

**ASSEMBLY BILL**

**No. 177**

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**Introduced by Assembly Members V. Manuel Pérez and Bradford**

January 24, 2013

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An act to add Section 399.23 to the Public Utilities Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 177, as introduced, V. Manuel Pérez. Renewable energy.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. The Public Utilities Act requires the PUC, in consultation with the Independent System Operator (ISO), to establish resource adequacy requirements for all load-serving entities, as defined, in accordance with specified objectives. The definition of a “load-serving entity” includes an electrical corporation. That law further requires each load-serving entity to maintain physical generating capacity adequate to meet its load requirements, including peak demand and planning and operating reserves, deliverable to locations and at times as may be necessary to provide reliable electric service.

The California Renewables Portfolio Standard Program (RPS program) requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 20% of retail sales for the period January 1, 2011, to December 31, 2013, inclusive, 25% of retail sales by December 31, 2016, and 33% of retail sales by December 31, 2020,

and in all subsequent years. The RPS program, consistent with the goals of procuring the least-cost and best-fit eligible renewable energy resources that meet project viability principles, requires that all retail sellers procure a balanced portfolio of electricity products from eligible renewable energy resources, as specified (portfolio content requirements). The RPS program requires the PUC to direct each electrical corporation, which are included within the definition of a retail seller, to annually prepare a renewable energy procurement plan containing specified matter and an annual compliance report. The RPS program requires the PUC to adopt, by rulemaking, a process that provides criteria for the rank ordering and selection of least-cost and best-fit eligible renewable energy resources by electrical corporations to comply with the RPS program procurement obligations, on a total cost basis, that take specified matter into account.

This bill would state the policy of the state to require all retail sellers of electricity, including investor and publicly owned utilities, to procure new demand-side and clean energy generation to achieve greenhouse gas emissions reduction, resource adequacy, and renewable goals simultaneously in the most cost-effective manner practicable.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill are within the act, a violation of above requirement would impose a state-mandated local program by expanding the definition of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

- 1 SECTION 1. Section 399.23 is added to the Public Utilities
- 2 Code, to read:
- 3 399.23. (a) The Legislature finds and declares all of the
- 4 following:

1 (1) There is increasing uncertainty with regard to the availability  
2 of California’s fleet of older powerplants, creating the need for  
3 increased reduction in demand for electricity through energy  
4 efficiency, demand response, and adding new sources of clean  
5 energy generation.

6 (2) It is in the best interest of the electricity consumers of this  
7 state that sufficient clean energy generation supply and  
8 demand-side resources are procured to meet electricity demand  
9 that provide the highest value, including providing safe, reliable,  
10 and affordable electricity supplies and minimizing air quality  
11 impacts to consumers in the most cost-effective manner practicable.

12 (3) Clean energy generation with flexible delivery characteristics  
13 are essential to maintaining reliable electricity deliveries.

14 (4) There are substantial high-quality renewable resources in  
15 the County of Imperial near the Salton Sea, which can help provide  
16 cost-effective renewable resources that can reduce greenhouse gas  
17 emissions while simultaneously contributing to resources adequacy  
18 and reliability needs and providing significant local and regional  
19 environmental and economic development benefits.

20 (b) Notwithstanding other laws, it is the intent of the Legislature  
21 and the policy of the state that all retail sellers of electricity,  
22 including investor and publicly owned utilities, shall procure new  
23 demand side and clean energy generation resources to achieve  
24 greenhouse gas reduction, resource adequacy, and renewable goals  
25 simultaneously in the most cost-effective manner practicable.

26 SEC. 2. No reimbursement is required by this act pursuant to  
27 Section 6 of Article XIII B of the California Constitution because  
28 the only costs that may be incurred by a local agency or school  
29 district will be incurred because this act creates a new crime or  
30 infraction, eliminates a crime or infraction, or changes the penalty  
31 for a crime or infraction, within the meaning of Section 17556 of  
32 the Government Code, or changes the definition of a crime within  
33 the meaning of Section 6 of Article XIII B of the California  
34 Constitution.