

AMENDED IN ASSEMBLY APRIL 18, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2234

Introduced by Assembly Member Hill
(Coauthors: Assembly Members Gordon, Wieckowski, and Williams)
(Coauthor: Senator Wolk)

February 24, 2012

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2234, as amended, Hill. Electricity net energy metering.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. 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~~

This bill would specify that an electric utility is also not obligated to provide net energy metering to additional eligible customer-generators that are public agencies whose facilities have a total capacity of more than one megawatt if the collective state-wide capacity of these customers exceeds 100 megawatts.

The existing definition of an eligible customer-generator requires that the generator be a residential, small commercial, commercial, industrial, or agricultural customer of the electric utility, that the generating facility use a renewable source listed in the definition of a renewable electricity

generation facility that is used for purposes of the Renewable Energy Resources Program administered by the State Energy Resources Conservation and Development Commission, that the generating facility have a total capacity of not more than one megawatt, and that it meet certain locational and operational requirements. Existing law authorizes a local publicly owned electric utility to elect to provide co-energy metering, as defined, rather than net energy metering.

This bill would include in the definition of an eligible customer-generator, a public agency customer, as defined, meeting the existing requirements applicable to residential, small commercial, commercial, industrial, or agricultural customers, except that that generation facility have a total capacity of not more than ~~5~~ 2 megawatts.

This bill would also require an eligible customer-generator that is a public agency whose facility or facilities has a total capacity of more than one megawatt to pay for an interconnection study associated with that customer, as well as any distribution grid upgrades found to be necessary by that study.

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

Because an order of the commission would be required to implement certain of the bill's requirements and a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime. Because the bill would expand the net energy metering or co-energy meeting requirements for local publicly owned electric utilities, the bill would impose a state-mandated local program.

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 specified reasons.

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:

1 2827. (a) The Legislature finds and declares that a program
2 to provide net energy metering combined with net surplus
3 compensation, co-energy metering, and wind energy co-metering
4 for eligible customer-generators is one way to encourage substantial
5 private investment in renewable energy resources, stimulate in-state
6 economic growth, reduce demand for electricity during peak
7 consumption periods, help stabilize California’s energy supply
8 infrastructure, enhance the continued diversification of California’s
9 energy resource mix, reduce interconnection and administrative
10 costs for electricity suppliers, and encourage conservation and
11 efficiency.

12 (b) As used in this section, the following terms have the
13 following meanings:

14 (1) “Co-energy metering” means a program that is the same in
15 all other respects as a net energy metering program, except that
16 the local publicly owned electric utility has elected to apply a
17 generation-to-generation energy and time-of-use credit formula
18 as provided in subdivision (i).

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

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

27 (4) (A) “Eligible customer-generator” means a residential
28 customer, small commercial customer as defined in subdivision
29 (h) of Section 331, or commercial, industrial, or agricultural
30 customer of an electric utility, who uses a renewable electrical
31 generation facility, or a combination of those facilities, with a total
32 capacity of not more than one megawatt, that is located on the
33 customer’s owned, leased, or rented premises, and is interconnected
34 and operates in parallel with the electric grid, and is intended
35 primarily to offset part or all of the customer’s own electrical
36 requirements.

37 (B) “Eligible customer-generator” additionally includes a public
38 agency customer of an electric utility that uses a renewable
39 electrical generation facility, or a combination of those facilities,
40 with a total capacity of not more than ~~five~~ *two* megawatts, that is

1 located on premises that are owned, leased, or rented by the public
2 agency, and which is interconnected and operates in parallel with
3 the electric grid. For purposes of this subparagraph, “public
4 agency” means the state, any agency, board, commission, council,
5 department, or other entity of state government, the California
6 Community Colleges, and each district, campus, branch, and
7 function thereof, the California State University, and each campus,
8 branch, and function thereof, the University of California, and
9 each campus, branch, and function thereof, any county, any city,
10 any city and county, any regional agency, any district or special
11 district, any school district, and each campus, branch, and function
12 thereof, and any other political subdivision or corporation of the
13 state.

14 (5) “Renewable electrical generation facility” means a facility
15 that generates electricity from a renewable source listed in
16 paragraph (1) of subdivision (a) of Section 25741 of the Public
17 Resources Code. A small hydroelectric generation facility is not
18 an eligible renewable electrical generation facility if it will cause
19 an adverse impact on instream beneficial uses or cause a change
20 in the volume or timing of streamflow.

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

26 (7) “Net surplus customer-generator” means an eligible
27 customer-generator that generates more electricity during a
28 12-month period than is supplied by the electric utility to the
29 eligible customer-generator during the same 12-month period.

30 (8) “Net surplus electricity” means all electricity generated by
31 an eligible customer-generator measured in kilowatthours over a
32 12-month period that exceeds the amount of electricity consumed
33 by that eligible customer-generator.

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

38 (10) “Ratemaking authority” means, for an electrical
39 corporation, the commission, for an electrical cooperative, its
40 ratesetting body selected by its shareholders or members, and for

1 a local publicly owned electric utility, the local elected body
2 responsible for setting the rates of the local publicly owned utility.

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

11 (c) (1) Every electric utility shall develop a standard contract
12 or tariff providing for net energy metering, and shall make this
13 standard contract or tariff available to eligible customer-generators,
14 upon request, on a first-come-first-served basis until the time that
15 the total rated generating capacity used by eligible
16 customer-generators exceeds 5 percent of the electric utility’s
17 aggregate customer peak demand. *In addition to the 5 percent*
18 *program limitation that is applicable to all eligible*
19 *customer-generators, an electric utility is not required to make*
20 *the tariff available to an eligible customer-generator that is a*
21 *public agency whose facility has a generating capacity of more*
22 *than one megawatt if the total statewide collective capacity of*
23 *those facilities is 100 megawatts or more. Net energy metering*
24 *shall be accomplished using a single meter capable of registering*
25 *the flow of electricity in two directions. An additional meter or*
26 *meters to monitor the flow of electricity in each direction may be*
27 *installed with the consent of the eligible customer-generator, at*
28 *the expense of the electric utility, and the additional metering shall*
29 *be used only to provide the information necessary to accurately*
30 *bill or credit the eligible customer-generator pursuant to subdivision*
31 *(h), or to collect generating system performance information for*
32 *research purposes relative to a renewable electrical generation*
33 *facility. If the existing electrical meter of an eligible*
34 *customer-generator is not capable of measuring the flow of*
35 *electricity in two directions, the eligible customer-generator shall*
36 *be responsible for all expenses involved in purchasing and*
37 *installing a meter that is able to measure electricity flow in two*
38 *directions. If an additional meter or meters are installed, the net*
39 *energy metering calculation shall yield a result identical to that of*
40 *a single meter. An eligible customer-generator that is receiving*

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

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

24 (3) (A) On an annual basis, every electric utility shall make
25 available to the ratemaking authority information on the total rated
26 generating capacity used by eligible customer-generators that are
27 customers of that provider in the provider's service area and the
28 net surplus electricity purchased by the electric utility pursuant to
29 this section.

30 (B) An electric service provider operating pursuant to Section
31 394 shall make available to the ratemaking authority the
32 information required by this paragraph for each eligible
33 customer-generator that is their customer for each service area of
34 an electrical corporation, local publicly owned electrical utility,
35 or electrical cooperative, in which the eligible customer-generator
36 has net energy metering.

37 (C) The ratemaking authority shall develop a process for making
38 the information required by this paragraph available to electric
39 utilities, and for using that information to determine when, pursuant
40 to paragraphs (1) and (4), an electric utility is not obligated to

1 provide net energy metering to additional eligible
2 customer-generators in its service area.

3 (4) An electric utility is not obligated to provide net energy
4 metering to additional eligible customer-generators in its service
5 area when

6 the combined total peak demand of all electricity used by eligible
7 customer-generators served by all the electric utilities in that
8 service area furnishing net energy metering to eligible
9 customer-generators exceeds 5 percent of the aggregate customer
10 peak demand of those electric utilities.

11 (5) *An electric utility is not obligated to provide net energy*
12 *metering to additional eligible customer-generators that are public*
13 *agencies whose facilities have a total capacity of more than one*
14 *megawatt if the collective state-wide capacity of these customers*
15 *exceeds 100 megawatts.*

16 (6) *An eligible customer-generator that is a public agency whose*
17 *facility or facilities has a total capacity of more than one megawatt*
18 *shall pay for an interconnection study associated with that*
19 *customer, as well as any distribution grid upgrades found to be*
20 *necessary by that study.*

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

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

34 (2) Every electric utility shall ensure that requests for an
35 interconnection agreement from an eligible customer-generator
36 are processed in a time period not to exceed 30 working days from
37 the date it receives a completed application form from the eligible
38 customer-generator for an interconnection agreement.

39 (3) If an electric utility is unable to process a request within the
40 allowable timeframe pursuant to paragraph (1) or (2), it shall notify

1 the eligible customer-generator and the ratemaking authority of
2 the reason for its inability to process the request and the expected
3 completion date.

4 (f) (1) If a customer participates in direct transactions pursuant
5 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
6 with an electric service provider that does not provide distribution
7 service for the direct transactions, the electric utility that provides
8 distribution service for the eligible customer-generator is not
9 obligated to provide net energy metering or net surplus electricity
10 compensation to the customer.

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

20 (g) Except for the time-variant kilowatthour pricing portion of
21 any tariff adopted by the commission pursuant to paragraph (4) of
22 subdivision (a) of Section 2851, each net energy metering contract
23 or tariff shall be identical, with respect to rate structure, all retail
24 rate components, and any monthly charges, to the contract or tariff
25 to which the same customer would be assigned if the customer did
26 not use a renewable electrical generation facility, except that
27 eligible customer-generators shall not be assessed standby charges
28 on the electrical generating capacity or the kilowatthour production
29 of a renewable electrical generation facility. The charges for all
30 retail rate components for eligible customer-generators shall be
31 based exclusively on the customer-generator's net kilowatthour
32 consumption over a 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 a renewable electrical generation facility is contrary to the
2 intent of this section, and shall not form a part of net energy
3 metering contracts or tariffs.

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

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

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

29 (A) For all eligible customer-generators taking service under
30 contracts or tariffs employing "baseline" and "over baseline" rates,
31 any net monthly consumption of electricity shall be calculated
32 according to the terms of the contract or tariff to which the same
33 customer would be assigned to, or be eligible for, if the customer
34 was not an eligible customer-generator. If those same
35 customer-generators are net generators over a billing period, the
36 net kilowatt-hours generated shall be valued at the same price per
37 kilowatt-hour as the electric utility would charge for the baseline
38 quantity of electricity during that billing period, and if the number
39 of kilowatt-hours generated exceeds the baseline quantity, the excess
40 shall be valued at the same price per kilowatt-hour as the electric

1 utility would charge for electricity over the baseline quantity during
2 that billing period.

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

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

33 (3) At the end of each 12-month period, where the electricity
34 generated by the eligible customer-generator during the 12-month
35 period exceeds the electricity supplied by the electric utility during
36 that same period, the eligible customer-generator is a net surplus
37 customer-generator and the electric utility, upon an affirmative
38 election by the net surplus customer-generator, shall either (A)
39 provide net surplus electricity compensation for any net surplus
40 electricity generated during the prior 12-month period, or (B) allow

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

22 (4) (A) The ratemaking authority shall establish a net surplus
23 electricity compensation valuation to compensate the net surplus
24 customer-generator for the value of net surplus electricity generated
25 by the net surplus customer-generator. The commission shall
26 establish the valuation in a ratemaking proceeding. The ratemaking
27 authority for a local publicly owned electric utility shall establish
28 the valuation in a public proceeding. The net surplus electricity
29 compensation valuation shall be established so as to provide the
30 net surplus customer-generator just and reasonable compensation
31 for the value of net surplus electricity, while leaving other
32 ratepayers unaffected. The ratemaking authority shall determine
33 whether the compensation will include, where appropriate
34 justification exists, either or both of the following components:

- 35 (i) The value of the electricity itself.
 - 36 (ii) The value of the renewable attributes of the electricity.
- 37 (B) In establishing the rate pursuant to subparagraph (A), the
38 ratemaking authority shall ensure that the rate does not result in a
39 shifting of costs between eligible customer-generators and other
40 bundled service customers.

1 (5) (A) Upon adoption of the net surplus electricity
2 compensation rate by the ratemaking authority, any renewable
3 energy credit, as defined in Section 399.12, for net surplus
4 electricity purchased by the electric utility shall belong to the
5 electric utility. Any renewable energy credit associated with
6 electricity generated by the eligible customer-generator that is
7 utilized by the eligible customer-generator shall remain the property
8 of the eligible customer-generator.

9 (B) Upon adoption of the net surplus electricity compensation
10 rate by the ratemaking authority, the net surplus electricity
11 purchased by the electric utility shall count toward the electric
12 utility's renewables portfolio standard annual procurement targets
13 for the purposes of paragraph (1) of subdivision (b) of Section
14 399.15, or for a local publicly owned electric utility, the renewables
15 portfolio standard annual procurement targets established pursuant
16 to Section 387.

17 (6) The electric utility shall provide every eligible residential
18 or small commercial customer-generator with net electricity
19 consumption and net surplus electricity generation information
20 with each regular bill. That information shall include the current
21 monetary balance owed the electric utility for net electricity
22 consumed, or the net surplus electricity generated, since the last
23 12-month period ended. Notwithstanding this subdivision, an
24 electric utility shall permit that customer to pay monthly for net
25 energy consumed.

26 (7) If an eligible residential or small commercial
27 customer-generator terminates the customer relationship with the
28 electric utility, the electric utility shall reconcile the eligible
29 customer-generator's consumption and production of electricity
30 during any part of a 12-month period following the last
31 reconciliation, according to the requirements set forth in this
32 subdivision, except that those requirements shall apply only to the
33 months since the most recent 12-month bill.

34 (8) If an electric service provider or electric utility providing
35 net energy metering to a residential or small commercial
36 customer-generator ceases providing that electric service to that
37 customer during any 12-month period, and the customer-generator
38 enters into a new net energy metering contract or tariff with a new
39 electric service provider or electric utility, the 12-month period,
40 with respect to that new electric service provider or electric utility,

1 shall commence on the date on which the new electric service
2 provider or electric utility first supplies electric service to the
3 customer-generator.

4 (i) Notwithstanding any other provisions of this section,
5 paragraphs (1), (2), and (3) shall apply to an eligible
6 customer-generator with a capacity of more than 10 kilowatts, but
7 not exceeding the megawatt limitations for eligible
8 customer-generators specified in paragraph (4) of subdivision (b),
9 that receives electric service from a local publicly owned electric
10 utility that has elected to utilize a co-energy metering program
11 unless the local publicly owned electric utility chooses to provide
12 service for eligible customer-generators with a capacity of more
13 than 10 kilowatts in accordance with subdivisions (g) and (h):

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

28 (2) The consumption of electricity from the local publicly owned
29 electric utility shall result in a cost to the eligible
30 customer-generator to be priced in accordance with the standard
31 rate charged to the eligible customer-generator in accordance with
32 the rate structure to which the customer would be assigned if the
33 customer did not use a renewable electrical generation facility.
34 The generation of electricity provided to the local publicly owned
35 electric utility shall result in a credit to the eligible
36 customer-generator and shall be priced in accordance with the
37 generation component, established under the applicable structure
38 to which the customer would be assigned if the customer did not
39 use a renewable electrical generation facility.

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

21 (j) A renewable electrical generation facility used by an eligible
22 customer-generator shall meet all applicable safety and
23 performance standards established by the National Electrical Code,
24 the Institute of Electrical and Electronics Engineers, and accredited
25 testing laboratories, including Underwriters Laboratories
26 Incorporated and, where applicable, rules of the commission
27 regarding safety and reliability. A customer-generator whose
28 renewable electrical generation facility meets those standards and
29 rules shall not be required to install additional controls, perform
30 or pay for additional tests, or purchase additional liability
31 insurance.

32 (k) If the commission determines that there are cost or revenue
33 obligations for an electrical corporation that may not be recovered
34 from customer-generators acting pursuant to this section, those
35 obligations shall remain within the customer class from which any
36 shortfall occurred and shall not be shifted to any other customer
37 class. Net energy metering and co-energy metering customers shall
38 not be exempt from the public goods charges imposed pursuant to
39 Article 7 (commencing with Section 381), Article 8 (commencing

1 with Section 385), or Article 15 (commencing with Section 399)
2 of Chapter 2.3 of Part 1.

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

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

25 (n) It is the intent of the Legislature that the Treasurer
26 incorporate net energy metering, including net surplus electricity
27 compensation, co-energy metering, and wind energy co-metering
28 projects undertaken pursuant to this section as sustainable building
29 methods or distributive energy technologies for purposes of
30 evaluating low-income housing projects.

31 SEC. 2. Section 2827.8 of the Public Utilities Code is amended
32 to read:

33 2827.8. Notwithstanding any other provisions of this article,
34 the following provisions apply to an eligible customer-generator
35 utilizing wind energy co-metering with a capacity of more than
36 50 kilowatts, but not exceeding the megawatt limitations for
37 eligible customer-generators specified in paragraph (4) of
38 subdivision (b) of Section 2827, unless approved by the electric
39 utility.

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

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

28 SEC. 3. No reimbursement is required by this act pursuant to
 29 Section 6 of Article XIII B of the California Constitution because
 30 a local agency or school district has the authority to levy service
 31 charges, fees, or assessments sufficient to pay for the program or
 32 level of service mandated by this act or because costs that may be
 33 incurred by a local agency or school district will be incurred
 34 because this act creates a new crime or infraction, eliminates a
 35 crime or infraction, or changes the penalty for a crime or infraction,
 36 within the meaning of Section 17556 of the Government Code, or
 37 changes the definition of a crime within the meaning of Section 6
 38 of Article XIII B of the California Constitution.

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