

**Introduced by Senator Calderon**

February 18, 2011

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An act to add Article 2 (commencing with Section 2848) to Chapter 8 of Part 2 of Division 1 of the Public Utilities Code, relating to energy.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 682, as introduced, Calderon. Energy: clean distributed generation units: oil and gas extraction.

(1) The Waste Heat and Carbon Emissions Reduction Act authorizes the Public Utilities Commission (PUC) to require an electrical corporation to purchase excess electricity, as defined, from an eligible customer-generator. The act defines "eligible customer-generator" as a customer of an electrical corporation that uses a combined heat and power system, as defined, with a generating capacity of not more than 20 megawatts, that first commences operation on or after January 1, 2008, and uses a time-of-use meter capable of registering the flow of electricity in 2 directions.

This bill would require the PUC to require an electrical corporation to purchase excess electricity from a customer of an electrical corporation that uses a microturbine or a fuel cell meeting specified requirements that runs off of waste or stranded gas associated with the extraction of oil or gas and has a time-of-use meter capable of registering the flow of electricity in 2 directions.

Because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Article 2 (commencing with Section 2848) is added to Chapter 8 of Part 2 of Division 1 of the Public Utilities Code, to read:

Article 2. Clean Distributed Generation Units

2848. (a) As used in this article:

(1) "Eligible customer-generator" means a customer of an electrical corporation that meets both of the following requirements:

(A) Uses a microturbine or a fuel cell that meets the following requirements:

(i) If a microturbine, the microturbine is certified as meeting air pollution standards consistent with the guidance given by the State Air Resources Board pursuant to Section 41514.10 of the Health and Safety Code.

(ii) The microturbine or fuel cell runs off of waste or stranded gas associated with the extraction of oil or gas.

(iii) The microturbine or fuel cell has a generating capacity of not more than one megawatt.

(B) Uses a time-of-use meter capable of registering the flow of electricity in two directions. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the electricity flow calculations shall yield a result identical to that of a time-of-use meter.

(2) "Excess electricity" means the net electricity exported to the electrical grid, generated by a microturbine or fuel cell that meets the requirements of subparagraph (A) of paragraph (1).

(b) The commission shall require an electrical corporation to purchase excess electricity from an eligible customer-generator. The commission may establish a maximum kilowatthours limitation on the amount of excess electricity that an electrical corporation is required to purchase if the commission finds that the anticipated excess electricity generated has an adverse effect on long-term resource planning or reliable operation of the grid. The commission shall establish, in consultation with the Independent System Operator, tariff provisions that facilitate both this section and the reliable operation of the grid.

(c) (1) Every electrical corporation shall file with the commission a standard tariff for the purchase of excess electricity from an eligible customer-generator pursuant to this article.

(2) The tariff shall provide for payment for every kilowatthour delivered to the electrical grid by the microturbine or fuel cell at a price determined by the commission.

(3) The tariff shall include flexible rates with options for different durations, not to exceed 10 years, and fixed or variable rates relative to the cost of natural gas.

(4) The commission shall ensure that ratepayers that are not eligible customer-generators are held indifferent to the existence of this tariff.

(d) The commission, in reviewing the tariff filed by an electrical corporation, shall establish time-of-delivery rates that encourage demand management and net generation of electricity during periods of peak system demand.

(e) Every electrical corporation shall make the tariff available to eligible customer-generators within the service territory of the electrical corporation, upon request. An electrical corporation may make the terms of the tariff available to an eligible customer in the form of a standard contract.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

- 1 the meaning of Section 6 of Article XIII B of the California
- 2 Constitution.

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