

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2649

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

**(Coauthors: Assembly Members ~~Wieckowski~~ Allen, Atkins, Ting,
Wieckowski, and Williams)**

**(Coauthors: Senators ~~Hill and Roth~~ Block, Correa, DeSaulnier, Hill,
Roth, and Vidak)**

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 amended, 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 law has~~ 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 *installations, preventing the military from making progress towards*
- 8 *meeting its renewable energy and energy security goals.*
- 9 (b) ~~It is not appropriate to consider military installations as a~~
- 10 ~~single location or site~~ *Military installations should not be defined*
- 11 *as a single location or premise* for purposes of developing
- 12 renewable electrical generation facilities that are eligible for net
- 13 energy metering because military bases more approximate the
- 14 electricity load *and layout* of a small city. Since it would be
- 15 ~~inappropriate~~ *unsuitable* to limit the net metered capacity of a
- 16 small city to one megawatt, the Legislature finds that military
- 17 installations should be ~~authorized to generate more electricity from~~
- 18 ~~renewable electrical generation facilities in relative proportion to~~
- 19 ~~a base’s demand~~ *given the same flexibility as a small city to*
- 20 *generate electricity from renewable electrical generation facilities*
- 21 *to meet its onsite demand* in order to meet renewable energy and

1 national energy security goals, including the Secretary of the
2 Navy’s goal for installations to obtain 50 percent of their shore
3 power from alternative sources by 2020.

4 (c) Application of the one megawatt capacity limitation for
5 renewable electrical generation facilities that are eligible for net
6 energy metering to an entire military base ~~is discouraging prevents~~
7 military families living in privatized military housing from
8 benefiting from rooftop solar energy. ~~This is in contrast to states~~
9 ~~such as Arizona, Colorado, Hawaii, and Texas where military~~
10 ~~installations do not face similar restrictions.~~

11 (d) Clarification of how the one megawatt capacity limitation
12 should be applied to military installations will create substantial
13 job opportunities, including those for veterans and their families,
14 promote economic development in military communities, and bring
15 the benefits of eligible renewable energy resources, including bill
16 savings which will benefit communities of military families. The
17 Legislature therefore finds it is necessary to clarify how the one
18 megawatt capacity limitation for renewable electrical generation
19 facilities that are eligible for net energy metering is to apply to
20 military installations and military family housing communities.

21 SEC. 2. Section 2827 of the Public Utilities Code is amended
22 to read:

23 2827. (a) The Legislature finds and declares that a program
24 to provide net energy metering combined with net surplus
25 compensation, co-energy metering, and wind energy co-metering
26 for eligible customer-generators is one way to encourage substantial
27 private investment in renewable energy resources, stimulate in-state
28 economic growth, reduce demand for electricity during peak
29 consumption periods, help stabilize California’s energy supply
30 infrastructure, enhance the continued diversification of California’s
31 energy resource mix, reduce interconnection and administrative
32 costs for electricity suppliers, and encourage conservation and
33 efficiency.

34 (b) As used in this section, the following terms have the
35 following meanings:

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

- 1 (2) “Electrical cooperative” means an electrical cooperative as
2 defined in Section 2776.
- 3 (3) “Electric utility” means an electrical corporation, a local
4 publicly owned electric utility, or an electrical cooperative, or any
5 other entity, except an electric service provider, that offers electrical
6 service. This section shall not apply to a local publicly owned
7 electric utility that serves more than 750,000 customers and that
8 also conveys water to its customers.
- 9 (4) “Eligible customer-generator” means a residential customer,
10 small commercial customer as defined in subdivision (h) of Section
11 331, or commercial, industrial, or agricultural customer of an
12 electric utility, who uses a renewable electrical generation facility,
13 or a combination of those facilities, with a total capacity of not
14 more than one megawatt, that is located on the customer’s owned,
15 leased, or rented premises, and is interconnected and operates in
16 parallel with the electrical grid, and is intended primarily to offset
17 part or all of the customer’s own electrical requirements. A United
18 States military installation may exceed the one megawatt capacity
19 limitation if the total capacity of all renewable electrical generation
20 facilities on the military installation does not exceed 50 percent
21 of the highest daily peak demand for electricity of that military
22 installation over the course of the preceding calendar year. Each
23 physically separate and distinct building within privatized
24 residential housing communities on contiguous military properties
25 shall be a separate premise for purposes of the one megawatt
26 capacity limitation, in a manner identical to how they would be
27 treated if located in an equivalent civilian community.
- 28 (5) “Large electrical corporation” means an electrical
29 corporation with more than 100,000 service connections in
30 California.
- 31 (6) “Net energy metering” means measuring the difference
32 between the electricity supplied through the electrical grid and the
33 electricity generated by an eligible customer-generator and fed
34 back to the electrical grid over a 12-month period as described in
35 subdivisions (c) and (h).
- 36 (7) “Net surplus customer-generator” means an eligible
37 customer-generator that generates more electricity during a
38 12-month period than is supplied by the electric utility to the
39 eligible customer-generator during the same 12-month period.

1 (8) “Net surplus electricity” means all electricity generated by
2 an eligible customer-generator measured in kilowatthours over a
3 12-month period that exceeds the amount of electricity consumed
4 by that eligible customer-generator.

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

9 (10) “Ratemaking authority” means, for an electrical
10 corporation, the commission, for an electrical cooperative, its
11 ratesetting body selected by its shareholders or members, and for
12 a local publicly owned electric utility, the local elected body
13 responsible for setting the rates of the local publicly owned utility.

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

28 (c) (1) Except as provided in paragraph (4) and in Section
29 2827.1, every electric utility shall develop a standard contract or
30 tariff providing for net energy metering, and shall make this
31 standard contract or tariff available to eligible customer-generators,
32 upon request, on a first-come-first-served basis until the time that
33 the total rated generating capacity used by eligible
34 customer-generators exceeds 5 percent of the electric utility’s
35 aggregate customer peak demand. Net energy metering shall be
36 accomplished using a single meter capable of registering the flow
37 of electricity in two directions. An additional meter or meters to
38 monitor the flow of electricity in each direction may be installed
39 with the consent of the eligible customer-generator, at the expense
40 of the electric utility, and the additional metering shall be used

1 only to provide the information necessary to accurately bill or
2 credit the eligible customer-generator pursuant to subdivision (h),
3 or to collect generating system performance information for
4 research purposes relative to a renewable electrical generation
5 facility. If the existing electrical meter of an eligible
6 customer-generator is not capable of measuring the flow of
7 electricity in two directions, the eligible customer-generator shall
8 be responsible for all expenses involved in purchasing and
9 installing a meter that is able to measure electricity flow in two
10 directions. If an additional meter or meters are installed, the net
11 energy metering calculation shall yield a result identical to that of
12 a single meter. An eligible customer-generator that is receiving
13 service other than through the standard contract or tariff may elect
14 to receive service through the standard contract or tariff until the
15 electric utility reaches the generation limit set forth in this
16 paragraph. Once the generation limit is reached, only eligible
17 customer-generators that had previously elected to receive service
18 pursuant to the standard contract or tariff have a right to continue
19 to receive service pursuant to the standard contract or tariff.
20 Eligibility for net energy metering does not limit an eligible
21 customer-generator's eligibility for any other rebate, incentive, or
22 credit provided by the electric utility, or pursuant to any
23 governmental program, including rebates and incentives provided
24 pursuant to the California Solar Initiative.

25 (2) An electrical corporation shall include a provision in the net
26 energy metering contract or tariff requiring that any customer with
27 an existing electrical generating facility and meter who enters into
28 a new net energy metering contract shall provide an inspection
29 report to the electrical corporation, unless the electrical generating
30 facility and meter have been installed or inspected within the
31 previous three years. The inspection report shall be prepared by a
32 California licensed contractor who is not the owner or operator of
33 the facility and meter. A California licensed electrician shall
34 perform the inspection of the electrical portion of the facility and
35 meter.

36 (3) (A) On an annual basis, every electric utility shall make
37 available to the ratemaking authority information on the total rated
38 generating capacity used by eligible customer-generators that are
39 customers of that provider in the provider's service area and the

1 net surplus electricity purchased by the electric utility pursuant to
2 this section.

3 (B) An electric service provider operating pursuant to Section
4 394 shall make available to the ratemaking authority the
5 information required by this paragraph for each eligible
6 customer-generator that is their customer for each service area of
7 an electrical corporation, local publicly owned electrical utility,
8 or electrical cooperative, in which the eligible customer-generator
9 has net energy metering.

10 (C) The ratemaking authority shall develop a process for making
11 the information required by this paragraph available to electric
12 utilities, and for using that information to determine when, pursuant
13 to paragraphs (1) and (4), an electric utility is not obligated to
14 provide net energy metering to additional eligible
15 customer-generators in its service area.

16 (4) (A) An electric utility that is not a large electrical
17 corporation is not obligated to provide net energy metering to
18 additional eligible customer-generators in its service area when
19 the combined total peak demand of all electricity used by eligible
20 customer-generators served by all the electric utilities in that
21 service area furnishing net energy metering to eligible
22 customer-generators exceeds 5 percent of the aggregate customer
23 peak demand of those electric utilities.

24 (B) The commission shall require every large electrical
25 corporation to make the standard contract or tariff available to
26 eligible customer-generators, continuously and without
27 interruption, until such times as the large electrical corporation
28 reaches its net energy metering program limit or July 1, 2017,
29 whichever is earlier. A large electrical corporation reaches its
30 program limit when the combined total peak demand of all
31 electricity used by eligible customer-generators served by all the
32 electric utilities in the large electrical corporation's service area
33 furnishing net energy metering to eligible customer-generators
34 exceeds 5 percent of the aggregate customer peak demand of those
35 electric utilities. For purposes of calculating a large electrical
36 corporation's program limit, "aggregate customer peak demand"
37 means the highest sum of the noncoincident peak demands of all
38 of the large electrical corporation's customers that occurs in any
39 calendar year. To determine the aggregate customer peak demand,
40 every large electrical corporation shall use a uniform method

1 approved by the commission. The program limit calculated
2 pursuant to this paragraph shall not be less than the following:

3 (i) For San Diego Gas and Electric Company, when it has made
4 607 megawatts of nameplate generating capacity available to
5 eligible customer-generators.

6 (ii) For Southern California Edison Company, when it has made
7 2,240 megawatts of nameplate generating capacity available to
8 eligible customers.

9 (iii) For Pacific Gas and Electric Company, when it has made
10 2,409 megawatts of nameplate generating capacity available to
11 eligible customer-generators.

12 (C) Every large electrical corporation shall file a monthly report
13 with the commission detailing the progress toward the net energy
14 metering program limit established in subparagraph (B). The report
15 shall include separate calculations on progress toward the limits
16 based on operating solar energy systems, cumulative numbers of
17 interconnection requests for net energy metering eligible systems,
18 and any other criteria required by the commission.

19 (D) Beginning July 1, 2017, or upon reaching the net metering
20 program limit of subparagraph (B), whichever is earlier, the
21 obligation of a large electrical corporation to provide service
22 pursuant to a standard contract or tariff shall be pursuant to Section
23 2827.1 and applicable state and federal requirements.

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

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

37 (2) Every electric utility shall ensure that requests for an
38 interconnection agreement from an eligible customer-generator
39 are processed in a time period not to exceed 30 working days from

1 the date it receives a completed application form from the eligible
2 customer-generator for an interconnection agreement.

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

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

15 (2) If a customer participates in direct transactions pursuant to
16 paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
17 with an electric service provider, and the customer is an eligible
18 customer-generator, the electric utility that provides distribution
19 service for the direct transactions may recover from the customer's
20 electric service provider the incremental costs of metering and
21 billing service related to net energy metering and net surplus
22 electricity compensation in an amount set by the ratemaking
23 authority.

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

1 increase an eligible customer-generator's costs beyond those of
2 other customers who are not eligible customer-generators in the
3 rate class to which the eligible customer-generator would otherwise
4 be assigned if the customer did not own, lease, rent, or otherwise
5 operate a renewable electrical generation facility is contrary to the
6 intent of this section, and shall not form a part of net energy
7 metering contracts or tariffs.

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

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

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

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

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

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

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

37 (3) At the end of each 12-month period, where the electricity
38 generated by the eligible customer-generator during the 12-month
39 period exceeds the electricity supplied by the electric utility during
40 that same period, the eligible customer-generator is a net surplus

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

26 (4) (A) An eligible customer-generator with multiple meters
27 may elect to aggregate the electrical load of the meters located on
28 the property where the renewable electrical generation facility is
29 located and on all property adjacent or contiguous to the property
30 on which the renewable electrical generation facility is located, if
31 those properties are solely owned, leased, or rented by the eligible
32 customer-generator. If the eligible customer-generator elects to
33 aggregate the electric load pursuant to this paragraph, the electric
34 utility shall use the aggregated load for the purpose of determining
35 whether an eligible customer-generator is a net consumer or a net
36 surplus customer-generator during a 12-month period.

37 (B) If an eligible customer-generator chooses to aggregate
38 pursuant to subparagraph (A), the eligible customer-generator shall
39 be permanently ineligible to receive net surplus electricity
40 compensation, and the electric utility shall retain any kilowatthours

1 in excess of the eligible customer-generator's aggregated electrical
2 load generated during the 12-month period.

3 (C) If an eligible customer-generator with multiple meters elects
4 to aggregate the electrical load of those meters pursuant to
5 subparagraph (A), and different rate schedules are applicable to
6 service at any of those meters, the electricity generated by the
7 renewable electrical generation facility shall be allocated to each
8 of the meters in proportion to the electrical load served by those
9 meters. For example, if the eligible customer-generator receives
10 electric service through three meters, two meters being at an
11 agricultural rate that each provide service to 25 percent of the
12 customer's total load, and a third meter, at a commercial rate, that
13 provides service to 50 percent of the customer's total load, then
14 50 percent of the electrical generation of the eligible renewable
15 generation facility shall be allocated to the third meter that provides
16 service at the commercial rate and 25 percent of the generation
17 shall be allocated to each of the two meters providing service at
18 the agricultural rate. This proportionate allocation shall be
19 computed each billing period.

20 (D) This paragraph shall not become operative for an electrical
21 corporation unless the commission determines that allowing
22 eligible customer-generators to aggregate their load from multiple
23 meters will not result in an increase in the expected revenue
24 obligations of customers who are not eligible customer-generators.
25 The commission shall make this determination by September 30,
26 2013. In making this determination, the commission shall determine
27 if there are any public purpose or other noncommodity charges
28 that the eligible customer-generators would pay pursuant to the
29 net energy metering program as it exists prior to aggregation, that
30 the eligible customer-generator would not pay if permitted to
31 aggregate the electrical load of multiple meters pursuant to this
32 paragraph.

33 (E) A local publicly owned electric utility or electrical
34 cooperative shall only allow eligible customer-generators to
35 aggregate their load if the utility's ratemaking authority determines
36 that allowing eligible customer-generators to aggregate their load
37 from multiple meters will not result in an increase in the expected
38 revenue obligations of customers that are not eligible
39 customer-generators. The ratemaking authority of a local publicly
40 owned electric utility or electrical cooperative shall make this

1 determination within 180 days of the first request made by an
2 eligible customer-generator to aggregate their load. In making the
3 determination, the ratemaking authority shall determine if there
4 are any public purpose or other noncommodity charges that the
5 eligible customer-generator would pay pursuant to the net energy
6 metering or co-energy metering program of the utility as it exists
7 prior to aggregation, that the eligible customer-generator would
8 not pay if permitted to aggregate the electrical load of multiple
9 meters pursuant to this paragraph. If the ratemaking authority
10 determines that load aggregation will not cause an incremental
11 rate impact on the utility's customers that are not eligible
12 customer-generators, the local publicly owned electric utility or
13 electrical cooperative shall permit an eligible customer-generator
14 to elect to aggregate the electrical load of multiple meters pursuant
15 to this paragraph. The ratemaking authority may reconsider any
16 determination made pursuant to this subparagraph in a subsequent
17 public proceeding.

18 (F) For purposes of this paragraph, parcels that are divided by
19 a street, highway, or public thoroughfare are considered contiguous,
20 provided they are otherwise contiguous and under the same
21 ownership.

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

26 (H) Notwithstanding subdivision (g), an eligible
27 customer-generator electing to aggregate the electrical load of
28 multiple meters pursuant to this subdivision shall remit service
29 charges for the cost of providing billing services to the electric
30 utility that provides service to the meters.

31 (5) (A) The ratemaking authority shall establish a net surplus
32 electricity compensation valuation to compensate the net surplus
33 customer-generator for the value of net surplus electricity generated
34 by the net surplus customer-generator. The commission shall
35 establish the valuation in a ratemaking proceeding. The ratemaking
36 authority for a local publicly owned electric utility shall establish
37 the valuation in a public proceeding. The net surplus electricity
38 compensation valuation shall be established so as to provide the
39 net surplus customer-generator just and reasonable compensation
40 for the value of net surplus electricity, while leaving other

1 ratepayers unaffected. The ratemaking authority shall determine
2 whether the compensation will include, where appropriate
3 justification exists, either or both of the following components:

- 4 (i) The value of the electricity itself.
 - 5 (ii) The value of the renewable attributes of the electricity.
- 6 (B) In establishing the rate pursuant to subparagraph (A), the
7 ratemaking authority shall ensure that the rate does not result in a
8 shifting of costs between eligible customer-generators and other
9 bundled service customers.

10 (6) (A) Upon adoption of the net surplus electricity
11 compensation rate by the ratemaking authority, any renewable
12 energy credit, as defined in Section 399.12, for net surplus
13 electricity purchased by the electric utility shall belong to the
14 electric utility. Any renewable energy credit associated with
15 electricity generated by the eligible customer-generator that is
16 utilized by the eligible customer-generator shall remain the property
17 of the eligible customer-generator.

18 (B) Upon adoption of the net surplus electricity compensation
19 rate by the ratemaking authority, the net surplus electricity
20 purchased by the electric utility shall count toward the electric
21 utility's renewables portfolio standard annual procurement targets
22 for the purposes of paragraph (1) of subdivision (b) of Section
23 399.15, or for a local publicly owned electric utility, the renewables
24 portfolio standard annual procurement targets established pursuant
25 to Section 399.30.

26 (7) The electric utility shall provide every eligible residential
27 or small commercial customer-generator with net electricity
28 consumption and net surplus electricity generation information
29 with each regular bill. That information shall include the current
30 monetary balance owed the electric utility for net electricity
31 consumed, or the net surplus electricity generated, since the last
32 12-month period ended. Notwithstanding this subdivision, an
33 electric utility shall permit that customer to pay monthly for net
34 energy consumed.

35 (8) If an eligible residential or small commercial
36 customer-generator terminates the customer relationship with the
37 electric utility, the electric utility shall reconcile the eligible
38 customer-generator's consumption and production of electricity
39 during any part of a 12-month period following the last
40 reconciliation, according to the requirements set forth in this

1 subdivision, except that those requirements shall apply only to the
2 months since the most recent 12-month bill.

3 (9) If an electric service provider or electric utility providing
4 net energy metering to a residential or small commercial
5 customer-generator ceases providing that electric service to that
6 customer during any 12-month period, and the customer-generator
7 enters into a new net energy metering contract or tariff with a new
8 electric service provider or electric utility, the 12-month period,
9 with respect to that new electric service provider or electric utility,
10 shall commence on the date on which the new electric service
11 provider or electric utility first supplies electric service to the
12 customer-generator.

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

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

36 (2) The consumption of electricity from the local publicly owned
37 electric utility shall result in a cost to the eligible
38 customer-generator to be priced in accordance with the standard
39 rate charged to the eligible customer-generator in accordance with
40 the rate structure to which the customer would be assigned if the

1 customer did not use a renewable electrical generation facility.
2 The generation of electricity provided to the local publicly owned
3 electric utility shall result in a credit to the eligible
4 customer-generator and shall be priced in accordance with the
5 generation component, established under the applicable structure
6 to which the customer would be assigned if the customer did not
7 use a renewable electrical generation facility.

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

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

39 (k) If the commission determines that there are cost or revenue
40 obligations for an electrical corporation that may not be recovered

1 from customer-generators acting pursuant to this section, those
2 obligations shall remain within the customer class from which any
3 shortfall occurred and shall not be shifted to any other customer
4 class. Net energy metering and co-energy metering customers shall
5 not be exempt from the public goods charges imposed pursuant to
6 Article 7 (commencing with Section 381), Article 8 (commencing
7 with Section 385), or Article 15 (commencing with Section 399)
8 of Chapter 2.3 of Part 1.

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

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

31 (n) It is the intent of the Legislature that the Treasurer
32 incorporate net energy metering, including net surplus electricity
33 compensation, co-energy metering, and wind energy co-metering
34 projects undertaken pursuant to this section as sustainable building
35 methods or distributive energy technologies for purposes of
36 evaluating low-income housing projects.

37 (o) Nothing in this section limits the authority of the
38 commission, an electric utility, or any local, state, or federal agency
39 to ensure the safe and reliable operation of a renewable electrical
40 generation facility.

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

5 In order to allow renewable energy development on military
6 installations in support of the state's energy policies and the United
7 States military's renewable energy and national security goals, as
8 well as to support military families and veterans hiring programs,
9 it is necessary that this act take effect immediately.

O