

SENATE RULES COMMITTEE

AB 920

Office of Senate Floor Analyses

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THIRD READING

Bill No: AB 920
Author: Huffman (D), et al
Amended: 9/4/09 in Senate
Vote: 21

SENATE ENERGY, U.&C. COMMITTEE: 6-4, 7/7/09

AYES: Padilla, Corbett, Kehoe, Lowenthal, Simitian, Wiggins

NOES: Benoit, Calderon, Cox, Wright

NO VOTE RECORDED: Strickland

SENATE APPROPRIATIONS COMMITTEE: 8-5, 8/27/09

AYES: Kehoe, Corbett, Hancock, Leno, Oropeza, Price, Wolk, Yee

NOES: Cox, Denham, Runner, Walters, Wyland

ASSEMBLY FLOOR: 51-26, 6/1/09 - See last page for vote

SUBJECT: Solar and wind distributed generation

SOURCE: Environment California

DIGEST: This bill expands the current net-metering programs for wind and solar, to allow the net-metered customers to sell any excess electricity they produce over the course of a year to their electric utility.

Senate Floor Amendments 9/4/09 prevent this bill from being chaptered out by AB 560 (Skinner).

ANALYSIS:

Existing law:

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1. Creates the California Solar Initiative (CSI), a \$3.3 billion declining rebate program to offset the cost of installing solar panels on homes, businesses, and public buildings. The program requires that in order to be eligible for CSI rebates, among other requirements, the solar energy must be intended to offset part or all of the consumer's own electricity demand (the panels should not produce more electricity than the customer's historic peak demand).
2. Requires IOUs to offer customers with solar or wind generation that is smaller than one megawatt in size, a net-metered tariff where the customer can sell back electricity produced from the solar or wind facility that exceeds that customer's usage at a moment in time as a bill credit against electricity that the customer receives from the utility when their renewable facility produces less than the customer is consuming. Caps the total amount of solar and wind generation that can be subject to net-metering at 2.5 percent of each utility's aggregate peak demand.
3. Requires all POU's other than the Los Angeles Department of Water and Power (LADWP) to offer a net-metering tariff as provided in 2) above, or offer a co-metering tariff where the bill credit is based only on the cost of generation and not the entire retail rate. Exempts LADWP from the net-metering and co-metering requirements.

This bill:

1. Defines a "net surplus customer-generator" as a customer-generator that generates more electricity in a 12-month period than the customer purchases from the utility in that same period.
2. Requires all investor owned utilities (IOUs) and publicly owned utilities (POUs) that offer net-metering to purchase all net surplus electricity produced from the customer's wind or solar generator at a rate set by the California Public Utilities Commission (CPUC) or POU. The rate shall be set to provide the customer-generator "just and reasonable" compensation for the surplus energy sales, leave all other ratepayers indifferent, and shall not result in any cost shifting to non-customer generators.
3. Caps the amount of net surplus electricity a utility must purchase at 2.5 percent of each electric utility's aggregate peak demand.

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4. Provides that the utility shall own all of the renewable attributes or renewable energy credits (RECs) associated with any net surplus electricity it must purchase. The customer will retain REC of any renewable energy credit associated with any electricity generated by the customer that is utilized by the customer.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee analysis:

Fiscal Impact (in thousands)

<u>Major Provisions</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>Fund</u>
Regulatory oversight	\$125	\$335	\$210	Special*
Increased electricity costs for state agencies	Unknown			Various

*Public Utilities Commission Utilities Reimbursement Account

SUPPORT: (Verified 9/4/09)

- Environment California (source)
- American Federation of State, County and Municipal Employees
- Breathe California
- California Association of Realtors
- California State Grange
- Clean Power Campaign
- Coalition for Clean Air
- Green California
- National Parks Conservation Association
- Nonprofit Housing Association of Northern California
- Pacific Environment
- Planning and Conservation League
- San Diego County
- Sierra Club California

OPPOSITION: (Verified 9/1/09)

California Association of Small and Multi-jurisdictional Utilities
Pacific Gas & Electric
Public Utilities Commission (unless amended)
Sacramento Municipal Utility District

ARGUMENTS IN SUPPORT: According to the author's office, the purpose of this bill is to allow electric utility customers who install solar or wind generators on their property to be paid by their electric utility for all the "surplus" electricity they produce. The author's office believes this will encourage homeowners and businesses to conserve more electricity (and thus have more surplus power they can sell to the utility) and will allow property owners to install the maximum number of solar panels on their home.

Under net-metering, electric utilities are required to "buy back" any electricity generated by a customer-owned generator solar or wind generator that is not used by that customer. When the customer generates electricity, he/she uses most of it for his or her own facility. Any excess electricity passes through the meter and is distributed to the electricity grid. At the end of the year, the electric corporation calculates the amount of electricity distributed to the grid by the customer and reduces the customer's annual bill by the amount of electricity distributed to the electricity grid by the customer. This results in the utility "buying" the excess power and paying for it in the form of a bill credit.

ARGUMENTS IN OPPOSITION: The CPUC states in opposition "This bill fundamentally changes the intent of the net energy metering (NEM) 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. Customers currently receive significant ratepayer support to be onsite customer generators, and net surplus compensation would add another benefit to solar customers before the completion of the CPUC's report on the costs and benefits of NEM, due to the legislature January 1, 2010."

ASSEMBLY FLOOR:

AYES: Adams, Ammiano, Arambula, Beall, Blakeslee, Blumenfield,
Brownley, Buchanan, Caballero, Charles Calderon, Carter, Chesbro,
Coto, Davis, De La Torre, De Leon, Eng, Evans, Feuer, Fong, Fuentes,

CONTINUED

Galgiani, Hall, Hayashi, Hernandez, Hill, Huffman, Krekorian, Lieu, Bonnie Lowenthal, Ma, Mendoza, Monning, Nava, Nestande, John A. Perez, V. Manuel Perez, Portantino, Price, Ruskin, Salas, Saldana, Skinner, Smyth, Solorio, Swanson, Torlakson, Torres, Torrico, Yamada, Bass

NOES: Anderson, Bill Berryhill, Tom Berryhill, Conway, Cook, DeVore, Duvall, Emmerson, Fletcher, Fuller, Gaines, Garrick, Gilmore, Hagman, Harkey, Huber, Jeffries, Knight, Logue, Miller, Niello, Nielsen, Silva, Audra Strickland, Tran, Villines

NO VOTE RECORDED: Block, Furutani, Jones

DLW:do 9/8/09 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

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