

AMENDED IN SENATE AUGUST 10, 2000

AMENDED IN SENATE JULY 1, 1999

AMENDED IN ASSEMBLY APRIL 19, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 918

Introduced by Assembly Member Keeley

February 25, 1999

~~An act to add Section 1373.22 to the Health and Safety Code, relating to health care service plans. An act to amend Section 2827 of the Public Utilities Code, relating to public utilities.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 918, as amended, Keeley. ~~Health care service plans~~
Public utilities: net energy metering.

Existing law requires electric service providers, as defined, to develop a standard contract or tariff for net energy metering and to make this contract available to eligible customer-generators, as defined. Existing law defines net energy metering as measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period. Existing law requires that the compensation owed to eligible customer-generators be based on the average retail price per kilowatthour for the eligible customer-generator's rate class.

This bill would exempt an electric corporation that provides distribution service for direct transactions from the obligation

to provide net energy metering to a customer, if the customer participates in direct transactions with an electric supplier that does not offer net energy metering. The bill would authorize an electric corporation that provides distribution service for direct transactions to recover from the electric service provider of a customer that participates in direct transactions the incremental costs of metering and billing service related to net energy metering, in an amount set by the Public Utilities Commission.

The bill would also establish formulas for the calculation of net monthly consumption for eligible customer-generators taking service employing baseline, over baseline, and time of use rates. The bill would also require that moneys owed to the electric service provider and credits owed to the customer-generator be carried forward until the end of each 12-month period. Under the bill, if the electric service provider providing net metering to a customer-generator ceases providing that electrical service to that customer during any 12-month period, and the customer-generator enters into a new net metering contract or tariff with a new electric service provider, the 12-month period, with respect to that new electric service provider, would commence on the date on which the new electric service provider first supplies electric service to the customer-generator.

~~The Knox-Keene Health Care Service Plan Act of 1975 provides for the licensure and regulation of health care service plans administered by the Commissioner of Corporations, as specified. Under existing law, a willful violation of any of these provisions is punishable as a felony or a misdemeanor.~~

~~This bill would require a health care service plan to annually update the actuarial report required to be submitted in conjunction with a plan application and amendment, and would require the report to be available to contracting parties upon request. The bill would also require any actuarial report to contain an opinion of a qualified actuary, as defined, as to whether the capitation-based payment arrangements are computed appropriately, as specified, and to comply with applicable state laws and regulations. The bill would require the plan, if it intends to pay any of its providers on a capitation~~

~~basis, to attach to the actuarial report a statement containing information regarding the capitation payments.~~

~~Since a willful violation of these provisions is a crime, this bill would impose a state mandated local program.~~

~~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 no*.

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

1 ~~SECTION 1. Section 1373.22 is added to the Health~~

2 *SECTION 1. Section 2827 of the Public Utilities Code*
3 *is amended to read:*

4 2827. (a) The Legislature finds and declares that a
5 program to provide net energy metering for eligible
6 customer-generators is one way to encourage private
7 investment in renewable energy resources, stimulate
8 in-state economic growth, enhance the continued
9 diversification of California's energy resource mix, and
10 reduce interconnection and administrative costs for
11 electricity suppliers.

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

14 (1) "Electric service provider" means an electric
15 corporation, as defined in Section 218, a local publicly
16 owned electric utility, as defined in Section 9604, or an
17 electrical cooperative, as defined in Section 2776.
18 "Electric service provider" also means an entity that
19 offers electrical service to residential and small
20 commercial customers, as defined in Section 394, if that
21 entity offers net energy metering. Any entity that offers
22 net energy metering to residential and small commercial
23 customers shall comply with this section.

24 (2) "Eligible customer-generator" means a residential
25 customer, or a small commercial customer as defined in

1 subdivision (h) of Section 331, of an electric service
2 provider, who uses a solar or a wind turbine electrical
3 generating facility, or a hybrid system of both, with a
4 capacity of not more than 10 kilowatts that is located on
5 the customer's premises, is interconnected and operates
6 in parallel with the electric grid, and is intended
7 primarily to offset part or all of the customer's own
8 electrical requirements.

9 (3) "Net energy metering" means measuring the
10 difference between the electricity supplied through the
11 electric grid and the electricity generated by an eligible
12 customer-generator and fed back to the electric grid over
13 a 12-month period as described in subdivision (e). Net
14 energy metering shall be accomplished using a single
15 meter capable of registering the flow of electricity in two
16 directions. An additional meter or meters to monitor the
17 flow of electricity in each direction may be installed with
18 the consent of the customer-generator, at the expense of
19 the electric service provider, and the additional metering
20 shall be used only to provide the information necessary to
21 accurately bill or credit the customer-generator pursuant
22 to ~~the provisions of~~ subdivision (e), or to collect solar or
23 wind electric generating system performance
24 information for research purposes. If the existing
25 electrical meter of an eligible customer-generator is not
26 capable of measuring the flow of electricity in two
27 directions, the customer-generator shall be responsible
28 for all expenses involved in purchasing and installing a
29 meter that is able to measure electricity flow in two
30 directions. If an additional meter or meters are installed,
31 the net energy metering calculation shall yield a result
32 identical to that of a single meter. An eligible
33 customer-generator who already owns an existing solar or
34 wind turbine electrical generating facility, or a hybrid
35 system of both, is eligible to receive net energy metering
36 service in accordance with this section.

37 (4) "Ratemaking authority" means, for an electrical
38 corporation as defined in Section 218, or an electrical
39 cooperative as defined in Section 2776, the commission,
40 and for a local publicly owned electric utility as defined

1 in Section 9604, the local elected body responsible for
2 regulating the rates of the utility.

3 (c) (1) Every electric service provider shall develop
4 a standard contract or tariff providing for net energy
5 metering, and shall make this contract available to
6 eligible customer-generators, upon request, on a
7 first-come, first-served basis until the time that the total
8 rated generating capacity used by eligible
9 customer-generators equals one-tenth of 1 percent of the
10 electric service provider's aggregate customer peak
11 demand.

12 (2) On an annual basis, beginning in 1999, every
13 electric service provider shall make available to the
14 ratemaking authority information on the total rated
15 generating capacity used by eligible customer-generators
16 that are customers of that provider in the provider's
17 service area. For those electric service providers who are
18 operating pursuant to Section 394, they shall make
19 available to the ratemaking authority the information
20 required by this paragraph for each eligible
21 customer-generator that is their customer for each
22 service area of an electric corporation, local publicly
23 owned electric utility, or electrical cooperative, in which
24 the customer has net energy metering. The ratemaking
25 authority shall develop a process for making the
26 information required by this paragraph available to
27 energy service providers, and for using that information
28 to determine when, pursuant to paragraph (3), a service
29 provider is not obligated to provide net energy metering
30 to additional customer-generators in its service area.

31 (3) Notwithstanding paragraph (1), an electric
32 service provider is not obligated to provide net energy
33 metering to additional customer-generators in its service
34 area when the combined total peak demand of all
35 customer-generators served by all the electric service
36 providers in that service area furnishing net energy
37 metering to eligible customer-generators equals
38 one-tenth of 1 percent of the aggregate customer peak
39 demand of those electric service providers.



1 (4) If a customer participates in direct transactions
2 pursuant to paragraph (1) of subdivision (b) of Section
3 365 with an electric supplier that does not offer net
4 energy metering and is therefore not an electric service
5 provider, the customer is not an eligible
6 customer-generator and the electric corporation, as
7 defined in Section 218, that provides distribution service
8 for the direct transactions, is not obligated to provide net
9 energy metering to the customer.

10 (5) If a customer participates in direct transactions
11 pursuant to paragraph (1) of subdivision (b) of Section
12 365 with an electric supplier that offers net energy
13 metering and is therefore an electric service provider,
14 the customer is an eligible customer-generator and the
15 electric corporation, as defined in Section 218, that
16 provides distribution service for the direct transactions
17 may recover from the customer's electric service
18 provider the incremental costs of metering and billing
19 service related to net energy metering in an amount set
20 by the commission.

21 (d) Each net energy metering contract or tariff shall
22 be identical, with respect to rate structure, all retail rate
23 components, and any monthly charges, to the contract or
24 tariff to which the same customer would be assigned if
25 such customer was not an eligible customer-generator.
26 The charges for all retail rate components for eligible
27 customer-generators shall be based exclusively on the
28 customer-generator's net kilowatthour consumption
29 over a 12-month period, without regard to the
30 customer-generator's choice of electric service provider
31 that offers net energy metering and is subject to this
32 section pursuant to paragraph (1) of subdivision (b), in
33 accordance with subdivision (e). Any new or additional
34 demand charge, standby charge, customer charge,
35 minimum monthly charge, interconnection charge, or
36 other charge that would increase an eligible
37 customer-generator's costs beyond those of other
38 customers in the rate class to which the eligible
39 customer-generator would otherwise be assigned are



contrary to the intent of this legislation, and shall not form a part of net energy metering contracts or tariffs.

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

(1) The eligible customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible customer-generator's system with an electric service provider, and at each anniversary date thereafter, be billed for electricity used during that period. The electric service provider shall determine if the eligible customer-generator was a net consumer or a net producer of electricity during that period.

(2) At the end of each 12-month period, where the electricity supplied during the period by the electric service provider exceeds the electricity generated by the eligible customer-generator during that same period, the eligible customer-generator is a net electricity consumer and the electric service provider shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that same period. The compensation owed for the eligible customer-generator's net 12-month kilowatthour consumption shall be calculated ~~based on the average retail price per kilowatthour for the eligible customer-generator's rate class over that same period.~~ as follows:

(A) *For eligible customer-generators taking service under tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible customer-generator. If those same customer-generators are net generators over a billing period, the net kilowatthours generated shall be valued at the same price*

1 *per kilowatthour as the electric service provider would*
2 *charge for the baseline quantity of electricity during that*
3 *billing period, and if the number of kilowatthours*
4 *generated exceeds the baseline quantity, the excess shall*
5 *be valued at the same price per kilowatthour as the*
6 *electric service provider would charge for electricity*
7 *over the baseline quantity during that billing period.*

8 *(B) For eligible customer-generators taking service*
9 *under tariffs employing “time of use” rates, any net*
10 *monthly consumption of electricity shall be calculated*
11 *according to the terms of the contract or tariff to which*
12 *the same customer would be assigned to or be eligible for*
13 *if the customer was not an eligible customer-generator.*
14 *When those same customer-generators are net*
15 *generators during any discrete time of use period, the net*
16 *kilowatthours produced shall be valued at the same price*
17 *per kilowatthour as the electric service provider would*
18 *charge for retail kilowatthour sales during that same time*
19 *of use period. If the eligible customer-generator’s time of*
20 *use electrical meter is unable to measure the flow of*
21 *electricity in two directions, paragraph (3) of subdivision*
22 *(b) shall apply.*

23 *(C) For all customer-generators and for each monthly*
24 *period, the net balance of moneys owed to the electric*
25 *service provider for net consumption of electricity or*
26 *credits owed to the customer-generator for net*
27 *generation of electricity shall be carried forward until the*
28 *end of each 12-month period.*

29 *(3) At the end of each 12-month period, where the*
30 *electricity generated by the eligible customer-generator*
31 *during the 12-month period exceeds the electricity*
32 *supplied by the electric service provider during that*
33 *same period, the eligible customer-generator is a net*
34 *electricity producer and the electric service provider*
35 *shall retain any excess kilowatthours generated during*
36 *the prior 12-month period. The eligible*
37 *customer-generator shall not be owed any compensation*
38 *for those excess kilowatthours unless the electric service*
39 *provider enters into a purchase agreement with the*

1 eligible customer-generator for those excess
2 kilowatthours.

3 (4) The electric service provider shall provide every
4 eligible customer-generator with net electricity
5 consumption information ~~on~~ with each regular bill. That
6 information shall include the current monetary balance
7 owed the electric service provider for net electricity
8 consumed since the last 12-month period ended.
9 Notwithstanding subdivision (e), an electric service
10 provider shall, ~~upon the request of an eligible~~
11 ~~customer-generator,~~ permit that customer to pay
12 monthly for net energy consumed.

13 (5) If an eligible customer-generator terminates the
14 customer relationship with the electric service provider,
15 the electric service provider shall reconcile the eligible
16 customer-generator's consumption and production of
17 electricity during any part of a 12-month period following
18 the last reconciliation, according to the requirements set
19 forth in this subdivision, except that those requirements
20 shall apply only to the months since the most recent
21 12-month bill.

22 (6) *If an electric service provider providing net*
23 *metering to a customer-generator ceases providing that*
24 *electrical service to that customer during any 12-month*
25 *period, and the customer-generator enters into a new net*
26 *metering contract or tariff with a new electric service*
27 *provider, the 12-month period, with respect to that new*
28 *electric service provider, shall commence on the date on*
29 *which the new electric service provider first supplies*
30 *electric service to the customer-generator.*

31 (f) A solar or wind turbine electrical generating
32 system, or a hybrid system of both, used by an eligible
33 customer-generator shall meet all applicable safety and
34 performance standards established by the National
35 Electrical Code, the Institute of Electrical and
36 Electronics Engineers, and accredited testing
37 laboratories such as Underwriters Laboratories and,
38 where applicable, rules of the Public Utilities Commission
39 regarding safety and reliability. A customer-generator
40 whose solar or wind turbine electrical generating system,

1 or a hybrid system of both, meets those standards and
2 rules shall not be required to install additional controls,
3 perform or pay for additional tests, or purchase additional
4 liability insurance.

5
6 and Safety Code, to read:

7 ~~1373.22. (a) Each health care service plan shall~~
8 ~~annually update the actuarial report required at the time~~
9 ~~of licensure in a health care service plan application and~~
10 ~~amendment as provided in the rules and regulations~~
11 ~~promulgated by the commissioner pursuant to Section~~
12 ~~1351.~~

13 ~~(b) Any actuarial report shall contain an opinion of a~~
14 ~~qualified actuary as to whether the capitation-based~~
15 ~~payment arrangements are computed appropriately,~~
16 ~~based on assumptions that satisfy contractual provisions,~~
17 ~~and shall comply with applicable laws of this state~~
18 ~~including, but not limited to, Article 3 (commencing with~~
19 ~~Section 1300.51) of Subchapter 5.5 of Chapter 3 of Title 10~~
20 ~~of the California Code of Regulations.~~

21 ~~(c) An opinion specified in subdivision (b) shall be~~
22 ~~based on standards adopted from time to time by the~~
23 ~~Actuarial Standards Board and any additional standards~~
24 ~~that the commissioner, by regulation, may adopt.~~

25 ~~(d) For purposes of this section, “qualified actuary”~~
26 ~~means a member in good standing of the American~~
27 ~~Academy of Actuaries who also meets any additional~~
28 ~~standards that the commissioner, by regulation, may~~
29 ~~adopt.~~

30 ~~(e) If the health care service plan intends to pay some~~
31 ~~or all of its providers on a capitation basis, it shall attach~~
32 ~~to the report, a statement indicating the percentage of~~
33 ~~contracting providers who will be compensated on that~~
34 ~~basis, a description of the method used to determine and~~
35 ~~adjust the capitation rates, and substantiate by means of~~
36 ~~calculations or other information that these capitation~~
37 ~~rates are adequate to reasonably assure the continuance~~
38 ~~of the relationship between the plan and provider.~~

39 ~~SEC. 2. No reimbursement is required by this act~~
40 ~~pursuant to Section 6 of Article XIII B of the California~~

1 ~~Constitution because the only costs that may be incurred~~
2 ~~by a local agency or school district will be incurred~~
3 ~~because this act creates a new crime or infraction,~~
4 ~~eliminates a crime or infraction, or changes the penalty~~
5 ~~for a crime or infraction, within the meaning of Section~~
6 ~~17556 of the Government Code, or changes the definition~~
7 ~~of a crime within the meaning of Section 6 of Article~~
8 ~~XIII B of the California Constitution.~~

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