

Senate Bill No. 1374

Passed the Senate August 30, 2024

Secretary of the Senate

Passed the Assembly August 29, 2024

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2024, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 2827.1 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1374, Becker. Net energy metering.

Existing law vests the Public Utilities Commission with regulatory authority over public utilities, including electrical corporations. Existing law requires the commission to develop a standard contract or tariff, which may include net energy metering, for eligible customer-generators, as defined, with a renewable electrical generation facility, as defined, that is a customer of a large electrical corporation. Existing law requires, in developing the standard contract or tariff for large electrical corporations, the commission to take specified actions.

This bill would require, no later than July 1, 2025, the commission to ensure that any contract or tariff established by the commission pursuant to the above-described provisions for renewable electrical generation facilities configured to serve multiple customers with meters at one or more apartment buildings on a single property, or configured to serve multiple meters of a single customer on a public school property, or a set of contiguous public school properties owned, leased, or rented by the public school customer, meets certain requirements, as specified. The bill would require the commission, no later than July 1, 2026, to ensure that any contract or tariff established by the commission pursuant to a specified commission decision meets specified requirements, as provided. The bill would make these provisions inoperative on July 1, 2033.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because a violation of a commission action implementing this bill's requirements would be a crime, the 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.

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

SECTION 1. Section 2827.1 of the Public Utilities Code is amended to read:

2827.1. (a) For purposes of this section, “eligible customer-generator,” “large electrical corporation,” and “renewable electrical generation facility” have the same meanings as defined in Section 2827.

(b) Notwithstanding any other law, the commission shall develop a standard contract or tariff, which may include net energy metering, for eligible customer-generators with a renewable electrical generation facility that is a customer of a large electrical corporation no later than December 31, 2015. The commission may develop the standard contract or tariff before December 31, 2015, and may require a large electrical corporation that has reached the net energy metering program limit of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827 to offer the standard contract or tariff to eligible customer-generators. A large electrical corporation shall offer the standard contract or tariff to an eligible customer-generator beginning July 1, 2017, or before that date if ordered to do so by the commission because it has reached the net energy metering program limit of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827. The commission may revise the standard contract or tariff as appropriate to achieve the objectives of this section. In developing the standard contract or tariff, the commission shall do all of the following:

(1) Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities.

(2) Establish terms of service and billing rules for eligible customer-generators.

(3) Ensure that the standard contract or tariff made available to eligible customer-generators is based on the costs and benefits of the renewable electrical generation facility.

(4) Ensure that the total benefits of the standard contract or tariff to all customers and the electrical system are approximately equal to the total costs.

(5) Allow projects greater than one megawatt that do not have significant impact on the distribution grid to be built to the size of the onsite load if the projects with a capacity of more than one megawatt are subject to reasonable interconnection charges established pursuant to the commission's Electric Rule 21 and applicable state and federal requirements.

(6) Establish a transition period during which eligible customer-generators taking service under a net energy metering tariff or contract before July 1, 2017, or until the electrical corporation reaches its net energy metering program limit pursuant to subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, whichever is earlier, shall be eligible to continue service under the previously applicable net energy metering tariff for a length of time to be determined by the commission by March 31, 2014. Any rules adopted by the commission shall consider a reasonable expected payback period based on the year the customer initially took service under the tariff or contract authorized by Section 2827.

(7) The commission shall determine which rates and tariffs are applicable to customer generators only during a rulemaking proceeding. Any fixed charges for residential customer generators that differ from the fixed charges allowed pursuant to subdivision (e) of Section 739.9 shall be authorized only in a rulemaking proceeding involving every large electrical corporation. The commission shall ensure customer generators are provided electrical service at rates that are just and reasonable.

(c) Beginning July 1, 2017, or when ordered to do so by the commission because the large electrical corporation has reached its capacity limitation of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, all new eligible customer-generators shall be subject to the standard contract or tariff developed by the commission and any rules, terms, and rates developed pursuant to subdivision (b). There shall be no limitation on the amount of generating capacity or number of new eligible

customer-generators entitled to receive service pursuant to the standard contract or tariff after July 1, 2017. An eligible customer-generator that has received service under a net energy metering standard contract or tariff pursuant to Section 2827 that is no longer eligible to receive service shall be eligible to receive service pursuant to the standard contract or tariff developed by the commission pursuant to this section.

(d) (1) No later than July 1, 2025, the commission shall ensure that any contract or tariff established by the commission pursuant to this section for renewable electrical generation facilities configured to serve multiple customers, which may include both residential and nonresidential customers, with meters at one or more apartment buildings on a single property meets all of the following requirements:

(A) Each account's portion of the generation shall be subtracted from that account's consumption in each 15-minute period for billing purposes.

(B) Customers shall be compensated at no less than utility avoided cost for generation in excess of consumption.

(C) All customer-generators shall be subject to any nonbypassable charges, flat rates, or minimum bills that are contained in a customer's applicable rate.

(2) The commission shall exclude the tariffs designed to serve customer-generators eligible for the Multifamily Affordable Solar Housing program and the Solar on Multifamily Affordable Housing program pursuant to Section 2870 from the requirements of this subdivision.

(3) This subdivision shall only apply to a contract or tariff entered into on or after November 1, 2023.

(e) (1) No later than July 1, 2025, the commission shall ensure that any contract or tariff established by the commission pursuant to this section for renewable electrical generation facilities configured to serve multiple meters of a single customer on a public school property, or a set of contiguous public school properties owned, leased, or rented by the public school customer, meets all of the following requirements:

(A) The eligible customer-generator shall determine the percentage of the total generation to be allocated to each meter on the property or set of contiguous properties serving the public school.

(B) Each meter’s portion of the generation shall be subtracted from that meter’s consumption in each 15-minute period for billing purposes.

(C) Only public school customers shall be eligible customer-generators.

(D) All customer-generators shall be subject to any nonbypassable charges, flat rates, or minimum bills that are contained in a customer’s applicable rate.

(2) For purposes of this subdivision, “public school” means a school operated by a school district, county office of education, a charter school, or a community college district.

(3) This subdivision shall only apply to a contract or tariff entered into on or after November 1, 2023.

(f) No later than July 1, 2026, the commission shall ensure that any contract or tariff established by the commission pursuant to commission Decision 23-11-068 (November 16, 2023), Decision Addressing Remaining Proceeding Issues, meets both of the following requirements:

(1) (A) The commission establishes criteria for determining a set of meters that are sufficiently close in proximity to the renewable electrical generation facilities to be reasonably considered as operating with onsite self-consumption of the generated electricity.

(B) The criteria shall be designed to allow account-level netting among meters while ensuring a limited amount of utility infrastructure is involved in delivering the electricity to the meters.

(C) Notwithstanding the criteria established pursuant to this paragraph, all of the meters on the campus of a public school or at one or more apartment buildings on a single property shall be eligible for the tariffs established pursuant to this section.

(2) All customer-generators shall be subject to any nonbypassable charges, flat rates, or minimum bills that are contained in a customer’s applicable rate.

(g) Subdivisions (d), (e), and (f) shall become inoperative on July 1, 2033.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty

for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

Approved _____, 2024

Governor