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Barriers to Renewable Energy Come Down for California Farms & Ranches: Utilities Commission Action Makes Clean Energy Farming Easier, Affordable

SACRAMENTO—As of February 21st, it just got a little easier to meet California’s goals for distributed, renewable energy generation. California’s farms, schools and commercial operations can now officially benefit from Senate Bill (SB) 594, passed in 2012, which removes a key barrier to the growth of distributed renewable energy generation. The California Public Utilities Commission (CPUC) will now allow aggregation of renewable energy generation under the Net Energy Metering program. PG&E customers may begin the aggregation process now; approval for customers of other electric utilities is expected to follow soon.

“California farmers already lead the nation in renewable energy production, and smart, sensible policymaking helps them set that curve,” said Senator Lois Wolk, who authored SB 594. “I am pleased that our legislation allowing meter aggregation will enable more growers to save money, help the environment, and meet the state’s renewable energy targets.”

Farms and ranches typically have multiple electrical meters on their property. Prior to the passage of SB 594, California law prohibited the power generated from an on-site renewable facility to be counted against other meters. Consequently, farmers would have to install a separate wind turbine or set of solar panels for each individual meter if they wished to receive credit across their operation as a whole—an extremely inefficient and cost-prohibitive process. As a result, many potential clean energy producers opted to undersize their systems or avoid installing them altogether.

“California is taking another important step forward today in removing barriers to renewable energy generation,” said Jeanne Merrill of the California Climate and Agriculture Network (CalCAN), which supported the bill in 2012. “Today’s action by the California Public Utilities Commission will allow agricultural producers and others to get the credit they deserve for maximizing clean energy production in the most efficient ways possible.”

SB 594 allows these Net Energy Metering (NEM) customers to aggregate the electrical load of their meters, thereby removing a strong disincentive to investment in California’s renewable energy future. This important ‘fix’ is achieved entirely through changes to the electrical utilities’ billing processes, and, as determined by the CPUC, aggregation under NEM does not result in any cost shift or additional charges to other ratepayers.

Senator Wolk's legislation received support from a wide range of agricultural businesses and organizations, including CalCAN, the California Farm Bureau Federation, the Wine Institute, and the Agricultural Energy Consumers Association.

"California's farms and ranches have the ability to produce significant amounts of clean, affordable electricity," Merrill said. "The implementation of SB 594 is an important step toward unleashing that untapped potential."

California's Renewable Portfolio Standard requires 33% of total electricity procurement to be from renewable energy resources by the year 2020.

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The California Climate and Agriculture Network is a coalition of sustainable agriculture and farmer member groups working on the nexus of climate change and agriculture policy issues.