Legislative and Regulatory Update

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Legislative Update

Pre-2002 State Legislation

- **2000 Bills**
  - AB 970 – Creates utility buy-down program (SGIP)

- **2001 Bills**
  - AB 1X29 – Temporary net metering expansion
  - SB 1X28 – Standby waivers for certain DG on-line between 5/1/01 and either 9/1/02 or (if ultra-clean or cogen) 6/1/03
Legislative Update

Legislation Enacted 2002

- **AB 58** – Extends expanded net metering
  - Applicable to solar/wind DG up to 1 MW
  - Wind greater than 50 kW receives generation-only credit
  - Public purpose program charge applies to displaced usage
  - Utilities generally required to interconnect within 30 business days of receipt of complete application package or provide required reports
  - Aggregate limit of net metered MW equal to one-half of 1% of PG&E’s system-wide peak demand

- **AB 2228** – Gen-only net metering for biogas digester DG units
Legislative Update

2003 Legislative Activity

- **AB 1407** — Public entities must certify compliance with requirements imposed by permitting authorities when applying to state-sponsored grant programs for solar energy (e.g. SGIP)

- **AB 1214** — Gen-only net metering for fuel cells—Waiting for Governor’s signature

- **AB 1685** — Three-year extension of SGIP through 12/31/07; also adds emissions requirements (waiting for Governor’s signature)
Regulatory Update

Standby Waiver Decision 03-04-060 (April 2003)

- SB 1X28 (2001) temporarily waived standby charges for certain new DG units
  - Must be <= 5 MW, serve on-site or Over-the-Fence (OTF) loads, meet emissions standards, and come on-line before either 9/1/02 or (if ultra-clean or cogen) 6/1/03
  - Waiver expires 6/1/06 or (if ultra-clean or cogen) 6/1/11

- Decision 03-04-060 extended on-line deadlines for ultra-clean to 12/31/05 and for cogen and renewables to 12/31/04; no extension for other types of DG

- CPUC decision made no changes to waiver expiration dates
Regulatory Update

Departing Load NBC Decision 03-04-030 (April 2003)

- DG displaces usage and constitutes “departing load”
- CPUC objective: develop non-bypassable charges (NBCs) to recover DWR costs and avoid cost-shifting to bundled customers
- Policy trade-off facing CPUC: fairness to other utility customers vs. possible desire to encourage certain DG technologies (e.g., super-clean, cogen)
- CPUC decision: fairly complicated set of exemptions from the various DWR-related charges depending upon the type of DG technology and its size
  - Some exemptions available only if aggregate DG installations statewide are less than a 3,000 MW cap
  - CEC responsible for tracking DG installations and ensuring cap not exceeded
- Other NBCs (e.g., CTC, public purpose and nuclear decommissioning charges) may also apply
## Departing Load Obligations of Existing PG&E Customers Who Displace Usage with DG*

<table>
<thead>
<tr>
<th>Situation</th>
<th>DWR Bond Charge</th>
<th>DWR Power Charge</th>
<th>Ongoing CTC</th>
<th>Public Purpose Program Charge</th>
<th>Nuclear Decommissioning Charge</th>
<th>Fixed Transition Amount/Trust Transfer Amount Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1: &lt; 1 MW and either net-metered or eligible for SGIP or CEC buy-down program</td>
<td>No</td>
<td>No</td>
<td>Yes, unless net metered and obtains permits by 12/31/02 and completes construction by 9/30/03</td>
<td>Yes, unless net metered</td>
<td>Yes, unless net metered</td>
<td>Yes, if residential or small commercial</td>
</tr>
<tr>
<td>Category 2: &gt;= 1 MW but &quot;ultra-clean and low emission&quot;</td>
<td>Yes</td>
<td>No, subject to limitations of aggregate statewide cap</td>
<td>Yes, unless cogeneration</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, if residential or small commercial</td>
</tr>
<tr>
<td>Category 3: all other DG units (excluding diesel and those that cannot meet BACT)</td>
<td>Yes</td>
<td>No, subject to limitations of aggregate statewide cap</td>
<td>Yes, unless cogeneration</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, if residential or small commercial</td>
</tr>
<tr>
<td>Diesel/Non-BACT DG</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, if residential or small commercial</td>
</tr>
</tbody>
</table>

* Summary For Use Only As A Quick Information Guide: Does Not Supercede Relevant Tariffs, Legislation, and CPUC Decisions