MEETING NOTICE
AND AGENDA

ENERGY WORKING GROUP

The Energy Working Group may take action on any item appearing on this agenda.

March 24, 2005
11:30 a.m. to 2 p.m.

SANDAG, 7th Floor Conference Room
401 B Street, Suite 800
San Diego, CA 92101-4231

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ENERGY WORKING GROUP
March 24, 2005

ITEM #

1. WELCOME AND INTRODUCTIONS

APPROVE

+2. JANUARY 27, 2005 MEETING SUMMARY

APPROVE

Attached is the summary from the January 27, 2005 Energy Working Group (EWG) meeting. Please review and provide any comments on the summary.

3. COMMENTS AND COMMUNICATIONS

DISCUSSION

Anyone who wants to address the EWG on topics not on the agenda should do so at this time.

+4. REPORTS FROM EWG SUBCOMMITTEES

DISCUSSION/
POSSIBLE ACTION

The EWG Subcommittee chairs will report on issues addressed at their subcommittee meetings.

A) Policy Subcommittee
Alan Ball will provide an overview of the issues that have been addressed by the Policy Subcommittee.

B) Resources Subcommittee
The Resources Subcommittee will provide an update on the Energy Efficiency Pilot Program that has been developed over the past several months. A Pilot city has been selected and the program will be developed which should enable other jurisdictions to utilize these energy efficiency programs.

C) Funding Subcommittee
The Funding Subcommittee will provide an overview of the status of future funding to sustain the EWG.

5. UPDATE ON CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) PROCEEDINGS

DISCUSSION/
POSSIBLE ACTION

Over the past several months, the EWG has addressed the Department of Water Resources (DWR) cost shift decision and the Critical Peak Pricing (CPP) proposed rate structure. Representatives from SDG&E will provide an update on the status of those decisions.

An update on the Program Advisory Group (PAG) that is providing input on the portfolio of energy efficiency programs will be provided. Several EWG members also serve on the PAG.
6. TRANSMISSION WORKSHOP AND POTENTIAL UPCOMING WORKSHOP TOPICS

The EWG hosted the San Diego Region Transmission Workshop on March 15, 2005. A wrap-up of the workshop will be provided and the EWG will be presented with potential future topics for upcoming workshops.

+7. CALIFORNIA CLIMATE CHANGE ACTIVITIES

The EWG Policy Subcommittee recommended that SANDAG join the California Climate Action Registry. SANDAG would be eligible as an affiliate member which is described in the agenda attachment.

+8. LEGISLATIVE UPDATE

The EWG Policy Subcommittee recommended that staff provide a summary of SB 816 (Kehoe), a net-metering bill. Net metering allows customers to connect PV and wind generation systems directly to the utility’s distribution system up to 0.5 percent of the utility’s aggregate customer peak demand. SB 816 would increase the cap to 1.5 percent of the utility’s aggregate customer peak demand. A summary of SB 816 is attached to the agenda. The EWG should discuss recommending a position on the Bill to the Regional Planning Committee and the SANDAG Board.

A summary of the Governor’s energy package and additional solar bills will be provided at the meeting.

+ next to an agenda item indicates an attachment.
February 2, 2005

TO: Energy Working Group

FROM: SANDAG Staff

SUBJECT: January 27, 2005 Meeting Summary

Members in Attendance
Councilmember Henry Abarbanel, North County Coastal
Mayor Pro Tem Bob Campbell, North inland Cities
Councilmember Donna Frye, City of San Diego (Alternate)
Robb Anderson, San Diego Gas & Electric (Alternate)
Alan Ball, Qualcomm (Alternate)
Jerry Jones, RPC Liaison
Jennifer Porter, San Diego Regional Chamber of Commerce (Alternate)
Irene Stillings, San Diego Regional Energy office
Dr. Alan Sweedler, San Diego State University Foundation
Ralph Torres, DOD/NAVY
Steve Zolezzi, Food & Beverage Association

Others in Attendance
Athena Besa, San Diego Gas & Electric
Tom Blair, City of San Diego
Nicole Capretz, Councilmember Frye’s Office
John Dilliott, University of California San Diego
Susan Freedman, San Diego Regional Energy Office
Linda Giannelli Pratt, City of San Diego - ESD
Alexandra Hart, IBEW, Local 569 / JA Consultants
Gary Matthews, University of California San Diego
Michelle Mueller, San Diego Gas & Electric
Mike Nesbit, San Diego Gas & Electric
Keri Smith, San Diego Gas & Electric
Joy Yamagata, San Diego Gas & Electric
Rob Rundle, SANDAG
Kristin Green, SANDAG

1. Welcome and Introductions
   Councilmember Henry Abarbanel welcomed everyone, and self-introductions followed.

2. November 30, 2004 Meeting Summary
   Motion was made and carried to approve the November 30, 2004 Meeting Summary.
3. Comments and Communications

There were no public comments or communications.

4. Comments on the Critical Peak Pricing Tariff Structure

Alan Ball, Qualcomm, discussed the directive issued by the California Public Utilities Commission (CPUC) requiring that the investor owned utilities impose an increased tariff on critical peak pricing days. The tariff will be implemented by June 1, 2005, and will increase the cost of energy during Critical Peak Periods. In response to the CPUC's directive and SDG&E's original proposal the EWG held a meeting on January 11, at which a letter was drafted and sent to SDG&E, copies were forwarded to the CPUC, CEC and Governor's office. The EWG's concerns focused on the proposal's punitive approach and lack of long-term solutions. SDG&E's final proposal to the CPUC was drastically changed and addressed many of the EWG's concerns. One major change was the introduction of a less punitive Critical Peak Pricing Tariff, which was reduced from ten times the cost of energy to between two and three times. SDG&E plans to expand on existing and develop new energy efficiency programs to help customers reduce their energy usage.

Michelle Mueller, SDG&E, discussed and answered questions regarding SDG&E's final proposal to the CPUC. The proposal calls for an increased tariff (on critical peak price days) of twice the normal commodity price between 11 a.m. and 3 p.m., and three times the normal rate between 3 p.m. and 6 p.m. Mueller reiterated that the tariff would be called only under a specific set of conditions. Those conditions would include the ISO issuing a power watch emergency, the local temperature reading 84˚ at Miramar airfield and a peak trending over 3,600 Megawatts. Mueller explained that only a very small percentage of customers will see an impact of more than two percent on their bill. SDG&E's proposal would effect only 1,000 or fewer customers and would sunset on September 30, 2005. She also highlighted the schedule of upcoming steps and actions for passing the CPP proposal, which can be found in the presentation. The most important of these events will be the public workshops in San Francisco, which would give the EWG the opportunity to comment on the statewide proposal. Mueller asked that the EWG support SDG&E's proposal, which she described as being effective and far less punitive than the others.

In response to a question Michelle Mueller, SDG&E, explained that the decision to drop the tariff from ten times to between two and three times the commodity value was made by SDG&E, and that although the CPUC had directed that the tariff be punitive, they did not specify an amount. Tom Blair, City of San Diego, disagreed with Mueller and felt that within their directive the CPUC had encouraged that the tariff be a structural fix that would allow customers to make long-term decisions to shift off peak. Blair's opinion is that due to the inadequate time frame for implementation the utilities responded with short-term programs that would penalize large users. Blair recommended that the EWG comment on this issue, and possibly become an intervener in the process. The steps that need to be taken to become an intervener were detailed in Mueller's presentation. Mueller and Irene Stillings, SDREO, noted that becoming an intervener is a time consuming and expensive process. The EWG may lack the necessary resources to become an intervener, especially within such a short time frame. It was recommended that the City of San Diego, already an intervener in the proceeding, incorporate some of the EWG's comments into their own. Representatives from the city saw no immediate reason why that couldn't happen, although further details will need to be discussed.
Steve Zolezzi, Food and Beverage Association, is strongly against the increased tariff and pointed out that the region has pulled itself out of power shortages in the past, and does not need a punitive tariff to do so in the future. He also informed the EWG that the Food and Beverage Association sent a letter to the CPUC. In summary, the letter stated that the CPUC used the wrong tact to solve the energy shortage problem, and that they had helped to create the problem by failing to increase the area's transmission. Michelle Mueller added that SDG&E plans to increase programs encouraging customers to reduce their energy usage. These programs are varied and have been proven successful for a number of customers.

Alan Ball, Qualcomm, asked whether the CPUC would choose one of the many proposals, or develop an entirely new proposal from those submitted. Mueller’s understanding is that each of the three territories will have slightly different tariffs, she will know more after the hearings and when the proposed decision comes out. Susan Freedman, SDREO, distributed material outlining the key elements from PG&E's and SCE’s proposals. Freedman suggested that because the proposals are so varied, the EWG should take the opportunity to restate the opinions expressed in their previous letter. She suggested that the EWG include that they do not agree with Critical Peak Pricing and also that the CPP should be no more drastic than SDG&E's proposal.

SANDAG staff explained that the EWG has an item on the Board’s January 28, 2005 agenda. Susan Freedman, SDREO, developed a matrix which detailed the points made by the EWG in their letter to SDG&E, and noted whether or not SDG&E had included them in their own comments to the CPUC. Councilmember Abarbanel recommended that the EWG add specific comments to the previous letter and asked the EWG for recommendations. SANDAG staff recommended that in the interest of time the EWG should determine a list of bulleted points for the board’s approval. A recommendation was made to add a comment regarding the negative effects that could be caused to critical health and safety operations in municipalities if they were forced to close. The wording of the seventh point was discussed and it was determined that clarification should be made by adding the sentence, “while encouraging the retro-fitting of in-efficient distributed generation systems to make them efficient.” The exact wording of this point will be further discussed by the subcommittee. It was decided that the point regarding net metering should be deleted. A letter will be formulated from these bullets points, the Policy Subcommittee will make any changes and will then send it directly to the CPUC, with copies sent to the Energy Commission, Governor's Office and SDG&E.

5. **EWG Participation on SDG&E’s Program Advisory Group (PAG) for Energy Efficiency Programs**

Michelle Mueller, SDG&E, distributed a presentation detailing the proposed decision on the Energy Efficiency / Program Advisory Group (PAG). The intent of the program is to allow utilities a lead role in energy efficiency program choice and portfolio management. The utility will be required to identify a minimum of 20 percent funding for the entire portfolio to put out for third party bid. An advisory group, the Program Advisory Group (PAG), will be formed to provide input, however the utility will make the final decision on program selection. This is expected to encourage a transparent decision making process, provide a forum for additional expertise and create a venue for public participation.

Mueller encouraged that members of the EWG participate on the PAG / PRG, and mentioned SANDAG staff as a possible representative to the PRG. City employees would not be eligible to be members of the PRG due to the City’s financial interest. Mueller explained that SDG&E would be a
member of the PRG, but that the PRG files an independent report with the CPUC on their opinions of the proposals. SDG&E will favor programs that save the most kilowatt hours.

The EWG recommended that grades K-12 be considered within the suggested “academia” category, and also that representatives from the San Diego Regional Chamber of Commerce, NAVY/Military, SDREO, the County, labor, and the Cities of San Diego and Chula Vista be considered as stakeholders. Councilmember Abarbanel recommended that anyone interested in being on the PRG or PAG let him know, he will pass the information on to Michelle Mueller by the end of next week.

6. Reports from EWG Subcommittees

a) Public Policy

Alan Ball, Qualcomm, discussed the Public Policy Subcommittee’s ongoing review of the existing Long Term Resource Plan. Major policy issues within the plan have been identified and will be brought to the EWG for discussion in the next few months. The next meeting will be held Tuesday February 1, 2005 from 9:30 a.m. to 11 a.m. in the Qualcomm building.

b) Energy Resources

Susan Freedman, SDREO, updated the EWG on the energy efficiency pilot project. Informational letters were sent to cities in early December. The Cities of Vista, Poway and Carlsbad responded, follow up meetings are now being scheduled in order to determine the best candidate. The next meeting of the subcommittee will be February 7, 2005 at the SDREO offices from 11 a.m. to 1 p.m.

c) Funding

The Funding Subcommittee has written an unsolicited proposal for funding to the CEC, it will be sent to the Regional Planning Committee (RPC) for information next week, to the SANDAG board in February, and finally to the CEC. Councilmember Abarbanel informed the EWG that he and Mayor Art Madrid met with the chair and vice-chair of the board, who agreed to personally take the proposal to the CEC and introduce the EWG.

7. Suggested Meeting Topics for Next Meeting and Comments by EWG Member

Dr. Alan Sweedler, SDSU Foundation, suggested that the process and costs associated with the EWG becoming an intervener in future CPUC hearings be discussed. Alan Ball, Qualcomm, noted the interest in holding a transmission workshop. Irene Stillings, SDREO, congratulated Tom Blair, Qualcomm, and the University of California San Diego on receiving SANDEE awards and also for their hard-work on energy issues. Michelle Mueller, SDG&E, announced that the CPUC had just passed the proposed decision on energy efficiency and the Program Advisory Group.

8. Adjourn

The Meeting was adjourned. The next meeting is scheduled for February 24, 2005 from 11:30 a.m. to 2 p.m.
SANDAG EWG
Energy-Efficiency Pilot
An Update for the EWG
March 24, 2005

Energy Efficiency Pilot Overview
- Target 1-2 Cities
- Provide Technical and Policy Assistance to Pilot City
- Develop Energy Management Plan
  - Municipal Facilities Only
- Facilitate Energy-saving Programs and Measures
  - Conduct Energy Audits
  - Develop Projects
  - Develop Energy Policies
- Use Funding from Existing Incentive Programs

Project Activities Completed
- EWG Chair mailed Invitation Letter to All City Managers
- EWG received three requests to participate:
  - Vista
  - Poway
  - Carlsbad
- SDREO and SDG&E conducted Interviews and Preliminary Needs Assessments of Candidate Cities
- SDREO, SDG&E and SANDAG Compared Results of Interviews/Assessments
- Staff Recommendation to EWG Resources Subcommittee (3-7-05)
- Resources Subcommittee Recommendation to Full EWG (Today)

Pilot Criteria for Selecting a Community
- Population
- Annual Energy Consumption
- Climate Zone
- No Full-time Energy Manager
- Minimal Participation in Energy Efficiency Programs
- Clear Commitment to Energy Management
- Staff Capacity to Manage Projects
- Willingness and ability to Finance Projects

EE Pilot City Recommendation
- Recommended City: Carlsbad
- Rationale for Recommendation:
  - Strong Commitment to Energy
    - Supportive City Manager
    - City Council Strategic Goals Include Alternative Energy
  - Sufficient Staff to Execute Projects
  - Numerous Potential Projects
  - Financing Capability
EWG Pilot Timeline

Next Steps for EWG Pilot
- Resources Sub. recommendation to full EWG on 3-24-05
- Draft EE Pilot Agreement
- Host Kick-off Meeting with Carlsbad
- Finalize logistical issues (access agreements)
- Assess and prioritize policy assistance
  - Presentation for city council
  - City manager needs
- Assess and prioritize technical assistance
  - Review Existing and Upcoming Projects
  - Energy audit strategy and timeline
- Discuss Building Audit Strategy
  - Conduct Facility Audits
  - Develop Projects
  - Identify Program Funding
  - Identify Financing if Possible
  - Map Projects to Existing Programs

Next Steps for Other Cities
- Introduce cities to existing energy efficiency programs that address their needs
- Provide some additional assistance but at a reduced level from the Pilot City
- Cities that were interested in pilot and will receive assistance:
  - Vista
  - Poway
  - Santee (Came to SANDAG too late for Pilot consideration)
- Next Steps
  - Conduct Audits
  - Identify Projects
  - Link to Programs
  - Link to Financing

Next Steps for EWG Pilot
- Develop Comprehensive Energy Strategy for Pilot City
- Develop Relevant Energy Policies for Carlsbad
- Identify Possible Barriers to City participation in Energy-Saving Programs and Measures
- Develop Potential New Program Delivery Mechanisms to benefit all Cities
- Interim Pilot Project Report to EWG
  - Review of Pilot Policy and Technical Assistance
  - Project Outcomes
  - Lessons Learned
  - Program Delivery Recommendations

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  - Conduct Audits
  - Identify Projects
  - Link to Programs
  - Link to Financing
Affiliate Participation Form

________________________________________ will participate as an Affiliate in the California Climate Action Registry.

Our organization:

- Has members that are primarily organizations, not individuals
- Supports the goals of the California Climate Action Registry

Signed: _______________________________
Name: _______________________________
Title: _______________________________
Address: _______________________________

_______________________________
Date:  ____/____/20____

Annual Fee:  $500

General Contact Person for Registry

Name:  _______________________________
Phone:  _______________________________
Email:  _______________________________

(Over for Affiliate Benefits)
Affiliate Benefits

Affiliates are not required to register and certify their emissions. However, they are strongly encouraged to inventory their own greenhouse gas (GHG) emissions using the CARROT software in order to fully understand the inventoring process. The Registry believes that all organizations ought to track their own GHG emissions in order to understand the impact of their own actions on the climate.

Affiliates are eligible for all of the benefits of membership, except for registering and certifying their emissions, and use of the Registry “Climate Action Leader” icon. They are encouraged to share information about the Registry and its programs with their members.

Affiliate Benefits include:

- Reduced fees to the Registry’s seminar series, with topics including emerging science and policy
- Access to the Registry’s Climate Action Registry Reporting Online Tool (CARROT) to calculate their GHG emissions footprint, although this data cannot be registered or certified.
- An orientation session on the Registry and use of the CARROT
- A Members Only website with handpicked news and updates just for Members. This is a one-stop shop for tips, guidelines and resources on GHG reporting, emissions reductions and climate-related news.
- Opportunities to lead the development of industry-specific protocols and guidance
- Workshops that showcase successful GHG emission reduction strategies
- Reduced annual conference fees
- Speakers from the Registry who can present to your members on climate change topics
California Climate Change Activities and Resources (March 2005)

Leadership in the state has made it clear that they plan to take actions to address climate change and we expect new statewide policies to be developed this year. The Energy Working Group could provide a voice for San Diego in shaping policy. We can expect best practices to be developed for various businesses to account for and reduce greenhouse gas (GHG) emissions, increased participation in the California Climate Action Registry, a climate component to be included in state-funded energy-saving programs, and climate change impacts to be incorporated in various regulatory proceedings.

The California Public Utilities Commission (CPUC) stated in its Decision regarding Utility Long Term Procurement Plans that California agencies have given clear signals that they want to be the pacesetters in the climate change arena and take positive steps in seeing action on this front. In addition, Governor Schwarzenegger with the other U.S. Western Governors, have developed a set of recommendations to address global warming. For more information, visit the Energy Commission’s climate change site at www.climatechange.ca.gov. Below are some recent activities.

On February 23, 2005, a Climate Change En Banc Workshop was held at the CPUC in San Francisco. The purpose of this meeting was to begin to identify best practices for all CPUC regulated companies. A panel comprising the CPUC Commissioners, CEC Commissioners, California Air Resources Board (CARB), CAL EPA, CA State Controllers Office, and the Governor’s Energy Advisor heard testimony from leaders in climate change mitigation research and activities (Pew Foundation, Stanford University, Climate Action Registry), California’s regulated utilities (gas, electric, telecommunications, transportation, water), businesses, the financial community, national power providers (Calpine, Cinergy) and others. Bill Reed testified on behalf of SEMPRA. Michael Meecham of Chula Vista and Susan Freedman with SDREO were in attendance. Interesting factoids include:

- Bill Reed testified that SDG&E will meet the accelerated target of 20 percent renewable energy resources by 2010. He also stated that additional transmission was needed to meet this target. The other IOUs committed to meeting the 20 percent by 2010 goal. To improve utility response to climate change, he requested that the CPUC finish decoupling sales and revenues (particularly in gas transmission) and that added focus be given to R&D on customer Demand Response initiatives including advanced metering for all sectors.
- Large businesses, power generators and the financial community are planning for federal CO2 regulations to be enacted in next five years. They expect a cap and trade program with declining cap. Businesses and financial community are looking for regulatory certainty to reduce risk.
- Dupont plans to reduce its GHG emissions by 65 percent by 2010 (1990 base).
- Johnson & Johnson has committed to spending $40 million/year for the next six years on in-house GHG reduction projects.
- Cinergy (Coal-based generating company and top-five CO2 emitter in U.S.) will focus its next annual report on Climate. The company is working with Environmental Defense Fund to comply with future climate trading program.

Presentations and a CPUC discussion paper on climate change are online at www.cpuc.ca.gov/static/industry/electric/climate+change/index.htm.
2005 Climate Change Legislation

In the state, Assembly Member Ruskin introduced a greenhouse gas reduction bill (**AB 1365**), which would include as an additional state planning priority to provide for the reduction in greenhouse gas emissions of at least seven percent by 2010 and 10 percent by 2020 based on the 1990 greenhouse gas emissions levels. Additionally, Senator McClintock introduced a greenhouse gas emissions reductions bill (**SB 984**) that would require the Energy Commission to establish an inventory of existing zero emission power plants (e.g., wind, solar, nuclear) and include information that compares the annual emissions of zero emission power plants with those of state-of-the-art current gas-fired plants.

U.S. West Coast Governors (CA, WA, OR) ([www.climatechange.ca.gov/westcoast](http://www.climatechange.ca.gov/westcoast))

In November 2004, the Governors of Washington, Oregon, and California approved a series of recommendations for action to combat global warming, and directed their staffs to continue working on state and regional goals and strategies to combat global warming over the coming year. Jointly, they declared that:

"Global warming will have serious adverse consequences on the economy, health and environment of the West Coast states. These impacts will grow significantly in coming years if we do nothing to reduce greenhouse gas pollution. Fortunately, addressing global warming carries substantial economic benefits. The West Coast region is rich in renewable energy resources and advanced energy-efficient technologies. We can capitalize on these strengths and invest in the clean energy resources of our region."

CPUC Climate Requirements

**Utility long-term resource plans** are now to include a climate change factor. The CPUC ordered that a “carbon adder” be included when evaluating fossil generation bids in an effort to better capture the significant and under-recognized cost of GHG emissions. This will have the effect of improving the economic viability of renewable energy resources in all-source IOU RFOs. In time, as this method is refined to include all appropriate environmental externalities—and, crucially, to value them accurately—it may be possible to recast the RPS program as more central to IOU procurement than a set-aside for particular types of resources.

The CPUC staff may perform additional studies or analyses on “carbon caps” in coordination with its consideration of a procurement incentive framework modeled after the cap-and-trade principles of the Sky Trust in a subsequent phase of this proceeding.

California Climate Action Registry ([www.climateregistry.org](http://www.climateregistry.org))

The California Climate Action Registry was established by California statute as a non-profit voluntary registry for greenhouse gas emissions. The Registry is to help companies and organizations with operations in the state establish GHG emissions baselines against which any future GHG emission reduction requirements may be applied. The Registry encourages voluntary actions to increase energy efficiency and decrease GHG emissions. The State, in turn, will offer its best efforts to ensure that participants receive appropriate consideration for early actions in the event of any future state, federal or international GHG regulatory scheme. Registry participants include businesses, non-profit organizations, municipalities, state agencies, and other entities. They will host a Conference April 18-20, 2005 in Berkeley.
CALIFORNIA LEGISLATIVE SUMMARY
SB 816 (Kehoe)
Net Energy Metering

Summary
Existing law requires investor-owned utilities to develop a standard contract or tariff providing for net energy metering, and to make this contract available to eligible customer generators on a first-come-first-served basis until the total rated generating capacity exceeds 0.5% of the electric service provider's aggregate customer peak demand.

This bill would establish for the SDG&E a separate limit of 50 megawatts or 1.5% of its aggregate customer peak demand. When interconnected net metering capacity for the SDG&E territory reaches 40 megawatts, the bill would require the Public Utilities Commission to reevaluate the total rated generating capacity limit for the territory and to prepare and submit to the Legislature a report recommending any modification to the limit that the commission determines to be necessary.

Status
Mar. 10 The bill was sent to the Committee on Energy, Utilities & Communications
Feb. 22 Introduced.

The Senate Committee on Energy, Utilities, & Communications members are listed below:

Senator Martha Escutia (Chair)  Senator Dave Cox
Senator Bill Morrow (Vice-Chair)  Senator Joseph Dunn
Senator Richard Alarcon  Senator Christine Kehoe
Senator Jim Battin  Senator Kevin Murray
Senator Debra Bowen  Senator Joe Simitian
Senator John Campbell

Background
Net metering allows customers to connect eligible photovoltaics and wind electric generation systems directly to the utility’s distribution system and to receive full retail value for the electricity they produce. The original legislation that provided for net energy metering in 1995 was SB 656 (Alquist). The original net energy metering provisions included a 10 kW project cap and a 0.1% of peak demand limit on net energy metering in a given utility territory. In 2002, AB 58 (Keeley) raised the net energy metering project cap to 1 MW and the overall territory cap to the current 0.5% of aggregated peak demand. AB 58 was introduced in part because the San Diego region was close to the original cap at the time. The table below shows the total number and capacity of photovoltaics systems in SDG&E territory as of January 31, 2005.

<table>
<thead>
<tr>
<th>Total Installed PV in SDG&amp;E Territory</th>
</tr>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>as of 1-31-05</td>
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<table>
<thead>
<tr>
<th>Number of Systems</th>
<th>Capacity (kW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational</td>
<td>2,151 11,881</td>
</tr>
<tr>
<td>Pending</td>
<td>523 5,231</td>
</tr>
<tr>
<td>Totals</td>
<td>2,674 17,111</td>
</tr>
</tbody>
</table>
The following chart provided by the California Energy Commission shows the net energy metering territory limits relative to the total amount of installed photovoltaics capacity for California utilities. This chart includes data through the end of 2004.

Other Relevant Legislation
SB 1 (Murray) also includes some provisions on net metering. The language in the current version of SB 1 is contradictory. The two excerpts below mention two different percentages for the overall net energy metering cap.

1. Section 2 (p. 6) says: “This bill would, notwithstanding these requirements, require the PUC to order electrical corporations to expand the availability of net energy metering so that it is offered on a first-come-first-served basis until the time that the total rated generating capacity used by all eligible customer-generators exceeds 0.5% of the electrical corporation’s total electricity sales.” (Emphasis added)

2. Section 8 (P. 16) Says: “(8) Notwithstanding Section 2827, require electrical corporations to expand the availability of net energy metering so that it is offered on a first-come-first-served basis until the time that the total rated generating capacity used by all eligible customer-generators exceeds 5 percent of the electrical corporation’s total electricity sales. However, the net metering cap shall not exceed 2 percent until the commission has established an appropriate net metering time-variant rate design that considers the costs to all net metering participants and ratepayers as a whole and that considers the recovery of the fixed costs of providing distribution service to customers. The commission shall monitor the level of net energy metering for each electrical corporation to ensure that the cap is increased in a timely manner as needed to further the objectives of this section.” (Emphasis added)

There is some confusion about whether the author meant 0.5% or 5% of peak demand or total electric sales. The table below compares what the cap would be under each scenario. It also shows approximately what capacity level would trigger the 2% threshold mentioned in SB1.

<table>
<thead>
<tr>
<th>Basis for Cap</th>
<th>0.5%</th>
<th>2%</th>
<th>5%</th>
</tr>
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<tbody>
<tr>
<td>Total Electric Sales*</td>
<td>50</td>
<td>201</td>
<td>501</td>
</tr>
<tr>
<td>Aggregate Peak Demand**</td>
<td>20</td>
<td>81</td>
<td>203</td>
</tr>
</tbody>
</table>

*Assumes 2003 total sales of 15,043,864,828 kWh
**Assumes 2004 peak demand of 4065 MW

Recommended Action
Clarify SB 1 language and continue tracking SB 816.