

AMENDED IN ASSEMBLY APRIL 9, 2013  
AMENDED IN ASSEMBLY MARCH 21, 2013  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1014**

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**Introduced by Assembly Member Williams**  
(Coauthor: Senator Wolk)

February 22, 2013

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An act to amend Section 25019 of the Corporations Code, and to amend Sections 216 and 218 of, ~~to repeal Section 2826.5 of, and to repeal and to add Chapter 7.5~~ 7.6 (commencing with Section ~~2830~~) of 2832) to Part 2 of Division 1 ~~of of, and to repeal Section 2826.5 of~~, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1014, as amended, Williams. Energy: electrical corporations: Shared Renewable Energy Self-Generation Program.

(1) Under existing law, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Under existing law, the local government renewable energy self-generation program authorizes a local government, as defined, to receive a bill credit, as defined, to be applied to a designated ~~benefitting~~ *benefiting* account for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the ~~benefitting~~ *benefiting* account.

This bill would ~~repeal the local government renewable energy self-generation program and~~ enact the Shared Renewable Energy Self-Generation Program. The program would authorize a retail customer of an electrical corporation (~~participant~~), *referred to as a participant*, to acquire an interest, as defined, in a shared renewable energy facility, as defined, for the purpose of receiving a bill credit, as defined, to offset all or a portion of the participant's electricity usage, consistent with specified requirements.

The bill would provide that any corporation or person engaged directly or indirectly in developing, owning, producing, delivering, participating in, or selling interests in, a shared renewable energy facility is not a public utility or electrical corporation solely by reason of engaging in any of those activities.

(2) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of the bill would require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

(3) Existing law authorizes the City of Davis to receive a bill credit, as defined, to a ~~benefitting~~ *benefiting* account, as defined, for electricity supplied to the electrical grid by a photovoltaic electricity generation facility located within, and partially owned by, the city, referred to as the PVUSA solar facility, and requires the commission to adopt a rate tariff for the ~~benefitting~~ *benefiting* account.

This bill would repeal these provisions relating to the City of Davis, but would require a shared renewable energy facility to either be the PVUSA facility or a newly constructed renewable facility constructed pursuant to the Shared Renewable Energy Self-Generation Program that begins commercial operation on or after January 1, 2014.

(4) 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.

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

1 SECTION 1. Section 25019 of the Corporations Code is  
2 amended to read:

3 25019. (a) “Security” means any note; stock; treasury stock;  
4 membership in an incorporated or unincorporated association;  
5 bond; debenture; evidence of indebtedness; certificate of interest  
6 or participation in any profit-sharing agreement; collateral trust  
7 certificate; preorganization certificate or subscription; transferable  
8 share; investment contract; viatical settlement contract or a  
9 fractionalized or pooled interest therein; life settlement contract  
10 or a fractionalized or pooled interest therein; voting trust certificate;  
11 certificate of deposit for a security; interest in a limited liability  
12 company and any class or series of those interests (including any  
13 fractional or other interest in that interest), except a membership  
14 interest in a limited liability company in which the person claiming  
15 this exception can prove that all of the members are actively  
16 engaged in the management of the limited liability company;  
17 provided that evidence that members vote or have the right to vote,  
18 or the right to information concerning the business and affairs of  
19 the limited liability company, or the right to participate in  
20 management, shall not establish, without more, that all members  
21 are actively engaged in the management of the limited liability  
22 company; certificate of interest or participation in an oil, gas or  
23 mining title or lease or in payments out of production under that  
24 title or lease; put, call, straddle, option, or privilege on any security,  
25 certificate of deposit, or group or index of securities (including  
26 any interest therein or based on the value thereof); or any put, call,  
27 straddle, option, or privilege entered into on a national securities  
28 exchange relating to foreign currency; any beneficial interest or  
29 other security issued in connection with a funded employees’  
30 pension, profit sharing, stock bonus, or similar benefit plan; or, in  
31 general, any interest or instrument commonly known as a  
32 “security”; or any certificate of interest or participation in,  
33 temporary or interim certificate for, receipt for, guarantee of, or  
34 warrant or right to subscribe to or purchase, any of the foregoing.  
35 All of the foregoing are securities whether or not evidenced by a  
36 written document.

37 (b) “Security” does not include: (1) any beneficial interest in  
38 any voluntary inter vivos trust which is not created for the purpose

1 of carrying on any business or solely for the purpose of voting, or  
 2 (2) any beneficial interest in any testamentary trust, or (3) any  
 3 insurance or endowment policy or annuity contract under which  
 4 an insurance company admitted in this state promises to pay a sum  
 5 of money (whether or not based upon the investment performance  
 6 of a segregated fund) either in a lump sum or periodically for life  
 7 or some other specified period, or (4) any franchise subject to  
 8 registration under the Franchise Investment Law (Division 5  
 9 (commencing with Section 31000)), or exempted from registration  
 10 by Section 31100 or 31101, or (5) any right to a bill credit or  
 11 interest of a participant in a community renewable energy facility  
 12 pursuant to Chapter ~~7.5~~ 7.6 (commencing with Section ~~2830~~ 2832)  
 13 of Part 2 of Division 1 of the Public Utilities Code.

14 SEC. 2. Section 216 of the Public Utilities Code is amended  
 15 to read:

16 216. (a) "Public utility" includes every common carrier, toll  
 17 bridge corporation, pipeline corporation, gas corporation, electrical  
 18 corporation, telephone corporation, telegraph corporation, water  
 19 corporation, sewer system corporation, and heat corporation, where  
 20 the service is performed for, or the commodity is delivered to, the  
 21 public or any portion thereof.

22 (b) Whenever any common carrier, toll bridge corporation,  
 23 pipeline corporation, gas corporation, electrical corporation,  
 24 telephone corporation, telegraph corporation, water corporation,  
 25 sewer system corporation, or heat corporation performs a service  
 26 for, or delivers a commodity to, the public or any portion thereof  
 27 for which any compensation or payment whatsoever is received,  
 28 that common carrier, toll bridge corporation, pipeline corporation,  
 29 gas corporation, electrical corporation, telephone corporation,  
 30 telegraph corporation, water corporation, sewer system corporation,  
 31 or heat corporation, is a public utility subject to the jurisdiction,  
 32 control, and regulation of the commission and the provisions of  
 33 this part.

34 (c) When any person or corporation performs any service for,  
 35 or delivers any commodity to, any person, private corporation,  
 36 municipality, or other political subdivision of the state, that in turn  
 37 either directly or indirectly, mediately or immediately, performs  
 38 that service for, or delivers that commodity to, the public or any  
 39 portion thereof, that person or corporation is a public utility subject

1 to the jurisdiction, control, and regulation of the commission and  
2 the provisions of this part.

3 (d) Ownership or operation of a facility that employs  
4 cogeneration technology or produces power from other than a  
5 conventional power source or the ownership or operation of a  
6 facility which employs landfill gas technology does not make a  
7 corporation or person a public utility within the meaning of this  
8 section solely because of the ownership or operation of that facility.

9 (e) Any corporation or person engaged directly or indirectly in  
10 developing, producing, transmitting, distributing, delivering, or  
11 selling any form of heat derived from geothermal or solar resources  
12 or from cogeneration technology to any privately owned or publicly  
13 owned public utility, or to the public or any portion thereof, is not  
14 a public utility within the meaning of this section solely by reason  
15 of engaging in any of those activities.

16 (f) The ownership or operation of a facility that sells compressed  
17 natural gas at retail to the public for use only as a motor vehicle  
18 fuel, and the selling of compressed natural gas at retail from that  
19 facility to the public for use only as a motor vehicle fuel, does not  
20 make the corporation or person a public utility within the meaning  
21 of this section solely because of that ownership, operation, or sale.

22 (g) Ownership or operation of a facility that is an exempt  
23 wholesale generator, as defined in the Public Utility Holding  
24 Company Act of 2005 (42 U.S.C. Sec. 16451(6)), does not make  
25 a corporation or person a public utility within the meaning of this  
26 section, solely due to the ownership or operation of that facility.

27 (h) The ownership, control, operation, or management of an  
28 electric plant used for direct transactions or participation directly  
29 or indirectly in direct transactions, as permitted by subdivision (b)  
30 of Section 365, sales into a market established and operated by the  
31 Independent System Operator or any other wholesale electricity  
32 market, or the use or sale as permitted under subdivisions (b) to  
33 (d), inclusive, of Section 218, shall not make a corporation or  
34 person a public utility within the meaning of this section solely  
35 because of that ownership, participation, or sale.

36 (i) The ownership, control, operation, or management of a  
37 facility that supplies electricity to the public only for use to charge  
38 light duty plug-in electric vehicles does not make the corporation  
39 or person a public utility within the meaning of this section solely  
40 because of that ownership, control, operation, or management. For

1 purposes of this subdivision, “light duty plug-in electric vehicles”  
 2 includes light duty battery electric and plug-in hybrid electric  
 3 vehicles. This subdivision does not affect the commission’s  
 4 authority under Section 454 or 740.2 or any other applicable statute.

5 (j) A corporation or person engaged directly or indirectly in  
 6 developing, owning, producing, delivering, participating in, or  
 7 selling interests in a shared renewable energy facility pursuant to  
 8 Chapter ~~7.5~~ 7.6 (commencing with Section ~~2830~~) 2832 of Part 2,  
 9 is not a public utility within the meaning of this section solely by  
 10 reason of engaging in any of those activities.

11 SEC. 3. Section 218 of the Public Utilities Code is amended  
 12 to read:

13 218. (a) “Electrical corporation” includes every corporation  
 14 or person owning, controlling, operating, or managing any electric  
 15 plant for compensation within this state, except where electricity  
 16 is generated on or distributed by the producer through private  
 17 property solely for its own use or the use of its tenants and not for  
 18 sale or transmission to others.

19 (b) “Electrical corporation” does not include a corporation or  
 20 person employing cogeneration technology or producing power  
 21 from other than a conventional power source for the generation of  
 22 electricity solely for any one or more of the following purposes:

- 23 (1) Its own use or the use of its tenants.
- 24 (2) The use of or sale to not more than two other corporations  
 25 or persons solely for use on the real property on which the  
 26 electricity is generated or on real property immediately adjacent  
 27 thereto, unless there is an intervening public street constituting the  
 28 boundary between the real property on which the electricity is  
 29 generated and the immediately adjacent property and one or more  
 30 of the following applies:

31 (A) The real property on which the electricity is generated and  
 32 the immediately adjacent real property is not under common  
 33 ownership or control, or that common ownership or control was  
 34 gained solely for purposes of sale of the electricity so generated  
 35 and not for other business purposes.

36 (B) The useful thermal output of the facility generating the  
 37 electricity is not used on the immediately adjacent property for  
 38 petroleum production or refining.

1 (C) The electricity furnished to the immediately adjacent  
2 property is not utilized by a subsidiary or affiliate of the corporation  
3 or person generating the electricity.

4 (3) Sale or transmission to an electrical corporation or state or  
5 local public agency, but not for sale or transmission to others,  
6 unless the corporation or person is otherwise an electrical  
7 corporation.

8 (c) “Electrical corporation” does not include a corporation or  
9 person employing landfill gas technology for the generation of  
10 electricity for any one or more of the following purposes:

11 (1) Its own use or the use of not more than two of its tenants  
12 located on the real property on which the electricity is generated.

13 (2) The use of or sale to not more than two other corporations  
14 or persons solely for use on the real property on which the  
15 electricity is generated.

16 (3) Sale or transmission to an electrical corporation or state or  
17 local public agency.

18 (d) “Electrical corporation” does not include a corporation or  
19 person employing digester gas technology for the generation of  
20 electricity for any one or more of the following purposes:

21 (1) Its own use or the use of not more than two of its tenants  
22 located on the real property on which the electricity is generated.

23 (2) The use of or sale to not more than two other corporations  
24 or persons solely for use on the real property on which the  
25 electricity is generated.

26 (3) Sale or transmission to an electrical corporation or state or  
27 local public agency, if the sale or transmission of the electricity  
28 service to a retail customer is provided through the transmission  
29 system of the existing local publicly owned electric utility or  
30 electrical corporation of that retail customer.

31 (e) “Electrical corporation” does not include an independent  
32 solar energy producer, as defined in Article 3 (commencing with  
33 Section 2868) of Chapter 9 of Part 2.

34 (f) The amendments made to this section at the 1987 portion of  
35 the 1987–88 Regular Session of the Legislature do not apply to  
36 any corporation or person employing cogeneration technology or  
37 producing power from other than a conventional power source for  
38 the generation of electricity that physically produced electricity  
39 prior to January 1, 1989, and furnished that electricity to

1 immediately adjacent real property for use thereon prior to January  
2 1, 1989.

3 (g) A corporation or person engaged directly or indirectly in  
4 developing, owning, producing, delivering, participating in, or  
5 selling interests in, a shared renewable energy facility pursuant to  
6 Chapter ~~7.5~~ 7.6 (commencing with Section ~~2830~~) 2832) of Part 2,  
7 is not an electrical corporation within the meaning of this section  
8 solely by reason of engaging in any of those activities.

9 SEC. 4. Section 2826.5 of the Public Utilities Code is repealed.

10 ~~SEC. 5. Chapter 7.5 (commencing with Section 2830) of Part~~  
11 ~~2 of Division 1 of the Public Utilities Code is repealed.~~

12 ~~SEC. 6.~~

13 SEC. 5. Chapter ~~7.5~~ 7.6 (commencing with Section ~~2830~~) 2832)  
14 is added to Part 2 of Division 1 of the Public Utilities Code, to  
15 read:

16  
17 CHAPTER ~~7.5~~ 7.6. SHARED RENEWABLE ENERGY  
18 SELF-GENERATION PROGRAM

19  
20 ~~2830.~~

21 2832. The Legislature finds and declares all of the following:

22 (a) The creation of renewable energy within California provides  
23 significant financial, health, environmental, and workforce benefits  
24 to the state of California.

25 (b) The California Solar Initiative has been extremely successful,  
26 resulting in over 140,000 residential and commercial onsite  
27 installations of solar energy systems. However, it cannot reach all  
28 residents and businesses that want to participate and is limited to  
29 solar. The Shared Renewable Energy Self-Generation Program  
30 seeks to build on this success by expanding access to renewable  
31 energy resources to all ratepayers who are currently unable to  
32 access the benefits of onsite generation.

33 (c) The Governor has proposed the Clean Energy Jobs Plan  
34 calling for the development of 12,000 megawatts of generation  
35 from distributed renewable energy resources of up to 20 megawatts  
36 in size by 2020. There is widespread interest from many large  
37 institutional customers, including schools, colleges, universities,  
38 local governments, businesses, and the military, for development  
39 of renewable generation facilities to serve more than 33 percent  
40 of their energy needs. For these reasons, the Legislature agrees



1 that the Governor’s Clean Energy Jobs Plan represents a desired  
2 policy direction for the state. It is the intent of the Legislature that  
3 renewable generation that comes online as part of the Shared  
4 Renewable Energy Self-Generation Program is counted toward an  
5 electrical corporation’s efforts to implement the Governor’s Clean  
6 Energy Jobs Plan.

7 (d) Properly designed, shared renewable energy programs can  
8 provide access and cost savings to underserved communities, such  
9 as low- to moderate-income residents, and residential and  
10 commercial renters, while not shifting costs to nonbeneficiaries.

11 (e) While municipal utilities already have the authority to create  
12 their own shared renewable energy programs, only an act of the  
13 Legislature can empower the vast majority of California residents  
14 to be able to enjoy the significant benefits of shared renewable  
15 energy ~~systems~~, *systems*, while the state benefits from avoided  
16 transmission and distribution upgrades, avoided line loss, and  
17 cleaner air and water.

18 (f) Public institutions will benefit from the Shared Renewable  
19 Energy Self-Generation Program’s enhanced flexibility to  
20 participate in shared renewable energy facilities. Electricity usage  
21 is one of the most significant cost pressures facing public  
22 institutions at a time when they have been forced to cut essential  
23 programs, increase classroom sizes, and lay off teachers. Schools  
24 may use the savings for restoring funds for salaries, facility  
25 maintenance, and other budgetary needs.

26 (g) Shared renewable energy self-generation creates jobs,  
27 reduces emissions of greenhouse gases, and promotes energy  
28 independence.

29 (h) Many large energy users in California have pursued onsite  
30 renewable energy generation, but cannot achieve their goals due  
31 to rooftop or land space limitations, or size limits on net metering.  
32 The enactment of this chapter will create a mechanism whereby  
33 institutional customers such as military installations, universities,  
34 and local governments, as well as commercial customers and  
35 groups of individuals, can efficiently invest in generating electricity  
36 from renewable generation.

37 (i) Therefore, it is the intent of the legislature that this program  
38 be implemented in such a manner as to create a large, sustainable  
39 market for the purchase of an interest in offsite renewable

1 generation, while fairly compensating electrical corporations for  
 2 the services they provide.

3 (j) It is the further intent of the Legislature to preserve a thriving,  
 4 sustainable agricultural industry, and to ensure that the  
 5 development of renewable energy does not remove prime farmland  
 6 from productive use without a comprehensive public review  
 7 process.

8 (k) It is further the intent of the Legislature that the commission  
 9 minimize the rate impact the Shared Renewable Energy  
 10 Self-Generation Program has on nonbeneficiaries, with a goal of  
 11 ratepayer indifference. To the extent that the program imposes  
 12 incremental increases in rates, the commission shall determine the  
 13 appropriate way to allocate costs, which may include equitable  
 14 allocation of costs to all customers on a nonbypassable basis.

15 ~~2832.~~

16 2833. As used in this chapter, the following terms have the  
 17 following meanings:

18 (a) ~~“Benefitting—”~~*Benefiting* account” means one or more  
 19 electricity accounts designated to receive a bill credit pursuant to  
 20 Section 2834 and mutually agreed upon by the facility provider  
 21 and an electrical corporation.

22 (b) “Bill credit” means an amount of money credited each  
 23 month, or in an otherwise applicable billing period, to one or more  
 24 ~~benefitting~~ *benefiting* accounts based on the amount of the  
 25 electrical output of a shared renewable energy facility that is  
 26 assigned to the account pursuant to the methodology described in  
 27 Section 2834.

28 (c) “Default load aggregation point price” means a  
 29 commission-determined day-ahead price for electricity.

30 (d) “Energy component” means the generation portion of a  
 31 customer’s otherwise applicable tariff and any other portion of the  
 32 customer’s charges that the commission determines may be  
 33 appropriate to offset without resulting in a net cost shift to  
 34 nonbeneficiaries.

35 (e) “Facility rate” means the per kilowatthour rate assigned to  
 36 each facility built under the program, used to calculate the bill  
 37 credit pursuant to the method described in ~~subparagraph (A) of~~  
 38 ~~paragraph (7) of subdivision (a)~~ *paragraphs (1) to (3), inclusive,*  
 39 *of subdivision (b) of Section 2834.*

1 (f) “Interest” means a direct or indirect ownership, lease,  
2 subscription, or financing interest in a shared renewable energy  
3 facility that enables the participant to receive a bill credit for a  
4 retail account with the electrical corporation.

5 (g) “Local government” means a city, county, city and county,  
6 special district, school district, public water district, public  
7 irrigation district, county office of education, political subdivision,  
8 or other local governmental entity. For the purposes of this chapter,  
9 “water district” has the same meaning as defined in Section 20200  
10 of the Water Code, and “irrigation district” means an entity formed  
11 pursuant to the Irrigation District Law set forth in Division 11  
12 (commencing with Section 20500) of the Water Code.

13 (h) “Participant” means a retail customer of an electrical  
14 corporation who owns, leases, finances, or subscribes to an interest  
15 in a shared renewable energy facility and who has designated one  
16 or more of its own retail accounts as a ~~benefitting~~ *benefiting*  
17 account to which the interest shall be attributed.

18 (i) “Participant account” means a retail customer account with  
19 an electrical corporation to which a participant’s interest in a shared  
20 renewable energy facility shall be attributed.

21 (j) “Provider” means any entity whose purpose is to beneficially  
22 own or operate a shared renewable energy facility for the  
23 participants or owners of that facility, or to market an interest in  
24 the facility.

25 (k) “Program” means the Shared Renewable Energy  
26 Self-Generation Program established pursuant to this chapter.

27 (l) “Project” means the cumulative activities to build and make  
28 operational a shared renewable energy facility.

29 (m) “Renewable energy credit” has the same meaning as defined  
30 in Section 399.12.

31 (n) “Shared renewable energy facility” means a facility for the  
32 generation of electricity that meets all of the following  
33 requirements:

34 (1) Has a nameplate generating capacity of no more than 20  
35 megawatts of alternating current.

36 (2) Is an eligible renewable energy resource pursuant to the  
37 California Renewables Portfolio Standard Program (Article 16  
38 (commencing with Section 399.11) of Chapter 2.3 of Part 1).

39 (3) Has its electrical output measured by a production meter  
40 owned by the electrical corporation, that meets the tariff

1 requirements of the electrical corporation and the Independent  
2 System Operator, and that independently measures the electricity  
3 delivered to the grid by the facility.

4 (4) Is located within the service territory of a California electrical  
5 corporation.

6 (5) Has been interconnected with the electrical grid in  
7 compliance with the tariffs of the applicable interconnection  
8 authority.

9 (6) Is either the PVUSA facility, meaning the photovoltaic  
10 electricity generation facility selected by the City of Davis and  
11 located at 24662 County Road, Davis, California, or is a newly  
12 constructed renewable facility constructed pursuant to this chapter,  
13 beginning commercial operation on or after January 1, 2014.

14 (7) The provider has, where applicable, complied with all  
15 program rules and written notice procedures that may be required  
16 by the commission.

17 2834. (a) (1) A retail customer of an electrical corporation  
18 having 100,000 or more service connections within the state may  
19 acquire an interest in a shared renewable energy facility for the  
20 purpose of becoming a participant and shall designate one or more  
21 ~~benefitting~~ *benefiting* accounts to which the interest shall be  
22 attributed.

23 (2) To be eligible to be designated as a ~~benefitting~~ *benefiting*  
24 account, the account shall be for service to premises located within  
25 the geographical boundaries of the service territory of the electrical  
26 corporation containing the shared renewable energy facility.

27 (3) The participating customer’s bill credit may be used to offset  
28 all or a portion of the energy component of that customer’s  
29 electrical service, as provided in this chapter and in accordance  
30 with those rules that the commission may adopt.

31 (4) A participant shall not acquire an interest in a shared  
32 renewable energy facility that represents more than two megawatts  
33 of generating capacity or the equivalent amount, as denominated  
34 in kilowatt hours of energy. This limitation does not apply to a  
35 federal, state, or local government, school, school district, county  
36 office of education, the California Community Colleges, the  
37 California State University, or the University of California.

38 (b) The commission shall establish a facility rate for all shared  
39 renewable energy facilities, as follows:

1 (1) The commission shall undertake a comprehensive analysis  
2 of the costs and benefits associated with shared renewable energy  
3 generation to determine a facility rate for all facilities participating  
4 in the program that shall be based on the full value that the shared  
5 renewable energy generation provides. No later than December  
6 31, 2014, the commission shall adopt a methodology to calculate  
7 a facility rate for shared renewable energy.

8 (2) In order to ensure that the program becomes effective on  
9 January 1, 2014, an interim facility rate shall be set at the market  
10 price referent, as currently determined by the commission.

11 (3) The facility rate shall be set annually as a price per  
12 kilowatthour of electricity and shall be applied at the time the  
13 provider receives an award of capacity. Once established, a facility  
14 rate shall be applicable to that facility for the operational life of  
15 the facility, except as allowed in paragraph (1) of subdivision (c).

16 (4) The commission shall publish tariffs applicable to all  
17 participants per electrical corporation, as necessary, no later than  
18 90 days following the addition of this section.

19 (5) Any subsequent facility or a subsequent expansion of a  
20 facility placed in service on or after the initial award of rated  
21 generating capacity pursuant to paragraph (3) that results in an  
22 increase in the facility's capacity to produce electricity shall be  
23 subject to the facility rate in effect on the date the provider applied  
24 for an award of rated generating capacity for the subsequent facility  
25 or increase in the facility's capacity.

26 (6) The electrical corporation shall assign a monthly bill credit  
27 equal to the facility rate for each kilowatt hour of energy received  
28 to the ~~benefitting~~ *benefiting* account, as directed by the provider.  
29 The bill credit shall be applied to the energy component of the  
30 ~~benefitting~~ *benefiting* account.

31 (c) (1) The commission may revise the methodology for  
32 calculating facility rates at any time that it concludes that the  
33 existing mechanism does not provide program participants with  
34 the fair value of electricity and other benefits produced by the  
35 shared renewable energy facility or overvalues the benefits to  
36 nonparticipating customers of the electrical corporation for the  
37 electricity generated by a shared renewable energy facility. Any  
38 revision to the methodology for calculating the facility rate shall  
39 apply to all new program capacity and shall also apply to existing

1 program capacity provided the change results in an increase to the  
2 facility rate.

3 (2) Any renewable energy credits associated with an interest  
4 shall be retired by either the provider or electrical corporation, as  
5 they may agree, on behalf of the participant or transferred to the  
6 Western Renewable Energy Generation Information System  
7 account of that participant, for the purpose of demonstrating the  
8 purchase of renewable energy. Those renewable energy credits  
9 shall not be further sold, transferred, or otherwise monetized by a  
10 party for any purpose. Renewable energy credits associated with  
11 electricity paid for by the electrical corporation shall be counted  
12 toward meeting that electrical corporation's renewables portfolio  
13 standard. For purposes of this subdivision, "renewable energy  
14 credit" and "renewables portfolio standard" have the same  
15 meanings as defined in Section 399.12.

16 (3) For energy that is unallocated to a ~~benefitting~~ *benefiting*  
17 account during the previous billing period, the recipient electrical  
18 corporation shall pay the provider the current default load  
19 aggregation point price plus the renewable energy credit value and  
20 receive any renewable energy credits associated with that energy.

21 (d) (1) A pilot program of 1000 megawatts of alternating current  
22 rated nameplate generating capacity of shared renewable energy  
23 facilities shall be made available during the 18-month period  
24 beginning January 1, 2014, and ending July 1 2015. Each electrical  
25 corporation's proportionate share of the program's total capacity  
26 shall be calculated based on the ratio of the electrical corporation's  
27 peak demand compared to the total statewide peak demand.

28 (2) On or before March 1, 2014, each electrical corporation  
29 shall submit a proposal to the commission for how to allocate the  
30 initial available capacity. Within 60 days of receipt of these  
31 proposals, the commission shall adopt rules for the allocation of  
32 the initial available capacity amongst the electrical corporations  
33 and to establish a transparent process for evaluating and ranking  
34 applications for shared renewable energy facility projects and  
35 awarding the initial capacity to those projects.

36 (3) Of the initial pilot program capacity:

37 (A) Twenty percent shall be reserved for projects of a size no  
38 greater than one megawatt of alternating current, constructed in  
39 areas previously identified by the California Environmental  
40 Protection Agency as the most impacted and disadvantaged

1 communities for opportunities related to this chapter. These  
2 communities shall be identified as census tracts that are identified  
3 within the top 20 percent of results from the best available  
4 cumulative impact screening methodology by considering the  
5 following categories:

6 (i) Areas disproportionately affected by environmental pollution  
7 and other hazards that can lead to negative public health effects,  
8 exposure, or environmental degradation.

9 (ii) Areas with socioeconomic vulnerability.

10 (B) Twenty percent shall be reserved for initial subscription by  
11 residential customers.

12 (4) No shared renewable energy facilities under this program  
13 may be sited on lands that have held, within the previous five years,  
14 a land use designation of prime farmland as defined by the  
15 Department of Conservation's Farmland Mapping and Monitoring  
16 Program pursuant to Section 65570 of the Government Code,  
17 except when the designation has been reclassified to one congruent  
18 to the use of the site for the purposes of this chapter by either the  
19 Farmland Mapping and Monitoring Program, or via a public  
20 process conducted by the relevant local land use management  
21 planning authority.

22 (e) Each electrical corporation shall make awards allocating  
23 rated generating capacity pursuant to the program in the following  
24 manner:

25 (1) (A) Each electrical corporation shall, by March 1, 2014,  
26 submit a proposed standard contract with providers for commission  
27 approval. The commission shall utilize the Tier 2 advice letter  
28 procedure for approval of a standard contract submitted by an  
29 electrical corporation.

30 (B) The proposed standard contract shall be based on the  
31 electrical corporation's standard contract used for the commission's  
32 most recently approved renewable auction mechanism program.  
33 Each electrical corporation shall modify the contract to eliminate  
34 language irrelevant to this program, including, but not limited to,  
35 compensation and monthly payments, operating and development  
36 security, and time-of-day periods.

37 (2) A provider wishing to build a shared renewable energy  
38 facility shall remit a nonrefundable administrative fee of one dollar  
39 and fifty cents (\$1.50) per kilowatt of rated generating capacity to  
40 the electrical corporation with its application for an allocation of

1 capacity. At any time, the commission shall have the authority to  
2 modify the rated generating capacity allocation mechanism,  
3 including, but not limited to, creating project ranking criteria,  
4 setting deposit requirements, and creating an award allocation  
5 methodology for prospective projects.

6 (3) A provider shall meet the following benchmarks and  
7 timelines for construction and operation of a shared renewable  
8 energy facility. Failure to do so shall result in the provider  
9 forfeiting the rated generating capacity awarded to it.

10 (A) The provider shall issue an unrestricted notice to proceed  
11 with construction of the shared renewable energy facility within  
12 180 days of the provider receiving an award allocating rated  
13 generating capacity from the electrical corporation.

14 (B) The shared renewable energy facility shall achieve  
15 commercial operation within 24 months of receiving an award  
16 allocating rated generating capacity pursuant to this subdivision.

17 (C) A provider shall receive an extension because of  
18 interconnection delays that are outside the provider's control, for  
19 a maximum extension of six months.

20 (D) A provider may receive a six-month extension for  
21 noninterconnection factors outside the control of the provider.

22 (4) The electrical corporation shall ensure that no single entity  
23 or its affiliates or subsidiaries is awarded more than 20 percent of  
24 any single calendar year's total cumulative rated generating  
25 capacity made available pursuant to this program.

26 (5) The commission shall maintain a public database of facility  
27 rates for shared renewable energy facilities that have achieved  
28 commercial operation.

29 (f) (1) Once the initial 1000 megawatts of cumulative rated  
30 generating capacity has been awarded for shared renewable energy  
31 facility projects, the commission shall evaluate the functioning of  
32 the program.

33 (2) By July 1, 2015, the commission shall conclude an evaluation  
34 of the program to date, to determine if the goals of the program  
35 are being met, including, but not limited to, the goals of increasing  
36 access to renewable power and ensuring nonbeneficiary ratepayer  
37 indifference.

38 (3) Unless the commission determines that the program goals  
39 are not being met per the goals and timetable identified in  
40 paragraph (1) of subdivision (d), the commission shall authorize



1 additional capacity to be made available under this program in  
2 keeping with the stated legislative intent, and determine the  
3 capacity allocation and manner of participation by residential  
4 customers *specified in subparagraph (B) of paragraph (3) of*  
5 *subdivision (d)* and the capacity allocation for developing projects  
6 in areas specified in subparagraph (A) of paragraph (3) of  
7 subdivision (d).

8 (4) If the commission determines that one or more of the goals  
9 are not being met, the commission shall revise the program prior  
10 to authorizing additional capacity. Revisions may include  
11 increasing customer disclosure information or other safeguards to  
12 ensure customer protection, revising capacity set-asides for  
13 customer classes or project sizes to increase customer access to  
14 the program, alterations in the bill credit mechanism in paragraph  
15 (1) of subdivision (c) to ensure shared renewable energy facilities  
16 are financially viable through this program while ensuring that all  
17 ratepayers are paying for the benefits they receive from this  
18 program, or other revisions the commission deems necessary to  
19 ensure the program goals can be met. After the commission has  
20 revised the program, the commission may authorize additional  
21 capacity to be released provided in accordance with paragraph (2)  
22 of subdivision (d).

23 (5) Following completion of the pilot program, the commission  
24 may evaluate the program at any time, either on its own motion  
25 or upon motion by an interested party, and may modify or adopt  
26 any rules it determines to be necessary or convenient to ensure  
27 that program goals can be met.

28 (6) An electrical corporation shall comply with the requirements  
29 applicable to protection of the right to commercial free speech  
30 described in Commission Decision 10-05-050 as applied to the  
31 development, sale of subscriptions, and operation of shared  
32 renewable energy facilities. Shared renewable energy facilities  
33 may file a complaint with the commission for violation of this  
34 paragraph.

35 (7) If requested by a city, county, or city and county, an  
36 electrical corporation shall annually provide the city, county, or  
37 city and county with the annual total generation of each shared  
38 renewable energy facility in that local jurisdiction and the annual  
39 aggregated total generation, by fuel type, allocated to ~~benefiting~~  
40 *benefiting* accounts in that local jurisdiction from all shared

1 renewable energy facilities, regardless of their location. The  
 2 ~~benefitting~~ *benefiting* account data shall be aggregated in a manner  
 3 determined by the commission to protect customer privacy and to  
 4 provide a city, county, or city and county with the information  
 5 necessary to calculate greenhouse gas emissions from energy  
 6 consumption within its jurisdiction supplied by shared renewable  
 7 energy facilities. The commission may develop alternative methods  
 8 to enable the sharing of annual total generation information.

9 (g) (1) The tariff applicable to a participant shall remain the  
 10 same, with respect to rate structure, all retail rate components, and  
 11 any monthly charges, to the charges that the participant would be  
 12 assigned if the participant did not receive a bill credit. Participants  
 13 shall not be assessed standby charges on the shared renewable  
 14 energy facility or the kilowatthour generation of a shared renewable  
 15 energy facility.

16 (2) Prior to the sale or resale of an interest in a shared renewable  
 17 energy facility, the provider or the participant, or both, shall  
 18 provide a disclosure to the potential participant that, at a minimum,  
 19 includes all of the following:

20 (A) A good faith estimate of the annual kilowatthours to be  
 21 delivered by the shared renewable energy facility based on the size  
 22 of the interest.

23 (B) A plain language explanation of the terms under which the  
 24 bill credits will be calculated.

25 (C) A plain language explanation of the contract provisions  
 26 regulating the disposition or transfer of the interest.

27 (D) A plain language explanation of the costs and benefits to  
 28 the potential participant based on its current usage and applicable  
 29 tariff, for the term of the proposed contract.

30 (3) Not more frequently than once per month, and upon  
 31 providing the electrical corporation with a minimum of 30 days'  
 32 notice, the participant organization may change, add, or remove a  
 33 ~~benefitting~~ *benefiting* account. If the owner of a ~~benefitting~~  
 34 *benefiting* account transfers service to a new address or ~~benefitting~~  
 35 *benefiting* account, the electrical corporation shall transfer any  
 36 credit remaining from the previous account to the new account.

37 (4) A provider shall be responsible for providing to the electrical  
 38 corporation, on a monthly basis, a statement of the kilowatthours  
 39 allocated to each participant to be used to determine the bill credit  
 40 to each ~~benefitting~~ *benefiting* account. If there has been no change

1 in the allocations from the previous submission, the provider is  
2 not required to submit a new statement. An electrical corporation  
3 may rely on the statement of kilowatthours allocated to each  
4 participant, as provided by the provider, in implementing the  
5 requirements of this chapter.

6 (5) The provider shall provide real-time meter data to the  
7 electrical corporation and shall make the data available to a  
8 participant upon request. A provider shall be responsible for all  
9 costs of metering and shall retain production data for a period of  
10 36 months.

11 (6) A provider shall provide to the electrical corporation  
12 information on the identity of the ~~benefitting~~ *benefiting* accounts  
13 that will receive a bill credit pursuant to this section not less than  
14 30 days prior to the billing cycle for which the participant's account  
15 will receive a bill credit.

16 (7) A provider shall provide not less than 60 days' notice to the  
17 electrical corporation prior to the date the shared renewable energy  
18 facility becomes operational and shall execute all necessary  
19 interconnection agreements, participation, and surplus sale  
20 agreements with the electrical corporation and the Independent  
21 System Operator on a schedule required by those entities.

22 (8) Unless the electrical corporation will be registering  
23 renewable energy credits on behalf of the participant, the provider  
24 shall establish an account and register the shared renewable energy  
25 facility with the Western Renewable Energy Generation  
26 Information System or its successor.

27 (9) The provider's interconnection process and cost allocation  
28 for facilities built under this section shall be determined by  
29 applicable rules for interconnection established by the commission  
30 and the Independent System Operator.

31 (10) An electrical corporation shall ensure that requests for  
32 establishment of bill credits and changes to ~~benefitting~~ *benefiting*  
33 accounts are processed in a time period not to exceed 30 days from  
34 the date it receives the request.

35 (11) An electrical corporation shall cooperate fully with shared  
36 renewable energy facilities to implement this chapter.

37 (12) The commission shall not regulate the prices paid by the  
38 participant for an interest in a shared renewable energy facility,  
39 but may enforce the required disclosures, and may establish rules  
40 applicable to providers to ensure consumer protection. Any

1 interested person or corporation may file a complaint with the  
2 commission contending that a provider or electrical corporation  
3 is not complying with any requirement of this chapter and seek an  
4 order of the commission to enforce the requirements of this chapter  
5 and to take whatever steps are necessary to ensure consumer  
6 protection and compliance with the requirements of this chapter.

7 (h) (1) The electrical corporation may petition the commission  
8 to incorporate in its bill those charges by the provider to  
9 participants, provided that the electrical corporation recovers all  
10 incremental costs of providing that service and provided that the  
11 provider elects to use this service.

12 (2) Unless the electrical corporation elects to provide the service  
13 of incorporating in its bill those charges by the provider to the  
14 participant pursuant to paragraph (3), the following process shall  
15 be used when billing and crediting a ~~benefitting~~ *benefiting* account:

16 (A) An electrical corporation shall bill a ~~benefitting~~ *benefiting*  
17 account for all electricity usage, and for each applicable bill  
18 component, including, but not limited to, transmission and  
19 distribution charges, at the rate schedule applicable to the  
20 ~~benefitting~~ *benefiting* account, including any cost-responsibility  
21 surcharge or other cost recovery mechanism, as determined by the  
22 commission, to reimburse the Department of Water Resources for  
23 purchases of electricity pursuant to Division 27 (commencing with  
24 Section 80000) of the Water Code. Participants shall not be subject  
25 to any departing load charge.

26 (B) An electrical corporation shall subtract the bill credit  
27 applicable to the ~~benefitting~~ *benefiting* account monthly. The  
28 electrical corporation shall ensure that the participant receives the  
29 full bill credit to which it is entitled. The information and line items  
30 on a participant's bill statement will be unchanged, except one or  
31 more entries detailing the bill credit that shall be added to a  
32 participant's bill.

33 (C) If, at the end of each billing cycle, the total otherwise  
34 applicable energy component of the bill exceeds the bill credit,  
35 the ~~benefitting~~ *benefiting* account shall be billed for the difference.

36 (D) If, at the end of a billing cycle, the bill credit exceeds the  
37 energy component of the amount billed to the account, the  
38 difference shall be carried forward as a dollar credit to the next  
39 billing cycle. Any earned credit that exceeds the energy component  
40 of the bill shall roll over to the subsequent billing period and shall

1 continue to roll over until used or until the annual anniversary date  
2 of the participant's initial bill credit, whichever occurs first. On  
3 the annual anniversary date of the participant's initial bill credit,  
4 any remaining bill credit earned during the previous year and that  
5 remains after the application of bill credits to the energy component  
6 of a participant's bills shall cease to roll over and will be subject  
7 to a default load aggregation point price true-up. The default load  
8 aggregation point price true-up shall be calculated by converting  
9 the remaining unused bill credits to kilowatthours, by dividing the  
10 unused bill credits by the monetary value of a bill credit, and then  
11 multiplying the kilowatthours by the default load aggregation point  
12 price. The amount calculated doing the default load aggregation  
13 point price true-up is owed by the electrical corporation to the  
14 participant. The commission shall determine whether the default  
15 load aggregation point price true-up is to be paid to participants  
16 or credited to future billings and, if so, the manner of crediting.

17 (3) If the electrical corporation elects to incorporate in its bill  
18 those charges by the provider to the participant, the following  
19 process shall be used for the bundled electric service customers  
20 of the electrical corporation:

21 (A) The provider shall convey ownership of the electricity  
22 generated by the shared renewable energy facility that passes  
23 through the meter and is delivered to the transmission or  
24 distribution grid (delivered electricity) to the electrical corporation  
25 under terms and conditions determined between the provider and  
26 the electrical corporation, pursuant to paragraph ~~(6)~~ (1) of  
27 subdivision ~~(e)~~ (e).

28 (B) Unsubscribed delivered electricity shall be sold to the  
29 electrical corporation at the default load aggregation point price  
30 plus the renewable energy credit value. The electrical corporation  
31 shall receive credit under the California Renewable Portfolio  
32 Standard Program (Article 16 (commencing with Section 399.11)  
33 of Chapter 2.3 of Part 1) for all delivered electricity purchased  
34 pursuant to this subparagraph, without the need for further  
35 qualifying action.

36 (C) The electrical corporation shall charge the participant for  
37 service under each ~~benefiting~~ *benefiting* account at the electrical  
38 corporation's otherwise applicable tariff.

39 (D) The electrical corporation shall provide the participant with  
40 a bill credit based on the allocated share of delivered electricity

1 and shall collect revenue from the participant commensurate with  
2 the participant's contract with the provider.

3 (E) The electrical corporation, within 60 days, shall remit to the  
4 participant organization the revenue collected from participants  
5 through billings pursuant to subparagraph (D).

6 (4) Nothing in paragraph ~~(4)~~ (3) requires a particular bill format  
7 or the inclusion of any specific separate billing line items.

8 (5) The commission shall, by January 1, 2015, determine  
9 whether customers participating in direct transactions may receive  
10 bill credits equivalent to what would be provided to bundled  
11 electric service customers of a participating electrical corporation  
12 pursuant to this chapter, and, if so, shall implement rules and  
13 procedures for enabling those transactions. These particular  
14 transactions may include those with an electric service provider  
15 that does not provide distribution services, customers receiving  
16 electric service through a shared choice aggregation program, and  
17 customers of a local publicly owned utility that receive distribution  
18 service from an electrical corporation having 100,000 or more  
19 service connections in California.

20 (i) (1) To ensure the maximum systemic benefit from shared  
21 renewable energy facilities under this chapter, electrical  
22 corporations shall provide to the commission, prior to the release  
23 of capacity, maps indicating locations in their service territory  
24 where the addition of capacity would reduce line loss, lower  
25 transmission capacity constraints, and defer or avoid transmission  
26 and distribution network upgrades and construction. The  
27 commission may adopt guidance in determining criteria for the  
28 awarding of capacity in a manner as to reflect these benefits.

29 (2) Before December 31, 2015, the commission shall complete  
30 an evaluation of whether the program causes any incremental rate  
31 impacts. If the commission finds rate impacts, it will determine  
32 whether and how to allocate these costs equitably to all program  
33 participants, or instead recover on a fully nonbypassable basis  
34 from all customers receiving distribution service from an electrical  
35 corporation, including ratepayers with rates that are otherwise  
36 subject to rate increase limitations pursuant to Section 739.9, but  
37 excluding customers in the California Alternate Rates for Energy  
38 (CARE) or family electric rate assistance (FERA) programs.

39 (3) On or before February 1, 2016, the commission shall require  
40 each electrical corporation to file with the commission, for its

1 approval, any revisions to its tariffs, rates, and rate design as are  
2 necessary to ensure an equitable allocation to all customers,  
3 consistent with the commission’s evaluation.

4 (4) The commission shall ensure full and timely recovery of all  
5 reasonable costs incurred by an electrical corporation to implement  
6 the program, including reasonable expenses for changes to its  
7 billing system and handling of collections, and shall determine the  
8 appropriate method of allocating those costs. The commission  
9 shall approve a memorandum account to track billing system and  
10 implementation costs, as well as revenue from provider project  
11 applications, and may not direct an electrical corporation to conduct  
12 any billing system work prior to approval of the memorandum  
13 account.

14 (5) In calculating its procurement requirements to meet the  
15 requirements of the California Renewables Portfolio Standard  
16 Program (Article 16 (commencing with Section 399.11) of Chapter  
17 2.3 of Part 1), an electrical corporation may exclude from total  
18 retail sales the kilowatthours generated by a shared renewable  
19 energy facility commencing with the point in time at which the  
20 facility achieves commercial operation.

21 (6) The local and system resource adequacy value attributable  
22 to a shared renewable energy facility, as determined by the  
23 commission pursuant to Section 380, shall be assigned to the  
24 electrical corporation to which the facility is interconnected.

25 ~~SEC. 7.~~

26 *SEC. 6.* No reimbursement is required by this act pursuant to  
27 Section 6 of Article XIII B of the California Constitution because  
28 the only costs that may be incurred by a local agency or school  
29 district will be incurred because this act creates a new crime or  
30 infraction, eliminates a crime or infraction, or changes the penalty  
31 for a crime or infraction, within the meaning of Section 17556 of  
32 the Government Code, or changes the definition of a crime within  
33 the meaning of Section 6 of Article XIII B of the California  
34 Constitution.