

ASSEMBLY BILL

No. 864

Introduced by Assembly Member Huffman

February 17, 2011

An act to amend Sections 2827 and 2827.8 of, and to repeal Section 2827.5 of, the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 864, as introduced, Huffman. Electricity: net energy metering.

(1) Existing law requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. The existing definition of an eligible customer-generator limits the generating capacity of the solar or wind turbine electrical generating facility, or hybrid facility of both, used by the eligible customer-generator to one megawatt.

This bill would require that the standard contract or tariff for net energy metering be offered on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 6% of the electric utility's aggregate customer peak demand and, until January 1, 2016, would reserve 1% of this limit for large commercial or industrial customer-generators, as defined. This bill would prohibit the electricity fed back to the electric grid by large commercial or industrial customer-generators from offsetting charges for transmission and distribution services. The bill would revise the definition of an eligible customer-generator to authorize

generating facilities of up to 5 megawatts. The bill would make other conforming and clarifying changes.

(2) Existing law requires electric utilities to ensure that requests for an interconnection agreement from an eligible customer-generator are processed in a time period not to exceed 30 working days from the date the application is received.

This bill would require electric utilities to process these requests from eligible large commercial or industrial customer-generators in a time period not to exceed 90 days and would require the costs of required interconnection studies and upgrades to be paid by the large commercial or industrial customer-generator.

(3) Existing law makes legislative findings and declarations relative to the repeal of provisions of the net metering program for large customers.

This bill would repeal these findings and declarations.

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).

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

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

9 (4) “Eligible customer-generator” means a residential customer,
10 small commercial customer as defined in subdivision (h) of Section
11 331, or commercial, industrial, or agricultural customer of an
12 electric utility, who uses a solar or a wind turbine electrical
13 generating facility, or a hybrid system of both, with a capacity of
14 not more than ~~one megawatt~~ *five megawatts* that is located on the
15 customer’s owned, leased, or rented premises, and is interconnected
16 and operates in parallel with the electric grid, and is intended
17 primarily to offset part or all of the customer’s own electrical
18 requirements.

19 (5) *“Large commercial or industrial customer-generator” means*
20 *an eligible customer-generator with one megawatt or more of*
21 *average monthly electrical demand.*

22 ~~(5)~~

23 (6) “Net energy metering” means measuring the difference
24 between the electricity supplied through the electric grid and the
25 electricity generated by an eligible customer-generator and fed
26 back to the electric grid over a 12-month period as described in
27 subdivisions (c) and (h).

28 ~~(6)~~

29 (7) “Net surplus customer-generator” means an eligible
30 customer-generator that generates more electricity during a
31 12-month period than is supplied by the electric utility to the
32 eligible customer-generator during the same 12-month period.

33 ~~(7)~~

34 (8) “Net surplus electricity” means all electricity generated by
35 an eligible customer-generator measured in kilowatthours over a
36 12-month period that exceeds the amount of electricity consumed
37 by that eligible customer-generator.

38 ~~(8)~~

39 (9) “Net surplus electricity compensation” means a per
40 kilowatthour rate offered by the electric utility to the net surplus

1 customer-generator for net surplus electricity that is set by the
2 ratemaking authority pursuant to subdivision (h).

3 (9)

4 (10) "Ratemaking authority" means, for an electrical corporation
5 or electrical cooperative, the commission, and for a local publicly
6 owned electric utility, the local elected body responsible for setting
7 the rates of the local publicly owned utility.

8 (10)

9 (11) "Wind energy co-metering" means any wind energy project
10 greater than 50 kilowatts, but not exceeding ~~one megawatt~~, *five*
11 *megawatts*, where the difference between the electricity supplied
12 through the electric grid and the electricity generated by an eligible
13 customer-generator and fed back to the electric grid over a
14 12-month period is as described in subdivision (h). Wind energy
15 co-metering shall be accomplished pursuant to Section 2827.8.

16 (c) (1) Every electric utility shall develop a standard contract
17 or tariff providing for net energy metering, and shall make this
18 standard contract or tariff available to eligible customer-generators,
19 upon request, on a first-come-first-served basis until the time that
20 the total rated generating capacity used by eligible
21 customer-generators exceeds ~~5~~ 6 percent of the electric utility's
22 aggregate customer peak demand. *One percent, one-sixth of the*
23 *6-percent limit, shall be made available for large commercial or*
24 *industrial customer-generators, pursuant to paragraph (4).* Net
25 energy metering shall be accomplished using a single meter capable
26 of registering the flow of electricity in two directions. An additional
27 meter or meters to monitor the flow of electricity in each direction
28 may be installed with the consent of the eligible
29 customer-generator, at the expense of the electric utility, and the
30 additional metering shall be used only to provide the information
31 necessary to accurately bill or credit the eligible customer-generator
32 pursuant to subdivision (h), or to collect solar or wind electric
33 generating system performance information for research purposes.
34 If the existing electrical meter of an eligible customer-generator
35 is not capable of measuring the flow of electricity in two directions,
36 the eligible customer-generator shall be responsible for all expenses
37 involved in purchasing and installing a meter that is able to measure
38 electricity flow in two directions. If an additional meter or meters
39 are installed, the net energy metering calculation shall yield a result
40 identical to that of a single meter. An eligible customer-generator

1 that is receiving service other than through the standard contract
2 or tariff may elect to receive service through the standard contract
3 or tariff until the electric utility reaches the generation limit set
4 forth in this paragraph. Once the generation limit is reached, only
5 eligible customer-generators that had previously elected to receive
6 service pursuant to the standard contract or tariff have a right to
7 continue to receive service pursuant to the standard contract or
8 tariff. Eligibility for net energy metering does not limit an eligible
9 customer-generator's eligibility for any other rebate, incentive, or
10 credit provided by the electric utility, or pursuant to any
11 governmental program, including rebates and incentives provided
12 pursuant to the California Solar Initiative.

13 (2) An electrical corporation shall include a provision in the net
14 energy metering contract or tariff requiring that any customer with
15 an existing electrical generating facility and meter who enters into
16 a new net energy metering contract shall provide an inspection
17 report to the electrical corporation, unless the electrical generating
18 facility and meter have been installed or inspected within the
19 previous three years. The inspection report shall be prepared by a
20 ~~California-licensed~~ *California-licensed* contractor who is not the
21 owner or operator of the facility and meter. A ~~California-licensed~~
22 *California-licensed* electrician shall perform the inspection of the
23 electrical portion of the facility and meter.

24 (3) (A) On an annual basis, beginning in 2003, every electric
25 utility shall make available to the ratemaking authority information
26 on the total rated generating capacity used by eligible
27 customer-generators that are customers of that provider in the
28 provider's service area and the net surplus electricity purchased
29 by the electric utility pursuant to this section.

30 (B) An electric service provider operating pursuant to Section
31 394 shall make available to the ratemaking authority the
32 information required by this paragraph for each eligible
33 customer-generator that is their customer for each service area of
34 an electric corporation, local publicly owned ~~electric~~ *electrical*
35 utility, or electrical cooperative, in which the eligible
36 customer-generator has net energy metering.

37 (C) The ratemaking authority shall develop a process for making
38 the information required by this paragraph available to electric
39 utilities, and for using that information to determine when, pursuant
40 to paragraphs (1) and (4), an electric utility is not obligated to

1 provide net energy metering to additional eligible
2 customer-generators in its service area.

3 (4) (A) An electric utility is not obligated to provide net energy
4 metering to additional eligible customer-generators in its service
5 area when the combined total peak demand of all electricity used
6 by eligible customer-generators served by all the electric utilities
7 in that service area furnishing net energy metering to eligible
8 customer-generators exceeds 5.6 percent of the aggregate customer
9 peak demand of those electric utilities.

10 ~~(5) By~~

11 *(B) One percent, one-sixth of the 6-percent limit in*
12 *subparagraph (A), shall be made available for large commercial*
13 *or industrial customer-generators, and until January 1, 2010; 2016,*
14 *shall be reserved solely for large commercial or industrial*
15 *customer-generators. An electric utility is not obligated to provide*
16 *net energy metering to additional large commercial or industrial*
17 *customer-generators when the commission, in consultation with*
18 *combined total peak demand of all electricity used by large*
19 *commercial or industrial customer-generators exceeds 1 percent*
20 *of the Energy Commission, shall submit a report to the Governor*
21 *and the Legislature on the costs and benefits of aggregate customer*
22 *peak demand in that service area. An electric utility may*
23 *voluntarily offer net energy metering, wind energy co-metering,*
24 *and co-energy metering to participating customers and*
25 *nonparticipating customers and with options to replace additional*
26 *large commercial or industrial customer-generators once the*
27 *economic costs and benefits 1-percent limitation of net energy*
28 *metering, wind energy co-metering, and co-energy metering with*
29 *a mechanism this subparagraph is reached, but any generation*
30 *by large commercial or industrial customer-generators that more*
31 *equitably balances exceeds 1 percent of the interests of participating*
32 *and nonparticipating customers, and aggregate customer peak*
33 *demand shall not count toward the 6-percent limitation in*
34 *subparagraph (A), so that incorporates the findings not less than*
35 *five-sixths of the report on economic and environmental costs and*
36 *benefits of net metering required by subdivision (n). 6-percent*
37 *limitation is reserved for eligible customer-generators that are*
38 *not large commercial or industrial customer-generators. For large*
39 *commercial or industrial customer-generators, the electricity fed*

1 *back to the electric grid shall not offset charges for transmission*
2 *and distribution services.*

3 *(C) An electric utility may voluntarily offer net energy metering*
4 *to additional eligible customer-generators once the limits of this*
5 *paragraph are reached.*

6 *(d) Every electric utility shall make all necessary forms and*
7 *contracts for net energy metering and net surplus electricity*
8 *compensation service available for download from the Internet.*

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

19 *(2) Every electric utility shall ensure that requests for an*
20 *interconnection agreement from an eligible ~~customer-generator~~*
21 *customer-generator, except a large commercial or industrial*
22 *customer-generator, are processed in a time period not to exceed*
23 *30 working days from the date it receives a completed application*
24 *form from the eligible customer-generator for an interconnection*
25 *agreement. For eligible large commercial or industrial*
26 *customer-generators, requests for an interconnection agreement*
27 *shall be processed in a time period not to exceed 90 working days.*
28 *To the extent that interconnection studies and upgrades are*
29 *required in order for large commercial or industrial*
30 *customer-generators to supply electricity to the electric grid, the*
31 *costs of these interconnection studies and upgrades shall be paid*
32 *by the large commercial or industrial customer-generator.*

33 *(3) If an electric utility is unable to process a request within the*
34 *allowable timeframe pursuant to paragraph (1) or (2), it shall notify*
35 *the eligible customer-generator and the ratemaking authority of*
36 *the reason for its inability to process the request and the expected*
37 *completion date.*

38 *(f) (1) If a customer participates in direct transactions pursuant*
39 *to paragraph (1) of subdivision (b) of Section 365 with an electric*
40 *service provider that does not provide distribution service for the*

1 direct transactions, the electric utility that provides distribution
2 service for the eligible customer-generator is not obligated to
3 provide net energy metering or net surplus electricity compensation
4 to the customer.

5 (2) If a customer participates in direct transactions pursuant to
6 paragraph (1) of subdivision (b) of Section 365 with an electric
7 service provider, and the customer is an eligible
8 customer-generator, the electric utility that provides distribution
9 service for the direct transactions may recover from the customer's
10 electric service provider the incremental costs of metering and
11 billing service related to net energy metering and net surplus
12 electricity compensation in an amount set by the ratemaking
13 authority.

14 (g) Except for the time-variant kilowatthour pricing portion of
15 any tariff adopted by the commission pursuant to paragraph (4) of
16 subdivision (a) of Section 2851, each net energy metering contract
17 or tariff shall be identical, with respect to rate structure, all retail
18 rate components, and any monthly charges, to the contract or tariff
19 to which the same customer would be assigned if the customer did
20 not use an eligible solar or wind electrical generating facility,
21 except that eligible customer-generators shall not be assessed
22 standby charges on the electrical generating capacity or the
23 kilowatthour production of an eligible solar or wind electrical
24 generating facility. The charges for all retail rate components for
25 eligible customer-generators shall be based exclusively on the
26 customer-generator's net kilowatthour consumption over a
27 12-month period, without regard to the eligible
28 customer-generator's choice as to from whom it purchases
29 electricity that is not self-generated. Any new or additional demand
30 charge, standby charge, customer charge, minimum monthly
31 charge, interconnection charge, or any other charge that would
32 increase an eligible customer-generator's costs beyond those of
33 other customers who are not eligible customer-generators in the
34 rate class to which the eligible customer-generator would otherwise
35 be assigned if the customer did not own, lease, rent, or otherwise
36 operate an eligible solar or wind electrical generating facility is
37 contrary to the intent of this section, and shall not form a part of
38 net energy metering contracts or tariffs.

39 (h) For eligible customer-generators, the net energy metering
40 calculation shall be made by measuring the difference between

1 the electricity supplied to the eligible customer-generator and the
2 electricity generated by the eligible customer-generator and fed
3 back to the electric grid over a 12-month period. The following
4 rules shall apply to the annualized net metering calculation:

5 (1) The eligible residential or small commercial
6 customer-generator~~shall~~, at the end of each 12-month period
7 following the date of final interconnection of the eligible
8 customer-generator's system with an electric utility, and at each
9 anniversary date thereafter, *shall* be billed for electricity used
10 during that 12-month period. The electric utility shall determine
11 if the eligible residential or small commercial customer-generator
12 was a net consumer or a net surplus customer-generator during
13 that period.

14 (2) At the end of each 12-month period, where the electricity
15 supplied during the period by the electric utility exceeds the
16 electricity generated by the eligible residential or small commercial
17 customer-generator during that same period, the eligible residential
18 or small commercial customer-generator is a net electricity
19 consumer and the electric utility shall be owed compensation for
20 the eligible customer-generator's net kilowatthour consumption
21 over that 12-month period. The compensation owed for the eligible
22 residential or small commercial customer-generator's consumption
23 shall be calculated as follows:

24 (A) For all eligible customer-generators taking service under
25 contracts or tariffs employing "baseline" and "over baseline" rates,
26 any net monthly consumption of electricity shall be calculated
27 according to the terms of the contract or tariff to which the same
28 customer would be assigned to, or be eligible for, if the customer
29 was not an eligible customer-generator. If those same
30 customer-generators are net generators over a billing period, the
31 net kilowatthours generated shall be valued at the same price per
32 kilowatthour as the electric utility would charge for the baseline
33 quantity of electricity during that billing period, and if the number
34 of kilowatthours generated exceeds the baseline quantity, the excess
35 shall be valued at the same price per kilowatthour as the electric
36 utility would charge for electricity over the baseline quantity during
37 that billing period.

38 (B) For all eligible customer-generators taking service under
39 contracts or tariffs employing time-of-use rates, any net monthly
40 consumption of electricity shall be calculated according to the

1 terms of the contract or tariff to which the same customer would
2 be assigned, or be eligible for, if the customer was not an eligible
3 customer-generator. When those same customer-generators are
4 net generators during any discrete time-of-use period, the net
5 kilowatthours produced shall be valued at the same price per
6 kilowatthour as the electric utility would charge for retail
7 kilowatthour sales during that same time-of-use period. If the
8 eligible customer-generator's time-of-use electrical meter is unable
9 to measure the flow of electricity in two directions, paragraph (1)
10 of subdivision (c) shall apply.

11 (C) For all eligible residential and small commercial
12 customer-generators and for each billing period, the net balance
13 of moneys owed to the electric utility for net consumption of
14 electricity or credits owed to the eligible customer-generator for
15 net generation of electricity shall be carried forward as a monetary
16 value until the end of each 12-month period. For all eligible
17 commercial, industrial, and agricultural customer-generators, the
18 net balance of moneys owed shall be paid in accordance with the
19 electric utility's normal billing cycle, except that if the eligible
20 commercial, industrial, or agricultural customer-generator is a net
21 electricity producer over a normal billing cycle, any excess
22 kilowatthours generated during the billing cycle shall be carried
23 over to the following billing period as a monetary value, calculated
24 according to the procedures set forth in this section, and appear as
25 a credit on the eligible commercial, industrial, or agricultural
26 customer-generator's account, until the end of the annual period
27 when paragraph (3) shall apply.

28 (3) At the end of each 12-month period, where the electricity
29 generated by the eligible customer-generator during the 12-month
30 period exceeds the electricity supplied by the electric utility during
31 that same period, the eligible customer-generator is a net surplus
32 customer-generator and the electric utility—~~shall~~, upon an
33 affirmative election by the eligible customer-generator, *shall* either
34 (A) provide net surplus electricity compensation for any net surplus
35 electricity generated during the prior 12-month period, or (B) allow
36 the eligible customer-generator to apply the net surplus electricity
37 as a credit for kilowatthours subsequently supplied by the electric
38 utility to the surplus customer-generator. For an eligible
39 customer-generator that does not affirmatively elect to receive
40 service pursuant to net surplus electricity compensation, the electric

utility shall retain any excess kilowatthours generated during the prior 12-month period. The eligible customer-generator not affirmatively electing to receive service pursuant to net surplus electricity compensation shall not be owed any compensation for the net surplus electricity unless the electric utility enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours. ~~Every electric utility shall, by~~ By January 31, 2010, *every electric utility shall* provide notice to eligible customer-generators that they are eligible to receive net surplus electricity compensation for net surplus electricity, that they must elect to receive net surplus electricity compensation, and that the 12-month period commences when the electric utility receives the eligible customer-generator's election. ~~The commission may, for~~ For an electric utility that is an electrical corporation or electrical cooperative, *the commission may* adopt requirements for providing notice and the manner by which eligible customer-generators may elect to receive net surplus electricity compensation.

(4) (A) ~~The ratemaking authority shall, by~~ By January 1, 2011, *the ratemaking authority shall* establish a net surplus electricity compensation valuation to compensate the net surplus customer-generator for the value of net surplus electricity generated by the net surplus customer-generator. The commission shall establish the valuation in a ratemaking proceeding. The ratemaking authority for a local publicly owned electric utility shall establish the valuation in a public proceeding. The net surplus electricity compensation valuation shall be established so as to provide the net surplus customer-generator just and reasonable compensation for the value of net surplus electricity, while leaving other ratepayers unaffected. The ratemaking authority shall determine whether the compensation will include, where appropriate justification exists, either or both of the following components:

(i) The value of the electricity itself.

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

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

(5) (A) Upon adoption of the net surplus electricity compensation rate by the ratemaking authority, any renewable energy credit, as defined in Section 399.12, for net surplus

1 electricity purchased by the electric utility shall belong to the
2 electric utility. Any renewable energy credit associated with
3 electricity generated by the eligible customer-generator that is
4 utilized by the eligible customer-generator shall remain the property
5 of the eligible customer-generator.

6 (B) Upon adoption of the net surplus electricity compensation
7 rate by the ratemaking authority, the net surplus electricity
8 purchased by the electric utility shall count toward the electric
9 utility's renewables portfolio standard annual procurement targets
10 for the purposes of paragraph (1) of subdivision (b) of Section
11 399.15, or for a local publicly owned electric utility, the renewables
12 portfolio standard annual procurement targets established pursuant
13 to Section 387.

14 (6) The electric utility shall provide every eligible residential
15 or small commercial customer-generator with net electricity
16 consumption and net surplus electricity generation information
17 with each regular bill. That information shall include the current
18 monetary balance owed the electric utility for net electricity
19 consumed, or the net surplus electricity generated, since the last
20 12-month period ended. Notwithstanding this subdivision, an
21 electric utility shall permit that customer to pay monthly for net
22 energy consumed.

23 (7) If an eligible residential or small commercial
24 customer-generator terminates the customer relationship with the
25 electric utility, the electric utility shall reconcile the eligible
26 customer-generator's consumption and production of electricity
27 during any part of a 12-month period following the last
28 reconciliation, according to the requirements set forth in this
29 subdivision, except that those requirements shall apply only to the
30 months since the most recent 12-month bill.

31 (8) If an electric service provider or electric utility providing
32 net energy metering to a residential or small commercial
33 customer-generator ceases providing that electric service to that
34 customer during any 12-month period, and the customer-generator
35 enters into a new net energy metering contract or tariff with a new
36 electric service provider or electric utility, the 12-month period,
37 with respect to that new electric service provider or electric utility,
38 shall commence on the date on which the new electric service
39 provider or electric utility first supplies electric service to the
40 customer-generator.

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

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

(2) The consumption of electricity from the local publicly owned electric utility shall result in a cost to the eligible customer-generator to be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility. The generation of electricity provided to the local publicly owned electric utility shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, established under the applicable structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility.

(3) All costs and credits shall be shown on the eligible customer-generator's bill for each billing period. In any months in which the eligible customer-generator has been a net consumer of electricity calculated on the basis of value determined pursuant to paragraph (2), the customer-generator shall owe to the local

1 publicly owned electric utility the balance of electricity costs and
2 credits during that billing period. In any billing period in which
3 the eligible customer-generator has been a net producer of
4 electricity calculated on the basis of value determined pursuant to
5 paragraph (2), the local publicly owned electric utility shall owe
6 to the eligible customer-generator the balance of electricity costs
7 and credits during that billing period. Any net credit to the eligible
8 customer-generator of electricity costs may be carried forward to
9 subsequent billing periods, provided that a local publicly owned
10 electric utility may choose to carry the credit over as a kilowatt-hour
11 credit consistent with the provisions of any applicable contract or
12 tariff, including any differences attributable to the time of
13 generation of the electricity. At the end of each 12-month period,
14 the local publicly owned electric utility may reduce any net credit
15 due to the eligible customer-generator to zero.

16 (j) A solar or wind turbine electrical generating system, or a
17 hybrid system of both, used by an eligible customer-generator shall
18 meet all applicable safety and performance standards established
19 by the National Electrical Code, the Institute of Electrical and
20 Electronics Engineers, and accredited testing laboratories, including
21 Underwriters Laboratories and, where applicable, rules of the
22 commission regarding safety and reliability. A customer-generator
23 whose solar or wind turbine electrical generating system, or a
24 hybrid system of both, meets those standards and rules shall not
25 be required to install additional controls, perform or pay for
26 additional tests, or purchase additional liability insurance.

27 (k) If the commission determines that there are cost or revenue
28 obligations for an electrical corporation, ~~as defined in Section 218;~~
29 that may not be recovered from customer-generators acting
30 pursuant to this section, those obligations shall remain within the
31 customer class from which any shortfall occurred and ~~may shall~~
32 not be shifted to any other customer class. Net energy metering
33 and co-energy metering customers shall not be exempt from the
34 public goods charges imposed pursuant to Article 7 (commencing
35 with Section 381), Article 8 (commencing with Section 385), or
36 Article 15 (commencing with Section 399) of Chapter 2.3 of Part
37 1. In its report to the Legislature, the commission shall examine
38 different methods to ensure that the public goods charges remain
39 nonbypassable.

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

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

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

SEC. 2. Section 2827.5 of the Public Utilities Code is repealed.

~~2827.5. The Legislature finds and declares that the repeal of the provisions of the net metering program for large customers merely reflects a legislative desire to revisit and more closely evaluate the cumulative value and effect of the state's policy regarding renewable energy sources on the economics of investment in solar and wind sources for large net metering customers and to ensure further legislative discussion regarding this issue.~~

SEC. 3. Section 2827.8 of the Public Utilities Code is amended to read:

1 2827.8. Notwithstanding any other provisions of this article,
2 ~~the following provisions subdivisions (a) and (b)~~ apply to an
3 eligible customer-generator utilizing wind energy co-metering
4 with a capacity of more than 50 kilowatts, but not exceeding ~~one~~
5 ~~megawatt, five megawatts~~, unless approved by the electric ~~service~~
6 ~~provider utility, as defined in Section 2827:~~

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

22 (b) The consumption of electricity from the electric ~~service~~
23 ~~provider utility~~ for wind energy co-metering by an eligible
24 customer-generator shall be priced in accordance with the standard
25 rate charged to the eligible customer-generator in accordance with
26 the rate structure to which the customer would be assigned if the
27 customer did not use an eligible wind electrical generating facility.
28 The generation of electricity provided to the electric ~~service~~
29 ~~provider utility~~ shall result in a credit to the eligible
30 customer-generator and shall be priced in accordance with the
31 generation component, excluding surcharges to cover the purchase
32 of power by the Department of Water Resources, established under
33 the applicable structure to which the customer would be assigned
34 if the customer did not use an eligible wind electrical generating
35 facility.