

## Senate Bill No. 656

### CHAPTER 369

An act to add Section 2827 to the Public Utilities Code, relating to public utilities.

[Approved by Governor August 3, 1995. Filed with  
Secretary of State August 4, 1995.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 656, Alquist. Public utilities: energy metering.

Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities.

This bill would require every electric utility in the state, including a privately owned or publicly owned public utility, municipally owned utility, and electrical cooperative that offers residential electrical service, whether or not the entity is subject to the jurisdiction of the commission, to develop a standard contract or tariff providing for net energy metering, as defined, to be available to eligible customer-generators, as defined, pursuant to specified conditions.

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

SECTION 1. Section 2827 is added to the Public Utilities Code, to read:

2827. (a) The Legislature finds and declares that a program to provide net energy metering for eligible customer-generators is one way to encourage private investment in renewable energy resources, stimulate in-state economic growth, enhance the continued diversification of California's energy resource mix, and reduce utility interconnection and administrative costs.

(b) "Eligible customer-generator" means a residential customer of an electric utility, including any privately owned or public owned public utility, municipally owned utility, or electrical cooperative whether or not the entity is subject to the jurisdiction of the commission, who owns and operates a solar electrical generating facility with a capacity of not more than 10 kilowatts that is located on the customer's premises, operates in parallel with the utility's transmission and distribution facilities, and is intended primarily to offset part or all of the customer's own electrical requirements.

(c) "Net energy metering" means using a single, nondemand, non-time-differentiated meter to measure the difference between the electricity supplied by a utility and the electricity generated by



an eligible customer-generator and fed back to the utility over an entire billing period.

(d) Every electric utility in the state, including any privately owned or publicly owned public utility, municipally owned utility, and electrical cooperative that offers residential electrical service, whether or not the entity is subject to the jurisdiction of the commission, shall develop a standard contract or tariff providing for net energy metering, and shall make this contract available to eligible customer-generators on a first-come, first-served basis until the time that the total rated generating capacity owned and operated by eligible customer-generators in each utility's service area equals 0.1 percent of the utility's peak electricity demand forecast for 1996, as described by the following schedule:

Utility	1996 Peak System Demand (MW)	Net Metering Capacity (MW)
Pacific Gas and Electric Company Service Area	17,426	17
Northern California Municipals	2,200	2.2
Sacramento Municipal Utility District	2,556	2.6
Southern California Edison Planning Area	19,725	20
Los Angeles Department of Water and Power	6,057	6.1
San Diego Gas and Electric Company	3,608	3.6
Burbank, Glendale, Pasadena	787	0.8
Other	960	1
Statewide	53,319	53.3

(e) Each eligible customer-generator meeting the criteria of subdivision (d) shall be entitled to net energy metering, under the following conditions:

(1) Where the electricity supplied by the utility exceeds the electricity generated by the customer-generator over the applicable billing period, the customer-generator shall be billed for the net energy supplied at the customer-generator's standard rate.

(2) Where the electrical energy generated by the customer-generator exceeds the energy supplied by the utility over the applicable billing period, the customer-generator shall be compensated for the net energy generated at the applicable



non-time-differentiated energy payment rate for other qualifying small power producers.

(f) A utility may, with the consent of the eligible customer-generator, annualize the period during which the net energy measurement is calculated. The following rules shall apply to the annualized net energy measurement:

(1) The utility shall measure the net energy produced or consumed on a monthly basis, in accordance with normal metering practices.

(2) Where the electricity supplied by the utility exceeds the electricity generated by the customer-generator during the month, the customer-generator shall be billed for the net energy supplied.

(3) Where the electricity generated by the customer-generator exceeds the electricity supplied by the utility, the utility shall credit the customer-generator for the excess kilowatt hours generated. This kilowatt hour credit shall appear on the next monthly bill.

(4) At the end of the annual period, the utility shall issue payment to the customer-generator for any remaining unused credit for the excess kilowatt hours generated during the prior year. Payment for this credit shall be at the applicable non-time-differentiated energy payment rate for qualifying small power producers.

(g) The provisions of this section shall be subject to any and all applicable rulings adopted by the commission or any other regulating bodies in regard to the restructuring of electric utilities.

