the eligible customer-generator and fed back to the electric grid
38 over a 12-month period. The following rules shall apply to the
39 annualized net metering calculation:



1 (1) The eligible residential or small commercial
2 customer-generator shall, at the end of each 12-month period
3 following the date of final interconnection of the eligible
4 customer-generator’s system with an electric service provider, and
5 at each anniversary date thereafter, be billed for electricity used
6 during that period. The electric service provider shall determine if
7 the eligible residential or small commercial customer-generator
8 was a net consumer or a net producer of electricity during that
9 period.

10 (2) At the end of each 12-month period, where the electricity
11 supplied during the period by the electric service provider exceeds
12 the electricity generated by the eligible residential or small
13 commercial customer-generator during that same period, the
14 eligible residential or small commercial customer-generator is a
15 net electricity consumer and the electric service provider shall be
16 owed compensation for the eligible customer-generator’s net
17 kilowatthour consumption over that same period. The
18 compensation owed for the eligible residential or small
19 commercial customer-generator’s consumption shall be
20 calculated as follows:

21 (A) For all eligible customer-generators taking service under
22 tariffs employing “baseline” and “over baseline” rates, any net
23 monthly consumption of electricity shall be calculated according
24 to the terms of the contract or tariff to which the same customer
25 would be assigned to or be eligible for if the customer was not an
26 eligible customer-generator. If those same customer-generators
27 are net generators over a billing period, the net kilowatthours
28 generated shall be valued at the same price per kilowatthour as the
29 electric service provider would charge for the baseline quantity of
30 electricity during that billing period, and if the number of
31 kilowatthours generated exceeds the baseline quantity, the excess
32 shall be valued at the same price per kilowatthour as the electric
33 service provider would charge for electricity over the baseline
34 quantity during that billing period.

35 (B) For all eligible customer-generators taking service under
36 tariffs employing “time of use” rates, any net monthly
37 consumption of electricity shall be calculated according to the
38 terms of the contract or tariff to which the same customer would
39 be assigned to or be eligible for if the customer was not an eligible
40 customer-generator. When those same customer-generators are



1 net generators during any discrete time of use period, the net
2 kilowatthours produced shall be valued at the same price per
3 kilowatthour as the electric service provider would charge for
4 retail kilowatthour sales during that same time of use period. If the
5 eligible customer-generator's time of use electrical meter is unable
6 to measure the flow of electricity in two directions, paragraph (3)
7 of subdivision (b) shall apply.

8 (C) For all residential and small commercial
9 customer-generators and for each ~~monthly~~ *billing* period, the net
10 balance of moneys owed to the electric service provider for net
11 consumption of electricity or credits owed to the
12 customer-generator for net generation of electricity shall be
13 carried forward as a monetary value until the end of each 12-month
14 period. For all commercial, industrial, and agricultural
15 customer-generators the net balance of moneys owed shall be paid
16 in accordance with the electric service provider's normal billing
17 cycle, except that if the commercial, industrial, or agricultural
18 customer-generator is a net electricity producer over a normal
19 billing cycle, any excess kilowatthours generated during the
20 billing cycle shall be carried over to the following billing period
21 as a monetary value, calculated according to the procedures set
22 forth in this section, and appear as a credit on the
23 customer-generator's account, until the end of the annual period
24 when paragraph (3) shall apply.

25 (3) At the end of each 12-month period, where the electricity
26 generated by the eligible customer-generator during the 12-month
27 period exceeds the electricity supplied by the electric service
28 provider during that same period, the eligible customer-generator
29 is a net electricity producer and the electric service provider shall
30 retain any excess kilowatthours generated during the prior
31 12-month period. The eligible customer-generator shall not be
32 owed any compensation for those excess kilowatthours unless the
33 electric service provider enters into a purchase agreement with the
34 eligible customer-generator for those excess kilowatthours.

35 (4) The electric service provider shall provide every eligible
36 residential or small commercial customer-generator with net
37 electricity consumption information with each regular bill. That
38 information shall include the current monetary balance owed the
39 electric service provider for net electricity consumed since the last
40 12-month period ended. Notwithstanding this subdivision, an



1 electric service provider shall permit that customer to pay monthly
2 for net energy consumed.

3 (5) If an eligible residential or small commercial
4 customer-generator terminates the customer relationship with the
5 electric service provider, the electric service provider shall
6 reconcile the eligible customer-generator's consumption and
7 production of electricity during any part of a 12-month period
8 following the last reconciliation, according to the requirements set
9 forth in this subdivision, except that those requirements shall apply
10 only to the months since the most recent 12-month bill.

11 (6) If an electric service provider providing net metering to a
12 residential or small commercial customer-generator ceases
13 providing that electrical service to that customer during any
14 12-month period, and the customer-generator enters into a new net
15 metering contract or tariff with a new electric service provider, the
16 12-month period, with respect to that new electric service
17 provider, shall commence on the date on which the new electric
18 service provider first supplies electric service to the
19 customer-generator.

20 (i) Notwithstanding any other provisions of this section, the
21 following provisions shall apply to an eligible customer-generator
22 with a capacity of more than 10 kilowatts, but not exceeding one
23 megawatt, *that receives electrical service from a local publicly*
24 *owned electric utility, as defined in Section 9604, that has elected*
25 *to utilize a co-energy metering program* unless the electric service
26 provider chooses to provide service for eligible
27 customer-generators with a capacity of more than 10 kilowatts in
28 accordance with subdivisions (g) and (h):

29 (1) The eligible customer-generator shall be required to utilize
30 a meter, or multiple meters, capable of separately measuring
31 electricity flow in both directions. All meters shall provide
32 "time-of-use" measurements of electricity flow, and the customer
33 shall take service on a time-of-use rate schedule. If the existing
34 meter of the eligible customer-generator is not a time-of-use meter
35 or is not capable of measuring total flow of energy in both
36 directions, the eligible customer-generator shall be responsible for
37 all expenses involved in purchasing and installing a meter that is
38 both time-of-use and able to measure total electricity flow in both
39 directions. This subdivision shall not restrict the ability of an
40 eligible customer-generator to utilize any economic incentives



1 provided by a government agency or the electric service provider
2 to reduce its costs for purchasing and installing a time-of-use
3 meter.

4 (2) The consumption of electricity from the electric service
5 provider shall result in a cost to the eligible customer-generator to
6 be priced in accordance with the standard rate charged to the
7 eligible customer-generator in accordance with the rate structure
8 to which the customer would be assigned if the customer did not
9 use an eligible solar or wind electrical generating facility. The
10 generation of electricity provided to the electric service provider
11 shall result in a credit to the eligible customer-generator and shall
12 be priced in accordance with the generation component, ~~excluding~~
13 ~~surcharges to cover the purchase of power by the Department of~~
14 ~~Water Resources~~, established under the applicable structure to
15 which the customer would be assigned if the customer did not use
16 an eligible solar or wind electrical generating facility.

17 (3) All costs and credits shall be shown on the eligible
18 customer-generator's bill ~~on a monthly basis for each billing~~
19 ~~period~~. In any months in which the eligible customer-generator
20 has been a net consumer of electricity calculated on the basis of
21 value determined pursuant to paragraph (2), the
22 customer-generator shall owe to the electric service provider the
23 balance of electricity costs and credits during that ~~month~~ *billing*
24 *period*. In any ~~month~~ *billing period* in which the eligible
25 customer-generator has been a net producer of electricity
26 calculated on the basis of value determined pursuant to paragraph
27 (2), the electric service provider shall owe to the eligible
28 customer-generator the balance of electricity costs and credits
29 during that ~~month~~ *billing period*. Any net credit to the eligible
30 customer-generator of electricity costs may be carried forward to
31 subsequent ~~months~~ *billing periods, provided that an electric*
32 *service provider may choose to carry the credit over as a kilowatt*
33 *hour credit consistent with the provisions of any applicable tariff,*
34 *including any differences attributable to the time of generation of*
35 *the electricity*. At the end of each 12-month period, the electric
36 service provider shall ~~pay any balance of electricity costs and~~
37 ~~credits owed to the eligible customer-generator.~~ *may reduce any*
38 *net credit due to the eligible customer-generator to zero.*

39 (j) A solar or wind turbine electrical generating system, or a
40 hybrid system of both, used by an eligible customer-generator



1 shall meet all applicable safety and performance standards
2 established by the National Electrical Code, the Institute of
3 Electrical and Electronics Engineers, and accredited testing
4 laboratories such as Underwriters Laboratories and, where
5 applicable, rules of the Public Utilities Commission regarding
6 safety and reliability. A customer-generator whose solar or wind
7 turbine electrical generating system, or a hybrid system of both,
8 meets those standards and rules shall not be required to install
9 additional controls, perform or pay for additional tests, or purchase
10 additional liability insurance.

11 ~~(k) By January 1, 2007~~ *If the commission determines that there*
12 *are cost or revenue obligations for an electric corporation, as*
13 *defined in Section 218, that may not be recovered from*
14 *customer-generators acting pursuant to this section, those*
15 *obligations shall remain within the customer class from which any*
16 *shortfall occurred and may not be shifted to any other customer*
17 *class. Net-metering and co-metering customers shall not be*
18 *exempt from the public benefits charge. In its report to the*
19 *Legislature, the commission shall examine different methods to*
20 *ensure that the public benefits charge remains a nonbypassable*
21 *charge.*

22 *(l) A net metering customer shall reimburse the Department of*
23 *Water Resources for all charges that would otherwise be imposed*
24 *on the customer by the commission to recover bond-related costs*
25 *pursuant to an agreement between the commission and the*
26 *Department of Water Resources pursuant to Section 80110 of the*
27 *Water Code, as well as the costs of the department equal to the*
28 *share of the department's estimated net unavoidable power*
29 *purchase contract costs attributable to the customer. The*
30 *commission shall incorporate the determination into an existing*
31 *proceeding before the commission, and shall ensure that the*
32 *charges are nonbypassable. Until the commission has made a*
33 *determination regarding the nonbypassable charges, net metering*
34 *shall continue under the same rules, procedures, terms, and*
35 *conditions as were applicable on December 31, 2002.*

36 *(m) In implementing the requirements of subdivisions (k) and*
37 *(l), a customer-generator shall not be required to replace its*
38 *existing meter except as set forth in paragraph (3) of subdivision*
39 *(b), nor shall the electric service provider require additional*
40 *measurement of usage beyond that which is necessary for*



1 *customers in the same rate class as the eligible*
2 *customer-generator.*

3 (n) *On or before January 1, 2005, the commission shall submit*
4 *a report to the Governor and the Legislature that assesses the*
5 *economic and environmental costs and benefits of net metering to*
6 *customer-generators, ratepayers, and utilities, including any*
7 *beneficial and adverse effects on public benefit programs and*
8 *special purpose surcharges. The report shall be prepared by an*
9 *independent party under contract with the commission.*

10 ~~SEC. 2.—~~

11 (o) *It is the intent of the Legislature that the Treasurer*
12 *incorporate net energy metering and co-energy metering projects*
13 *undertaken pursuant to this section as sustainable building*
14 *methods or distributive energy technologies for purposes of*
15 *evaluating low-income housing projects.*

16 SEC. 3. Section 2827 of the Public Utilities Code, as added by
17 Section 12 of Chapter 8 of the Statutes of the 2001–02 First
18 Extraordinary Session, is repealed.

19 ~~SEC. 3.~~

20 SEC. 4. Section 2827.7 of the Public Utilities Code is
21 amended to read:

22 2827.7. Generation eligible for net energy metering that ~~is~~
23 ~~installed on or before December 31, 2002, shall be entitled, has all~~
24 *local and state permits required to commence construction on or*
25 *before December 31, 2002, and has completed construction on or*
26 *before September 30, 2003, shall be entitled, regardless of any*
27 *change in customer or ownership of the energy system, for the life*
28 *of the installation, to the net energy metering terms in effect on the*
29 *date of installation the local and state permits were acquired.*

30 SEC. 5. Section 2827.8 is added to the Public Utilities Code,
31 to read:

32 2827.8. *Notwithstanding any other provisions of this article,*
33 *the following provisions apply to an eligible customer-generator*
34 *utilizing wind energy co-metering with a capacity of more than 50*
35 *kilowatts, but not exceeding one megawatt, unless approved by the*
36 *electric service provider.*

37 (a) *The eligible customer-generator shall be required to utilize*
38 *a meter, or multiple meters, capable of separately measuring*
39 *electricity flow in both directions. All meters shall provide*
40 *“time-of-use” measurements of electricity flow, and the customer*



1 shall take service on a time-of-use rate schedule. If the existing
2 meter of the eligible customer-generator is not a time-of-use meter
3 or is not capable of measuring total flow of energy in both
4 directions, the eligible customer-generator is responsible for all
5 expenses involved in purchasing and installing a meter that is both
6 time-of-use and able to measure total electricity flow in both
7 directions. This subdivision shall not restrict the ability of an
8 eligible customer-generator to utilize any economic incentives
9 provided by a government agency or the electric service provider
10 to reduce its costs for purchasing and installing a time-of-use
11 meter.

12 (b) The consumption of electricity from the electric service
13 provider for wind energy co-metering by an eligible
14 customer-generator shall be priced in accordance with the
15 standard rate charged to the eligible customer-generator in
16 accordance with the rate structure to which the customer would be
17 assigned if the customer did not use an eligible wind electrical
18 generating facility. The generation of electricity provided to the
19 electric service provider shall result in a credit to the eligible
20 customer-generator and shall be priced in accordance with the
21 generation component, excluding surcharges to cover the
22 purchase of power by the Department of Water Resources,
23 established under the applicable structure to which the customer
24 would be assigned if the customer did not use an eligible wind
25 electrical generating facility.

26 SEC. 6. Section 1 of this act, adding Section 25401.6 to the
27 Public Utilities Code, shall only become operative if SB 1038 of
28 the 2001–02 Regular Session of the Legislature is enacted and
29 becomes effective on or before January 1, 2003, and SB 1038
30 amends Section 383.5 of the Public Utilities Code.

