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AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2649**

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**Introduced by Assembly Members Mullin, V. Manuel Pérez, and  
Gorell**  
(Coauthors: Assembly Members Allen, Atkins, Maienschein,  
Skinner, Ting, Wieckowski, and Williams)  
(Coauthors: Senators Block, Correa, DeSaulnier, Fuller, Hill, Roth, and  
Vidak)

February 21, 2014

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An act to add ~~Article 9.5 (commencing with Section 389)~~ to Chapter 2.3 of Part 1 of Division 1 of *Section 2817* to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2649, as amended, Mullin. Public utilities: ~~federal facilities:~~  
~~electrical charges.~~ *military installations: independent generation  
facilities.*

*Existing law vests the Public Utilities Commission with regulatory  
authority over public utilities, including electrical corporations.  
Pursuant to its existing authority, the commission issued Electrical Rule*

21 establishing operational and metering requirements for a generation facility to be connected to an electrical corporation's distribution system.

*Existing law relative to private energy producers 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. The existing definition of an eligible customer-generator requires that the generating facility use a renewable source of energy, as specified, and have a generating capacity of not more than one megawatt. Existing law requires that every electric utility ensure that requests for an interconnection agreement from an eligible customer-generator are processed in a time period not to exceed 30 working days from the date it receives a completed application form from the eligible customer-generator for an interconnection agreement.*

*This bill would require the commission to determine criteria that would allow an independent generation facility, as defined, to apply for interconnection to the utility electric distribution grid under the fast track review process, as defined under Rule 21.*

*Under existing law, a violation of an order, rule, direction, demand, or requirement of the commission is a crime.*

*Because a failure of an electric utility to process an interconnection request from an independent generation facility pursuant to Rule 21 would be a crime, this bill would impose a state-mandated local program.*

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law relative to restructuring of the electrical services industry requires the commission to establish an effective mechanism that ensures the recovery of certain uneconomic costs for generation-related assets and obligations incurred by electrical corporations in the transition to the restructured market (competition transition charges) and other specified nonbypassable charges. Existing law requires the commission to approve and establish standby charges and to review and adjust the standby charges to encourage the utilization of electricity generated from other than conventional power sources.~~

~~This bill would require the commission, on or before April 1, 2015, to require an electrical corporation to calculate the standby charges for military bases and facilities and privatized military housing, as specified.~~

~~The bill would require the commission to require the electrical corporations to implement the above provision through advice letters submitted before April 1, 2015. The bill would require that activities undertaken on facility premises that reduce demand for an electrical corporation’s supplied electricity not be subject to specified charges that would increase the facilities’ costs beyond those of other customers within the rate class to which the facilities would be assigned if those activities were not undertaken.~~

~~Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.~~

~~This bill would be part of the act and an order or other action of the commission would be required to implement the bill. Because a violation of this bill or an order or other action of the commission implementing those provisions would be a crime, this bill would thereby impose a state-mandated local program by creating new crimes and by expanding the definition of existing crimes.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

- 1     SECTION 1. Section 2817 is added to the Public Utilities Code,
- 2     to read:
- 3     2817. (a) For the purposes of this section, the following terms
- 4     mean the following:
- 5     (1) “Independent generation facility” is a renewable generation
- 6     resource as defined by Section 25741 of the Public Resources Code
- 7     located behind a single meter on a military installation that, as
- 8     an individual unit or in aggregate, does not export electricity to
- 9     the electric distribution grid in California.
- 10    (2) “Military installation” means Beale Air Force Base, Camp
- 11    Parks, Camp Pendleton, China Lake Naval Air Weapons Station,
- 12    Defense Distribution Depot San Joaquin, Edwards Air Force Base,
- 13    Fort Hunter Liggett, Fort Irwin, Los Angeles Air Force Base,
- 14    Marine Corps Logistics Base Barstow, Marine Corps Recruit

1 *Depot San Diego, March Air Reserve Base, Marine Corps Air*  
 2 *Station Miramar, Marine Corps Mountain Warfare Training*  
 3 *Center, Naval Air Facility El Centro, Naval Air Station Lemoore,*  
 4 *Naval Base Coronado, Naval Base Point Loma, Naval Base San*  
 5 *Diego, Naval Base Ventura County, Naval Postgraduate School,*  
 6 *Presidio of Monterey, Travis Air Force Base, Twentynine Palms*  
 7 *Marine Corps Air Ground Combat Center, United States Army*  
 8 *Recruiting Command Fresno Battalion, United States Army*  
 9 *Recruiting Command Los Angeles Battalion, United States Army*  
 10 *Recruiting Command Sacramento Battalion, United States Army*  
 11 *Recruiting Command Southern California Battalion, or*  
 12 *Vandenberg Air Force Base.*

13 *(b) By April 1, 2015, the commission shall determine criteria*  
 14 *that would allow an independent generation facility to apply for*  
 15 *interconnection to the utility distribution grid under the fast track*  
 16 *review process described in Rule 21 tariffs, Section F.*

17 *(c) The criteria determined pursuant to subdivision (b) shall*  
 18 *remain in effect until changed by future commission action or until*  
 19 *the commission approves a standard contract or tariff pursuant*  
 20 *to Section 2827.1 for an independent generation facility.*

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

30 ~~SECTION 1. Article 9.5 (commencing with Section 389) is~~  
 31 ~~added to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities~~  
 32 ~~Code, to read:~~

33  
 34 ~~Article 9.5. Federal Facilities~~

35  
 36 ~~389. The Legislature finds and declares all of the following:~~  
 37 ~~(a) The United States Department of Defense provides national~~  
 38 ~~defense and global security that benefits Californians and~~  
 39 ~~California's economy.~~

1 ~~(b) The United States Department of Defense facilities located~~  
2 ~~in California provide more than seventy billion dollars~~  
3 ~~(\$70,000,000,000) in direct spending and 300,000 jobs in~~  
4 ~~California.~~

5 ~~(c) The United States Department of Defense is working to~~  
6 ~~achieve energy efficiency and renewable energy goals to meet~~  
7 ~~both presidential and departmental directives.~~

8 ~~(d) The amount of electricity that the United States Department~~  
9 ~~of Defense facilities located in California seek to generate on their~~  
10 ~~own premises will serve their own electricity needs and will not~~  
11 ~~export electricity.~~

12 ~~(e) Military bases approximate small cities in electrical load,~~  
13 ~~diversity of land uses, and size.~~

14 ~~(f) Given the crucial contribution of our military, California~~  
15 ~~should assist military facilities in California in achieving their~~  
16 ~~energy independence goals.~~

17 ~~(g) The military owns and maintains its electric distribution~~  
18 ~~system. Generation serving the military's own electricity load~~  
19 ~~without export should not require upgrades to this distribution~~  
20 ~~system. Even if upgrades are necessary, the military, not the~~  
21 ~~ratepayers, will bear these costs.~~

22 ~~(h) At the request of the Governor and the electrical~~  
23 ~~corporations, military bases have historically demonstrated their~~  
24 ~~commitment and ability to provide demand reduction management~~  
25 ~~at times of grid emergencies.~~

26 ~~(i) Development of additional energy facilities on military bases~~  
27 ~~and military family housing will create opportunities for jobs for~~  
28 ~~veterans at a time when many California service members are~~  
29 ~~reentering the workforce and can provide skilled workers.~~  
30 ~~Established programs, such as "Helmets to Hardhats," also provide~~  
31 ~~valuable and needed transition from the battlefield to the civilian~~  
32 ~~community.~~

33 ~~389.3. (a) For the purposes of this article, the following shall~~  
34 ~~apply:~~

35 ~~(1) "Facilities" means either of the following:~~

36 ~~(A) Military bases and facilities.~~

37 ~~(B) Privatized military housing.~~

38 ~~(2) "Independent generation facility" means an electrical~~  
39 ~~generation installation located on a facility that is interconnected~~  
40 ~~and operated in parallel with an electrical corporation's distribution~~

1 system, sized to offset part or all of the facility’s own electrical  
2 requirements, and that contains equipment to prevent the export  
3 of electricity to the interconnected electrical corporation’s  
4 distribution system.

5 (3) “Military bases and facilities” mean those establishments  
6 under the jurisdiction of the United States Army, United States  
7 Air Force, United States Navy, United States Marine Corps, or the  
8 United States Coast Guard.

9 (4) “Privatized military housing” means housing facilities  
10 managed by a private entity for the purpose of providing housing  
11 to active duty service members and their family members that are  
12 not individually metered for purposes of calculating electricity  
13 charges paid to an electrical corporation.

14 (5) “Standby demand” means the entire reserved capacity needed  
15 to serve the electrical load of a facility that is regularly served by  
16 the facility’s independent generation facility when that generation  
17 facility experiences a partial or complete outage.

18 (b) To the extent authorized by federal law, an operator of an  
19 independent generation facility shall notify the electrical  
20 corporation pursuant to subdivision (b) of Section 119085 of the  
21 Health and Safety Code.

22 (e) Notwithstanding the limitation on the maximum generation  
23 capacity imposed pursuant to Section 2827, an electrical  
24 corporation shall use the interconnection process specified in  
25 subdivision (e) or (j) of Section 2827 and any commission order  
26 or rule implementing that provision for a facility with an  
27 independent generation facility.

28 (d) On or before April 1, 2015, and to the extent authorized by  
29 federal law, the commission shall, for a facility, do both of the  
30 following:

31 (1) (A) Require an electrical corporation to calculate the standby  
32 charge for a facility that is currently subject to a standby charge  
33 based on the facility’s standby demand. The standby demand shall  
34 be designated by the facility and remain at that level for a minimum  
35 of 12 months unless the electrical corporation determines that the  
36 standby demand needs to be adjusted to meet the actual demand.

37 (B) Upon an electrical corporation’s determination that the  
38 facility’s designated standby demand is too low and does not reflect  
39 the actual level of needed reserved capacity, over any 15-minute  
40 period or through onsite verification, the electrical corporation

1 shall increase the standby demand to reflect the actual needed  
2 reserve capacity.

3 (C) Upon an electrical corporation's determination that the  
4 facility's designated standby demand is too high, over any  
5 15-minute period or through onsite verification, the electrical  
6 corporation shall decrease the standby demand to reflect the actual  
7 needed reserve capacity.

8 (D) If the standby demand is adjusted by the electrical  
9 corporation, another adjustment in the standby demand shall not  
10 be made for 12 months from the adjustment unless there are  
11 permanent or material changes to an independent generation on,  
12 or additional wide pendant generation has been installed at, the  
13 facility.

14 (E) To the extent authorized by federal law, a facility shall notify  
15 the electrical corporation of permanent or material changes in the  
16 size, type, and operations of the facility for future adjustments to  
17 the standby demand.

18 (2) Require electrical corporations to implement the provisions  
19 of this subdivision through advice letters submitted prior to April  
20 1, 2015.

21 (e) Any activities undertaken on a facility's premises that reduce  
22 demand for an electrical corporation's supplied electricity, such  
23 as energy efficiency, load reduction, or independent generation  
24 are not subject to charges assessed on electricity delivered from  
25 the electrical corporation's distribution system or other charges of  
26 any kind that would increase the facility's costs beyond those of  
27 other customers in the rate class to which the facility would  
28 otherwise be assigned if the activity was not undertaken at the  
29 facility.

30 389.5. Notwithstanding this article, facilities, at their sole  
31 discretion, may develop eligible energy generation projects  
32 pursuant to applicable rules and tariffs.

33 SEC. 2. No reimbursement is required by this act pursuant to  
34 Section 6 of Article XIII B of the California Constitution because  
35 the only costs that may be incurred by a local agency or school  
36 district will be incurred because this act creates a new crime or  
37 infraction, eliminates a crime or infraction, or changes the penalty  
38 for a crime or infraction, within the meaning of Section 17556 of  
39 the Government Code, or changes the definition of a crime within

- 1 ~~the meaning of Section 6 of Article XIII B of the California~~
- 2 ~~Constitution.~~

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