

Introduced by Senator WylandFebruary 19, 2010

An act to amend Section 25740 of the Public Resources Code, and to amend Sections 399.11 and 399.15 of the Public Utilities Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1367, as introduced, Wyland. Renewable energy: 20% procurement attainment date.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The California Renewables Portfolio Standard Program requires, among other things, the Public Utilities Commission to implement annual procurement targets for each retail seller, which is defined to include these electrical corporations but does not include local publicly owned electrical utilities, to increase its total procurement of electricity generated by eligible renewable energy resources by at least an additional 1% of retail sales per year so that 20% of its retail sales of electricity are procured from eligible renewable energy resources by no later than December 31, 2010.

This bill would extend the target date for a retail seller to procure 20% of its retail sales from eligible renewable energy resources from December 31, 2010, to December 31, 2020.

The existing Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission). Existing law establishes the Renewable Resource Trust Fund in the State Treasury as a fund that is continuously appropriated, with certain exceptions for administrative expenses requires that certain moneys

collected to support renewable energy resources through the public goods charge are deposited into the fund, and authorizes the Energy Commission to expend the moneys pursuant to the Renewable Energy Resources Program. The program states the intent of the Legislature to increase the amount of electricity generated from eligible renewable energy resources per year so that amount equals at least 20% of total retail sales of electricity in California per year by December 31, 2010.

The bill would similarly extend the attainment goal date, under the Renewable Energy Resources Program, for at least 20% of total retail sales of electricity to be generated from eligible renewable energy resources per year from December 31, 2010, to December 31, 2020.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 25740 of the Public Resources Code is
2 amended to read:

3 25740. It is the intent of the Legislature in establishing this
4 program, to increase the amount of electricity generated from
5 eligible renewable energy resources per year, so that it equals at
6 least 20 percent of total retail sales of electricity in California per
7 year by December 31, ~~2010~~ 2020.

8 SEC. 2. Section 399.11 of the Public Utilities Code is amended
9 to read:

10 399.11. The Legislature finds and declares all of the following:

11 (a) In order to attain a target of generating 20 percent of total
12 retail sales of electricity in California from eligible renewable
13 energy resources by December 31, ~~2010~~ 2020, and for the purposes
14 of increasing the diversity, reliability, public health and
15 environmental benefits of the energy mix, it is the intent of the
16 Legislature that the commission and the State Energy Resources
17 Conservation and Development Commission implement the
18 California Renewables Portfolio Standard Program described in
19 this article.

20 (b) Increasing California's reliance on eligible renewable energy
21 resources may promote stable electricity prices, protect public
22 health, improve environmental quality, stimulate sustainable
23 economic development, create new employment opportunities,
24 and reduce reliance on imported fuels.

1 (c) The development of eligible renewable energy resources
2 and the delivery of the electricity generated by those resources to
3 customers in California may ameliorate air quality problems
4 throughout the state and improve public health by reducing the
5 burning of fossil fuels and the associated environmental impacts
6 and by reducing in-state fossil fuel consumption.

7 (d) The California Renewables Portfolio Standard Program is
8 intended to complement the Renewable Energy Resources Program
9 administered by the State Energy Resources Conservation and
10 Development Commission and established pursuant to Chapter
11 8.6 (commencing with Section 25740) of Division 15 of the Public
12 Resources Code.

13 (e) New and modified electric transmission facilities may be
14 necessary to facilitate the state achieving its renewables portfolio
15 standard targets.

16 SEC. 3. Section 399.15 of the Public Utilities Code is amended
17 to read:

18 399.15. (a) In order to fulfill unmet long-term resource needs,
19 the commission shall establish a renewables portfolio standard
20 requiring all electrical corporations to procure a minimum quantity
21 of electricity generated by eligible renewable energy resources as
22 a specified percentage of total kilowatthours sold to their retail
23 end-use customers each calendar year, subject to limits on the total
24 amount of costs expended above the market prices determined in
25 subdivision (c), to achieve the targets established under this article.

26 (b) The commission shall implement annual procurement targets
27 for each retail seller as follows:

28 (1) Each retail seller shall, pursuant to subdivision (a), increase
29 its total procurement of eligible renewable energy resources by at
30 least an additional 1 percent of retail sales per year so that 20
31 percent of its retail sales are procured from eligible renewable
32 energy resources no later than December 31, ~~2010~~ 2020. A retail
33 seller with 20 percent of retail sales procured from eligible
34 renewable energy resources in any year shall not be required to
35 increase its procurement of renewable energy resources in the
36 following year.

37 (2) For purposes of setting annual procurement targets, the
38 commission shall establish an initial baseline for each retail seller
39 based on the actual percentage of retail sales procured from eligible

1 renewable energy resources in 2001, and to the extent applicable,
2 adjusted going forward pursuant to Section 399.12.

3 (3) Only for purposes of establishing these targets, the
4 commission shall include all electricity sold to retail customers by
5 the Department of Water Resources pursuant to Section 80100 of
6 the Water Code in the calculation of retail sales by an electrical
7 corporation.

8 (4) In the event that a retail seller fails to procure sufficient
9 eligible renewable energy resources in a given year to meet any
10 annual target established pursuant to this subdivision, the retail
11 seller shall procure additional eligible renewable energy resources
12 in subsequent years to compensate for the shortfall, subject to the
13 limitation on costs for electrical corporations established pursuant
14 to subdivision (d).

15 (c) The commission shall establish a methodology to determine
16 the market price of electricity for terms corresponding to the length
17 of contracts with eligible renewable energy resources, in
18 consideration of the following:

19 (1) The long-term market price of electricity for fixed price
20 contracts, determined pursuant to an electrical corporation's general
21 procurement activities as authorized by the commission.

22 (2) The long-term ownership, operating, and fixed-price fuel
23 costs associated with fixed-price electricity from new generating
24 facilities.

25 (3) The value of different products including baseload, peaking,
26 and as-available electricity.

27 (d) The commission shall establish, for each electrical
28 corporation, a limitation on the total costs expended above the
29 market prices determined in subdivision (c) for the procurement
30 of eligible renewable energy resources to achieve the annual
31 procurement targets established under this article.

32 (1) The cost limitation shall be equal to the amount of funds
33 transferred to each electrical corporation by the Energy
34 Commission pursuant to subdivision (b) of Section 25743 of the
35 Public Resources Code and the 51.5 percent of the funds which
36 would have been collected through January 1, 2012, from the
37 customers of the electrical corporation based on the renewable
38 energy public goods charge in effect as of January 1, 2007.

1 (2) The above-market costs of a contract selected by an electrical
2 corporation may be counted toward the cost limitation if all of the
3 following conditions are satisfied:

4 (A) The contract has been approved by the commission and was
5 selected through a competitive solicitation pursuant to the
6 requirements of subdivision (d) of Section 399.14.

7 (B) The contract covers a duration of no less than 10 years.

8 (C) The contracted project is a new or repowered facility
9 commencing commercial operations on or after January 1, 2005.

10 (D) No purchases of renewable energy credits may be eligible
11 for consideration as an above-market cost.

12 (E) The above-market costs of a contract do not include any
13 indirect expenses including imbalance energy charges, sale of
14 excess energy, decreased generation from existing resources, or
15 transmission upgrades.

16 (3) If the cost limitation for an electrical corporation is
17 insufficient to support the total costs expended above the market
18 prices determined in subdivision (c) for the procurement of eligible
19 renewable energy resources satisfying the conditions of paragraph
20 (2), the commission shall allow the electrical corporation to limit
21 its procurement to the quantity of eligible renewable energy
22 resources that can be procured at or below the market prices
23 established in subdivision (c).

24 (4) Nothing in this section prevents an electrical corporation
25 from voluntarily proposing to procure eligible renewable energy
26 resources at above-market prices that are not counted toward the
27 cost limitation. Any voluntary procurement involving above-market
28 costs shall be subject to commission approval prior to the expense
29 being recovered in rates.

30 (e) The establishment of a renewables portfolio standard shall
31 not constitute implementation by the commission of the federal
32 Public Utility Regulatory Policies Act of 1978 (Public Law
33 95-617).

34 (f) The commission shall consult with the Energy Commission
35 in calculating market prices under subdivision (c) and establishing
36 other renewables portfolio standard policies.

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