

ASSEMBLY BILL

No. 2649

**Introduced by Assembly Members Mullin, V. Manuel Pérez, and
Gorell**

(Coauthors: Assembly Members Wieckowski and Williams)

(Coauthors: Senators Hill and Roth)

February 21, 2014

An act to amend Section 2827 of the Public Utilities Code, relating to energy, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2649, as introduced, Mullin. Net energy metering: military bases.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires every electric utility, as defined, to develop a standard contract or tariff providing for net energy metering, as defined, and to make this contract or tariff available to eligible customer-generators, as defined, upon request for generation by a renewable electrical generation facility, as defined. An eligible customer-generator is defined as meaning a residential customer, small commercial customer, or commercial, industrial, or agricultural customer of an electric utility, who uses a renewable electrical generation facility, or a combination of those facilities, with a total capacity of not more than one megawatt, that is located on the customer's owned, leased, or rented premises, and is interconnected and operates in parallel with the electrical grid, and is intended primarily to offset part or all of the customer's own electrical requirements.

This bill would authorize a United States military installation to exceed the one megawatt capacity limitation if the total capacity of all

renewable electrical generation facilities on the military installation does not exceed 50% of the highest daily peak demand for electricity at that military installation over the course of the preceding calendar year. The bill would provide that each physically separate and distinct building within privatized residential housing communities on contiguous military properties is a separate premise for purposes of the one megawatt capacity limitation, in a manner identical to how it would be treated if located in an equivalent civilian community.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares all of the
 2 following:
 3 (a) Existing interpretation of the state’s net energy metering
 4 requirements have hindered the development of renewable
 5 electrical generation facilities on military installations in conflict
 6 with the state’s and military’s clean energy goals and policies.
 7 (b) It is not appropriate to consider military installations as a
 8 single location or site for purposes of developing renewable
 9 electrical generation facilities that are eligible for net energy
 10 metering because military bases more approximate the electricity
 11 load of a small city. Since it would be inappropriate to limit the
 12 net metered capacity of a small city to one megawatt, the
 13 Legislature finds that military installations should be authorized
 14 to generate more electricity from renewable electrical generation
 15 facilities in relative proportion to a base’s demand in order to meet
 16 renewable energy and national security goals, including the
 17 Secretary of the Navy’s goal for installations to obtain 50 percent
 18 of their shore power from alternative sources by 2020.
 19 (c) Application of the one megawatt capacity limitation for
 20 renewable electrical generation facilities that are eligible for net
 21 energy metering to an entire military base is discouraging military
 22 families living in privatized military housing from benefiting from
 23 rooftop solar energy. This is in contrast to states such as Arizona,
 24 Colorado, Hawaii, and Texas where military installations do not
 25 face similar restrictions.

1 (d) Clarification of how the one megawatt capacity limitation
2 should be applied to military installations will create substantial
3 job opportunities, including those for veterans and their families,
4 promote economic development in military communities, and bring
5 the benefits of eligible renewable energy resources, including bill
6 savings which will benefit communities of military families. The
7 Legislature therefore finds it is necessary to clarify how the one
8 megawatt capacity limitation for renewable electrical generation
9 facilities that are eligible for net energy metering is to apply to
10 military installations and military family housing communities.

11 SEC. 2. Section 2827 of the Public Utilities Code is amended
12 to read:

13 2827. (a) The Legislature finds and declares that a program
14 to provide net energy metering combined with net surplus
15 compensation, co-energy metering, and wind energy co-metering
16 for eligible customer-generators is one way to encourage substantial
17 private investment in renewable energy resources, stimulate in-state
18 economic growth, reduce demand for electricity during peak
19 consumption periods, help stabilize California's energy supply
20 infrastructure, enhance the continued diversification of California's
21 energy resource mix, reduce interconnection and administrative
22 costs for electricity suppliers, and encourage conservation and
23 efficiency.

24 (b) As used in this section, the following terms have the
25 following meanings:

26 (1) "Co-energy metering" means a program that is the same in
27 all other respects as a net energy metering program, except that
28 the local publicly owned electric utility has elected to apply a
29 generation-to-generation energy and time-of-use credit formula
30 as provided in subdivision (i).

31 (2) "Electrical cooperative" means an electrical cooperative as
32 defined in Section 2776.

33 (3) "Electric utility" means an electrical corporation, a local
34 publicly owned electric utility, or an electrical cooperative, or any
35 other entity, except an electric service provider, that offers electrical
36 service. This section shall not apply to a local publicly owned
37 electric utility that serves more than 750,000 customers and that
38 also conveys water to its customers.

39 (4) "Eligible customer-generator" means a residential customer,
40 small commercial customer as defined in subdivision (h) of Section

1 331, or commercial, industrial, or agricultural customer of an
2 electric utility, who uses a renewable electrical generation facility,
3 or a combination of those facilities, with a total capacity of not
4 more than one megawatt, that is located on the customer's owned,
5 leased, or rented premises, and is interconnected and operates in
6 parallel with the electrical grid, and is intended primarily to offset
7 part or all of the customer's own electrical requirements. *A United*
8 *States military installation may exceed the one megawatt capacity*
9 *limitation if the total capacity of all renewable electrical generation*
10 *facilities on the military installation does not exceed 50 percent*
11 *of the highest daily peak demand for electricity of that military*
12 *installation over the course of the preceding calendar year. Each*
13 *physically separate and distinct building within privatized*
14 *residential housing communities on contiguous military properties*
15 *shall be a separate premise for purposes of the one megawatt*
16 *capacity limitation, in a manner identical to how they would be*
17 *treated if located in an equivalent civilian community.*

18 (5) "Large electrical corporation" means an electrical
19 corporation with more than 100,000 service connections in
20 California.

21 (6) "Net energy metering" means measuring the difference
22 between the electricity supplied through the electrical grid and the
23 electricity generated by an eligible customer-generator and fed
24 back to the electrical 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) “Renewable electrical generation facility” means a facility
4 that generates electricity from a renewable source listed in
5 paragraph (1) of subdivision (a) of Section 25741 of the Public
6 Resources Code. A small hydroelectric generation facility is not
7 an eligible renewable electrical generation facility if it will cause
8 an adverse impact on instream beneficial uses or cause a change
9 in the volume or timing of streamflow.

10 (12) “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 electrical
13 grid and the electricity generated by an eligible customer-generator
14 and fed back to the electrical 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) Except as provided in paragraph (4) and in Section
18 2827.1, every electric utility shall develop a standard contract or
19 tariff providing for net energy metering, and shall make this
20 standard contract or tariff available to eligible customer-generators,
21 upon request, on a first-come-first-served basis until the time that
22 the total rated generating capacity used by eligible
23 customer-generators exceeds 5 percent of the electric utility’s
24 aggregate customer peak demand. Net energy metering shall be
25 accomplished using a single meter capable of registering the flow
26 of electricity in two directions. An additional meter or meters to
27 monitor the flow of electricity in each direction may be installed
28 with the consent of the eligible customer-generator, at the expense
29 of the electric utility, and the additional metering shall be used
30 only to provide the information necessary to accurately bill or
31 credit the eligible customer-generator pursuant to subdivision (h),
32 or to collect generating system performance information for
33 research purposes relative to a renewable electrical generation
34 facility. If the existing electrical meter of an eligible
35 customer-generator is not capable of measuring the flow of
36 electricity in two directions, the eligible customer-generator shall
37 be responsible for all expenses involved in purchasing and
38 installing a meter that is able to measure electricity flow in two
39 directions. If an additional meter or meters are installed, the net
40 energy metering calculation shall yield a result identical to that of

1 a single meter. An eligible customer-generator that is receiving
2 service other than through the standard contract or tariff may elect
3 to receive service through the standard contract or tariff until the
4 electric utility reaches the generation limit set forth in this
5 paragraph. Once the generation limit is reached, only eligible
6 customer-generators that had previously elected to receive service
7 pursuant to the standard contract or tariff have a right to continue
8 to receive service pursuant to the standard contract or tariff.
9 Eligibility for net energy metering does not limit an eligible
10 customer-generator's eligibility for any other rebate, incentive, or
11 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) An electrical corporation shall include a provision in the net
15 energy metering contract or tariff requiring that any customer with
16 an existing electrical generating facility and meter who enters into
17 a new net energy metering contract shall provide an inspection
18 report to the electrical corporation, unless the electrical generating
19 facility and meter have been installed or inspected within the
20 previous three years. The inspection report shall be prepared by a
21 California licensed contractor who is not the owner or operator of
22 the facility and meter. A California licensed electrician shall
23 perform the inspection of the electrical portion of the facility and
24 meter.

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

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

38 (C) The ratemaking authority shall develop a process for making
39 the information required by this paragraph available to electric
40 utilities, and for using that information to determine when, pursuant

1 to paragraphs (1) and (4), an electric utility is not obligated to
2 provide net energy metering to additional eligible
3 customer-generators in its service area.

4 (4) (A) An electric utility that is not a large electrical
5 corporation is not obligated to provide net energy metering to
6 additional eligible customer-generators in its service area when
7 the combined total peak demand of all electricity used by eligible
8 customer-generators served by all the electric utilities in that
9 service area furnishing net energy metering to eligible
10 customer-generators exceeds 5 percent of the aggregate customer
11 peak demand of those electric utilities.

12 (B) The commission shall require every large electrical
13 corporation to make the standard contract or tariff available to
14 eligible customer-generators, continuously and without
15 interruption, until such times as the large electrical corporation
16 reaches its net energy metering program limit or July 1, 2017,
17 whichever is earlier. A large electrical corporation reaches its
18 program limit when the combined total peak demand of all
19 electricity used by eligible customer-generators served by all the
20 electric utilities in the large electrical corporation's service area
21 furnishing net energy metering to eligible customer-generators
22 exceeds 5 percent of the aggregate customer peak demand of those
23 electric utilities. For purposes of calculating a large electrical
24 corporation's program limit, "aggregate customer peak demand"
25 means the highest sum of the noncoincident peak demands of all
26 of the large electrical corporation's customers that occurs in any
27 calendar year. To determine the aggregate customer peak demand,
28 every large electrical corporation shall use a uniform method
29 approved by the commission. The program limit calculated
30 pursuant to this paragraph shall not be less than the following:

31 (i) For San Diego Gas and Electric Company, when it has made
32 607 megawatts of nameplate generating capacity available to
33 eligible customer-generators.

34 (ii) For Southern California Edison Company, when it has made
35 2,240 megawatts of nameplate generating capacity available to
36 eligible customer-generators.

37 (iii) For Pacific Gas and Electric Company, when it has made
38 2,409 megawatts of nameplate generating capacity available to
39 eligible customer-generators.

1 (C) Every large electrical corporation shall file a monthly report
2 with the commission detailing the progress toward the net energy
3 metering program limit established in subparagraph (B). The report
4 shall include separate calculations on progress toward the limits
5 based on operating solar energy systems, cumulative numbers of
6 interconnection requests for net energy metering eligible systems,
7 and any other criteria required by the commission.

8 (D) Beginning July 1, 2017, or upon reaching the net metering
9 program limit of subparagraph (B), whichever is earlier, the
10 obligation of a large electrical corporation to provide service
11 pursuant to a standard contract or tariff shall be pursuant to Section
12 2827.1 and applicable state and federal requirements.

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

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

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

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

36 (f) (1) If a customer participates in direct transactions pursuant
37 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
38 with an electric service provider that does not provide distribution
39 service for the direct transactions, the electric utility that provides
40 distribution service for the eligible customer-generator is not

1 obligated to provide net energy metering or net surplus electricity
2 compensation to the customer.

3 (2) If a customer participates in direct transactions pursuant to
4 paragraph (1) of subdivision (b) of Section 365, or *Section 365.1*,
5 with an electric service provider, and the customer is an eligible
6 customer-generator, the electric utility that provides distribution
7 service for the direct transactions may recover from the customer's
8 electric service provider the incremental costs of metering and
9 billing service related to net energy metering and net surplus
10 electricity compensation in an amount set by the ratemaking
11 authority.

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

36 (h) For eligible customer-generators, the net energy metering
37 calculation shall be made by measuring the difference between
38 the electricity supplied to the eligible customer-generator and the
39 electricity generated by the eligible customer-generator and fed

1 back to the electrical grid over a 12-month period. The following
2 rules shall apply to the annualized net metering calculation:

3 (1) The eligible residential or small commercial
4 customer-generator, at the end of each 12-month period following
5 the date of final interconnection of the eligible
6 customer-generator’s system with an electric utility, and at each
7 anniversary date thereafter, shall be billed for electricity used
8 during that 12-month period. The electric utility shall determine
9 if the eligible residential or small commercial customer-generator
10 was a net consumer or a net surplus customer-generator during
11 that period.

12 (2) At the end of each 12-month period, where the electricity
13 supplied during the period by the electric utility exceeds the
14 electricity generated by the eligible residential or small commercial
15 customer-generator during that same period, the eligible residential
16 or small commercial customer-generator is a net electricity
17 consumer and the electric utility shall be owed compensation for
18 the eligible customer-generator’s net kilowatthour consumption
19 over that 12-month period. The compensation owed for the eligible
20 residential or small commercial customer-generator’s consumption
21 shall be calculated as follows:

22 (A) For all eligible customer-generators taking service under
23 contracts or tariffs employing “baseline” and “over baseline” rates,
24 any net monthly consumption of electricity shall be calculated
25 according to the terms of the contract or tariff to which the same
26 customer would be assigned to, or be eligible for, if the customer
27 was not an eligible customer-generator. If those same
28 customer-generators are net generators over a billing period, the
29 net kilowatthours generated shall be valued at the same price per
30 kilowatthour as the electric utility would charge for the baseline
31 quantity of electricity during that billing period, and if the number
32 of kilowatthours generated exceeds the baseline quantity, the excess
33 shall be valued at the same price per kilowatthour as the electric
34 utility would charge for electricity over the baseline quantity during
35 that billing period.

36 (B) For all eligible customer-generators taking service under
37 contracts or tariffs employing time-of-use rates, any net monthly
38 consumption of electricity shall be calculated according to the
39 terms of the contract or tariff to which the same customer would
40 be assigned, or be eligible for, if the customer was not an eligible

1 customer-generator. When those same customer-generators are
2 net generators during any discrete time-of-use period, the net
3 kilowatthours produced shall be valued at the same price per
4 kilowatthour as the electric utility would charge for retail
5 kilowatthour sales during that same time-of-use period. If the
6 eligible customer-generator's time-of-use electrical meter is unable
7 to measure the flow of electricity in two directions, paragraph (1)
8 of subdivision (c) shall apply.

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

26 (3) At the end of each 12-month period, where the electricity
27 generated by the eligible customer-generator during the 12-month
28 period exceeds the electricity supplied by the electric utility during
29 that same period, the eligible customer-generator is a net surplus
30 customer-generator and the electric utility, upon an affirmative
31 election by the net surplus customer-generator, shall either (A)
32 provide net surplus electricity compensation for any net surplus
33 electricity generated during the prior 12-month period, or (B) allow
34 the net surplus customer-generator to apply the net surplus
35 electricity as a credit for kilowatthours subsequently supplied by
36 the electric utility to the net surplus customer-generator. For an
37 eligible customer-generator that does not affirmatively elect to
38 receive service pursuant to net surplus electricity compensation,
39 the electric utility shall retain any excess kilowatthours generated
40 during the prior 12-month period. The eligible customer-generator

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

15 (4) (A) An eligible customer-generator with multiple meters
16 may elect to aggregate the electrical load of the meters located on
17 the property where the renewable electrical generation facility is
18 located and on all property adjacent or contiguous to the property
19 on which the renewable electrical generation facility is located, if
20 those properties are solely owned, leased, or rented by the eligible
21 customer-generator. If the eligible customer-generator elects to
22 aggregate the electric load pursuant to this paragraph, the electric
23 utility shall use the aggregated load for the purpose of determining
24 whether an eligible customer-generator is a net consumer or a net
25 surplus customer-generator during a 12-month period.

26 (B) If an eligible customer-generator chooses to aggregate
27 pursuant to subparagraph (A), the eligible customer-generator shall
28 be permanently ineligible to receive net surplus electricity
29 compensation, and the electric utility shall retain any kilowatthours
30 in excess of the eligible customer-generator's aggregated electrical
31 load generated during the 12-month period.

32 (C) If an eligible customer-generator with multiple meters elects
33 to aggregate the electrical load of those meters pursuant to
34 subparagraph (A), and different rate schedules are applicable to
35 service at any of those meters, the electricity generated by the
36 renewable electrical generation facility shall be allocated to each
37 of the meters in proportion to the electrical load served by those
38 meters. For example, if the eligible customer-generator receives
39 electric service through three meters, two meters being at an
40 agricultural rate that each provide service to 25 percent of the

1 customer's total load, and a third meter, at a commercial rate, that
2 provides service to 50 percent of the customer's total load, then
3 50 percent of the electrical generation of the eligible renewable
4 generation facility shall be allocated to the third meter that provides
5 service at the commercial rate and 25 percent of the generation
6 shall be allocated to each of the two meters providing service at
7 the agricultural rate. This proportionate allocation shall be
8 computed each billing period.

9 (D) This paragraph shall not become operative for an electrical
10 corporation unless the commission determines that allowing
11 eligible customer-generators to aggregate their load from multiple
12 meters will not result in an increase in the expected revenue
13 obligations of customers who are not eligible customer-generators.
14 The commission shall make this determination by September 30,
15 2013. In making this determination, the commission shall determine
16 if there are any public purpose or other noncommodity charges
17 that the eligible customer-generators would pay pursuant to the
18 net energy metering program as it exists prior to aggregation, that
19 the eligible customer-generator would not pay if permitted to
20 aggregate the electrical load of multiple meters pursuant to this
21 paragraph.

22 (E) A local publicly owned electric utility or electrical
23 cooperative shall only allow eligible customer-generators to
24 aggregate their load if the utility's ratemaking authority determines
25 that allowing eligible customer-generators to aggregate their load
26 from multiple meters will not result in an increase in the expected
27 revenue obligations of customers that are not eligible
28 customer-generators. The ratemaking authority of a local publicly
29 owned electric utility or electrical cooperative shall make this
30 determination within 180 days of the first request made by an
31 eligible customer-generator to aggregate their load. In making the
32 determination, the ratemaking authority shall determine if there
33 are any public purpose or other noncommodity charges that the
34 eligible customer-generator would pay pursuant to the net energy
35 metering or co-energy metering program of the utility as it exists
36 prior to aggregation, that the eligible customer-generator would
37 not pay if permitted to aggregate the electrical load of multiple
38 meters pursuant to this paragraph. If the ratemaking authority
39 determines that load aggregation will not cause an incremental
40 rate impact on the utility's customers that are not eligible

1 customer-generators, the local publicly owned electric utility or
2 electrical cooperative shall permit an eligible customer-generator
3 to elect to aggregate the electrical load of multiple meters pursuant
4 to this paragraph. The ratemaking authority may reconsider any
5 determination made pursuant to this subparagraph in a subsequent
6 public proceeding.

7 (F) For purposes of this paragraph, parcels that are divided by
8 a street, highway, or public thoroughfare are considered contiguous,
9 provided they are otherwise contiguous and under the same
10 ownership.

11 (G) An eligible customer-generator may only elect to aggregate
12 the electrical load of multiple meters if the renewable electrical
13 generation facility, or a combination of those facilities, has a total
14 generating capacity of not more than one megawatt.

15 (H) Notwithstanding subdivision (g), an eligible
16 customer-generator electing to aggregate the electrical load of
17 multiple meters pursuant to this subdivision shall remit service
18 charges for the cost of providing billing services to the electric
19 utility that provides service to the meters.

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

33 (i) The value of the electricity itself.

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

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

39 (6) (A) Upon adoption of the net surplus electricity
40 compensation rate by the ratemaking authority, any renewable

1 energy credit, as defined in Section 399.12, for net surplus
2 electricity purchased by the electric utility shall belong to the
3 electric utility. Any renewable energy credit associated with
4 electricity generated by the eligible customer-generator that is
5 utilized by the eligible customer-generator shall remain the property
6 of the eligible customer-generator.

7 (B) Upon adoption of the net surplus electricity compensation
8 rate by the ratemaking authority, the net surplus electricity
9 purchased by the electric utility shall count toward the electric
10 utility's renewables portfolio standard annual procurement targets
11 for the purposes of paragraph (1) of subdivision (b) of Section
12 399.15, or for a local publicly owned electric utility, the renewables
13 portfolio standard annual procurement targets established pursuant
14 to Section ~~387~~ 399.30.

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

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

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

1 provider or electric utility first supplies electric service to the
2 customer-generator.

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

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

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

38 (3) All costs and credits shall be shown on the eligible
39 customer-generator's bill for each billing period. In any months
40 in which the eligible customer-generator has been a net consumer

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

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

29 (k) If the commission determines that there are cost or revenue
30 obligations for an electrical corporation that may not be recovered
31 from customer-generators acting pursuant to this section, those
32 obligations shall remain within the customer class from which any
33 shortfall occurred and shall not be shifted to any other customer
34 class. Net energy metering and co-energy metering customers shall
35 not be exempt from the public goods charges imposed pursuant to
36 Article 7 (commencing with Section 381), Article 8 (commencing
37 with Section 385), or Article 15 (commencing with Section 399)
38 of Chapter 2.3 of Part 1.

39 (l) A net energy metering, co-energy metering, or wind energy
40 co-metering customer shall reimburse the Department of Water

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

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

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

27 (o) *Nothing in this section limits the authority of the commission,*
28 *an electric utility, or any local, state, or federal agency to ensure*
29 *the safe and reliable operation of a renewable electrical generation*
30 *facility.*

31 SEC. 3. This act is an urgency statute necessary for the
32 immediate preservation of the public peace, health, or safety within
33 the meaning of Article IV of the Constitution and shall go into
34 immediate effect. The facts constituting the necessity are:

35 In order to allow renewable energy development on military
36 installations in support of the state's energy policies and the United
37 States military's renewable energy and national security goals, as

- 1 well as to support military families and veterans hiring programs,
- 2 it is necessary that this act take effect immediately.

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