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AMENDED IN SENATE MAY 10, 2010
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AMENDED IN SENATE JUNE 22, 2009
AMENDED IN ASSEMBLY APRIL 20, 2009
AMENDED IN ASSEMBLY APRIL 2, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 228

Introduced by Assembly Member ~~Members~~ Huffman and Blakeslee

February 4, 2009

An act to amend Sections 2827 and 2827.8 of, and to repeal Section 2827.5 of, the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 228, as amended, Huffman. Electricity: net energy metering.

Existing law, relative to private energy producers, requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. The existing definition of an eligible customer-generator limits the generating capacity of the solar or wind turbine electrical generating facility, or hybrid facility of both, used by the eligible customer-generator to one megawatt.

This bill would require that the standard contract or tariff for net energy metering be offered on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 6% of the electric utility's aggregate customer peak demand and, until January 1, 2016, would reserve 1% of this limit for large commercial or industrial customer-generators, as defined. The bill would revise the definition of an eligible customer-generator to authorize generating facilities of up to 5 megawatts. The bill would make other conforming and clarifying changes.

Existing law makes legislative findings and declarations relative to the repeal of provisions of the net metering program for large customers.

This bill would repeal these findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

- 1 SECTION 1. Section 2827 of the Public Utilities Code, as
- 2 amended by Chapter 6 of the Statutes of 2010, is amended to read:
- 3 2827. (a) The Legislature finds and declares that a program
- 4 to provide net energy metering combined with net surplus
- 5 compensation, co-energy metering, and wind energy co-metering
- 6 for eligible customer-generators is one way to encourage substantial
- 7 private investment in renewable energy resources, stimulate in-state
- 8 economic growth, reduce demand for electricity during peak
- 9 consumption periods, help stabilize California's energy supply
- 10 infrastructure, enhance the continued diversification of California's
- 11 energy resource mix, reduce interconnection and administrative
- 12 costs for electricity suppliers, and encourage conservation and
- 13 efficiency.
- 14 (b) As used in this section, the following terms have the
- 15 following meanings:
- 16 (1) "Co-energy metering" means a program that is the same in
- 17 all other respects as a net energy metering program, except that
- 18 the local publicly owned electric utility has elected to apply a
- 19 generation-to-generation energy and time-of-use credit formula
- 20 as provided in subdivision (i).
- 21 (2) "Electrical cooperative" means an electrical cooperative as
- 22 defined in Section 2776.

1 (3) “Electric utility” means an electrical corporation, a local
2 publicly owned electric utility, or an electrical cooperative, or any
3 other entity, except an electric service provider, that offers electrical
4 service. This section shall not apply to a local publicly owned
5 electric utility that serves more than 750,000 customers and that
6 also conveys water to its customers.

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

16 (5) “Large commercial or industrial customer-generator” means
17 an eligible customer-generator with ~~500 kilowatts~~ *one megawatt*
18 or more of average monthly electrical demand.

19 (6) “Net energy metering” means measuring the difference
20 between the electricity supplied through the electric grid and the
21 electricity generated by an eligible customer-generator and fed
22 back to the electric grid over a 12-month period as described in
23 subdivisions (c) and (h).

24 (7) “Net surplus customer-generator” means an eligible
25 customer-generator that generates more electricity during a
26 12-month period than is supplied by the electric utility to the
27 eligible customer-generator during the same 12-month period.

28 (8) “Net surplus electricity” means all electricity generated by
29 an eligible customer-generator measured in kilowatthours over a
30 12-month period that exceeds the amount of electricity consumed
31 by that eligible customer-generator.

32 (9) “Net surplus electricity compensation” means a per
33 kilowatthour rate offered by the electric utility to the net surplus
34 customer-generator for net surplus electricity that is set by the
35 ratemaking authority pursuant to subdivision (h).

36 (10) “Ratemaking authority” means, for an electrical corporation
37 or electrical cooperative, the commission, and for a local publicly
38 owned electric utility, the local elected body responsible for setting
39 the rates of the local publicly owned utility.

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

8 (c) (1) Every electric utility shall develop a standard contract
9 or tariff providing for net energy metering, and shall make this
10 standard contract or tariff available to eligible customer-generators,
11 upon request, on a first-come-first-served basis until the time that
12 the total rated generating capacity used by eligible
13 customer-generators exceeds 6 percent of the electric utility’s
14 aggregate customer peak demand. One percent, one-sixth of the 6
15 percent limit, shall be made available for large commercial or
16 industrial customer-generators, pursuant to paragraph (4). Net
17 energy metering shall be accomplished using a single meter capable
18 of registering the flow of electricity in two directions. An additional
19 meter or meters to monitor the flow of electricity in each direction
20 may be installed with the consent of the eligible
21 customer-generator, at the expense of the electric utility, and the
22 additional metering shall be used only to provide the information
23 necessary to accurately bill or credit the eligible customer-generator
24 pursuant to subdivision (h), or to collect solar or wind electric
25 generating system performance information for research purposes.
26 If the existing electrical meter of an eligible customer-generator
27 is not capable of measuring the flow of electricity in two directions,
28 the eligible customer-generator shall be responsible for all expenses
29 involved in purchasing and installing a meter that is able to measure
30 electricity flow in two directions. If an additional meter or meters
31 are installed, the net energy metering calculation shall yield a result
32 identical to that of a single meter. An eligible customer-generator
33 that is receiving service other than through the standard contract
34 or tariff may elect to receive service through the standard contract
35 or tariff until the electric utility reaches the generation limit set
36 forth in this paragraph. Once the generation limit is reached, only
37 eligible customer-generators that had previously elected to receive
38 service pursuant to the standard contract or tariff have a right to
39 continue to receive service pursuant to the standard contract or
40 tariff. Eligibility for net energy metering does not limit an eligible

1 customer-generator's eligibility for any other rebate, incentive, or
2 credit provided by the electric utility, or pursuant to any
3 governmental program, including rebates and incentives provided
4 pursuant to the California Solar Initiative.

5 (2) An electrical corporation shall include a provision in the net
6 energy metering contract or tariff requiring that any customer with
7 an existing electrical generating facility and meter who enters into
8 a new net energy metering contract shall provide an inspection
9 report to the electrical corporation, unless the electrical generating
10 facility and meter have been installed or inspected within the
11 previous three years. The inspection report shall be prepared by a
12 California licensed contractor who is not the owner or operator of
13 the facility and meter. A California licensed electrician shall
14 perform the inspection of the electrical portion of the facility and
15 meter.

16 (3) (A) On an annual basis, beginning in 2003, every electric
17 utility shall make available to the ratemaking authority information
18 on the total rated generating capacity used by eligible
19 customer-generators that are customers of that provider in the
20 provider's service area and the net surplus electricity purchased
21 by the electric utility pursuant to this section.

22 (B) An electric service provider operating pursuant to Section
23 394 shall make available to the ratemaking authority the
24 information required by this paragraph for each eligible
25 customer-generator that is their customer for each service area of
26 an electric corporation, local publicly owned electric utility, or
27 electrical cooperative, in which the eligible customer-generator
28 has net energy metering.

29 (C) The ratemaking authority shall develop a process for making
30 the information required by this paragraph available to electric
31 utilities, and for using that information to determine when, pursuant
32 to paragraphs (1) and (4), an electric utility is not obligated to
33 provide net energy metering to additional eligible
34 customer-generators in its service area.

35 (4) (A) An electric utility is not obligated to provide net energy
36 metering to additional eligible customer-generators in its service
37 area when the combined total peak demand of all electricity used
38 by eligible customer-generators served by all the electric utilities
39 in that service area furnishing net energy metering to eligible

1 customer-generators exceeds 6 percent of the aggregate customer
2 peak demand of those electric utilities.

3 (B) One percent, one-sixth of the 6 percent limit in subparagraph
4 (A), shall be made available for large commercial or industrial
5 customer-generators, and until January 1, 2016, shall be reserved
6 solely for large commercial or industrial customer-generators. An
7 electric utility is not obligated to provide net energy metering to
8 additional large commercial or industrial customer-generators
9 when the combined total peak demand of all electricity used by
10 large commercial or industrial customer-generators exceeds 1
11 percent of the aggregate customer peak demand in that service
12 area. An electric utility may voluntarily offer net energy metering
13 to additional large commercial or industrial customer-generators
14 once the 1 percent limitation of this subparagraph is reached, but
15 any generation by large commercial or industrial
16 customer-generators that exceeds 1 percent of the aggregate
17 customer peak demand shall not count toward the 6 percent
18 limitation in subparagraph (A), so that not less than five-sixths of
19 the 6 percent limitation is reserved for eligible customer-generators
20 that are not large commercial or industrial customer-generators.

21 (C) An electric utility may voluntarily offer net energy metering
22 to additional eligible customer-generators once the limits of this
23 paragraph are reached.

24 (d) Every electric utility shall make all necessary forms and
25 contracts for net energy metering and net surplus electricity
26 compensation service available for download from the Internet.

27 (e) (1) Every electric utility shall ensure that requests for
28 establishment of net energy metering and net surplus electricity
29 compensation are processed in a time period not exceeding that
30 for similarly situated customers requesting new electric service,
31 but not to exceed 30 working days from the date it receives a
32 completed application form for net energy metering service or net
33 surplus electricity compensation, including a signed interconnection
34 agreement from an eligible customer-generator and the electric
35 inspection clearance from the governmental authority having
36 jurisdiction.

37 (2) Every electric utility shall ensure that requests for an
38 interconnection agreement from an eligible customer-generator
39 are processed in a time period not to exceed 30 working days from

1 the date it receives a completed application form from the eligible
2 customer-generator for an interconnection agreement.

3 (3) If an electric utility is unable to process a request within the
4 allowable timeframe pursuant to paragraph (1) or (2), it shall notify
5 the eligible customer-generator and the ratemaking authority of
6 the reason for its inability to process the request and the expected
7 completion date.

8 (f) (1) If a customer participates in direct transactions pursuant
9 to paragraph (1) of subdivision (b) of Section 365 with an electric
10 service provider that does not provide distribution service for the
11 direct transactions, the electric utility that provides distribution
12 service for the eligible customer-generator is not obligated to
13 provide net energy metering or net surplus electricity compensation
14 to the customer.

15 (2) If a customer participates in direct transactions pursuant to
16 paragraph (1) of subdivision (b) of Section 365 with an electric
17 service provider, and the customer is an eligible
18 customer-generator, the electric utility that provides distribution
19 service for the direct transactions may recover from the customer's
20 electric service provider the incremental costs of metering and
21 billing service related to net energy metering and net surplus
22 electricity compensation in an amount set by the ratemaking
23 authority.

24 (g) Except for the time-variant kilowatthour pricing portion of
25 any tariff adopted by the commission pursuant to paragraph (4) of
26 subdivision (a) of Section 2851, each net energy metering contract
27 or tariff shall be identical, with respect to rate structure, all retail
28 rate components, and any monthly charges, to the contract or tariff
29 to which the same customer would be assigned if the customer did
30 not use an eligible solar or wind electrical generating facility,
31 except that eligible customer-generators shall not be assessed
32 standby charges on the electrical generating capacity or the
33 kilowatthour production of an eligible solar or wind electrical
34 generating facility. The charges for all retail rate components for
35 eligible customer-generators shall be based exclusively on the
36 customer-generator's net kilowatthour consumption over a
37 12-month period, without regard to the eligible
38 customer-generator's choice as to from whom it purchases
39 electricity that is not self-generated. Any new or additional demand
40 charge, standby charge, customer charge, minimum monthly

1 charge, interconnection charge, or any other charge that would
2 increase an eligible customer-generator's costs beyond those of
3 other customers who are not eligible customer-generators in the
4 rate class to which the eligible customer-generator would otherwise
5 be assigned if the customer did not own, lease, rent, or otherwise
6 operate an eligible solar or wind electrical generating facility is
7 contrary to the intent of this section, and shall not form a part of
8 net energy metering contracts or tariffs.

9 (h) For eligible customer-generators, the net energy metering
10 calculation shall be made by measuring the difference between
11 the electricity supplied to the eligible customer-generator and the
12 electricity generated by the eligible customer-generator and fed
13 back to the electric grid over a 12-month period. The following
14 rules shall apply to the annualized net metering calculation:

15 (1) The eligible residential or small commercial
16 customer-generator shall, at the end of each 12-month period
17 following the date of final interconnection of the eligible
18 customer-generator's system with an electric utility, and at each
19 anniversary date thereafter, be billed for electricity used during
20 that 12-month period. The electric utility shall determine if the
21 eligible residential or small commercial customer-generator was
22 a net consumer or a net surplus customer-generator during that
23 period.

24 (2) At the end of each 12-month period, where the electricity
25 supplied during the period by the electric utility exceeds the
26 electricity generated by the eligible residential or small commercial
27 customer-generator during that same period, the eligible residential
28 or small commercial customer-generator is a net electricity
29 consumer and the electric utility shall be owed compensation for
30 the eligible customer-generator's net kilowatthour consumption
31 over that 12-month period. The compensation owed for the eligible
32 residential or small commercial customer-generator's consumption
33 shall be calculated as follows:

34 (A) For all eligible customer-generators taking service under
35 contracts or tariffs employing "baseline" and "over baseline" rates,
36 any net monthly consumption of electricity shall be calculated
37 according to the terms of the contract or tariff to which the same
38 customer would be assigned to, or be eligible for, if the customer
39 was not an eligible customer-generator. If those same
40 customer-generators are net generators over a billing period, the

1 net kilowatthours generated shall be valued at the same price per
2 kilowatthour as the electric utility would charge for the baseline
3 quantity of electricity during that billing period, and if the number
4 of kilowatthours generated exceeds the baseline quantity, the excess
5 shall be valued at the same price per kilowatthour as the electric
6 utility would charge for electricity over the baseline quantity during
7 that billing period.

8 (B) For all eligible customer-generators taking service under
9 contracts or tariffs employing time-of-use rates, any net monthly
10 consumption of electricity shall be calculated according to the
11 terms of the contract or tariff to which the same customer would
12 be assigned, or be eligible for, if the customer was not an eligible
13 customer-generator. When those same customer-generators are
14 net generators during any discrete time-of-use period, the net
15 kilowatthours produced shall be valued at the same price per
16 kilowatthour as the electric utility would charge for retail
17 kilowatthour sales during that same time-of-use period. If the
18 eligible customer-generator's time-of-use electrical meter is unable
19 to measure the flow of electricity in two directions, paragraph (1)
20 of subdivision (c) shall apply.

21 (C) For all eligible residential and small commercial
22 customer-generators and for each billing period, the net balance
23 of moneys owed to the electric utility for net consumption of
24 electricity or credits owed to the eligible customer-generator for
25 net generation of electricity shall be carried forward as a monetary
26 value until the end of each 12-month period. For all eligible
27 commercial, industrial, and agricultural customer-generators, the
28 net balance of moneys owed shall be paid in accordance with the
29 electric utility's normal billing cycle, except that if the eligible
30 commercial, industrial, or agricultural customer-generator is a net
31 electricity producer over a normal billing cycle, any excess
32 kilowatthours generated during the billing cycle shall be carried
33 over to the following billing period as a monetary value, calculated
34 according to the procedures set forth in this section, and appear as
35 a credit on the eligible commercial, industrial, or agricultural
36 customer-generator's account, until the end of the annual period
37 when paragraph (3) shall apply.

38 (3) At the end of each 12-month period, where the electricity
39 generated by the eligible customer-generator during the 12-month
40 period exceeds the electricity supplied by the electric utility during

1 that same period, the eligible customer-generator is a net surplus
2 customer-generator and the electric utility shall, upon an
3 affirmative election by the eligible customer-generator, either (A)
4 provide net surplus electricity compensation for any net surplus
5 electricity generated during the prior 12-month period, or (B) allow
6 the eligible customer-generator to apply the net surplus electricity
7 as a credit for kilowatthours subsequently supplied by the electric
8 utility to the surplus customer-generator. For an eligible
9 customer-generator that does not affirmatively elect to receive
10 service pursuant to net surplus electricity compensation, the electric
11 utility shall retain any excess kilowatthours generated during the
12 prior 12-month period. The eligible customer-generator not
13 affirmatively electing to receive service pursuant to net surplus
14 electricity compensation shall not be owed any compensation for
15 the net surplus electricity unless the electric utility enters into a
16 purchase agreement with the eligible customer-generator for those
17 excess kilowatthours. Every electric utility shall, by January 31,
18 2010, provide notice to eligible customer-generators that they are
19 eligible to receive net surplus electricity compensation for net
20 surplus electricity, that they must elect to receive net surplus
21 electricity compensation, and that the 12-month period commences
22 when the electric utility receives the eligible customer-generator's
23 election. The commission may, for an electric utility that is an
24 electrical corporation or electrical cooperative, adopt requirements
25 for providing notice and the manner by which eligible
26 customer-generators may elect to receive net surplus electricity
27 compensation.

28 (4) (A) The ratemaking authority shall, by January 1, 2011,
29 establish a net surplus electricity compensation valuation to
30 compensate the net surplus customer-generator for the value of
31 net surplus electricity generated by the net surplus
32 customer-generator. The commission shall establish the valuation
33 in a ratemaking proceeding. The ratemaking authority for a local
34 publicly owned electric utility shall establish the valuation in a
35 public proceeding. The net surplus electricity compensation
36 valuation shall be established so as to provide the net surplus
37 customer-generator just and reasonable compensation for the value
38 of net surplus electricity, while leaving other ratepayers unaffected.
39 The ratemaking authority shall determine whether the

1 compensation will include, where appropriate justification exists,
2 either or both of the following components:

3 (i) The value of the electricity itself.

4 (ii) The value of the renewable attributes of the electricity.

5 (B) In establishing the rate pursuant to subparagraph (A), the
6 ratemaking authority shall ensure that the rate does not result in a
7 shifting of costs between solar customer-generators and other
8 bundled service customers.

9 (5) (A) Upon adoption of the net surplus electricity
10 compensation rate by the ratemaking authority, any renewable
11 energy credit, as defined in Section 399.12, for net surplus
12 electricity purchased by the electric utility shall belong to the
13 electric utility. Any renewable energy credit associated with
14 electricity generated by the eligible customer-generator that is
15 utilized by the eligible customer-generator shall remain the property
16 of the eligible customer-generator.

17 (B) Upon adoption of the net surplus electricity compensation
18 rate by the ratemaking authority, the net surplus electricity
19 purchased by the electric utility shall count toward the electric
20 utility's renewables portfolio standard annual procurement targets
21 for the purposes of paragraph (1) of subdivision (b) of Section
22 399.15, or for a local publicly owned electric utility, the renewables
23 portfolio standard annual procurement targets established pursuant
24 to Section 387.

25 (6) The electric utility shall provide every eligible residential
26 or small commercial customer-generator with net electricity
27 consumption and net surplus electricity generation information
28 with each regular bill. That information shall include the current
29 monetary balance owed the electric utility for net electricity
30 consumed, or the net surplus electricity generated, since the last
31 12-month period ended. Notwithstanding this subdivision, an
32 electric utility shall permit that customer to pay monthly for net
33 energy consumed.

34 (7) If an eligible residential or small commercial
35 customer-generator terminates the customer relationship with the
36 electric utility, the electric utility shall reconcile the eligible
37 customer-generator's consumption and production of electricity
38 during any part of a 12-month period following the last
39 reconciliation, according to the requirements set forth in this

1 subdivision, except that those requirements shall apply only to the
2 months since the most recent 12-month bill.

3 (8) If an electric service provider or electric utility providing
4 net energy metering to a residential or small commercial
5 customer-generator ceases providing that electric service to that
6 customer during any 12-month period, and the customer-generator
7 enters into a new net energy metering contract or tariff with a new
8 electric service provider or electric utility, the 12-month period,
9 with respect to that new electric service provider or electric utility,
10 shall commence on the date on which the new electric service
11 provider or electric utility first supplies electric service to the
12 customer-generator.

13 (i) Notwithstanding any other provisions of this section, the
14 following paragraphs shall apply to an eligible customer-generator
15 with a capacity of more than 10 kilowatts, but not exceeding five
16 megawatts, that receives electric service from a local publicly
17 owned electric utility that has elected to utilize a co-energy
18 metering program unless the local publicly owned electric utility
19 chooses to provide service for eligible customer-generators with
20 a capacity of more than 10 kilowatts in accordance with
21 subdivisions (g) and (h):

22 (1) The eligible customer-generator shall be required to utilize
23 a meter, or multiple meters, capable of separately measuring
24 electricity flow in both directions. All meters shall provide
25 time-of-use measurements of electricity flow, and the customer
26 shall take service on a time-of-use rate schedule. If the existing
27 meter of the eligible customer-generator is not a time-of-use meter
28 or is not capable of measuring total flow of energy in both
29 directions, the eligible customer-generator shall be responsible for
30 all expenses involved in purchasing and installing a meter that is
31 both time-of-use and able to measure total electricity flow in both
32 directions. This subdivision shall not restrict the ability of an
33 eligible customer-generator to utilize any economic incentives
34 provided by a governmental agency or an electric utility to reduce
35 its costs for purchasing and installing a time-of-use meter.

36 (2) The consumption of electricity from the local publicly owned
37 electric utility shall result in a cost to the eligible
38 customer-generator to be priced in accordance with the standard
39 rate charged to the eligible customer-generator in accordance with
40 the rate structure to which the customer would be assigned if the

customer did not use an eligible solar or wind electrical generating facility. The generation of electricity provided to the local publicly owned electric utility shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, established under the applicable structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility.

(3) All costs and credits shall be shown on the eligible customer-generator's bill for each billing period. In any months in which the eligible customer-generator has been a net consumer of electricity calculated on the basis of value determined pursuant to paragraph (2), the customer-generator shall owe to the local publicly owned electric utility the balance of electricity costs and credits during that billing period. In any billing period in which the eligible customer-generator has been a net producer of electricity calculated on the basis of value determined pursuant to paragraph (2), the local publicly owned electric utility shall owe to the eligible customer-generator the balance of electricity costs and credits during that billing period. Any net credit to the eligible customer-generator of electricity costs may be carried forward to subsequent billing periods, provided that a local publicly owned electric utility may choose to carry the credit over as a kilowatthour credit consistent with the provisions of any applicable contract or tariff, including any differences attributable to the time of generation of the electricity. At the end of each 12-month period, the local publicly owned electric utility may reduce any net credit due to the eligible customer-generator to zero.

(j) A solar or wind turbine electrical generating system, or a hybrid system of both, used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, including Underwriters Laboratories and, where applicable, rules of the commission regarding safety and reliability. A customer-generator whose solar or wind turbine electrical generating system, or a hybrid system of both, meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

(k) If the commission determines that there are cost or revenue obligations for an electrical corporation, as defined in Section 218,

1 that may not be recovered from customer-generators acting
2 pursuant to this section, those obligations shall remain within the
3 customer class from which any shortfall occurred and shall not be
4 shifted to any other customer class. Net energy metering and
5 co-energy metering customers shall not be exempt from the public
6 goods charges imposed pursuant to Article 7 (commencing with
7 Section 381), Article 8 (commencing with Section 385), or Article
8 15 (commencing with Section 399) of Chapter 2.3 of Part 1. In its
9 report to the Legislature, the commission shall examine different
10 methods to ensure that the public goods charges remain
11 nonbypassable.

12 (l) A net energy metering, co-energy metering, or wind energy
13 co-metering customer shall reimburse the Department of Water
14 Resources for all charges that would otherwise be imposed on the
15 customer by the commission to recover bond-related costs pursuant
16 to an agreement between the commission and the Department of
17 Water Resources pursuant to Section 80110 of the Water Code,
18 as well as the costs of the department equal to the share of the
19 department's estimated net unavoidable power purchase contract
20 costs attributable to the customer. The commission shall
21 incorporate the determination into an existing proceeding before
22 the commission, and shall ensure that the charges are
23 nonbypassable. Until the commission has made a determination
24 regarding the nonbypassable charges, net energy metering,
25 co-energy metering, and wind energy co-metering shall continue
26 under the same rules, procedures, terms, and conditions as were
27 applicable on December 31, 2002.

28 (m) In implementing the requirements of subdivisions (k) and
29 (l), an eligible customer-generator shall not be required to replace
30 its existing meter except as set forth in paragraph (1) of subdivision
31 (c), nor shall the electric utility require additional measurement of
32 usage beyond that which is necessary for customers in the same
33 rate class as the eligible customer-generator.

34 (n) It is the intent of the Legislature that the Treasurer
35 incorporate net energy metering, including net surplus electricity
36 compensation, co-energy metering, and wind energy co-metering
37 projects undertaken pursuant to this section as sustainable building
38 methods or distributive energy technologies for purposes of
39 evaluating low-income housing projects.

40 SEC. 2. Section 2827.5 of the Public Utilities Code is repealed.

1 SEC. 3. Section 2827.8 of the Public Utilities Code is amended
2 to read:

3 2827.8. Notwithstanding any other provisions of this article,
4 the following subdivisions apply to an eligible customer-generator
5 utilizing wind energy co-metering with a capacity of more than
6 50 kilowatts, but not exceeding five megawatts, unless approved
7 by the electric utility, as defined in Section 2827:

8 (a) The eligible customer-generator shall be required to utilize
9 a meter, or multiple meters, capable of separately measuring
10 electricity flow in both directions. All meters shall provide
11 “time-of-use” measurements of electricity flow, and the customer
12 shall take service on a time-of-use rate schedule. If the existing
13 meter of the eligible customer-generator is not a time-of-use meter
14 or is not capable of measuring total flow of energy in both
15 directions, the eligible customer-generator is responsible for all
16 expenses involved in purchasing and installing a meter that is both
17 time-of-use and able to measure total electricity flow in both
18 directions. This subdivision shall not restrict the ability of an
19 eligible customer-generator to utilize any economic incentives
20 provided by a government agency or the electric utility to reduce
21 its costs for purchasing and installing a time-of-use meter.

22 (b) The consumption of electricity from the electric utility for
23 wind energy co-metering by an eligible customer-generator shall
24 be priced in accordance with the standard rate charged to the
25 eligible customer-generator in accordance with the rate structure
26 to which the customer would be assigned if the customer did not
27 use an eligible wind electrical generating facility. The generation
28 of electricity provided to the electric utility shall result in a credit
29 to the eligible customer-generator and shall be priced in accordance
30 with the generation component, excluding surcharges to cover the
31 purchase of power by the Department of Water Resources,
32 established under the applicable structure to which the customer
33 would be assigned if the customer did not use an eligible wind
34 electrical generating facility.