

**ASSEMBLY BILL**

**No. 1773**

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**Introduced by Assembly Member Obernolte**

February 3, 2016

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An act to amend Section 2830 of the Public Utilities Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1773, as introduced, Obernolte. Local government renewable energy self-generation program.

Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities. Existing law authorizes a local governmental entity, except a joint powers authority, to receive a bill credit to a designated benefiting account, for electricity exported to the electrical grid by an eligible renewable generating facility and requires the commission to adopt a rate tariff for the benefiting account.

This bill would include as a local governmental entity for this purpose a joint powers authority.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime. Because the provisions of this bill would require an order or other action of the commission to implement and a violation of that order or action would be a crime, the bill 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.

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 2830 of the Public Utilities Code is  
2 amended to read:  
3 2830. (a) As used in this section, the following terms have the  
4 following meanings:  
5 (1) “Benefiting account” means an electricity account, or more  
6 than one account, located within the geographical boundaries of  
7 a local government or, for a campus, within the geographical  
8 boundary of the city, county, or city and county in which the  
9 campus is located, that is mutually agreed upon by the local  
10 government or campus and an electrical corporation.  
11 (2) “Bill credit” means an amount of money credited to a  
12 benefiting account that is calculated based upon the time-of-use  
13 electricity generation component of the electricity usage charge  
14 of the generating account, multiplied by the quantities of electricity  
15 generated by an eligible renewable generating facility that are  
16 exported to the grid during the corresponding time period.  
17 Electricity is exported to the grid if it is generated by an eligible  
18 renewable generating facility, is not utilized onsite by the local  
19 government, and the electricity flows through the meter site and  
20 on to the electrical corporation’s distribution or transmission  
21 infrastructure.  
22 (3) “Campus” means an individual community college campus,  
23 individual California State University campus, or individual  
24 University of California campus.  
25 (4) “Eligible renewable generating facility” means a generation  
26 facility that meets all of the following requirements:  
27 (A) Has a generating capacity of no more than five megawatts.  
28 (B) Is an eligible renewable energy resource, as defined in  
29 Article 16 (commencing with Section 399.11) of Part 1.  
30 (C) Is located within the geographical boundary of the local  
31 government or, for a campus, within the geographical boundary  
32 of the city or city and county, if the campus is located in an  
33 incorporated area, or county, if the campus is located in an  
34 unincorporated area.

1 (D) Is owned by, operated by, or on property under the control  
2 of the local government or campus.

3 (E) Is sized to offset all or part of the electrical load of the  
4 benefiting account. For these purposes, premises that are leased  
5 by a local government or campus are under the control of the local  
6 government or campus.

7 (5) “Generating account” means the time-of-use electric service  
8 account of the local government or campus where the eligible  
9 renewable generating facility is located.

10 (6) “Local government” means a city, county, whether general  
11 law or chartered, city and county, special district, school district,  
12 political subdivision, or other local public agency, ~~but shall not~~  
13 ~~mean~~ *including* a joint powers authority, *but shall not mean* the  
14 state or any agency or department of the state, other than an  
15 individual campus of the University of California or the California  
16 State University.

17 (b) Subject to the limitation in subdivision (h), a local  
18 government may elect to receive electric service pursuant to this  
19 section if all of the following conditions are met:

20 (1) The local government designates one or more benefiting  
21 accounts to receive a bill credit.

22 (2) A benefiting account receives service under a time-of-use  
23 rate schedule.

24 (3) The benefiting account is the responsibility of, and serves  
25 property that is owned, operated, or on property under the control  
26 of the same local government that owns, operates, or controls the  
27 eligible renewable generating facility.

28 (4) The electrical output of the eligible renewable generating  
29 facility is metered for time of use to allow calculation of the bill  
30 credit based upon when the electricity is exported to the grid.

31 (5) All costs associated with the metering requirements of  
32 paragraphs (2) and (4) are the responsibility of the local  
33 government.

34 (6) All costs associated with interconnection are the  
35 responsibility of the local government. For purposes of this  
36 paragraph, “interconnection” has the same meaning as defined in  
37 Section 2803, except that it applies to the interconnection of an  
38 eligible renewable generating facility rather than the energy source  
39 of a private energy producer.

- 1 (7) The local government does not sell electricity exported to  
2 the electrical grid to a third party.
- 3 (8) All electricity exported to the grid by the local government  
4 that is generated by the eligible renewable generating facility  
5 becomes the property of the electrical corporation to which the  
6 facility is interconnected, but shall not be counted toward the  
7 electrical corporation’s total retail sales for purposes of Article 16  
8 (commencing with Section 399.11) of Chapter 2.3 of Part 1.  
9 Ownership of the renewable energy credits, as defined in Section  
10 399.12, shall be the same as the ownership of the renewable energy  
11 credits associated with electricity that is net metered pursuant to  
12 Section 2827.
- 13 (9) An electrical corporation shall not be required to compensate  
14 a local government for electricity generated from an eligible  
15 renewable facility pursuant to this section in excess of the bill  
16 credits applied to the designated benefiting account. A local  
17 government renewable generation facility participating pursuant  
18 to this section shall not be eligible for any other tariff or program  
19 that requires an electrical corporation to purchase generation from  
20 that facility while participating in the local government renewable  
21 energy self-generation program pursuant to this section.
- 22 (c) (1) A benefiting account shall be billed for all electricity  
23 usage, and for each bill component, at the rate schedule applicable  
24 to the benefiting account, including any cost-responsibility  
25 surcharge or other cost recovery mechanism, as determined by the  
26 commission, to reimburse the Department of Water Resources for  
27 purchases of electricity, pursuant to Division 27 (commencing  
28 with Section 80000) of the Water Code.
- 29 (2) The bill shall then subtract the bill credit applicable to the  
30 benefiting account. The generation component credited to the  
31 benefiting account shall not include the cost-responsibility  
32 surcharge or other cost recovery mechanism, as determined by the  
33 commission, to reimburse the Department of Water Resources for  
34 purchases of electricity, pursuant to Division 27 (commencing  
35 with Section 80000) of the Water Code. The electrical corporation  
36 shall ensure that the local government receives the full bill credit.
- 37 (3) If, during the billing cycle, the generation component of the  
38 electricity usage charges exceeds the bill credit, the benefiting  
39 account shall be billed for the difference.

1 (4) If, during the billing cycle, the bill credit applied pursuant  
2 to paragraph (2) exceeds the generation component of the electricity  
3 usage charges, the difference shall be carried forward as a financial  
4 credit to the next billing cycle.

5 (5) After the electricity usage charge pursuant to paragraph (1)  
6 and the credit pursuant to paragraph (2) are determined for the last  
7 billing cycle of a 12-month period, any remaining credit resulting  
8 from the application of this section shall be reset to zero.

9 (d) The commission shall ensure that the transfer of a bill credit  
10 to a benefiting account does not result in a shifting of costs to  
11 bundled service subscribers. The costs associated with the transfer  
12 of a bill credit shall include all billing-related expenses.

13 (e) Not more frequently than once per year, and upon providing  
14 the electrical corporation with a minimum of 60 days' notice, the  
15 local government may elect to change a benefiting account. Any  
16 credit resulting from the application of this section earned prior to  
17 the change in a benefiting account that has not been used as of the  
18 date of the change in the benefiting account shall be applied, and  
19 may only be applied, to a benefiting account as changed.

20 (f) A local government shall provide the electrical corporation  
21 to which the eligible renewable generating facility will be  
22 interconnected with not less than 60 days' notice prior to the  
23 eligible renewable generating facility becoming operational. The  
24 electrical corporation shall file an advice letter with the commission  
25 that complies with this section not later than 30 days after receipt  
26 of the notice proposing a rate tariff for a benefiting account. The  
27 commission, within 30 days of the date of filing, shall approve the  
28 proposed tariff or specify conforming changes to be made by the  
29 electrical corporation to be filed in a new advice letter.

30 (g) The local government may terminate its election pursuant  
31 to subdivision (b), upon providing the electrical corporation with  
32 a minimum of 60 days' notice. Should the local government sell  
33 its interest in the eligible renewable generating facility, or sell the  
34 electricity generated by the eligible renewable generating facility,  
35 in a manner other than required by this section, upon the date of  
36 either event, and the earliest date if both events occur, no further  
37 bill credit pursuant to paragraph (3) of subdivision (b) may be  
38 earned. Only credit earned prior to that date shall be made to a  
39 benefiting account.

1 (h) An electrical corporation is not obligated to provide a bill  
2 credit to a benefiting account that is not designated by a local  
3 government prior to the point in time that the combined statewide  
4 cumulative rated generating capacity of all eligible renewable  
5 generating facilities within the service territories of the state's  
6 three largest electrical corporations reaches 250 megawatts. Only  
7 those eligible renewable generating facilities that are providing  
8 bill credits to benefiting accounts pursuant to this section shall  
9 count toward reaching this 250-megawatt limitation. Each electrical  
10 corporation shall only be required to offer service or contracts  
11 under this section until that electrical corporation reaches its  
12 proportionate share of the 250-megawatt limitation based on the  
13 ratio of its peak demand to the total statewide peak demand of all  
14 electrical corporations.

15 (i) This chapter does not apply to an electrical corporation with  
16 60,000 or fewer customer accounts.

17 SEC. 3. No reimbursement is required by this act pursuant to  
18 Section 6 of Article XIII B of the California Constitution because  
19 the only costs that may be incurred by a local agency or school  
20 district will be incurred because this act creates a new crime or  
21 infraction, eliminates a crime or infraction, or changes the penalty  
22 for a crime or infraction, within the meaning of Section 17556 of  
23 the Government Code, or changes the definition of a crime within  
24 the meaning of Section 6 of Article XIII B of the California  
25 Constitution.