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AMENDED IN SENATE MAY 24, 2010
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AMENDED IN ASSEMBLY APRIL 2, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 228

Introduced by Assembly Members Huffman and Blakeslee

February 4, 2009

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 228, as amended, Huffman. Electricity: net energy metering.

Existing

(1) *Existing* law, relative to private energy producers, 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.

Existing

(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, as
2 amended by Chapter 6 of the Statutes of 2010, is 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

1 economic growth, reduce demand for electricity during peak
2 consumption periods, help stabilize California’s energy supply
3 infrastructure, enhance the continued diversification of California’s
4 energy resource mix, reduce interconnection and administrative
5 costs for electricity suppliers, and encourage conservation and
6 efficiency.

7 (b) As used in this section, the following terms have the
8 following meanings:

9 (1) “Co-energy metering” means a program that is the same in
10 all other respects as a net energy metering program, except that
11 the local publicly owned electric utility has elected to apply a
12 generation-to-generation energy and time-of-use credit formula
13 as provided in subdivision (i).

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

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

22 (4) “Eligible customer-generator” means a residential customer,
23 small commercial customer as defined in subdivision (h) of Section
24 331, or commercial, industrial, or agricultural customer of an
25 electric utility, who uses a solar or a wind turbine electrical
26 generating facility, or a hybrid system of both, with a capacity of
27 not more than five megawatts that is located on the customer’s
28 owned, leased, or rented premises, and is interconnected and
29 operates in parallel with the electric grid, and is intended primarily
30 to offset part or all of the customer’s own electrical requirements.

31 (5) “Large commercial or industrial customer-generator” means
32 an eligible customer-generator with one megawatt or more of
33 average monthly electrical demand.

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

39 (7) “Net surplus customer-generator” means an eligible
40 customer-generator that generates more electricity during a

1 12-month period than is supplied by the electric utility to the
2 eligible customer-generator during the same 12-month period.

3 (8) “Net surplus electricity” means all electricity generated by
4 an eligible customer-generator measured in kilowatthours over a
5 12-month period that exceeds the amount of electricity consumed
6 by that eligible customer-generator.

7 (9) “Net surplus electricity compensation” means a per
8 kilowatthour rate offered by the electric utility to the net surplus
9 customer-generator for net surplus electricity that is set by the
10 ratemaking authority pursuant to subdivision (h).

11 (10) “Ratemaking authority” means, for an electrical corporation
12 or electrical cooperative, the commission, and for a local publicly
13 owned electric utility, the local elected body responsible for setting
14 the rates of the local publicly owned utility.

15 (11) “Wind energy co-metering” means any wind energy project
16 greater than 50 kilowatts, but not exceeding five megawatts, where
17 the difference between the electricity supplied through the electric
18 grid and the electricity generated by an eligible customer-generator
19 and fed back to the electric grid over a 12-month period is as
20 described in subdivision (h). Wind energy co-metering shall be
21 accomplished pursuant to Section 2827.8.

22 (c) (1) Every electric utility shall develop a standard contract
23 or tariff providing for net energy metering, and shall make this
24 standard contract or tariff available to eligible customer-generators,
25 upon request, on a first-come-first-served basis until the time that
26 the total rated generating capacity used by eligible
27 customer-generators exceeds 6 percent of the electric utility’s
28 aggregate customer peak demand. One percent, one-sixth of the 6
29 percent limit, shall be made available for large commercial or
30 industrial customer-generators, pursuant to paragraph (4). Net
31 energy metering shall be accomplished using a single meter capable
32 of registering the flow of electricity in two directions. An additional
33 meter or meters to monitor the flow of electricity in each direction
34 may be installed with the consent of the eligible
35 customer-generator, at the expense of the electric utility, and the
36 additional metering shall be used only to provide the information
37 necessary to accurately bill or credit the eligible customer-generator
38 pursuant to subdivision (h), or to collect solar or wind electric
39 generating system performance information for research purposes.
40 If the existing electrical meter of an eligible customer-generator

1 is not capable of measuring the flow of electricity in two directions,
2 the eligible customer-generator shall be responsible for all expenses
3 involved in purchasing and installing a meter that is able to measure
4 electricity flow in two directions. If an additional meter or meters
5 are installed, the net energy metering calculation shall yield a result
6 identical to that of a single meter. An eligible customer-generator
7 that is receiving service other than through the standard contract
8 or tariff may elect to receive service through the standard contract
9 or tariff until the electric utility reaches the generation limit set
10 forth in this paragraph. Once the generation limit is reached, only
11 eligible customer-generators that had previously elected to receive
12 service pursuant to the standard contract or tariff have a right to
13 continue to receive service pursuant to the standard contract or
14 tariff. Eligibility for net energy metering does not limit an eligible
15 customer-generator's eligibility for any other rebate, incentive, or
16 credit provided by the electric utility, or pursuant to any
17 governmental program, including rebates and incentives provided
18 pursuant to the California Solar Initiative.

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

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

36 (B) An electric service provider operating pursuant to Section
37 394 shall make available to the ratemaking authority the
38 information required by this paragraph for each eligible
39 customer-generator that is their customer for each service area of
40 an electric corporation, local publicly owned electric utility, or

1 electrical cooperative, in which the eligible customer-generator
2 has net energy metering.

3 (C) The ratemaking authority shall develop a process for making
4 the information required by this paragraph available to electric
5 utilities, and for using that information to determine when, pursuant
6 to paragraphs (1) and (4), an electric utility is not obligated to
7 provide net energy metering to additional eligible
8 customer-generators in its service area.

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

16 (B) One percent, one-sixth of the 6 percent limit in subparagraph
17 (A), shall be made available for large commercial or industrial
18 customer-generators, and until January 1, 2016, shall be reserved
19 solely for large commercial or industrial customer-generators. An
20 electric utility is not obligated to provide net energy metering to
21 additional large commercial or industrial customer-generators
22 when the combined total peak demand of all electricity used by
23 large commercial or industrial customer-generators exceeds 1
24 percent of the aggregate customer peak demand in that service
25 area. An electric utility may voluntarily offer net energy metering
26 to additional large commercial or industrial customer-generators
27 once the 1 percent limitation of this subparagraph is reached, but
28 any generation by large commercial or industrial
29 customer-generators that exceeds 1 percent of the aggregate
30 customer peak demand shall not count toward the 6 percent
31 limitation in subparagraph (A), so that not less than five-sixths of
32 the 6 percent limitation is reserved for eligible customer-generators
33 that are not large commercial or industrial customer-generators.
34 *For large commercial or industrial customer-generators, the*
35 *electricity fed back to the electric grid shall not offset charges for*
36 *transmission and distribution services.*

37 (C) An electric utility may voluntarily offer net energy metering
38 to additional eligible customer-generators once the limits of this
39 paragraph are reached.

1 (d) Every electric utility shall make all necessary forms and
2 contracts for net energy metering and net surplus electricity
3 compensation service available for download from the Internet.

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

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

28 (3) If an electric utility is unable to process a request within the
29 allowable timeframe pursuant to paragraph (1) or (2), it shall notify
30 the eligible customer-generator and the ratemaking authority of
31 the reason for its inability to process the request and the expected
32 completion date.

33 (f) (1) If a customer participates in direct transactions pursuant
34 to paragraph (1) of subdivision (b) of Section 365 with an electric
35 service provider that does not provide distribution service for the
36 direct transactions, the electric utility that provides distribution
37 service for the eligible customer-generator is not obligated to
38 provide net energy metering or net surplus electricity compensation
39 to the customer.

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

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

35 (h) For eligible customer-generators, the net energy metering
36 calculation shall be made by measuring the difference between
37 the electricity supplied to the eligible customer-generator and the
38 electricity generated by the eligible customer-generator and fed
39 back to the electric grid over a 12-month period. The following
40 rules shall apply to the annualized net metering calculation:

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

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

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

34 (B) For all eligible customer-generators taking service under
35 contracts or tariffs employing time-of-use rates, any net monthly
36 consumption of electricity shall be calculated according to the
37 terms of the contract or tariff to which the same customer would
38 be assigned, or be eligible for, if the customer was not an eligible
39 customer-generator. When those same customer-generators are
40 net generators during any discrete time-of-use period, the net

1 kilowatthours produced shall be valued at the same price per
2 kilowatthour as the electric utility would charge for retail
3 kilowatthour sales during that same time-of-use period. If the
4 eligible customer-generator's time-of-use electrical meter is unable
5 to measure the flow of electricity in two directions, paragraph (1)
6 of subdivision (c) shall apply.

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

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

1 the net surplus electricity unless the electric utility enters into a
2 purchase agreement with the eligible customer-generator for those
3 excess kilowatthours. Every electric utility shall, by January 31,
4 2010, provide notice to eligible customer-generators that they are
5 eligible to receive net surplus electricity compensation for net
6 surplus electricity, that they must elect to receive net surplus
7 electricity compensation, and that the 12-month period commences
8 when the electric utility receives the eligible customer-generator's
9 election. The commission may, for an electric utility that is an
10 electrical corporation or electrical cooperative, adopt requirements
11 for providing notice and the manner by which eligible
12 customer-generators may elect to receive net surplus electricity
13 compensation.

14 (4) (A) The ratemaking authority shall, by January 1, 2011,
15 establish a net surplus electricity compensation valuation to
16 compensate the net surplus customer-generator for the value of
17 net surplus electricity generated by the net surplus
18 customer-generator. The commission shall establish the valuation
19 in a ratemaking proceeding. The ratemaking authority for a local
20 publicly owned electric utility shall establish the valuation in a
21 public proceeding. The net surplus electricity compensation
22 valuation shall be established so as to provide the net surplus
23 customer-generator just and reasonable compensation for the value
24 of net surplus electricity, while leaving other ratepayers unaffected.
25 The ratemaking authority shall determine whether the
26 compensation will include, where appropriate justification exists,
27 either or both of the following components:

- 28 (i) The value of the electricity itself.
 - 29 (ii) The value of the renewable attributes of the electricity.
- 30 (B) In establishing the rate pursuant to subparagraph (A), the
31 ratemaking authority shall ensure that the rate does not result in a
32 shifting of costs between solar customer-generators and other
33 bundled service customers.

34 (5) (A) Upon adoption of the net surplus electricity
35 compensation rate by the ratemaking authority, any renewable
36 energy credit, as defined in Section 399.12, for net surplus
37 electricity purchased by the electric utility shall belong to the
38 electric utility. Any renewable energy credit associated with
39 electricity generated by the eligible customer-generator that is

1 utilized by the eligible customer-generator shall remain the property
2 of the eligible customer-generator.

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

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

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

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

38 (i) Notwithstanding any other provisions of this section, the
39 following paragraphs shall apply to an eligible customer-generator
40 with a capacity of more than 10 kilowatts, but not exceeding five

1 megawatts, that receives electric service from a local publicly
2 owned electric utility that has elected to utilize a co-energy
3 metering program unless the local publicly owned electric utility
4 chooses to provide service for eligible customer-generators with
5 a capacity of more than 10 kilowatts in accordance with
6 subdivisions (g) and (h):

7 (1) 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 in both
14 directions, the eligible customer-generator shall be 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 governmental agency or an electric utility to reduce
20 its costs for purchasing and installing a time-of-use meter.

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

33 (3) All costs and credits shall be shown on the eligible
34 customer-generator's bill for each billing period. In any months
35 in which the eligible customer-generator has been a net consumer
36 of electricity calculated on the basis of value determined pursuant
37 to paragraph (2), the customer-generator shall owe to the local
38 publicly owned electric utility the balance of electricity costs and
39 credits during that billing period. In any billing period in which
40 the eligible customer-generator has been a net producer of

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

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

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

37 (l) A net energy metering, co-energy metering, or wind energy
38 co-metering customer shall reimburse the Department of Water
39 Resources for all charges that would otherwise be imposed on the
40 customer by the commission to recover bond-related costs pursuant

1 to an agreement between the commission and the Department of
2 Water Resources pursuant to Section 80110 of the Water Code,
3 as well as the costs of the department equal to the share of the
4 department's estimated net unavoidable power purchase contract
5 costs attributable to the customer. The commission shall
6 incorporate the determination into an existing proceeding before
7 the commission, and shall ensure that the charges are
8 nonbypassable. Until the commission has made a determination
9 regarding the nonbypassable charges, net energy metering,
10 co-energy metering, and wind energy co-metering shall continue
11 under the same rules, procedures, terms, and conditions as were
12 applicable on December 31, 2002.

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

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

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

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

28 2827.8. Notwithstanding any other provisions of this article,
29 the following subdivisions apply to an eligible customer-generator
30 utilizing wind energy co-metering with a capacity of more than
31 50 kilowatts, but not exceeding five megawatts, unless approved
32 by the electric utility, as defined in Section 2827:

33 (a) The eligible customer-generator shall be required to utilize
34 a meter, or multiple meters, capable of separately measuring
35 electricity flow in both directions. All meters shall provide
36 "time-of-use" measurements of electricity flow, and the customer
37 shall take service on a time-of-use rate schedule. If the existing
38 meter of the eligible customer-generator is not a time-of-use meter
39 or is not capable of measuring total flow of energy in both
40 directions, the eligible customer-generator is responsible for all

1 expenses involved in purchasing and installing a meter that is both
2 time-of-use and able to measure total electricity flow in both
3 directions. This subdivision shall not restrict the ability of an
4 eligible customer-generator to utilize any economic incentives
5 provided by a government agency or the electric utility to reduce
6 its costs for purchasing and installing a time-of-use meter.

7 (b) The consumption of electricity from the electric utility for
8 wind energy co-metering by an eligible customer-generator shall
9 be priced in accordance with the standard rate charged to the
10 eligible customer-generator in accordance with the rate structure
11 to which the customer would be assigned if the customer did not
12 use an eligible wind electrical generating facility. The generation
13 of electricity provided to the electric utility shall result in a credit
14 to the eligible customer-generator and shall be priced in accordance
15 with the generation component, excluding surcharges to cover the
16 purchase of power by the Department of Water Resources,
17 established under the applicable structure to which the customer
18 would be assigned if the customer did not use an eligible wind
19 electrical generating facility.