

AMENDED IN ASSEMBLY JANUARY 6, 2014

AMENDED IN ASSEMBLY APRIL 22, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 427**

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**Introduced by Assembly Member Mullin**

February 15, 2013

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An act to amend Section 371 of the Public Utilities Code, relating to electrical corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 427, as amended, Mullin. Electrical corporations: uneconomic cost recovery: bottoming cycle waste heat recovery.

Existing law specifies that, in recognition of statutory authority and past investments existing as of December 20, 1995, and subject to a specified fire wall, the uneconomic costs of specified energy-generation-related assets and obligations are applied to each customer based on the amount of electricity purchased by the customer from an electrical corporation, subject to changes in usage occurring in the normal course of business. Existing law specifies those changes that constitute “changes in usage occurring in the normal course of business” to include, among others, changes in fuel switching.

This bill would additionally include the production of electricity using ~~bottom~~ *bottoming* cycle waste heat recovery, as defined, as changes in fuel switching. The bill would exempt from all nonbypassable charges approved by the Public Utilities Commission changes in usage occurring in the normal course of business, *and would require the commission ensure that the customers made exempt from paying those charges pay their cost of receiving service from an electrical corporation. With*

*respect to electricity produced using bottoming cycle waste heat recovery, the bill would limit the amount of electricity exempt from those nonbypassable charges to a cumulative total of 200 megawatts of load within all service areas of electrical corporations and would prohibit nonbypassable charges avoided in this manner from being recovered from residential ratepayers and ratepayers with an average monthly usage of 500 kilowatthours of electricity or less.*

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

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

1 SECTION 1. Section 371 of the Public Utilities Code is  
 2 amended to read:  
 3 371. (a) Except as provided in Sections 372 and 374, the  
 4 uneconomic costs provided in Sections 367, 368, 375, and 376  
 5 shall be applied to each customer based on the amount of electricity  
 6 purchased by the customer from an electrical corporation or  
 7 alternate supplier of electricity, subject to changes in usage  
 8 occurring in the normal course of business.  
 9 (b) (1) Changes in usage occurring in the normal course of  
 10 business are those resulting from changes in business cycles,  
 11 termination of operations, departure from the utility service  
 12 territory, weather, reduced production, modifications to production  
 13 equipment or operations, changes in production or manufacturing  
 14 processes, fuel switching, including installation of fuel cells,  
 15 enhancement or increased efficiency of equipment or performance  
 16 of existing self-cogeneration equipment, the production of  
 17 electricity using bottoming cycle waste heat recovery, replacement  
 18 of existing cogeneration equipment with new power generation  
 19 equipment of similar size as described in paragraph (1) of  
 20 subdivision (a) of Section 372, installation of demand-side  
 21 management equipment or facilities, energy conservation efforts,  
 22 or other similar factors.  
 23 (2) For the purposes of this ~~subdivision~~, *section*, “bottoming  
 24 cycle waste heat recovery” means ~~a form of energy efficiency by~~  
 25 ~~which the use of waste heat from a commercial or industrial process~~  
 26 ~~is used to produce electricity, excluding any electricity produced~~  
 27 ~~as a result of combusting fossil fuels to supplement the waste heat.~~  
 28 *electricity without consuming fuel to supplement the waste heat*

1 *and to supply electricity for onsite use without exporting electricity*  
2 *to the electrical grid.*

3 ~~(c) Changes-~~*(1) Except as provided in paragraph (2), changes*  
4 *in usage occurring in the normal course of business as described*  
5 *in subdivision (b) are exempt from all nonbypassable charges*  
6 *approved by the commission.*

7 *(2) For electricity produced using bottoming cycle waste heat*  
8 *recovery, the exemption specified in paragraph (1) applies only*  
9 *to the cumulative total of 200 megawatts of load within all service*  
10 *areas of electrical corporations.*

11 *(d) A nonbypassable charge avoided pursuant to subdivision*  
12 *(c) as a result of the use of electricity produced using bottoming*  
13 *cycle waste heat recovery shall not be recovered from residential*  
14 *ratepayers and ratepayers with an average monthly usage of 500*  
15 *kilowatthours of electricity or less.*

16 *(e) The commission shall ensure that customers exempt from*  
17 *the nonbypassable charges pursuant to subdivision (c) pay their*  
18 *cost of receiving service from an electrical corporation.*

19 ~~(d)~~

20 *(f) This section does not exempt or alter the obligation of a*  
21 *customer to comply with Chapter 5 (commencing with Section*  
22 *119075) of Part 15 of Division 104 of the Health and Safety Code.*  
23 *Nothing in this section shall be construed as a limitation on the*  
24 *ability of residential customers to alter their pattern of electricity*  
25 *purchases by activities on the customer side of the meter.*