

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** May 5, 2009  
**POSITION:** Neutral

**BILL NUMBER:** SB 7  
**AUTHOR:** P. Wiggins

**BILL SUMMARY: Renewable Energy Sources: Net Metering**

This bill would require an electrical distribution utility or cooperative to allow eligible energy generation customers to apply for kilowatt-hour credits on net surplus electricity generated during the following 24 months. This bill also requires a report, by June 30, 2010, on the costs and benefits of various metering programs and the impacts of excess energy and credit generation.

**FISCAL SUMMARY**

According to the Energy Commission, there is no fiscal impact to the state.

**COMMENTS**

Finance is neutral on this bill because it would have no state fiscal impact, but we are concerned that it would require utilities to compensate customers at a rate that may exceed its value. If this occurs, other utility customers will effectively end up providing an unjustified subsidy to certain solar providers.

Existing law:

- Electrical distribution utilities or cooperatives are not required to compensate customers who generate surplus energy to the grid.
- The commission, in consultation with the Energy Commission, must submit a report to the Governor and the Legislature by January 1, 2010, on the costs and benefits of net energy metering, wind energy co-metering, and co-energy metering on customers. The report must be accompanied by alternative options that are more equitable to the current programs.

This bill:

- Would allow customers who generate surplus energy to apply for credits.
- Extends the report deadline by 6 months and add a requirement that the report evaluate the impact of excess kilowatt-hours and credits on the time-of-use rates on participating and nonparticipating customers.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code
	SO	LA	CO	PROP	FC	FC	FC	FC	
	(Dollars in Thousands)								
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	
8660/PUC	SO	No		-----	No/Minor	Fiscal Impact	-----		0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)

