

Date of Hearing: April 4, 2011

ASSEMBLY COMMITTEE ON UTILITIES AND COMMERCE

Steven Bradford, Chair

AB 1391 (Committee on Utilities and Commerce) – As Introduced: February 23, 2011

SUBJECT: Electricity: net energy metering: report.

SUMMARY: Deletes an obsolete statute that directs the Public Utilities Commission (PUC) to complete a report by January 1, 2010.

EXISTING LAW:

- 1.) 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-serve basis until the time that the total rated generating capacity used by the eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand.
- 2.) Requires the PUC, in consultation with the California Energy Commission, to submit a report to the Governor and the Legislature by January 1, 2010 on the costs and benefits of net energy metering, wind energy, co-metering, and co-energy metering.

FISCAL EFFECT: None.

BACKGROUND: Net Energy Metering (NEM) is an electricity tariff billing mechanism. Customers who install small solar, wind, biogas, and fuel cell generation facilities (1 MW or less) to serve all or a portion of onsite electricity needs are eligible to participate in the program. NEM allows a customer-generator to receive a financial credit for power generated by their onsite system and fed back to the utility, where it might maximize generation potential, while offsetting electricity usage at another location. An example, placing solar panels over a city parking lot with little electricity needs, to offset a large city-owned user such as City Hall.

NEM encourages private investment in renewable energy resources, stimulates in-state economic growth, reduces demand for electricity during peak consumption periods, helps stabilize California's energy supply infrastructure, enhances the continued diversification of California's energy resource mix, reduces interconnection and administrative costs for electricity suppliers, and encourage conservation and efficiency.

Currently, there are many existing programs in statute that allow a municipality or public entity to generate electricity in one location and receive a bill credit, or a net-metered tariff, for a meter in another location(s). Each has been added in a piecemeal fashion. For example, in 2002, SB 1038 (Sher) Chapter 515, Statutes of 2002, allowed the City of Davis to use electricity generated from PVUSA to receive a bill credit at a benefiting account or accounts designated by the City of Davis. The same bill allowed California State University (CSU), Fresno to receive a bill credit for the electricity generated at a biomass facility owned by CSU Fresno known as the Dinuba Facility. The CSU Fresno net-energy metering allowance sunsetted on January 1, 2008.

In 2008, AB 2466 (Laird), Chapter 540, Statutes of 2008, created a comprehensive "Local Government Renewable Energy Self-Generation Program." AB 2466 allowed an eligible facility to not exceed 1 MW, and it limited the statewide capacity for the three largest investor-owned utilities (IOUs) to 250 MW. After the IOUs offer service or contracts to its proportionate share of the 250-MW limitation, it does not need to provide net-metering allowances to additional local government generation facilities.

Reporting Requirement: Public Utilities Code section 2827 requires the PUC to submit a report to the Governor and the Legislature on the costs and benefits of net energy metering. In March 2010, the PUC published its report and concluded that the estimated average net cost of net energy metering is "\$0.12 per kilowatt-hour (kWh) exported, which is relatively high on a cents per kWh basis..." According to the U.S. Energy Information Administration, day-ahead (usually higher) wholesale prices in California at a Southern California hub (SP-15) in a moderate month (October 2010) averaged between \$0.037 to \$0.038 per kWh, or about one-third the price of the net-energy metering price. The PUC report justifies the higher price by noting that net energy metering is not designed as an energy procurement program, and "the volume of energy exported to the utilities is small compared to the total solar generation and it is de minimus compared to the total energy procured by the utilities." This bill deletes the reporting requirement in statute since it has already been submitted to the Legislature in March 2010.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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