

AMENDED IN SENATE APRIL 4, 2013

SENATE BILL

No. 699

Introduced by Senator Hill

February 22, 2013

An act to ~~amend Section 2827.10~~ of *add Section 769* to the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 699, as amended, Hill. Electricity: ~~net energy metering~~. *electrical corporations: distribution system costs report.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act authorizes the commission to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements, or services to be furnished, imposed, observed, and followed by specified public utilities, including electrical corporations.

This bill would require the Public Utilities Commission to require each electrical corporation to annually file with the Public Utilities Commission an electrical distribution report on the utility's electrical distribution grid infrastructure costs incurred during the prior year. The bill would require the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, the Independent System Operator, and other key stakeholders, as determined by the Public Utilities Commission, to determine the specifications of the electrical distribution report to ensure that the report provides sufficient detail for stakeholders to evaluate the degree to which the incurred costs achieve specified policy objectives.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime.

Because the provisions of this bill are within the act and require action by the Public Utilities Commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

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.

~~Existing law establishes a net energy metering program that is available to an eligible fuel cell customer-generator, which is defined as a customer of an electrical corporation that, among other things, uses a fuel cell electrical generating facility with capacity of not more than one megawatt. Existing law requires that the net metering calculation be made by measuring the difference between the electricity supplied to the eligible fuel cell customer-generator and the electricity generated by the eligible fuel cell customer-generator and fed back to the electrical grid over a 12-month period. Existing law requires every electrical corporation to file a standard tariff with the Public Utilities Commission providing for net energy metering for those customers.~~

~~This bill would make a nonsubstantive change to these provisions.~~

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

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

- 1 SECTION 1. Section 769 is added to the Public Utilities Code,
- 2 to read:
- 3 769. The commission, as part of an existing proceeding and
- 4 using existing resources, shall require each electrical corporation
- 5 to annually file with the commission an electrical distribution
- 6 report on the utility's electrical distribution grid infrastructure
- 7 costs incurred during the prior year. In consultation with the
- 8 Energy Commission, the Independent System Operator, and other
- 9 key stakeholders, as determined by the commission, the commission
- 10 shall determine the specifications of the electrical distribution

1 report to ensure that the report provides sufficient detail for
2 stakeholders to evaluate the degree to which the incurred costs
3 achieve the following policy objectives:

4 (a) Electrical distribution investments should be made in a
5 manner that maximizes the benefits and minimizes the long-term
6 costs to ratepayers in the achievement of state goals for the
7 deployment and integration of cost-effective distributed resources
8 and generation.

9 (b) Electrical distribution planning should reflect the presence
10 and benefits of distributed resources and generation.

11 (c) Electrical distribution investments should be made in
12 locations that best support the optimal deployment of cost-effective
13 distributed resources and generation.

14 (d) The full costs of installation and interconnection of
15 distributed resources and generation, including construction, fees,
16 tax liabilities, and maintenance charges, should be minimized.

17 (e) Investments in one-way voltage regulating devices, or in
18 other grid control or quality devices, that are intended to only
19 regulate voltage in one direction should be minimized or avoided.

20 (f) Electrical corporations should examine the potential use of
21 distributed resources and generation as part of each utility's plans
22 to upgrade and or improve the stability and reliability of its
23 distribution system.

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

33 SECTION 1. ~~Section 2827.10 of the Public Utilities Code is~~
34 ~~amended to read:~~

35 ~~2827.10. (a) As used in this section, the following terms have~~
36 ~~the following meanings:~~

37 (1) ~~“Electrical corporation” means an electrical corporation, as~~
38 ~~defined in Section 218.~~

39 (2) ~~“Eligible fuel cell electrical generating facility” means a~~
40 ~~facility that includes the following:~~

1 ~~(A) Integrated powerplant systems containing a stack, tubular~~
2 ~~array, or other functionally similar configuration used to~~
3 ~~electrochemically convert fuel to electric energy.~~

4 ~~(B) An inverter and fuel processing system where necessary.~~

5 ~~(C) Other plant equipment, including heat recovery equipment,~~
6 ~~necessary to support the plant's operation or its energy conversion.~~

7 ~~(3) (A) "Eligible fuel cell customer-generator" means a~~
8 ~~customer of an electrical corporation that meets all the following~~
9 ~~criteria:~~

10 ~~(i) Uses a fuel cell electrical generating facility with a capacity~~
11 ~~of not more than one megawatt that is located on or adjacent to~~
12 ~~the customer's owned, leased, or rented premises, is interconnected~~
13 ~~and operates in parallel with the electrical grid while the grid is~~
14 ~~operational or in a grid independent mode when the grid is~~
15 ~~nonoperational, and is sized to offset part or all of the eligible fuel~~
16 ~~cell customer-generator's own electrical requirements.~~

17 ~~(ii) Is the recipient of local, state, or federal funds, or who~~
18 ~~self-finances projects designed to encourage the development of~~
19 ~~eligible fuel cell electrical generating facilities.~~

20 ~~(iii) Uses technology the commission has determined will~~
21 ~~achieve reductions in emissions of greenhouse gases pursuant to~~
22 ~~subdivision (b), and meets the emission requirements for eligibility~~
23 ~~for funding set forth in subdivision (c), of Section 379.6.~~

24 ~~(B) For purposes of this paragraph, a person or entity is a~~
25 ~~customer of the electrical corporation if the customer is physically~~
26 ~~located within the service territory of the electrical corporation~~
27 ~~and receives bundled service, distribution service, or transmission~~
28 ~~service from the electrical corporation.~~

29 ~~(4) "Net energy metering" means measuring the difference~~
30 ~~between the electricity supplied through the electrical grid and the~~
31 ~~difference between the electricity generated by an eligible fuel cell~~
32 ~~electrical generating facility and fed back to the electrical grid over~~
33 ~~a 12-month period as described in subdivision (c). Net energy~~
34 ~~metering shall be accomplished using a time-of-use meter capable~~
35 ~~of registering the flow of electricity in two directions. If the existing~~
36 ~~electrical meter of an eligible fuel cell customer-generator is not~~
37 ~~capable of measuring the flow of electricity in two directions, the~~
38 ~~eligible fuel cell customer-generator shall be responsible for all~~
39 ~~expenses involved in purchasing and installing a meter that is able~~
40 ~~to measure electricity flow in two directions. If an additional meter~~

1 or meters are installed, the net energy metering calculation shall
2 yield a result identical to that of a time-of-use meter.

3 ~~(b) (1) Every electrical corporation shall file with the~~
4 ~~commission a standard tariff providing for net energy metering~~
5 ~~for eligible fuel cell customer-generators, consistent with this~~
6 ~~section. Subject to the limitation in subdivision (f), every electrical~~
7 ~~corporation shall make this tariff available to eligible fuel cell~~
8 ~~customer-generators upon request, on a first-come-first-served~~
9 ~~basis, until the total cumulative rated generating capacity of the~~
10 ~~eligible fuel cell electrical generating facilities receiving service~~
11 ~~pursuant to the tariff reaches a level equal to its proportionate share~~
12 ~~of a statewide limitation of 500 megawatts cumulative rated~~
13 ~~generation capacity served under this section. The proportionate~~
14 ~~share shall be calculated based on the ratio of the electrical~~
15 ~~corporation's peak demand compared to the total statewide peak~~
16 ~~demand.~~

17 ~~(2) To continue the growth of the market for onsite electric~~
18 ~~generation using fuel cells, the commission may review and~~
19 ~~incrementally raise the limitation established in paragraph (1) on~~
20 ~~the total cumulative rated generating capacity of the eligible fuel~~
21 ~~cell electrical generating facilities receiving service pursuant to~~
22 ~~the tariff in paragraph (1).~~

23 ~~(c) In determining the eligibility for the cumulative rated~~
24 ~~generating capacity within an electrical corporation's service~~
25 ~~territory, preference shall be given to facilities that, at the time of~~
26 ~~installation, are located in a community with significant exposure~~
27 ~~to air contaminants or localized air contaminants, or both,~~
28 ~~including, but not limited to, communities of minority populations~~
29 ~~or low-income populations, or both, based on the ambient air~~
30 ~~quality standards established pursuant to Section 39607 of the~~
31 ~~Health and Safety Code.~~

32 ~~(d) (1) Each net energy metering contract or tariff shall be~~
33 ~~identical, with respect to rate structure, all retail rate components,~~
34 ~~and any monthly charges, to the contract or tariff to which the~~
35 ~~customer would be assigned if the customer was not an eligible~~
36 ~~fuel cell customer-generator. Any new or additional demand~~
37 ~~charge, standby charge, customer charge, minimum monthly~~
38 ~~charge, interconnection charge, or other charge that would increase~~
39 ~~an eligible fuel cell customer-generator's costs beyond those of~~
40 ~~other customers in the rate class to which the eligible fuel cell~~

1 ~~customer-generator would otherwise be assigned are contrary to~~
2 ~~the intent of the Legislature in enacting this section, and may not~~
3 ~~form a part of net energy metering tariffs.~~

4 ~~(2) The commission shall authorize an electrical corporation to~~
5 ~~charge a fuel cell customer-generator a fee based on the cost to~~
6 ~~the utility associated with providing interconnection inspection~~
7 ~~services for that fuel cell customer-generator.~~

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

14 ~~(1) The eligible fuel cell customer-generator shall, at the end~~
15 ~~of each 12-month period following the date of final interconnection~~
16 ~~of the eligible fuel cell electrical generating facility with an~~
17 ~~electrical corporation, and at each anniversary date thereafter, be~~
18 ~~billed for electricity used during that period. The electrical~~
19 ~~corporation shall determine if the eligible fuel cell~~
20 ~~customer-generator was a net consumer or a net producer of~~
21 ~~electricity during that period. For purposes of determining if the~~
22 ~~eligible fuel cell customer-generator was a net consumer or a net~~
23 ~~producer of electricity during that period, the electrical corporation~~
24 ~~shall aggregate the electrical load of the meters located on the~~
25 ~~property where the eligible fuel cell electrical generation facility~~
26 ~~is located and on all property adjacent or contiguous to the property~~
27 ~~on which the facility is located, if those properties are solely~~
28 ~~owned, leased, or rented by the eligible fuel cell~~
29 ~~customer-generator. Each aggregated account shall be billed and~~
30 ~~measured according to a time-of-use rate schedule.~~

31 ~~(2) At the end of each 12-month period, where the electricity~~
32 ~~supplied during the period by the electrical corporation exceeds~~
33 ~~the electricity generated by the eligible fuel cell customer-generator~~
34 ~~during that same period, the eligible fuel cell customer-generator~~
35 ~~is a net electricity consumer and the electrical corporation shall~~
36 ~~be owed compensation for the eligible fuel cell~~
37 ~~customer-generator's net kilowatt-hour consumption over that same~~
38 ~~period. The compensation owed for the eligible fuel cell~~
39 ~~customer-generator's consumption shall be calculated as follows:~~

1 (A) The generation charges for any net monthly consumption
2 of electricity shall be calculated according to the terms of the tariff
3 to which the same customer would be assigned to or be eligible
4 for if the customer was not an eligible fuel cell customer-generator.
5 When the eligible fuel cell customer-generator is a net generator
6 during any discrete time-of-use period, the net kilowatthours
7 produced shall be valued at the same price per kilowatthour as the
8 electrical corporation would charge for retail kilowatthour sales
9 for generation, exclusive of any surcharges, during that same
10 time-of-use period. If the eligible fuel cell customer-generator's
11 time-of-use electrical meter is unable to measure the flow of
12 electricity in two directions, paragraph (4) of subdivision (a) shall
13 apply. All other charges, other than generation charges, shall be
14 calculated in accordance with the eligible fuel cell
15 customer-generator's applicable tariff and based on the total
16 kilowatthours delivered by the electrical corporation to the eligible
17 fuel cell customer-generator. To the extent that charges for
18 transmission and distribution services are recovered through
19 demand charges in any particular month, no standby reservation
20 charges shall apply in that monthly billing cycle.

21 (B) The net balance of moneys owed shall be paid in accordance
22 with the electrical corporation's normal billing cycle.

23 (3) At the end of each 12-month period, where the electricity
24 generated by the eligible fuel cell customer-generator during the
25 12-month period exceeds the electricity supplied by the electrical
26 corporation during that same period, the eligible fuel cell
27 customer-generator is a net electricity producer and the electrical
28 corporation shall retain any excess kilowatthours generated during
29 the prior 12-month period. The eligible fuel cell customer-generator
30 shall not be owed any compensation for those excess kilowatthours.

31 (4) If an eligible fuel cell customer-generator terminates service
32 with the electrical corporation, the electrical corporation shall
33 reconcile the eligible fuel cell customer-generator's consumption
34 and production of electricity during any 12-month period.

35 (f) No fuel cell electrical generating facility shall be eligible for
36 the tariff unless it commences operation prior to January 1, 2015,
37 unless a later enacted statute, that is chaptered before January 1,
38 2015, extends this eligibility commencement date. The tariff shall
39 remain in effect for an eligible fuel cell electrical generating facility
40 that commences operation pursuant to the tariff prior to January

1 ~~1, 2015. A fuel cell customer-generator shall be eligible for the~~
2 ~~tariff established pursuant to this section only for the operating~~
3 ~~life of the eligible fuel cell electrical generating facility.~~

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