

AMENDED IN SENATE JUNE 18, 2003

AMENDED IN ASSEMBLY APRIL 28, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1214

**Introduced by Assembly Member Firebaugh
(Coauthor: Assembly Member Levine)**

February 21, 2003

An act to add and repeal Section 2827.10 of the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1214, as amended, Firebaugh. Net energy metering: fuel cell customer-generators.

(1) Existing law, until January 1, 2006, requires electrical corporations, as defined, to provide eligible biogas digester customer-generators, as defined, with net energy metering, as defined, under a pilot program.

This bill, until January 1, 2009, would require every electrical corporation, as defined, to provide net energy metering, as defined, for eligible fuel cell customer-generators, as defined, until the total cumulative rated generating capacity used by the eligible fuel cell customer-generators equals 75 megawatts within the service territory of the electrical corporation. The bill would prohibit the combined statewide cumulative rated generating capacity used by the eligible fuel cell customer-generators in the service territories of all electrical corporations from exceeding ~~350~~ 225 megawatts. Because a violation of these provisions would be a crime under existing law, this bill, by

establishing a new crime, would impose a state-mandated local program.

(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:

1 SECTION 1. Section 2827.10 is added to the Public Utilities
2 Code, to read:

3 2827.10. (a) The Legislature finds and declares both of the
4 following:

5 (1) A program to provide net energy metering for eligible fuel
6 cell customer-generators is one way to encourage substantial
7 private investment in these 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
11 California’s energy resource mix, and reduce interconnection and
12 administrative costs for electricity suppliers.

13 (2) The net energy metering program authorized pursuant to
14 this section for eligible fuel cell customer-generators, which nets
15 ~~out generation charges against generation charges~~ *electricity*
16 *generated by an eligible customer-generator against electricity*
17 *supplied through the electric grid to that customer-generator* on
18 a time-of-use basis, furthers the intent of Chapter 7 of the Statutes
19 of 2001, First Extraordinary Session, by facilitating the
20 implementation of energy efficiency programs in order to reduce
21 consumption of energy, reduce the costs associated with energy
22 demand, and achieve a reduction in peak electricity demand.

23 (b) As used in this section, the following terms have the
24 following meanings:

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



1 (2) “Eligible fuel cell electrical generating facility” means a
2 facility that includes the following:

3 (A) Integrated powerplant systems containing a stack, tubular
4 array, or other functionally similar configuration used to
5 electrochemically convert fuel to electric energy.

6 (B) An inverter ~~or~~ and fuel processing system where necessary.

7 (C) Other plant equipment, including heat recovery equipment,
8 necessary to support the plant’s operation or its energy conversion.

9 (3) “Eligible ~~stationary~~ fuel cell customer-generator” means a
10 customer of an electrical corporation that meets all the following
11 criteria:

12 (A) Uses a fuel cell electrical generating facility with a capacity
13 of not more than one megawatt that is located on or adjacent to the
14 customer’s owned, leased, or rented premises, is interconnected
15 and operates in parallel with the electric grid while the grid is
16 operational or in a grid independent mode when the grid is
17 nonoperational, and is sized to offset part or all of the eligible fuel
18 cell customer-generator’s own electrical requirements.

19 (B) Is the recipient of local, state, or federal funds, or who
20 self-finances projects designed to encourage the development of
21 eligible fuel cell electrical generating facilities.

22 (C) Uses technology that meets the definition of an
23 “ultra-clean and low-emission distributed generation” in
24 subdivision (a) of Section 353.2.

25 ~~(D) The facility, at time of installation, is located in a~~
26 ~~community with the most significant exposure to air contaminants~~
27 ~~or localized air contaminants, or both, including, but not limited~~
28 ~~to, communities of minority populations or low income~~
29 ~~populations, or both.~~

30 (4) “Net energy metering” means measuring the difference
31 between the electricity supplied through the electric grid and ~~the~~
32 ~~difference between~~ the electricity generated by an eligible fuel cell
33 customer-generator and sent to the electric grid as described in
34 subdivision (e). Net energy metering shall be accomplished using
35 a time-of-use meter capable of registering the flow of electricity
36 in two directions. If the existing electrical meter of an eligible fuel
37 cell customer-generator is not capable of measuring the flow of
38 electricity in two directions, the eligible fuel cell
39 customer-generator shall be responsible for all expenses involved
40 in purchasing and installing a meter that is able to measure



1 electricity flow in two directions. If an additional meter or meters
2 are installed, the net energy metering calculation shall yield a
3 result identical to that of a *single* time-of-use meter.

4 (c) Every electrical corporation shall, not later than March 1,
5 2004, file with the commission a standard tariff providing for net
6 energy metering for eligible fuel cell customer-generators,
7 consistent with this section. Every electrical corporation shall
8 make this tariff available to eligible fuel cell customer-generators
9 upon request, on a first-come-first-served basis, until the total
10 cumulative rated generating capacity used by the eligible fuel cell
11 customer-generators equals 75 megawatts within the service
12 territory of the electrical corporation. The combined statewide
13 cumulative rated generating capacity used by the eligible fuel cell
14 customer-generators in the service territories of all electrical
15 corporations in the state may not exceed ~~350~~ 225 megawatts.

16 (d) ~~Except as set forth in subdivision (c), each~~ *In determining*
17 *the eligibility for the cumulative rated generating capacity within*
18 *an electrical service area, preference shall be given to facilities*
19 *which, at the time of installation, are located in a community with*
20 *significant exposure to air contaminants or localized air*
21 *contaminants, or both, including, but not limited to, communities*
22 *of minority populations or low-income populations, or both, based*
23 *on the ambient air quality standards established pursuant to*
24 *Section 39607 of the Health and Safety Code.*

25 (e) *Each* net energy metering contract or tariff shall be
26 identical, with respect to rate structure, all retail rate components,
27 and any monthly charges, to the contract or tariff to which the
28 customer would be assigned if the customer was not an eligible
29 fuel cell customer-generator. Any new or additional demand
30 charge, standby charge, customer charge, minimum monthly
31 charge, interconnection charge, or other charge that would
32 increase an eligible fuel cell customer-generator's costs beyond
33 those of other customers in the rate class to which the eligible fuel
34 cell customer-generator would otherwise be assigned are contrary
35 to the intent of the Legislature in enacting the act adding this
36 section, and may not form a part of net energy metering tariffs.

37 ~~(e) The net energy metering calculation shall be made by~~
38 ~~measuring the difference between the electricity supplied to the~~
39 ~~eligible customer-generator and the electricity generated by the~~
40 ~~eligible customer-generator and sent to the electric grid.~~



1 ~~(f)~~

2 (f) *For each billing period, the compensation owed to the*
3 *electrical corporation for the eligible fuel cell*
4 *customer-generators net consumption during any time or use*
5 *period shall be calculated according to the terms of the contract*
6 *or tariff to which the same customer would be assigned to or be*
7 *eligible for if the customer was not an eligible fuel cell*
8 *customer-generator. When those same customer-generators are*
9 *net generators during any discrete time of use period, the net*
10 *kilowatthours produced shall be valued and credited to the eligible*
11 *fuel cell customer-generator at the same price per kilowatthour as*
12 *the electrical corporation would charge for retail kilowatthour*
13 *sales during that same time of use period. Net metering*
14 *calculations shall be made on a monthly basis.*

15 (g) This section shall remain in effect only until January 1,
16 2009, and as of that date is repealed, unless a later enacted statute,
17 that is enacted before January 1, 2009, deletes or extends that date.

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

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