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Senate Bill 594 Net Energy Metering Aggregation *By Senator Lois Wolk*

Bill Summary

SB 594 would allow all Net Energy Metering (NEM) customers with multiple electrical accounts to aggregate the electrical load of all the meters located on the property where their renewable energy system is located or on property contiguous to the renewable system. This will allow a customer to install one renewable energy facility sized to serve their entire on-site load (up to one megawatt) instead of installing separate facilities at each meter. This is particularly important for agricultural and commercial customers who can have several meters.

Background and Analysis

California is seeking to reduce its greenhouse gas emissions to 1990 levels by 2020, with over a quarter of those reductions coming from the energy sector, and has adopted a 33% Renewable Portfolio Standard goal. Governor Jerry Brown has also called for 12,000 megawatts of new distributed generation in California. To achieve these goals, the Legislature had created several renewable energy programs. Some are designed to facilitate large, utility scale energy systems, while others, like the NEM program, promote small-scale distributed energy production.

NEM allows customers to install clean, renewable energy systems on-site for the purpose of generating power and receiving a financial credit on their utility bill for that power at the full retail rate. This rate compensates customers for the power they generate without requiring their power use to coincide with their system's production. This program is capped at 5% of each utility's peak demand, meaning utilities must allow customers to install these distributed generation systems and credit their bills until the power generated by the facilities in the utility territory equals 5% of the overall peak customer demand.

NEM is an important tool for reaching our renewable energy goals; however, significant obstacles continue to block some customers from efficiently and economically participating in the program. Specifically, customers with multiple meters, for example, farmers with separate meters for each of their irrigation pumps and other functions, are currently required to have separate renewable facilities for each meter to utilize NEM. This is incredibly costly and inefficient. Nor does it allow the ability to optimize the location of the renewable facility on the property, since the incentive is to join the facility with the largest energy usage. SB 594 removes this obstacle by allowing customers to aggregate all the energy consumed at each of their meters located on the same property as the renewable energy facility, or on their contiguous property, and net that use against the power produced at a single renewable facility. These customers would still be required to follow all the rules and limitations currently in place for the NEM program, including the program's 5% cap and limiting the system size to meet the load of the meters on-site, with an overall system size limit of one megawatt.

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