

AMENDED IN SENATE MAY 11, 2011

**SENATE BILL**

**No. 682**

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**Introduced by Senator Calderon**

February 18, 2011

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~~An act to add Article 2 (commencing with Section 2848) to Chapter 8 of Part 2 of Division 1 of the Public Utilities Code, relating to energy. An act to add Section 39619.9 to the Health and Safety Code, relating to electricity generation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 682, as amended, Calderon. ~~Energy: clean distributed generation units: oil and gas extraction. Electricity generation: emissions.~~

*The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases.*

*This bill would require the state board, by April 1, 2012, to assess the extent and magnitude of potential greenhouse gas emission reductions associated with using waste or stranded gas for electricity generation.*

~~(1) The Waste Heat and Carbon Emissions Reduction Act authorizes the Public Utilities Commission (PUC) to require an electrical corporation to purchase excess electricity, as defined, from an eligible customer-generator. The act defines "eligible customer-generator" as a customer of an electrical corporation that uses a combined heat and power system, as defined, with a generating capacity of not more than 20 megawatts, that first commences operation on or after January 1, 2008, and uses a time-of-use meter capable of registering the flow of electricity in 2 directions.~~

~~This bill would require the PUC to require an electrical corporation to purchase excess electricity from a customer of an electrical corporation that uses a microturbine or a fuel cell meeting specified requirements that runs off of waste or stranded gas associated with the extraction of oil or gas and has a time-of-use meter capable of registering the flow of electricity in 2 directions.~~

~~Because 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.~~

~~(2) 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~~-no.

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

1 *SECTION 1. Section 39619.9 is added to the Health and Safety*  
2 *Code, to read:*

3 *39619.9. (a) By April 1, 2012, the state board shall assess the*  
4 *extent and magnitude of potential greenhouse gas emission*  
5 *reductions associated with using waste or stranded gas for*  
6 *electricity generation.*

7 *(b) The assessment shall include both of the following:*

8 *(1) An estimate of the cost per ton of avoided carbon dioxide*  
9 *emissions resulting from the generation of electricity using waste*  
10 *or stranded gas, given reasonable assumptions about both the*  
11 *generation technology and configuration used to produce*  
12 *electricity from waste or stranded gas.*

13 *(2) The efficiency of the electricity generation that waste or*  
14 *stranded gas electricity generation would displace.*

15 ~~SECTION 1. Article 2 (commencing with Section 2848) is~~  
16 ~~added to Chapter 8 of Part 2 of Division 1 of the Public Utilities~~  
17 ~~Code, to read:~~

18

19 ~~Article 2. Clean Distributed Generation Units~~

20

21 ~~2848. (a) As used in this article:~~

1 ~~(1) “Eligible customer-generator” means a customer of an~~  
2 ~~electrical corporation that meets both of the following~~  
3 ~~requirements:~~

4 ~~(A) Uses a microturbine or a fuel cell that meets the following~~  
5 ~~requirements:~~

6 ~~(i) If a microturbine, the microturbine is certified as meeting~~  
7 ~~air pollution standards consistent with the guidance given by the~~  
8 ~~State Air Resources Board pursuant to Section 41514.10 of the~~  
9 ~~Health and Safety Code.~~

10 ~~(ii) The microturbine or fuel cell runs off of waste or stranded~~  
11 ~~gas associated with the extraction of oil or gas.~~

12 ~~(iii) The microturbine or fuel cell has a generating capacity of~~  
13 ~~not more than one megawatt.~~

14 ~~(B) Uses a time-of-use meter capable of registering the flow of~~  
15 ~~electricity in two directions. If the existing electrical meter of an~~  
16 ~~eligible customer-generator is not capable of measuring the flow~~  
17 ~~of electricity in two directions, the eligible customer-generator~~  
18 ~~shall be responsible for all expenses involved in purchasing and~~  
19 ~~installing a meter that is able to measure electricity flow in two~~  
20 ~~directions. If an additional meter or meters are installed, the~~  
21 ~~electricity flow calculations shall yield a result identical to that of~~  
22 ~~a time-of-use meter.~~

23 ~~(2) “Excess electricity” means the net electricity exported to~~  
24 ~~the electrical grid, generated by a microturbine or fuel cell that~~  
25 ~~meets the requirements of subparagraph (A) of paragraph (1).~~

26 ~~(b) The commission shall require an electrical corporation to~~  
27 ~~purchase excess electricity from an eligible customer-generator.~~  
28 ~~The commission may establish a maximum kilowatthours limitation~~  
29 ~~on the amount of excess electricity that an electrical corporation~~  
30 ~~is required to purchase if the commission finds that the anticipated~~  
31 ~~excess electricity generated has an adverse effect on long-term~~  
32 ~~resource planning or reliable operation of the grid. The commission~~  
33 ~~shall establish, in consultation with the Independent System~~  
34 ~~Operator, tariff provisions that facilitate both this section and the~~  
35 ~~reliable operation of the grid.~~

36 ~~(c) (1) Every electrical corporation shall file with the~~  
37 ~~commission a standard tariff for the purchase of excess electricity~~  
38 ~~from an eligible customer-generator pursuant to this article.~~

1     ~~(2) The tariff shall provide for payment for every kilowatthour~~  
2 ~~delivered to the electrical grid by the microturbine or fuel cell at~~  
3 ~~a price determined by the commission.~~

4     ~~(3) The tariff shall include flexible rates with options for~~  
5 ~~different durations, not to exceed 10 years, and fixed or variable~~  
6 ~~rates relative to the cost of natural gas.~~

7     ~~(4) The commission shall ensure that ratepayers that are not~~  
8 ~~eligible customer-generators are held indifferent to the existence~~  
9 ~~of this tariff.~~

10     ~~(d) The commission, in reviewing the tariff filed by an electrical~~  
11 ~~corporation, shall establish time-of-delivery rates that encourage~~  
12 ~~demand management and net generation of electricity during~~  
13 ~~periods of peak system demand.~~

14     ~~(e) Every electrical corporation shall make the tariff available~~  
15 ~~to eligible customer-generators within the service territory of the~~  
16 ~~electrical corporation, upon request. An electrical corporation may~~  
17 ~~make the terms of the tariff available to an eligible customer in~~  
18 ~~the form of a standard contract.~~

19     ~~SEC. 2.—No reimbursement is required by this act pursuant to~~  
20 ~~Section 6 of Article XIII B of the California Constitution because~~  
21 ~~the only costs that may be incurred by a local agency or school~~  
22 ~~district will be incurred because this act creates a new crime or~~  
23 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
24 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
25 ~~the Government Code, or changes the definition of a crime within~~  
26 ~~the meaning of Section 6 of Article XIII B of the California~~  
27 ~~Constitution.~~