

Introduced by Senator WolkFebruary 27, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

SB 765, as introduced, Wolk. Net energy metering: eligible customer generators.

Existing law, relative to private energy producers, requires every electric utility 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 requires that the net energy metering calculation be made by measuring the difference between the electricity supplied to an eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electrical grid over a 12-month period. Existing law establishes rules for the annualized net metering calculation, which, among other things, authorizes an eligible customer-generator with multiple meters to elect to aggregate the electrical load of the meters located on the property where the renewable electrical generation facility is located and on all property adjacent or contiguous to the property on which the generation facility is located, if those properties are solely owned, leased, or rented by the eligible customer-generator. Existing law specifies that an eligible customer-generator who elects to aggregate under that provision is permanently ineligible to receive net surplus electricity compensation and the electric utility would retain any kilowatthours in excess of the eligible customer-generator's electricity load generated during the 12-month period.

This bill would delete this provision, thereby allowing an eligible customer-generator who elects to aggregate to receive net surplus electricity compensation.

Vote: majority. Appropriation: no. Fiscal committee: yes.
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

1 generation facility, or a combination of those facilities, with a total
2 capacity of not more than one megawatt, that is located on the
3 customer’s owned, leased, or rented premises, and is interconnected
4 and operates in parallel with the electrical grid, and is intended
5 primarily to offset part or all of the customer’s own electrical
6 requirements.

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

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

30 (5) “Large electrical corporation” means an electrical
31 corporation with more than 100,000 service connections in
32 California.

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

38 (7) “Net surplus customer-generator” means an eligible
39 customer-generator that generates more electricity during a

1 12-month period than is supplied by the electric utility to the
2 eligible customer-generator during the same 12-month period.

3 (8) “Net surplus electricity” means all electricity generated by
4 an eligible customer-generator measured in kilowatthours over a
5 12-month period that exceeds the amount of electricity consumed
6 by that eligible customer-generator.

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

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

16 (11) “Renewable electrical generation facility” means a facility
17 that generates electricity from a renewable source listed in
18 paragraph (1) of subdivision (a) of Section 25741 of the Public
19 Resources Code. A small hydroelectric generation facility is not
20 an eligible renewable electrical generation facility if it will cause
21 an adverse impact on instream beneficial uses or cause a change
22 in the volume or timing of streamflow.

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

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

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

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

38 (3) (A) On an annual basis, every electric utility shall make
39 available to the ratemaking authority information on the total rated
40 generating capacity used by eligible customer-generators that are

1 customers of that provider in the provider’s service area and the
2 net surplus electricity purchased by the electric utility pursuant to
3 this section.

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

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

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

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

1 every large electrical corporation shall use a uniform method
2 approved by the commission. The program limit calculated
3 pursuant to this paragraph shall not be less than the following:

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

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

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

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

20 (D) Beginning July 1, 2017, or upon reaching the net metering
21 program limit of subparagraph (B), whichever is earlier, the
22 obligation of a large electrical corporation to provide service
23 pursuant to a standard contract or tariff shall be pursuant to Section
24 2827.1 and applicable state and federal requirements.

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

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

38 (2) Every electric utility shall ensure that requests for an
39 interconnection agreement from an eligible customer-generator
40 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 365.1 with an
17 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)~~

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

21 ~~(D)~~

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

35 ~~(E)~~

36 (D) A local publicly owned electric utility or electrical
37 cooperative shall only allow eligible customer-generators to
38 aggregate their load if the utility's ratemaking authority determines
39 that allowing eligible customer-generators to aggregate their load
40 from multiple meters will not result in an increase in the expected

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

21 ~~(F)~~

22 (E) For purposes of this paragraph, parcels that are divided by
23 a street, highway, or public thoroughfare are considered contiguous,
24 provided they are otherwise contiguous and under the same
25 ownership.

26 ~~(G)~~

27 (F) An eligible customer-generator may only elect to aggregate
28 the electrical load of multiple meters if the renewable electrical
29 generation facility, or a combination of those facilities, has a total
30 generating capacity of not more than one megawatt.

31 ~~(H)~~

32 (G) Notwithstanding subdivision (g), an eligible
33 customer-generator electing to aggregate the electrical load of
34 multiple meters pursuant to this subdivision shall remit service
35 charges for the cost of providing billing services to the electric
36 utility that provides service to the meters.

37 (5) (A) The ratemaking authority shall establish a net surplus
38 electricity compensation valuation to compensate the net surplus
39 customer-generator for the value of net surplus electricity generated
40 by the net surplus customer-generator. The commission shall

1 establish the valuation in a ratemaking proceeding. The ratemaking
2 authority for a local publicly owned electric utility shall establish
3 the valuation in a public proceeding. The net surplus electricity
4 compensation valuation shall be established so as to provide the
5 net surplus customer-generator just and reasonable compensation
6 for the value of net surplus electricity, while leaving other
7 ratepayers unaffected. The ratemaking authority shall determine
8 whether the compensation will include, where appropriate
9 justification exists, either or both of the following components:

10 (i) The value of the electricity itself.

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

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

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

24 (B) Upon adoption of the net surplus electricity compensation
25 rate by the ratemaking authority, the net surplus electricity
26 purchased by the electric utility shall count toward the electric
27 utility's renewables portfolio standard annual procurement targets
28 for the purposes of paragraph (1) of subdivision (b) of Section
29 399.15, or for a local publicly owned electric utility, the renewables
30 portfolio standard annual procurement targets established pursuant
31 to Section 399.30.

32 (7) The electric utility shall provide every eligible residential
33 or small commercial customer-generator with net electricity
34 consumption and net surplus electricity generation information
35 with each regular bill. That information shall include the current
36 monetary balance owed the electric utility for net electricity
37 consumed, or the net surplus electricity generated, since the last
38 12-month period ended. Notwithstanding this subdivision, an
39 electric utility shall permit that customer to pay monthly for net
40 energy consumed.

1 (8) If an eligible residential or small commercial
2 customer-generator terminates the customer relationship with the
3 electric utility, the electric utility shall reconcile the eligible
4 customer-generator's consumption and production of electricity
5 during any part of a 12-month period following the last
6 reconciliation, according to the requirements set forth in this
7 subdivision, except that those requirements shall apply only to the
8 months since the most recent 12-month bill.

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

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

28 (1) The eligible customer-generator shall be required to utilize
29 a meter, or multiple meters, capable of separately measuring
30 electricity flow in both directions. All meters shall provide
31 time-of-use measurements of electricity flow, and the customer
32 shall take service on a time-of-use rate schedule. If the existing
33 meter of the eligible customer-generator is not a time-of-use meter
34 or is not capable of measuring total flow of electricity in both
35 directions, the eligible customer-generator shall be responsible for
36 all expenses involved in purchasing and installing a meter that is
37 both time-of-use and able to measure total electricity flow in both
38 directions. This subdivision shall not restrict the ability of an
39 eligible customer-generator to utilize any economic incentives

1 provided by a governmental agency or an electric utility to reduce
2 its costs for purchasing and installing a time-of-use meter.

3 (2) The consumption of electricity from the local publicly owned
4 electric utility shall result in a cost to the eligible
5 customer-generator to be priced in accordance with the standard
6 rate charged to the eligible customer-generator in accordance with
7 the rate structure to which the customer would be assigned if the
8 customer did not use a renewable electrical generation facility.
9 The generation of electricity provided to the local publicly owned
10 electric utility shall result in a credit to the eligible
11 customer-generator and shall be priced in accordance with the
12 generation component, established under the applicable structure
13 to which the customer would be assigned if the customer did not
14 use a renewable electrical generation facility.

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

35 (j) A renewable electrical generation facility used by an eligible
36 customer-generator shall meet all applicable safety and
37 performance standards established by the National Electrical Code,
38 the Institute of Electrical and Electronics Engineers, and accredited
39 testing laboratories, including Underwriters Laboratories
40 Incorporated and, where applicable, rules of the commission

1 regarding safety and reliability. A customer-generator whose
2 renewable electrical generation facility meets those standards and
3 rules shall not be required to install additional controls, perform
4 or pay for additional tests, or purchase additional liability
5 insurance.

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

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

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

38 (n) It is the intent of the Legislature that the Treasurer
39 incorporate net energy metering, including net surplus electricity
40 compensation, co-energy metering, and wind energy co-metering

- 1 projects undertaken pursuant to this section as sustainable building
- 2 methods or distributive energy technologies for purposes of
- 3 evaluating low-income housing projects.