

ASSEMBLY BILL

No. 920

Introduced by Assembly Member Huffman
(Coauthors: Assembly Members Lieu and Portantino)
(Coauthors: Senators Hancock and Lowenthal)

February 26, 2009

An act to amend Section 2827 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 920, as introduced, Huffman. Solar and wind distributed generation.

The existing Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year. Under existing law the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewables portfolio standard that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on

rates, reliability, and financial resources and the goal of environmental improvement.

Existing law relative to private energy producers requires every electric distribution utility or cooperative, as defined, upon request, 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 a specified amount. Existing law provides that where the electricity generated by the eligible customer-generator exceeds the electricity supplied by the electric distribution utility or cooperative during a 12-month period, the eligible customer-generator is a net electricity producer and the electric distribution utility or cooperative retains any excess kilowatthours generated and the customer-generator is not owed compensation for those excess kilowatthours unless the electric distribution utility or cooperative enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours.

This bill would replace the definition of “electric distribution utility or cooperative” in existing law relative to private energy producers with a definition of “electric utility.” The bill would require the ratemaking authority, as defined, for the electric utility to adopt, by January 1, 2011, a net surplus electricity compensation valuation to compensate a net surplus customer-generator, as defined, for the value of net surplus electricity, as defined, generated by an eligible customer-generator and delivered to the grid that is in excess of the amount of electricity that is delivered from the grid to the eligible customer-generator. The bill would require the electric utility to offer a standard contract or tariff to eligible customer-generators that includes compensation for the value of net surplus electricity. The bill would require the electric utility, upon an affirmative election by the eligible customer-generator to receive service pursuant to this contract or tariff, to either: (1) provide net surplus electricity compensation for any net surplus electricity generated in the 12-month period, or (2) allow the eligible customer-generator to apply the net surplus electricity as a credit for kilowatthours subsequently supplied by the electric utility to the surplus customer-generator. The bill would, for an electric utility that is an electrical corporation or electrical cooperative, authorize the commission to adopt requirements for providing notice and the manner by which eligible customer-generators may elect to receive net surplus electricity compensation. The bill would provide that upon adoption of the net

surplus electricity compensation rate and the eligible customer-generator electing to receive net surplus electricity compensation, any renewable energy credit, as defined, for net surplus electricity belongs to the electric utility purchasing the electricity and that net surplus electricity counts toward the electric utility’s renewables portfolio standard purchasing requirements.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because this bill would require action by the commission to implement certain of its requirements that expand the existing obligations of electrical corporations, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 2827 of the Public Utilities Code is
2 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, ~~and~~ 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

1 generation-to-generation energy and time-of-use credit formula
2 as provided in subdivision (i).

3 (2) “Electrical cooperative” means an electrical cooperative as
4 defined in Section 2776.

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

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

22 (5) “Net energy metering” means measuring the difference
23 between the electricity supplied through the electric grid and the
24 electricity generated by an eligible customer-generator and fed
25 back to the electric grid over a 12-month period as described in
26 ~~subdivision~~ *subdivisions (c) and (h).*—~~An eligible~~
27 ~~customer-generator who already owns an existing solar or wind~~
28 ~~turbine electrical generating facility, or a hybrid system of both,~~
29 ~~is eligible to receive net energy metering service in accordance~~
30 ~~with this section.~~

31 (6) “*Net surplus customer-generator*” means an eligible
32 customer-generator that generates more electricity during a
33 12-month period than is supplied by the electric utility to the
34 eligible customer-generator during the same 12-month period.

35 (7) “*Net surplus electricity*” means all electricity generated by
36 an eligible customer-generator measured in kilowatthours over a
37 12-month period that exceeds the amount of electricity consumed
38 by that eligible customer-generator.

39 (8) “*Net surplus electricity compensation*” means a per
40 kilowatthour rate offered by the electric utility to the net surplus

1 *customer-generator for net surplus electricity that is set by the*
2 *ratemaking authority pursuant to subdivision (h).*

3 ~~(6)~~

4 (9) “Ratemaking authority” means, for an electrical corporation;
5 ~~or electrical cooperative, or electric service provider,~~ the
6 commission, and for a local publicly owned electric utility, the
7 local elected body responsible for setting the rates of the local
8 publicly owned utility.

9 ~~(7)~~

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

17 (c) (1) ~~Every electricity distribution utility or cooperative~~
18 *electric utility* shall develop a standard contract or tariff providing
19 for net energy metering, and shall make this standard contract or
20 tariff available to eligible customer-generators, upon request, on
21 a first-come-first-served basis until the time that the total rated
22 generating capacity used by eligible customer-generators exceeds
23 2.5 percent of the ~~electricity distribution utility or cooperative’s~~
24 *electric utility’s* aggregate customer peak demand. Net energy
25 metering shall be accomplished using a single meter capable of
26 registering the flow of electricity in two directions. An additional
27 meter or meters to monitor the flow of electricity in each direction
28 may be installed with the consent of the *eligible*
29 customer-generator, at the expense of the ~~electricity distribution~~
30 ~~utility or cooperative~~ *electric utility*, and the additional metering
31 shall be used only to provide the information necessary to
32 accurately bill or credit the *eligible* customer-generator pursuant
33 to subdivision (h), or to collect solar or wind electric generating
34 system performance information for research purposes. If the
35 existing electrical meter of an eligible customer-generator is not
36 capable of measuring the flow of electricity in two directions, the
37 *eligible* customer-generator shall be responsible for all expenses
38 involved in purchasing and installing a meter that is able to measure
39 electricity flow in two directions. If an additional meter or meters
40 are installed, the net energy metering calculation shall yield a result

1 identical to that of a single meter. *An eligible customer-generator*
2 *that is receiving service other than through the standard contract*
3 *or tariff may elect to receive service through the standard contract*
4 *or tariff until the electric utility reaches the generation limit set*
5 *forth in this paragraph. Once the generation limit is reached, only*
6 *eligible customer-generators that had previously elected to receive*
7 *service pursuant to the standard contract or tariff have a right to*
8 *continue to receive service pursuant to the standard contract or*
9 *tariff. Eligibility for net energy metering does not limit an eligible*
10 *customer-generator's eligibility for any other rebate, incentive,*
11 *or credit provided by the electric utility, or pursuant to any*
12 *governmental program, including rebates and incentives provided*
13 *pursuant to the California Solar Initiative.*

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

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

28 (C) The ratemaking authority shall develop a process for making
29 the information required by this paragraph available to ~~electricity~~
30 ~~distribution utilities and cooperatives~~ *electric utilities*, and for
31 using that information to determine when, pursuant to paragraphs
32 (1) and (3), an ~~electricity distribution utility or cooperative~~ *electric*
33 *utility* is not obligated to provide net energy metering to additional
34 *eligible* customer-generators in its service area.

35 (3) An ~~electricity distribution utility or cooperative~~ *electric*
36 *utility* is not obligated to provide net energy metering to additional
37 *eligible* customer-generators in its service area when the combined
38 total peak demand of all *electricity used by eligible*
39 customer-generators served by all the ~~electricity distribution~~
40 ~~utilities or cooperatives~~ *electric utilities* in that service area

1 furnishing net energy metering to eligible customer-generators
2 exceeds 2.5 percent of the aggregate customer peak demand of
3 those ~~electricity distribution utilities or cooperatives~~ *electric*
4 *utilities*.

5 (4) By January 1, 2010, the commission, in consultation with
6 the Energy Commission, shall submit a report to the Governor and
7 the Legislature on the costs and benefits of net energy metering,
8 wind energy co-metering, and co-energy metering to participating
9 customers and nonparticipating customers and with options to
10 replace the economic costs and benefits of net energy metering,
11 wind energy co-metering, and co-energy metering with a
12 mechanism that more equitably balances the interests of
13 participating and nonparticipating customers, and that incorporates
14 the findings of the report on economic and environmental costs
15 and benefits of net metering required by subdivision (n).

16 (d) Every ~~electricity distribution utility or cooperative~~ *electric*
17 *utility* shall make all necessary forms and contracts for net energy
18 metering *and net surplus electricity compensation* service available
19 for download from the Internet.

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

30 (2) Every ~~electricity distribution utility or cooperative~~ *electric*
31 *utility* shall ensure that requests for an interconnection agreement
32 from an eligible customer-generator are processed in a time period
33 not to exceed 30 working days from the date it receives a completed
34 application form from the eligible customer-generator for an
35 interconnection agreement.

36 (3) If an ~~electricity distribution utility or cooperative~~ *electric*
37 *utility* is unable to process a request within the allowable timeframe
38 pursuant to paragraph (1) or (2), it shall notify the eligible
39 customer-generator and the ratemaking authority of the reason for

1 its inability to process the request and the expected completion
2 date.

3 (f) (1) If a customer participates in direct transactions pursuant
4 to paragraph (1) of subdivision (b) of Section 365 with an electric
5 service provider that does not provide distribution service for the
6 direct transactions, the ~~electricity distribution utility or cooperative~~
7 *electric utility* that provides distribution service for ~~an~~ *the* eligible
8 customer-generator is not obligated to provide net energy metering
9 *or net surplus electricity compensation* to the customer.

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

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

1 operate an eligible solar or wind electrical generating facility are
2 contrary to the intent of this section, and shall not form a part of
3 net energy metering contracts or tariffs.

4 (h) For ~~eligible residential and small commercial~~
5 customer-generators, the net energy metering calculation shall be
6 made by measuring the difference between the electricity supplied
7 to the eligible customer-generator and the electricity generated by
8 the eligible customer-generator and fed back to the electric grid
9 over a 12-month period. The following rules shall apply to the
10 annualized net metering calculation:

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

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

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

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

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

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

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

34 (4) (A) *The ratemaking authority shall, by January 1, 2011,*
35 *establish a net surplus electricity compensation valuation to*
36 *compensate the net surplus customer-generator for the value of*
37 *net surplus electricity generated by the net surplus*
38 *customer-generator. The commission shall establish the valuation*
39 *in a ratemaking proceeding. The ratemaking authority for a local*
40 *publicly owned electric utility shall establish the valuation in a*

1 *public proceeding. The net surplus electricity compensation*
 2 *valuation shall be established so as to provide the net surplus*
 3 *customer-generator just and reasonable compensation for the*
 4 *value of net surplus electricity, while leaving other ratepayers*
 5 *unaffected. The ratemaking authority shall determine whether the*
 6 *compensation will include, where appropriate justification exists,*
 7 *either or both of the following components:*
 8 *(i) The value of the electricity itself.*
 9 *(ii) The value of the renewable attributes of the electricity.*
 10 *(B) In establishing the rate pursuant to subparagraph (A), the*
 11 *ratemaking authority shall ensure that the rate does not result in*
 12 *a shifting of costs between solar customer-generators and other*
 13 *bundled service customers.*
 14 *(5) (A) Upon adoption of the net surplus electricity*
 15 *compensation rate by the ratemaking authority, any renewable*
 16 *energy credit, as defined in Section 399.12, for net surplus*
 17 *electricity purchased by the electric utility shall belong to the*
 18 *electric utility. Any renewable energy credit associated with*
 19 *electricity generated by the eligible customer-generator that is*
 20 *utilized by the eligible customer-generator shall remain the*
 21 *property of the eligible customer-generator.*
 22 *(B) Upon adoption of the net surplus electricity compensation*
 23 *rate by the ratemaking authority, the net surplus electricity*
 24 *purchased by the electric utility shall count toward the electric*
 25 *utility's renewables portfolio standard annual procurement targets*
 26 *for the purposes of paragraph (1) of subdivision (b) of Section*
 27 *399.15, or for a local publicly owned electric utility, the renewables*
 28 *portfolio standard annual procurement targets established pursuant*
 29 *to Section 387.*
 30 ~~(4)~~
 31 ~~(6) The electricity distribution utility or cooperative electric~~
 32 ~~utility shall provide every eligible residential or small commercial~~
 33 ~~customer-generator with net electricity consumption and net~~
 34 ~~surplus electricity generation information with each regular bill.~~
 35 ~~That information shall include the current monetary balance owed~~
 36 ~~the electricity distribution utility or cooperative electric utility for~~
 37 ~~net electricity consumed, or the current amount of excess electricity~~
 38 ~~produced net surplus electricity generated, since the last 12-month~~
 39 ~~period ended. Notwithstanding this subdivision, an electricity~~

1 ~~distribution utility or cooperative~~ *electric utility* shall permit that
2 customer to pay monthly for net energy consumed.

3 (5)

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

13 (6)

14 (8) If an electric service provider or ~~electricity distribution utility~~
15 ~~or cooperative~~ *electric utility* providing net energy metering to a
16 residential or small commercial customer-generator ceases
17 providing that electric service to that customer during any
18 12-month period, and the customer-generator enters into a new
19 net energy metering contract or tariff with a new electric service
20 provider or ~~electricity distribution utility or cooperative~~ *electric*
21 *utility*, the 12-month period, with respect to that new electric
22 service provider or ~~electricity distribution utility or cooperative~~
23 *electric utility*, shall commence on the date on which the new
24 electric service provider or ~~electricity distribution utility or~~
25 ~~cooperative~~ *electric utility* first supplies electric service to the
26 customer-generator.

27 (i) Notwithstanding any other provisions of this section, the
28 following provisions shall apply to an eligible customer-generator
29 with a capacity of more than 10 kilowatts, but not exceeding one
30 megawatt, that receives electric service from a local publicly owned
31 electric utility that has elected to utilize a co-energy metering
32 program unless the local publicly owned electric utility chooses
33 to provide service for eligible customer-generators with a capacity
34 of more than 10 kilowatts in accordance with subdivisions (g) and
35 (h):

36 (1) The eligible customer-generator shall be required to utilize
37 a meter, or multiple meters, capable of separately measuring
38 electricity flow in both directions. All meters shall provide
39 ~~"time-of-use"~~ *time-of-use* measurements of electricity flow, and
40 the customer shall take service on a time-of-use rate schedule. If

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

11 (2) The consumption of electricity from the local publicly owned
12 electric utility shall result in a cost to the eligible
13 customer-generator to be priced in accordance with the standard
14 rate charged to the eligible customer-generator in accordance with
15 the rate structure to which the customer would be assigned if the
16 customer did not use an eligible solar or wind electrical generating
17 facility. The generation of electricity provided to the local publicly
18 owned electric utility shall result in a credit to the eligible
19 customer-generator and shall be priced in accordance with the
20 generation component, established under the applicable structure
21 to which the customer would be assigned if the customer did not
22 use an eligible solar or wind electrical generating facility.

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

1 the local publicly owned electric utility may reduce any net credit
2 due to the eligible customer-generator to zero.

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

14 (k) If the commission determines that there are cost or revenue
15 obligations for an electric corporation, as defined in Section 218,
16 that may not be recovered from customer-generators acting
17 pursuant to this section, those obligations shall remain within the
18 customer class from which any shortfall occurred and may not be
19 shifted to any other customer class. Net energy metering and
20 co-energy metering customers shall not be exempt from the public
21 goods charges imposed pursuant to Article 7 (commencing with
22 Section 381), Article 8 (commencing with Section 385), or Article
23 15 (commencing with Section 399) of Chapter 2.3 of Part 1. In its
24 report to the Legislature, the commission shall examine different
25 methods to ensure that the public goods charges remain
26 nonbypassable.

27 (l) A net energy metering, co-energy metering, or wind energy
28 co-metering customer shall reimburse the Department of Water
29 Resources for all charges that would otherwise be imposed on the
30 customer by the commission to recover bond-related costs pursuant
31 to an agreement between the commission and the Department of
32 Water Resources pursuant to Section 80110 of the Water Code,
33 as well as the costs of the department equal to the share of the
34 department's estimated net unavoidable power purchase contract
35 costs attributable to the customer. The commission shall
36 incorporate the determination into an existing proceeding before
37 the commission, and shall ensure that the charges are
38 nonbypassable. Until the commission has made a determination
39 regarding the nonbypassable charges, net energy metering,
40 co-energy metering, and wind energy co-metering shall continue

1 under the same rules, procedures, terms, and conditions as were
2 applicable on December 31, 2002.

3 (m) In implementing the requirements of subdivisions (k) and
4 (l), ~~a~~ *an eligible* customer-generator shall not be required to replace
5 its existing meter except as set forth in ~~subparagraph (A) of~~
6 paragraph (1) of subdivision (c), nor shall the ~~electricity distribution~~
7 ~~utility or cooperative~~ *electric utility* require additional measurement
8 of usage beyond that which is necessary for customers in the same
9 rate class as the eligible customer-generator.

10 (n) It is the intent of the Legislature that the Treasurer
11 incorporate net energy metering, *including net surplus electricity*
12 *compensation*, co-energy metering, and wind energy co-metering
13 projects 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. 2. No reimbursement is required by this act pursuant to
17 Section 6 of Article XIII B of the California Constitution because
18 the only costs that may be incurred by a local agency or school
19 district will be incurred because this act creates a new crime or
20 infraction, eliminates a crime or infraction, or changes the penalty
21 for a crime or infraction, within the meaning of Section 17556 of
22 the Government Code, or changes the definition of a crime within
23 the meaning of Section 6 of Article XIII B of the California
24 Constitution.