

AMENDED IN ASSEMBLY APRIL 9, 2013
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 177

Introduced by Assembly Members V. Manuel Pérez and Bradford

January 24, 2013

An act to amend Sections 345.5 and 454.55 of, and to add Section 399.23 to, the Public Utilities Code, relating to renewable energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 177, as amended, V. Manuel Pérez. Renewable resources.

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 *Public Utilities Commission*, in consultation with the Independent System Operator, 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, also known as the 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), *referred to as the portfolio content requirements*. The RPS program requires the ~~PUC~~ *Public Utilities Commission* 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~~ *Public Utilities Commission* 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-owned electrical corporations and local publicly owned electric utilities, to procure all available ~~demand-side and clean, eligible renewable energy resources to achieve reductions in the emissions of greenhouse gases and the state's resource adequacy goals~~ *cost-effective energy efficiency, demand response, and renewable resources, so as to achieve renewable, reliability, and greenhouse gases emission reduction* simultaneously, in the most cost-effective *and affordable* manner practicable. *The bill would require that procurement not be limited by any targets established for these resources by statute or regulatory decision.*

The Public Utilities Act requires the ~~PUC~~ *Public Utilities Commission* to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The act requires the ~~PUC~~ *Public Utilities Commission*, in consultation with the State Energy Resources

Conservation and Development Commission (~~Energy Commission~~), to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan.

~~This bill would require the PUC, in consultation with the Energy Commission, to identify all potentially achievable cost-effective electricity efficiency savings, demand response resources, and eligible renewable energy resources and establish procurement targets to be met by an electrical corporation to achieve pursuant to its procurement plan, over and above any separate procurement targets or mandates for these resources established in the Public Utilities Code or by PUC action. *electrical corporations to procure all available cost-effective energy efficiency, demand response, and renewable energy resources so as to simultaneously achieve the goals of renewable resource development, reductions in emissions of greenhouse gases, and sustain system reliability in the most cost-effective and affordable manner and would provide that this procurement is not limited by any targets established for these resources by statute or regulatory decision. The bill would require the Public Utilities Commission to continue to establish efficiency targets for an electrical corporation pursuant to the utility's procurement plan.*~~

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the ~~commission~~ *Public Utilities 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 345.5 of the Public Utilities Code is
- 2 amended to read:

1 345.5. (a) The Independent System Operator, as a nonprofit,
2 public benefit corporation, shall conduct its operations consistent
3 with applicable state and federal laws and consistent with the
4 interests of the people of the state.

5 (b) To ensure the reliability of electric service and the health
6 and safety of the public, the Independent System Operator shall
7 manage the transmission grid and related energy markets in a
8 manner that is consistent with all of the following:

9 (1) Making the most efficient use of available energy resources.
10 For purposes of this section, “available energy resources” include
11 energy, capacity, ancillary services, and demand bid into markets
12 administered by the Independent System Operator. “Available
13 energy resources” do not include a schedule submitted to the
14 Independent System Operator by an electrical corporation or a
15 local publicly owned electric utility to meet its own customer load.

16 (2) Reducing, to the extent possible, overall economic cost to
17 the state’s consumers.

18 (3) Applicable state law intended to protect the public’s health
19 and the environment.

20 (4) Maximizing availability of existing electric generation
21 resources, including all available demand side and clean, eligible
22 renewable energy resources necessary to meet the needs of the
23 state’s electricity consumers.

24 (5) Conducting internal operations in a manner that minimizes
25 cost impact on ratepayers to the extent practicable and consistent
26 with the provisions of this chapter.

27 (6) Communicating with all balancing area authorities in
28 California in a manner that supports electrical reliability.

29 (c) The Independent System Operator shall do all of the
30 following:

31 (1) Consult and coordinate with appropriate state and local
32 agencies to ensure that the Independent System Operator operates
33 in furtherance of state law regarding consumer and environmental
34 protection.

35 (2) Ensure that the purposes and functions of the Independent
36 System Operator are consistent with the purposes and functions
37 of nonprofit, public benefit corporations in the state, including
38 duties of care and conflict-of-interest standards for officers and
39 directors of a corporation.

1 (3) Maintain open meeting standards and meeting notice
2 requirements consistent with the general policies of the
3 Bagley-Keene Open Meeting Act (Article 9 (commencing with
4 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of
5 the Government Code) and affording the public the greatest
6 possible access, consistent with other duties of the corporation.
7 The Independent System Operator’s Open Meeting Policy, as
8 adopted on April 23, 1998, and in effect as of May 1, 2002, meets
9 the requirements of this paragraph. The Independent System
10 Operator shall maintain a policy that is no less consistent with the
11 Bagley-Keene Open Meeting Act than its policy in effect as of
12 May 1, 2002.

13 (4) Provide public access to corporate records consistent with
14 the general policies of the California Public Records Act (Chapter
15 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
16 the Government Code) and affording the public the greatest
17 possible access, consistent with the other duties of the corporation.
18 The Independent System Operator’s Information Availability
19 Policy, as adopted on October 22, 1998, and in effect as of May
20 1, 2002, meets the requirements of this paragraph. The Independent
21 System Operator shall maintain a policy that is no less consistent
22 with the California Public Records Act than its policy in effect as
23 of May 1, 2002.

24 SEC. 2. Section 399.23 is added to the Public Utilities Code,
25 to read:

26 399.23. (a) The Legislature finds and declares all of the
27 following:

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

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

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

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

7 (b) ~~Without limitation imposed by any existing procurement~~
8 ~~targets or requirements, and consistent~~ *Consistent* with the loading
9 order adopted by the Energy Commission and the commission
10 which sets forth state policy for preferred resources to meet
11 electrical load needs, it is the intent of the Legislature, and the
12 policy of the state, that all retail sellers of electricity, including
13 investor-owned electrical corporations and local publicly owned
14 electric utilities, shall procure all available ~~demand side and clean,~~
15 ~~eligible renewable energy resources to achieve reductions in the~~
16 ~~emissions of greenhouse gases and the state's resource adequacy~~
17 ~~goals~~ *cost-effective energy efficiency, demand response, and*
18 *renewable resources, so as to achieve renewable, reliability, and*
19 *greenhouse gases emission reduction* simultaneously, in the most
20 cost-effective *and affordable* manner practicable. *Procurement*
21 *shall not be limited by any targets established for these resources*
22 *by statute or regulatory decision.*

23 ~~SEC. 3. Section 454.55 of the Public Utilities Code is amended~~
24 ~~to read:~~

25 ~~454.55. In furtherance of the loading order adopted by the~~
26 ~~Energy Commission and the commission that sets forth state policy~~
27 ~~for preferred resources to meet long-term electrical load needs~~
28 ~~pursuant to Section 454.5, the commission, in consultation with~~
29 ~~the Energy Commission, shall identify all potentially achievable~~
30 ~~cost-effective electricity efficiency savings, demand response~~
31 ~~resources, and eligible renewable energy resources and establish~~
32 ~~procurement targets to be met by an electrical corporation pursuant~~
33 ~~to this section, over and above any separate procurement targets~~
34 ~~or mandates for these resources established in this code or by~~
35 ~~commission action.~~

36 *SEC. 3. Section 454.55 of the Public Utilities Code is amended*
37 *to read:*

38 *454.55. The commission, in consultation with the State Energy*
39 *Resources Conservation and Development Commission, shall*
40 *identify all potentially achievable cost-effective electricity*

1 ~~efficiency savings and~~ *Electrical corporations shall procure all*
2 *available cost-effective energy efficiency, demand response, and*
3 *renewable energy resources so as to simultaneously achieve the*
4 *goals of renewable resource development, reductions in emissions*
5 *of greenhouse gases, and sustain system reliability in the most*
6 *cost-effective and affordable manner. This procurement shall not*
7 *be limited by any targets established for these resources by statute*
8 *or regulatory decision. However, the commission shall continue*
9 *to establish efficiency targets for an electrical corporation to*
10 *achieve pursuant to Section 454.5.*

11 SEC. 4. No reimbursement is required by this act pursuant to
12 Section 6 of Article XIII B of the California Constitution because
13 the only costs that may be incurred by a local agency or school
14 district will be incurred because this act creates a new crime or
15 infraction, eliminates a crime or infraction, or changes the penalty
16 for a crime or infraction, within the meaning of Section 17556 of
17 the Government Code, or changes the definition of a crime within
18 the meaning of Section 6 of Article XIII B of the California
19 Constitution.