

3. Finance EBR

DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE:
RECOMMENDATION:

September 4, 2009
Veto

BILL NUMBER: AB 920
AUTHOR: J. Huffman

ASSEMBLY: 54/23
SENATE: 21/18

BILL SUMMARY: Solar and Wind Distributed Generation

Existing law authorizes net energy metering. Net energy metering allows a customer-generator to net the energy produced by its eligible renewable energy generator against the energy received from its electric service provider. However, any surplus energy generated by the customer is not compensated by the utility provider.

This bill would require electric utilities to provide specified customers either compensation for any net surplus electricity generated in a 12-month period or allow the eligible customer-generator to apply the net surplus electricity as a credit against kilowatt hours subsequently supplied by the utility provider.

FISCAL SUMMARY

According to the California Public Utilities Commission (PUC), implementation of this bill would require 2.0 positions and \$251,000 PUC Utilities Reimbursement Account to establish and monitor compliance activities. The PUC notes there are currently no staff resources dedicated to net energy metering. Any requests for additional resources would be evaluated in the annual Governor's Budget development.

The California Constitution requires the state to reimburse local government for the cost of any program or increased level of service mandated by the Legislature or any state agency. Any local government cost resulting from the mandate in this measure would not be state-reimbursable because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act.

COMMENTS

Finance recommends vetoing the bill because it would fundamentally change the net energy metering statute from a program that facilitates onsite electricity generation and consumption to a program that supports onsite customer generators to be paid as wholesale power producers.

The bill would define a net surplus customer-generator. Additionally, the bill would require every eligible customer-generator to be notified of the availability and guidelines of net surplus electricity compensation, by January 31, 2010. By January 1, 2011, the PUC would be required to establish a new surplus electricity compensation rate in a public proceeding.

The bill would require all investor owned utilities and publicly owned utilities (POU) that offer net-metering to purchase all new surplus electricity produced from the customer's wind or solar generator at a rate set by the PUC or POU. The rate would be required to provide the customer-generator just and reasonable compensation for the surplus energy sales and not result in cost shifting.

The bill would cap the amount of net surplus electricity a utility must purchase at 2.5 percent of each utility's aggregate peak demand. Lastly, the bill specifies that the utility would own all of the renewable energy credit associated with any net surplus electricity the utility purchases.

Analyst/Principal	Date	Program Budget Manager	Date
(0021) K. DeRosa	22 Sept. 2009	Karen Finn	9/2/09
Department Director			
<i>[Signature]</i>			9/2/09

ENROLLED BILL REPORT

Form DE-03 (Rev. 03/05) Bill

BILL ANALYSIS/ENROLLED BILL REPORT - (CONTINUED)
AUTHOR **AMENDMENT DATE**

BILL NUMBER

J. Hoffman

September 4, 2009

AS 990

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC C	(Fiscal Impact by Fiscal Year) (Dollars in Thousands)			Fund Code
				2009-2010 FC	2010-2011 FC	2011-2012 FC	
6600/PUC	SO	No	C	\$251	C	\$211	- 0462

Fund Code
0462

Title
Publ Utilities Comm Utilities Reimb Acct

SUGGESTED VETO MESSAGE

AB 920

(as amended September 4, 2009)

I am returning Assembly Bill No. 920 without my signature.

I am vetoing the bill because it would fundamentally change the net energy metering statute from a program that facilitates onsite electricity generation and consumption to a program that supports onsite customer generators to be paid as wholesale power producers.

I understand that this bill would provide an incentive to individuals and businesses to install distributed solar photovoltaic generation. I support such generation. However, substantial incentives are already offered under the California Solar Initiative and the Self Generation Incentive Program. Additionally, customers with onsite generation who participate in the existing net energy metering program receive bill credits for the surplus energy they produce at the full retail rate, which includes credit for distribution and transmission charges, even though the customer is not providing an offset for distribution and transmission costs.

The Public Utilities Commission is currently preparing a report on the costs and benefits of net energy metering pursuant to Public Utilities Code Section 2827(c)(4). This report is due January 1, 2010. Since this bill would add another benefit for solar and wind generators, it would make sense to review the Commission's upcoming report before adding the incentive it proposes.