

ASSEMBLY BILL

No. 1144

Introduced by Assembly Member Rendon

February 27, 2015

An act to amend Section 399.16 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1144, as introduced, Rendon. California Renewables Portfolio Standard Program: unbundled renewable energy credits.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The existing definition of an electrical corporation excludes from that definition a corporation or person employing landfill gas technology or digester gas technology for the generation of electricity for (1) its own use or the use of not more than 2 of its tenants located on the real property on which the electricity is generated, (2) the use of or sale to not more than 2 other corporations or persons solely for use on the real property on which the electricity is generated, or (3) the sale or transmission to an electrical corporation or state or local public agency, if the sale or transmission of the electricity service to a retail customer is provided through the transmission system of the existing local publicly owned electric utility or electrical corporation of that retail customer.

The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, at specified percentages of the total kilowatthours sold to their retail end-customers during specified compliance periods. The program

additionally requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the targets established by the program. The 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, referred to as the portfolio content requirements.

This bill would provide that unbundled renewable energy credits may be used to meet the first category of the portfolio content requirements if (1) the credits are earned by electricity that is generated by an entity that, if it were a person or corporation, would be excluded from the definition of an electrical corporation by operation of the exclusions for a corporation or person employing landfill gas technology or digester gas technology, (2) the entity employing the landfill gas technology or digester gas technology has a first point of interconnection with a California balancing authority, a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source, and (3) where the electricity generated that earned the credit is used at a facility owned by a public entity.

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 399.16 of the Public Utilities Code is
2 amended to read:
3 399.16. (a) Various electricity products from eligible renewable
4 energy resources located within the WECC transmission network
5 service area shall be eligible to comply with the renewables
6 portfolio standard procurement requirements in Section 399.15.
7 These electricity products may be differentiated by their impacts
8 on the operation of the grid in supplying electricity, as well as,
9 meeting the requirements of this article.
10 (b) Consistent with the goals of procuring the least-cost and
11 best-fit electricity products from eligible renewable energy
12 resources that meet project viability principles adopted by the
13 commission pursuant to paragraph (4) of subdivision (a) of Section

1 399.13 and that provide the benefits set forth in Section 399.11, a
2 balanced portfolio of eligible renewable energy resources shall be
3 procured consisting of the following portfolio content categories:

4 (1) Eligible renewable energy resource electricity products that
5 meet ~~either~~ any of the following criteria:

6 (A) Have a first point of interconnection with a California
7 balancing authority, have a first point of interconnection with
8 distribution facilities used to serve end users within a California
9 balancing authority area, or are scheduled from the eligible
10 renewable energy resource into a California balancing authority
11 without substituting electricity from another source. The use of
12 another source to provide real-time ancillary services required to
13 maintain an hourly or subhourly import schedule into a California
14 balancing authority shall be permitted, but only the fraction of the
15 schedule actually generated by the eligible renewable energy
16 resource shall count toward this portfolio content category.

17 (B) Have an agreement to dynamically transfer electricity to a
18 California balancing authority.

19 (C) *Unbundled renewable energy credits that are earned by*
20 *electricity that is generated by an entity that, if it were a person*
21 *or corporation, would be excluded from the definition of an*
22 *electrical corporation by operation of subdivision (c) or (d) of*
23 *Section 218, that meets the criteria of subparagraph (A), and where*
24 *the electricity generated that earned the credit is used at a facility*
25 *owned by a public entity.*

26 (2) Firmed and shaped eligible renewable energy resource
27 electricity products providing incremental electricity and scheduled
28 into a California balancing authority.

29 (3) Eligible renewable energy resource electricity products, or
30 any fraction of the electricity generated, including unbundled
31 renewable energy credits, that do not qualify under the criteria of
32 paragraph (1) or (2).

33 (c) In order to achieve a balanced portfolio, all retail sellers
34 shall meet the following requirements for all procurement credited
35 toward each compliance period:

36 (1) Not less than 50 percent for the compliance period ending
37 December 31, 2013, 65 percent for the compliance period ending
38 December 31, 2016, and 75 percent thereafter of the eligible
39 renewable energy resource electricity products associated with

1 contracts executed after June 1, 2010, shall meet the product
2 content requirements of paragraph (1) of subdivision (b).

3 (2) Not more than 25 percent for the compliance period ending
4 December 31, 2013, 15 percent for the compliance period ending
5 December 31, 2016, and 10 percent thereafter of the eligible
6 renewable energy resource electricity products associated with
7 contracts executed after June 1, 2010, shall meet the product
8 content requirements of paragraph (3) of subdivision (b).

9 (3) Any renewable energy resources contracts executed on or
10 after June 1, 2010, not subject to the limitations of paragraph (1)
11 or (2), shall meet the product content requirements of paragraph
12 (2) of subdivision (b).

13 (4) For purposes of electric service providers only, the
14 restrictions in this subdivision on crediting eligible renewable
15 energy resource electricity products to each compliance period
16 shall apply to contracts executed after January 13, 2011.

17 (d) Any contract or ownership agreement originally executed
18 prior to June 1, 2010, shall count in full toward the procurement
19 requirements established pursuant to this article, if all of the
20 following conditions are met:

21 (1) The renewable energy resource was eligible under the rules
22 in place as of the date when the contract was executed.

23 (2) For an electrical corporation, the contract has been approved
24 by the commission, even if that approval occurs after June 1, 2010.

25 (3) Any contract amendments or modifications occurring after
26 June 1, 2010, do not increase the nameplate capacity or expected
27 quantities of annual generation, or substitute a different renewable
28 energy resource. The duration of the contract may be extended if
29 the original contract specified a procurement commitment of 15
30 or more years.

31 (e) A retail seller may apply to the commission for a reduction
32 of a procurement content requirement of subdivision (c). The
33 commission may reduce a procurement content requirement of
34 subdivision (c) to the extent the retail seller demonstrates that it
35 cannot comply with that subdivision because of conditions beyond
36 the control of the retail seller as provided in paragraph (5) of
37 subdivision (b) of Section 399.15. The commission shall not, under
38 any circumstance, reduce the obligation specified in paragraph (1)

- 1 of subdivision (c) below 65 percent for any compliance obligation
- 2 after December 31, 2016.

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