

AMENDED IN SENATE AUGUST 5, 2002

AMENDED IN SENATE JUNE 19, 2002

AMENDED IN ASSEMBLY MAY 9, 2002

AMENDED IN ASSEMBLY APRIL 23, 2002

AMENDED IN ASSEMBLY APRIL 11, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2228**

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**Introduced by Assembly Member Negrete McLeod**

February 20, 2002

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An act to add and repeal Section 2827.9 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2228, as amended, Negrete McLeod. Public utilities: net energy metering.

Under existing law, electric service providers, as defined, are required to provide eligible customer-generators with net energy metering, as defined.

This bill would require electrical corporations, as defined, to provide eligible biogas digester customer-generators with net energy metering, *as defined*, under a pilot program. The bill would define an “eligible biogas digester ~~customer-generator,~~” *customer-generator,*” in part, as a customer of an electrical corporation that uses a biogas digester electrical generating facility, as defined, with a certain capacity that is located on or adjacent to the customer’s premises, is interconnected and

operates in parallel with the electric grid, and is sized to offset part or all of the customer’s own electrical requirements and that receives certain funding. The bill would prescribe conditions under which these customers may participate in the pilot program established by the bill.

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 2827.9 is added to the Public Utilities  
2 Code, to read:

3 2827.9. (a) (1) The Legislature finds and declares that a pilot  
4 program to provide net energy metering for eligible ~~dairy~~ biogas  
5 digester customer-generators would enhance the continued  
6 diversification of California’s energy resource mix and would  
7 encourage the installation of livestock air emission controls that  
8 the State Air Resources Board believes may produce multiple  
9 environmental benefits.

10 (2) The Legislature further finds and declares that the net  
11 energy metering pilot program authorized pursuant to this section  
12 for eligible biogas digester customer-generators, which nets out  
13 generation charges against generation charges on a time of use  
14 basis, furthers the intent of Chapter 7 of the Statutes of 2001, First  
15 Extraordinary Session, by facilitating the implementation of  
16 energy efficiency programs in order to reduce consumption of  
17 energy, reduce the costs associated with energy demand, and  
18 achieve a reduction in peak electricity demand.

19 (b) As used in this section, the following definitions apply:

20 (1) “Electrical corporation” means an electrical corporation,  
21 as defined in Section 218.

22 (2) (A) “Eligible biogas digester customer-generator” means  
23 a customer of an electrical corporation that meets both of the  
24 following criteria:

25 (i) Uses a biogas digester electrical generating facility with a  
26 capacity of not more than one megawatt that is located on or  
27 adjacent to the customer’s owned, leased, or rented premises, is  
28 interconnected and operates in parallel with the electric grid, and  
29 is sized to offset part or all of the eligible biogas digester  
30 customer-generator’s own electrical requirements.



1 (ii) Is the recipient of local, state, or federal funds, or who  
2 self-finances pilot projects designed to encourage the  
3 development of eligible biogas digester electrical generating  
4 facilities.

5 (3) “Eligible biogas digester electrical generating facility”  
6 means a generating facility used to produce electricity by either a  
7 manure methane production project or as a byproduct of the  
8 anaerobic digestion of bio-solids and animal waste.

9 (4) “Net energy metering” means measuring the difference  
10 between the electricity supplied through the electric grid and the  
11 difference between the electricity generated by an eligible biogas  
12 digester customer-generator and fed back to the electric grid over  
13 a 12-month period as described in subdivision (e). Net energy  
14 metering shall be accomplished using a time of use meter capable  
15 of registering the flow of electricity in two directions. ~~An~~  
16 ~~additional meter or meters to monitor the flow of electricity in each~~  
17 ~~direction may be installed with the consent of the eligible biogas~~  
18 ~~digester customer-generator, at the expense of the electrical~~  
19 ~~corporation, and the additional metering shall be used only to~~  
20 ~~provide the information necessary to accurately bill or credit the~~  
21 ~~eligible biogas digester customer-generator pursuant to~~  
22 ~~subdivision (e), or to collect biogas electric generating system~~  
23 ~~performance information for research purposes.~~ If the existing  
24 electrical meter of an eligible biogas digester customer-generator  
25 is not capable of measuring the flow of electricity in two  
26 directions, the eligible biogas digester customer-generator shall be  
27 responsible for all expenses involved in purchasing and installing  
28 a meter that is able to measure electricity flow in two directions.  
29 If an additional meter or meters are installed, the net energy  
30 metering calculation shall yield a result identical to that of a time  
31 of use meter.

32 (c) Every electrical corporation shall, not later than 60 days  
33 from the effective date of this section, file with the commission a  
34 standard tariff providing for net energy metering for eligible  
35 biogas digester customer-generators, consistent with this section.  
36 Every electrical corporation shall make this tariff available to  
37 eligible biogas digester customer-generators upon request, on a  
38 first come, first serve basis, until the total cumulative rated  
39 generating capacity used by the eligible biogas digester  
40 customer-generators equals 5 megawatts within the service



1 territory of the electrical corporation. The combined statewide  
2 cumulative rated generating capacity used by the eligible biogas  
3 digester customer-generators in the service territories of all three  
4 electrical corporations in the state may not exceed 15 megawatts.

5 (d) Each net energy metering contract or tariff shall be  
6 identical, with respect to rate structure, all retail rate components,  
7 and any monthly charges, to the contract or tariff to which the same  
8 customer would be assigned if the customer was not an eligible  
9 ~~biogas digester customer-generator. The charges for all retail rate~~  
10 ~~components for eligible biogas digester customer-generators shall~~  
11 ~~be based exclusively on the eligible biogas digester~~  
12 ~~customer-generator's net kilowatthour consumption over a~~  
13 ~~12-month period. Any new or additional demand charge, biogas~~  
14 ~~digester customer-generator, except as set forth in subdivision (e).~~  
15 ~~Any new or additional demand charge, standby charge, customer~~  
16 ~~charge, minimum monthly charge, interconnection charge, or~~  
17 ~~other charge that would increase an eligible biogas digester~~  
18 ~~customer-generator's costs beyond those of other customers in the~~  
19 ~~rate class to which the eligible biogas digester customer-generator~~  
20 ~~would otherwise be assigned are contrary to the intent of this~~  
21 ~~legislation, and shall not form a part of net energy metering tariffs.~~

22 (e) The net energy metering calculation shall be made by  
23 measuring the difference between the electricity supplied to the  
24 eligible customer-generator and the electricity generated by the  
25 eligible customer-generator and fed back to the electric grid over  
26 a 12-month period. The following rules shall apply to the  
27 annualized metering calculation:

28 (1) The eligible biogas digester customer-generator shall, at the  
29 end of each 12-month period following the date of final  
30 interconnection of the eligible biogas digester  
31 customer-generator's system with an electrical corporation, and at  
32 each anniversary date thereafter, be billed for electricity used  
33 during that period. The electrical corporation shall determine if the  
34 eligible biogas digester customer-generator was a net consumer or  
35 a net producer of electricity during that period. For purposes of  
36 determining if the biogas digester customer-generator was a net  
37 consumer or a net producer of electricity during that period, the  
38 electrical corporation shall aggregate the electrical load of a dairy  
39 operation *under the same ownership*, including, but not limited to,  
40 the electrical load attributable to milking operations, milk



1 refrigeration, and water pumping *located on property adjacent or*  
2 *continuous to the dairy. Each aggregated account shall be billed*  
3 *and measured according to a time of use rate schedule.*

4 (2) At the end of each 12-month period, where the electricity  
5 supplied during the period by the electrical corporation exceeds  
6 the electricity generated by the eligible biogas digester  
7 customer-generator during that same period, the eligible biogas  
8 digester customer-generator is a net electricity consumer and the  
9 electrical corporation shall be owed compensation for the eligible  
10 biogas digester customer-generator's net kilowatt-hour  
11 consumption over that same period. The compensation owed for  
12 the eligible biogas digester customer-generator's consumption  
13 shall be calculated as follows:

14 (A) The generation charges for any net monthly consumption  
15 of electricity shall be calculated according to the terms of the tariff  
16 to which the same customer would be assigned to or be eligible for  
17 if the customer was not an eligible biogas digester  
18 customer-generator. When those eligible biogas digester  
19 customer-generators are net generators during any discrete time of  
20 use period, the net kilowatt-hours produced shall be valued at the  
21 same price per kilowatt-hour as the electrical corporation would  
22 charge for retail kilowatt-hour sales for generation, *exclusive of any*  
23 *surcharges*, during that same time of use period. If the eligible  
24 biogas digester customer-generator's ~~time-of-use~~ *time of use*  
25 electrical meter is unable to measure the flow of electricity in two  
26 directions, paragraph (4) of subdivision (b) shall apply. All other  
27 charges, other than generation charges, shall be calculated in  
28 accordance with the eligible biogas digester customer-generator's  
29 applicable tariff and based on the total kilowatt-hours delivered by  
30 the electrical corporation to the eligible biogas digester  
31 customer-generator. To the extent that charges for transmission  
32 and distribution services ~~are recovered through demand charges,~~  
33 ~~no standby charges shall apply.~~ *are recovered through demand*  
34 *charges in any particular month, no standby reservation charges*  
35 *shall apply in that monthly billing cycle.*

36 (B) The net balance of moneys owed shall be paid in  
37 accordance with the electrical corporation's normal billing cycle.

38 (3) At the end of each 12-month period, where the electricity  
39 generated by the eligible biogas digester customer-generator  
40 during the 12-month period exceeds the electricity supplied by the



1 electrical corporation during that same period, the eligible biogas  
2 digester customer-generator is a net electricity producer and the  
3 electrical corporation shall retain any excess kilowatthours  
4 generated during the prior 12-month period. The eligible biogas  
5 digester customer-generator shall not be owed any compensation  
6 for those excess kilowatthours.

7 (4) If an eligible biogas digester customer-generator terminates  
8 service with the electrical corporation, the electrical corporation  
9 shall reconcile the eligible biogas digester customer-generator's  
10 consumption and production of electricity during any 12-month  
11 period.

12 (f) This section shall remain in effect only until January 1,  
13 2006, and as of that date is repealed, unless a later enacted statute,  
14 that is enacted before January 1, 2006, deletes or extends that date.

