SENATE COMMITTEE ON APPROPRIATIONS
Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

SB 288 (Wiener) - Electricity: renewable resource self-generation and storage

Version: May 1, 2019
Urgency: No
Hearing Date: May 13, 2019

Policy Vote: E., U., & C. 11 - 0
Mandate: Yes
Consultant: Paul Jacobs

Bill Summary: This bill would require a number of provisions to support the deployment of customer-sited distributed energy resources, specifically energy storage systems, including requiring electric utilities to establish standardized processes to interconnect to the electric grid, requiring new tariffs and compensation to sell stored energy to the grid and into the wholesale electricity market.

Fiscal Impact:

- Ongoing special fund costs (PUC Utilities Reimbursement Account) of around $1 million annually for the California Public Utilities Commission (CPUC) to conduct proceedings and create reports, among other requirements in the bill.
- Ongoing special fund costs (Energy Resources Program Account) of around $150,000 annually for the California Energy Commission for rulemaking, collecting and verifying data, and completing a report annually.

Background: Investor-owned utilities (IOUs) and publicly-owned utilities (POUs) own the utility lines that serve local areas, also known as the distribution grid. The interconnection is the physical connection between a distributed energy resource (DER) and the grid. Disputes can arise when the utility who owns, manages, and maintains the grid won't connect DERs projects. A typical dispute occurs when the utility requires system improvements for safety purposes and the DERs may object to some or all of the costs of the improvements.

CPUC's Electric Tariff Rule 21 is a tariff that describes the interconnection, operating and metering requirements for generation facilities to be connected to a utility's distribution system. The tariff provides customers wishing to install generating or storage facilities (types of DERs) on their premises with access to the electric grid while protecting the safety and reliability of the distribution and transmission systems at the local and system levels. As with most tariffs, each IOU is responsible for administration of Rule 21 in its service territory and maintains its own version of the rule.

Customers who install small solar, wind, biogas, and fuel cell generation facilities to serve all or a portion of onsite electricity needs are eligible for the state's net metering program (NEM). NEM allows customers who generate their own energy ("customer-generators") to serve their energy needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility. Additionally, CPUC established the self-generation incentive program (SGIP) established incentives for distributed generation resources. The program provides incentives for installation of DERs that are located at a customer's side of the meter and sized no larger than what is needed to meet on-site energy needs. SGIP provides rebates for qualifying distributed energy systems installed on the customer's side of the utility meter. While SGIP has provided incentives for a variety of DERs, the program largely focuses on energy storage systems.

Proposed Law: This bill:

1. Requires the CPUC, on or before June 1, 2020, and on or before June 1 of each year thereafter, to submit an annual report evaluating electrical corporations' performance of interconnection review to the Legislature, including specified data.

2. Requires the CEC, on or before June 1, 2020, and on or before June 1 of each year thereafter, to submit an annual report evaluating POUs' performance of interconnection review to the Legislature containing specified data.

3. Requires the CPUC and CEC to establish for the electrical corporations and POUs, respectively, a streamlined and standardized process for reviewing by those utilities of interconnection requests for customers seeking to install renewable energy and energy storage systems on the customer side of the meter to minimize uncertainty, the time and cost of the review, as specified.

4. Requires the CPUC and the governing board of certain POUs, by January 1, 2021, to, among other things, create one or more tariffs that offer fair compensation for customer-sited energy storage systems that export electricity to the electrical grid and to consider one or more tariffs for customer-sited energy storage and renewable energy renewable energy and energy storage systems to support grid reliability and community resiliency in the event of emergencies or grid outages.

5. Requires CPUC and the governing board of each local publicly owned electric utility to establish a streamlined and standardized process for the review of interconnection requests for customers seeking to install renewable energy and energy storage systems on the customer side of the point of interconnection to minimize uncertainty and the amount of time and cost of the review while maintaining electric system safety and reliability.

6. Requires the CPUC and the governing board of certain POUs to ensure that customers with onsite customer-sited renewable energy or energy storage systems can take certain related actions and are not subject to discriminatory fees or charges.

Staff Comments: According to CPUC, this bill would create fairly extensive new workload for the commission as follows:

- extending the current or creating a new Rule 21 proceeding
- create a new Legislative report on all customer-side interconnections
- develop a process for resolution of interconnection disputes
- potentially approve and oversee the electrical corporations' administration of tariffs

According to CEC, funding for the requirements in this bill will come from the Energy Resources Program Account, which is in a structural deficit and cannot absorb new costs.

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