

ASSEMBLY BILL

No. 2339

Introduced by Assembly Members Irwin and Low

February 18, 2016

An act to amend Section 2827 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 2339, as introduced, Irwin. Net energy metering.

Existing law relative to private energy producers requires every electric utility, including electrical corporations and local publicly owned electric utilities, to develop a standard contract or tariff providing for net energy metering and to make this contract or tariff available to eligible customer-generators upon request for generation by a renewable electrical generation facility. Existing law provides that an electric utility that is not a large electrical corporation is not obligated to provide net energy metering when the combined total peak demand of all electricity used by eligible customer-generators in the service area exceeds 5% of the aggregate customer peak demand of the electric utility.

This bill would define the “aggregate customer peak demand” for the purposes of calculating the net energy metering program limit for electric utilities that are not large electrical corporations.

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

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

1 SECTION 1. Section 2827 of the Public Utilities Code is
2 amended to read:

3 2827. (a) The Legislature finds and declares that a program
4 to provide net energy metering combined with net surplus
5 compensation, co-energy metering, and wind energy co-metering
6 for eligible customer-generators is one way to encourage substantial
7 private investment in renewable energy resources, stimulate in-state
8 economic growth, reduce demand for electricity during peak
9 consumption periods, help stabilize California’s energy supply
10 infrastructure, enhance the continued diversification of California’s
11 energy resource mix, reduce interconnection and administrative
12 costs for electricity suppliers, and encourage conservation and
13 efficiency.

14 (b) As used in this section, the following terms have the
15 following meanings:

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

21 (2) “Electrical cooperative” means an electrical cooperative as
22 defined in Section 2776.

23 (3) “Electric utility” means an electrical corporation, a local
24 publicly owned electric utility, or an electrical cooperative, or any
25 other entity, except an electric service provider, that offers electrical
26 service. This section shall not apply to a local publicly owned
27 electric utility that serves more than 750,000 customers and that
28 also conveys water to its customers.

29 (4) (A) “Eligible customer-generator” means a residential
30 customer, small commercial customer as defined in subdivision
31 (h) of Section 331, or commercial, industrial, or agricultural
32 customer of an electric utility, who uses a renewable electrical
33 generation facility, or a combination of those facilities, with a total
34 capacity of not more than one megawatt, that is located on the
35 customer’s owned, leased, or rented premises, and is interconnected
36 and operates in parallel with the electrical grid, and is intended
37 primarily to offset part or all of the customer’s own electrical
38 requirements.

1 (B) (i) Notwithstanding subparagraph (A), “eligible
2 customer-generator” includes the Department of Corrections and
3 Rehabilitation using a renewable electrical generation technology,
4 or a combination of renewable electrical generation technologies,
5 with a total capacity of not more than eight megawatts, that is
6 located on the department’s owned, leased, or rented premises,
7 and is interconnected and operates in parallel with the electrical
8 grid, and is intended primarily to offset part or all of the facility’s
9 own electrical requirements. The amount of any wind generation
10 exported to the electrical grid shall not exceed 1.35 megawatt at
11 any time.

12 (ii) Notwithstanding paragraph (2) of subdivision (e), an
13 electrical corporation shall be afforded a prudent but necessary
14 time, as determined by the executive director of the commission,
15 to study the impacts of a request for interconnection of a renewable
16 generator with a capacity of greater than one megawatt under this
17 subparagraph. If the study reveals the need for upgrades to the
18 transmission or distribution system arising solely from the
19 interconnection, the electrical corporation shall be afforded the
20 time necessary to complete those upgrades before the
21 interconnection and those costs shall be borne by the
22 customer-generator. Upgrade projects shall comply with applicable
23 state and federal requirements, including requirements of the
24 Federal Energy Regulatory Commission.

25 (C) (i) For purposes of this subparagraph, a “United States
26 Armed Forces base or facility” is an establishment under the
27 jurisdiction of the United States Army, Navy, Air Force, Marine
28 Corps, or Coast Guard.

29 (ii) Notwithstanding subparagraph (A), a United States Armed
30 Forces base or facility is an “eligible customer-generator” if the
31 base or facility uses a renewable electrical generation facility, or
32 a combination of those facilities, the renewable electrical generation
33 facility is located on premises owned, leased, or rented by the
34 United States Armed Forces base or facility, the renewable
35 electrical generation facility is interconnected and operates in
36 parallel with the electrical grid, the renewable electrical generation
37 facility is intended primarily to offset part or all of the base or
38 facility’s own electrical requirements, and the renewable electrical
39 generation facility has a generating capacity that does not exceed
40 the lesser of 12 megawatts or one megawatt greater than the

1 minimum load of the base or facility over the prior 36 months.
2 Unless prohibited by federal law, a renewable electrical generation
3 facility shall not be eligible for net energy metering for privatized
4 military housing pursuant to this subparagraph if the renewable
5 electrical generation facility was procured using a sole source
6 process. A renewable electrical generation facility procured using
7 best value criteria, if otherwise eligible, may be used for net energy
8 metering for privatized military housing pursuant to this
9 subparagraph. For these purposes, “best value criteria” means a
10 value determined by objective criteria and may include, but is not
11 limited to, price, features, functions, and life-cycle costs.

12 (iii) A United States Armed Forces base or facility that is an
13 eligible customer generator pursuant to this subparagraph shall
14 not receive compensation for exported generation.

15 (iv) Notwithstanding paragraph (2) of subdivision (e), an
16 electrical corporation shall be afforded a prudent but necessary
17 time, as determined by the executive director of the commission
18 but not less than 60 working days, to study the impacts of a request
19 for interconnection of a renewable electrical generation facility
20 with a capacity of greater than one megawatt pursuant to this
21 subparagraph. If the study reveals the need for upgrades to the
22 transmission or distribution system arising solely from the
23 interconnection, the electrical corporation shall be afforded the
24 time necessary to complete those upgrades before the
25 interconnection and the costs of those upgrades shall be borne by
26 the eligible customer-generator. Upgrade projects shall comply
27 with applicable state and federal requirements, including
28 requirements of the Federal Energy Regulatory Commission. For
29 any renewable generation facility that interconnects directly to the
30 transmission grid or that requires transmission upgrades, the United
31 States Armed Forces base or facility shall comply with all Federal
32 Energy Regulatory Commission interconnection procedures and
33 requirements.

34 (v) An electrical corporation shall make a tariff, as approved
35 by the commission, available pursuant to this subparagraph by
36 November 1, 2015.

37 (5) “Large electrical corporation” means an electrical
38 corporation with more than 100,000 service connections in
39 California.

1 (6) “Net energy metering” means measuring the difference
2 between the electricity supplied through the electrical grid and the
3 electricity generated by an eligible customer-generator and fed
4 back to the electrical grid over a 12-month period as described in
5 subdivisions (c) and (h).

6 (7) “Net surplus customer-generator” means an eligible
7 customer-generator that generates more electricity during a
8 12-month period than is supplied by the electric utility to the
9 eligible customer-generator during the same 12-month period.

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

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

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

23 (11) “Renewable electrical generation facility” means a facility
24 that generates electricity from a renewable source listed in
25 paragraph (1) of subdivision (a) of Section 25741 of the Public
26 Resources Code. A small hydroelectric generation facility is not
27 an eligible renewable electrical generation facility if it will cause
28 an adverse impact on instream beneficial uses or cause a change
29 in the volume or timing of streamflow.

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

37 (c) (1) Except as provided in paragraph (4) and in Section
38 2827.1, every electric utility shall develop a standard contract or
39 tariff providing for net energy metering, and shall make this
40 standard contract or tariff available to eligible customer-generators,

1 upon request, on a first-come-first-served basis until the time that
2 the total rated generating capacity used by eligible
3 customer-generators exceeds 5 percent of the electric utility's
4 aggregate customer peak demand. Net energy metering shall be
5 accomplished using a single meter capable of registering the flow
6 of electricity in two directions. An additional meter or meters to
7 monitor the flow of electricity in each direction may be installed
8 with the consent of the eligible customer-generator, at the expense
9 of the electric utility, and the additional metering shall be used
10 only to provide the information necessary to accurately bill or
11 credit the eligible customer-generator pursuant to subdivision (h),
12 or to collect generating system performance information for
13 research purposes relative to a renewable electrical generation
14 facility. If the existing electrical meter of an eligible
15 customer-generator is not capable of measuring the flow of
16 electricity in two directions, the eligible customer-generator shall
17 be responsible for all expenses involved in purchasing and
18 installing a meter that is able to measure electricity flow in two
19 directions. If an additional meter or meters are installed, the net
20 energy metering calculation shall yield a result identical to that of
21 a single meter. An eligible customer-generator that is receiving
22 service other than through the standard contract or tariff may elect
23 to receive service through the standard contract or tariff until the
24 electric utility reaches the generation limit set forth in this
25 paragraph. Once the generation limit is reached, only eligible
26 customer-generators that had previously elected to receive service
27 pursuant to the standard contract or tariff have a right to continue
28 to receive service pursuant to the standard contract or tariff.
29 Eligibility for net energy metering does not limit an eligible
30 customer-generator's eligibility for any other rebate, incentive, or
31 credit provided by the electric utility, or pursuant to any
32 governmental program, including rebates and incentives provided
33 pursuant to the California Solar Initiative.

34 (2) An electrical corporation shall include a provision in the net
35 energy metering contract or tariff requiring that any customer with
36 an existing electrical generating facility and meter who enters into
37 a new net energy metering contract shall provide an inspection
38 report to the electrical corporation, unless the electrical generating
39 facility and meter have been installed or inspected within the
40 previous three years. The inspection report shall be prepared by a

1 California licensed contractor who is not the owner or operator of
2 the facility and meter. A California licensed electrician shall
3 perform the inspection of the electrical portion of the facility and
4 meter.

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

11 (B) An electric service provider operating pursuant to Section
12 394 shall make available to the ratemaking authority the
13 information required by this paragraph for each eligible
14 customer-generator that is their customer for each service area of
15 an electrical corporation, local publicly owned ~~electrical~~ *electric*
16 utility, or electrical cooperative, in which the eligible
17 customer-generator has net energy metering.

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

24 (4) (A) (i) An electric utility that is not a large electrical
25 corporation is not obligated to provide net energy metering to
26 additional eligible customer-generators in its service area when
27 the combined total peak demand of all electricity used by eligible
28 customer-generators served by all the electric utilities in that
29 service area furnishing net energy metering to eligible
30 customer-generators exceeds 5 percent of the aggregate customer
31 peak demand of those electric utilities. *An electric utility that is*
32 *not a large electrical corporation may determine aggregate*
33 *customer peak demand using an estimation technique that the*
34 *Energy Commission has determined to be reasonable.*

35 (ii) *For the purpose of calculating the program limit of an*
36 *electric utility that is not a large electrical corporation, the*
37 *“aggregate customer peak demand” means the highest sum of the*
38 *noncoincident peak demands of all the customers of electric utilities*
39 *in that service area that occurs in any calendar year.*

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

20 (i) For San Diego Gas and Electric Company, when it has made
21 607 megawatts of nameplate generating capacity available to
22 eligible customer-generators.

23 (ii) For Southern California Edison Company, when it has made
24 2,240 megawatts of nameplate generating capacity available to
25 eligible customer-generators.

26 (iii) For Pacific Gas and Electric Company, when it has made
27 2,409 megawatts of nameplate generating capacity available to
28 eligible customer-generators.

29 (C) Every large electrical corporation shall file a monthly report
30 with the commission detailing the progress toward the net energy
31 metering program limit established in subparagraph (B). The report
32 shall include separate calculations on progress toward the limits
33 based on operating solar energy systems, cumulative numbers of
34 interconnection requests for net energy metering eligible systems,
35 and any other criteria required by the commission.

36 (D) Beginning July 1, 2017, or upon reaching the net metering
37 program limit of subparagraph (B), whichever is earlier, the
38 obligation of a large electrical corporation to provide service
39 pursuant to a standard contract or tariff shall be pursuant to Section
40 2827.1 and applicable state and federal requirements.

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

4 (e) (1) Every electric utility shall ensure that requests for
5 establishment of net energy metering and net surplus electricity
6 compensation are processed in a time period not exceeding that
7 for similarly situated customers requesting new electric service,
8 but not to exceed 30 working days from the date it receives a
9 completed application form for net energy metering service or net
10 surplus electricity compensation, including a signed interconnection
11 agreement from an eligible customer-generator and the electric
12 inspection clearance from the governmental authority having
13 jurisdiction.

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

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

24 (f) (1) If a customer participates in direct transactions pursuant
25 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,
26 with an electric service provider that does not provide distribution
27 service for the direct transactions, the electric utility that provides
28 distribution service for the eligible customer-generator is not
29 obligated to provide net energy metering or net surplus electricity
30 compensation to the customer.

31 (2) If a customer participates in direct transactions pursuant to
32 paragraph (1) of subdivision (b) of Section 365 or 365.1 with an
33 electric service provider, and the customer is an eligible
34 customer-generator, the electric utility that provides distribution
35 service for the direct transactions may recover from the customer's
36 electric service provider the incremental costs of metering and
37 billing service related to net energy metering and net surplus
38 electricity compensation in an amount set by the ratemaking
39 authority.

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

25 (h) For eligible customer-generators, the net energy metering
26 calculation shall be made by measuring the difference between
27 the electricity supplied to the eligible customer-generator and the
28 electricity generated by the eligible customer-generator and fed
29 back to the electrical grid over a 12-month period. The following
30 rules shall apply to the annualized net metering calculation:

31 (1) The eligible residential or small commercial
32 customer-generator, at the end of each 12-month period following
33 the date of final interconnection of the eligible
34 customer-generator's system with an electric utility, and at each
35 anniversary date thereafter, shall be billed for electricity used
36 during that 12-month period. The electric utility shall determine
37 if the eligible residential or small commercial customer-generator
38 was a net consumer or a net surplus customer-generator during
39 that period.

1 (2) At the end of each 12-month period, where the electricity
2 supplied during the period by the electric utility exceeds the
3 electricity generated by the eligible residential or small commercial
4 customer-generator during that same period, the eligible residential
5 or small commercial customer-generator is a net electricity
6 consumer and the electric utility shall be owed compensation for
7 the eligible customer-generator's net kilowatthour consumption
8 over that 12-month period. The compensation owed for the eligible
9 residential or small commercial customer-generator's consumption
10 shall be calculated as follows:

11 (A) For all eligible customer-generators taking service under
12 contracts or tariffs employing "baseline" and "over baseline" rates,
13 any net monthly consumption of electricity shall be calculated
14 according to the terms of the contract or tariff to which the same
15 customer would be assigned to, or be eligible for, if the customer
16 was not an eligible customer-generator. If those same
17 customer-generators are net generators over a billing period, the
18 net kilowatthours generated shall be valued at the same price per
19 kilowatthour as the electric utility would charge for the baseline
20 quantity of electricity during that billing period, and if the number
21 of kilowatthours generated exceeds the baseline quantity, the excess
22 shall be valued at the same price per kilowatthour as the electric
23 utility would charge for electricity over the baseline quantity during
24 that billing period.

25 (B) For all eligible customer-generators taking service under
26 contracts or tariffs employing time-of-use rates, any net monthly
27 consumption of electricity shall be calculated according to the
28 terms of the contract or tariff to which the same customer would
29 be assigned, or be eligible for, if the customer was not an eligible
30 customer-generator. When those same customer-generators are
31 net generators during any discrete time-of-use period, the net
32 kilowatthours produced shall be valued at the same price per
33 kilowatthour as the electric utility would charge for retail
34 kilowatthour sales during that same time-of-use period. If the
35 eligible customer-generator's time-of-use electrical meter is unable
36 to measure the flow of electricity in two directions, paragraph (1)
37 of subdivision (c) shall apply.

38 (C) For all eligible residential and small commercial
39 customer-generators and for each billing period, the net balance
40 of moneys owed to the electric utility for net consumption of

1 electricity or credits owed to the eligible customer-generator for
2 net generation of electricity shall be carried forward as a monetary
3 value until the end of each 12-month period. For all eligible
4 commercial, industrial, and agricultural customer-generators, the
5 net balance of moneys owed shall be paid in accordance with the
6 electric utility's normal billing cycle, except that if the eligible
7 commercial, industrial, or agricultural customer-generator is a net
8 electricity producer over a normal billing cycle, any excess
9 kilowatthours generated during the billing cycle shall be carried
10 over to the following billing period as a monetary value, calculated
11 according to the procedures set forth in this section, and appear as
12 a credit on the eligible commercial, industrial, or agricultural
13 customer-generator's account, until the end of the annual period
14 when paragraph (3) shall apply.

15 (3) At the end of each 12-month period, where the electricity
16 generated by the eligible customer-generator during the 12-month
17 period exceeds the electricity supplied by the electric utility during
18 that same period, the eligible customer-generator is a net surplus
19 customer-generator and the electric utility, upon an affirmative
20 election by the net surplus customer-generator, shall either (A)
21 provide net surplus electricity compensation for any net surplus
22 electricity generated during the prior 12-month period, or (B) allow
23 the net surplus customer-generator to apply the net surplus
24 electricity as a credit for kilowatthours subsequently supplied by
25 the electric utility to the net surplus customer-generator. For an
26 eligible customer-generator that does not affirmatively elect to
27 receive service pursuant to net surplus electricity compensation,
28 the electric utility shall retain any excess kilowatthours generated
29 during the prior 12-month period. The eligible customer-generator
30 not affirmatively electing to receive service pursuant to net surplus
31 electricity compensation shall not be owed any compensation for
32 the net surplus electricity unless the electric utility enters into a
33 purchase agreement with the eligible customer-generator for those
34 excess kilowatthours. Every electric utility shall provide notice to
35 eligible customer-generators that they are eligible to receive net
36 surplus electricity compensation for net surplus electricity, that
37 they must elect to receive net surplus electricity compensation,
38 and that the 12-month period commences when the electric utility
39 receives the eligible customer-generator's election. For an electric
40 utility that is an electrical corporation or electrical cooperative,

1 the commission may adopt requirements for providing notice and
2 the manner by which eligible customer-generators may elect to
3 receive net surplus electricity compensation.

4 (4) (A) An eligible customer-generator with multiple meters
5 may elect to aggregate the electrical load of the meters located on
6 the property where the renewable electrical generation facility is
7 located and on all property adjacent or contiguous to the property
8 on which the renewable electrical generation facility is located, if
9 those properties are solely owned, leased, or rented by the eligible
10 customer-generator. If the eligible customer-generator elects to
11 aggregate the electric load pursuant to this paragraph, the electric
12 utility shall use the aggregated load for the purpose of determining
13 whether an eligible customer-generator is a net consumer or a net
14 surplus customer-generator during a 12-month period.

15 (B) If an eligible customer-generator chooses to aggregate
16 pursuant to subparagraph (A), the eligible customer-generator shall
17 be permanently ineligible to receive net surplus electricity
18 compensation, and the electric utility shall retain any kilowatthours
19 in excess of the eligible customer-generator's aggregated electrical
20 load generated during the 12-month period.

21 (C) If an eligible customer-generator with multiple meters elects
22 to aggregate the electrical load of those meters pursuant to
23 subparagraph (A), and different rate schedules are applicable to
24 service at any of those meters, the electricity generated by the
25 renewable electrical generation facility shall be allocated to each
26 of the meters in proportion to the electrical load served by those
27 meters. For example, if the eligible customer-generator receives
28 electric service through three meters, two meters being at an
29 agricultural rate that each provide service to 25 percent of the
30 customer's total load, and a third meter, at a commercial rate, that
31 provides service to 50 percent of the customer's total load, then
32 50 percent of the electrical generation of the eligible renewable
33 generation facility shall be allocated to the third meter that provides
34 service at the commercial rate and 25 percent of the generation
35 shall be allocated to each of the two meters providing service at
36 the agricultural rate. This proportionate allocation shall be
37 computed each billing period.

38 (D) This paragraph shall not become operative for an electrical
39 corporation unless the commission determines that allowing
40 eligible customer-generators to aggregate their load from multiple

1 meters will not result in an increase in the expected revenue
2 obligations of customers who are not eligible customer-generators.
3 The commission shall make this determination by September 30,
4 2013. In making this determination, the commission shall determine
5 if there are any public purpose or other noncommodity charges
6 that the eligible customer-generators would pay pursuant to the
7 net energy metering program as it exists prior to aggregation, that
8 the eligible customer-generator would not pay if permitted to
9 aggregate the electrical load of multiple meters pursuant to this
10 paragraph.

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

36 (F) For purposes of this paragraph, parcels that are divided by
37 a street, highway, or public thoroughfare are considered contiguous,
38 provided they are otherwise contiguous and under the same
39 ownership.

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

5 (H) Notwithstanding subdivision (g), an eligible
6 customer-generator electing to aggregate the electrical load of
7 multiple meters pursuant to this subdivision shall remit service
8 charges for the cost of providing billing services to the electric
9 utility that provides service to the meters.

10 (5) (A) The ratemaking authority shall establish a net surplus
11 electricity compensation valuation to compensate the net surplus
12 customer-generator for the value of net surplus electricity generated
13 by the net surplus customer-generator. The commission shall
14 establish the valuation in a ratemaking proceeding. The ratemaking
15 authority for a local publicly owned electric utility shall establish
16 the valuation in a public proceeding. The net surplus electricity
17 compensation valuation shall be established so as to provide the
18 net surplus customer-generator just and reasonable compensation
19 for the value of net surplus electricity, while leaving other
20 ratepayers unaffected. The ratemaking authority shall determine
21 whether the compensation will include, where appropriate
22 justification exists, either or both of the following components:

23 (i) The value of the electricity itself.

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

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

29 (6) (A) Upon adoption of the net surplus electricity
30 compensation rate by the ratemaking authority, any renewable
31 energy credit, as defined in Section 399.12, for net surplus
32 electricity purchased by the electric utility shall belong to the
33 electric utility. Any renewable energy credit associated with
34 electricity generated by the eligible customer-generator that is
35 utilized by the eligible customer-generator shall remain the property
36 of the eligible customer-generator.

37 (B) Upon adoption of the net surplus electricity compensation
38 rate by the ratemaking authority, the net surplus electricity
39 purchased by the electric utility shall count toward the electric
40 utility's renewables portfolio standard annual procurement targets

1 for the purposes of paragraph (1) of subdivision (b) of Section
2 399.15, or for a local publicly owned electric utility, the renewables
3 portfolio standard annual procurement targets established pursuant
4 to Section 399.30.

5 (7) The electric utility shall provide every eligible residential
6 or small commercial customer-generator with net electricity
7 consumption and net surplus electricity generation information
8 with each regular bill. That information shall include the current
9 monetary balance owed the electric utility for net electricity
10 consumed, or the net surplus electricity generated, since the last
11 12-month period ended. Notwithstanding this subdivision, an
12 electric utility shall permit that customer to pay monthly for net
13 energy consumed.

14 (8) If an eligible residential or small commercial
15 customer-generator terminates the customer relationship with the
16 electric utility, the electric utility shall reconcile the eligible
17 customer-generator's consumption and production of electricity
18 during any part of a 12-month period following the last
19 reconciliation, according to the requirements set forth in this
20 subdivision, except that those requirements shall apply only to the
21 months since the most recent 12-month bill.

22 (9) If an electric service provider or electric utility providing
23 net energy metering to a residential or small commercial
24 customer-generator ceases providing that electric service to that
25 customer during any 12-month period, and the customer-generator
26 enters into a new net energy metering contract or tariff with a new
27 electric service provider or electric utility, the 12-month period,
28 with respect to that new electric service provider or electric utility,
29 shall commence on the date on which the new electric service
30 provider or electric utility first supplies electric service to the
31 customer-generator.

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

1 (1) The eligible customer-generator shall be required to utilize
2 a meter, or multiple meters, capable of separately measuring
3 electricity flow in both directions. All meters shall provide
4 time-of-use measurements of electricity flow, and the customer
5 shall take service on a time-of-use rate schedule. If the existing
6 meter of the eligible customer-generator is not a time-of-use meter
7 or is not capable of measuring total flow of electricity in both
8 directions, the eligible customer-generator shall be responsible for
9 all expenses involved in purchasing and installing a meter that is
10 both time-of-use and able to measure total electricity flow in both
11 directions. This subdivision shall not restrict the ability of an
12 eligible customer-generator to utilize any economic incentives
13 provided by a governmental agency or an electric utility to reduce
14 its costs for purchasing and installing a time-of-use meter.

15 (2) The consumption of electricity from the local publicly owned
16 electric utility shall result in a cost to the eligible
17 customer-generator to be priced in accordance with the standard
18 rate charged to the eligible customer-generator in accordance with
19 the rate structure to which the customer would be assigned if the
20 customer did not use a renewable electrical generation facility.
21 The generation of electricity provided to the local publicly owned
22 electric utility shall result in a credit to the eligible
23 customer-generator and shall be priced in accordance with the
24 generation component, established under the applicable structure
25 to which the customer would be assigned if the customer did not
26 use a renewable electrical generation facility.

27 (3) All costs and credits shall be shown on the eligible
28 customer-generator's bill for each billing period. In any months
29 in which the eligible customer-generator has been a net consumer
30 of electricity calculated on the basis of value determined pursuant
31 to paragraph (2), the customer-generator shall owe to the local
32 publicly owned electric utility the balance of electricity costs and
33 credits during that billing period. In any billing period in which
34 the eligible customer-generator has been a net producer of
35 electricity calculated on the basis of value determined pursuant to
36 paragraph (2), the local publicly owned electric utility shall owe
37 to the eligible customer-generator the balance of electricity costs
38 and credits during that billing period. Any net credit to the eligible
39 customer-generator of electricity costs may be carried forward to
40 subsequent billing periods, provided that a local publicly owned

1 electric utility may choose to carry the credit over as a kilowatt-hour
2 credit consistent with the provisions of any applicable contract or
3 tariff, including any differences attributable to the time of
4 generation of the electricity. At the end of each 12-month period,
5 the local publicly owned electric utility may reduce any net credit
6 due to the eligible customer-generator to zero.

7 (j) A renewable electrical generation facility used by an eligible
8 customer-generator shall meet all applicable safety and
9 performance standards established by the National Electrical Code,
10 the Institute of Electrical and Electronics Engineers, and accredited
11 testing laboratories, including Underwriters Laboratories
12 Incorporated and, where applicable, rules of the commission
13 regarding safety and reliability. A customer-generator whose
14 renewable electrical generation facility meets those standards and
15 rules shall not be required to install additional controls, perform
16 or pay for additional tests, or purchase additional liability
17 insurance.

18 (k) If the commission determines that there are cost or revenue
19 obligations for an electrical corporation that may not be recovered
20 from customer-generators acting pursuant to this section, those
21 obligations shall remain within the customer class from which any
22 shortfall occurred and shall not be shifted to any other customer
23 class. Net energy metering and co-energy metering customers shall
24 not be exempt from the public goods charges imposed pursuant to
25 Article 7 (commencing with Section 381), Article 8 (commencing
26 with Section 385), or Article 15 (commencing with Section 399)
27 of Chapter 2.3 of Part 1.

28 (l) A net energy metering, co-energy metering, or wind energy
29 co-metering customer shall reimburse the Department of Water
30 Resources for all charges that would otherwise be imposed on the
31 customer by the commission to recover bond-related costs pursuant
32 to an agreement between the commission and the Department of
33 Water Resources pursuant to Section 80110 of the Water Code,
34 as well as the costs of the department equal to the share of the
35 department's estimated net unavoidable power purchase contract
36 costs attributable to the customer. The commission shall
37 incorporate the determination into an existing proceeding before
38 the commission, and shall ensure that the charges are
39 nonbypassable. Until the commission has made a determination
40 regarding the nonbypassable charges, net energy metering,

1 co-energy metering, and wind energy co-metering shall continue
2 under the same rules, procedures, terms, and conditions as were
3 applicable on December 31, 2002.

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

10 (n) It is the intent of the Legislature that the Treasurer
11 incorporate net energy metering, including net surplus electricity
12 compensation, co-energy metering, and wind energy co-metering
13 projects undertaken pursuant to this section as sustainable building
14 methods or distributive energy technologies for purposes of
15 evaluating low-income housing projects.