

ASSEMBLY BILL

No. 1303

Introduced by Assembly Member Williams

February 18, 2011

An act to amend Sections 25740.5 and 25742 of the Public Resources Code, and to amend Section 399.8 of the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1303, as introduced, Williams. Renewable Energy Resources Program.

(1) Existing law requires that specified moneys collected between January 1, 2007, inclusive, and January 1, 2012, from the electrical corporations for public interest research, development, and demonstration, and deposited in the Public Interest Research, Development, and Demonstration Fund be used for the purposes of the Public Interest Research, Development, and Demonstration Program.

This bill would extend the use of those moneys collected until January 1, 2020.

(2) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to require the 3 largest electrical corporations in the state to identify a separate electrical rate component to fund energy efficiency, renewable energy, and research, development and demonstration programs. Existing law further requires that 20% of the funds collected pursuant to the renewable energy public good charge be used for programs that are designed to achieve fully competitive and self-sustaining existing in-state renewable electricity generation facilities, and to secure for the state the environmental,

economic, and reliability benefits that continued operation of those facilities will provide during the 2007–2011 business cycle.

This bill would require that 20% of the funds collected pursuant to that renewable energy public good charge be used for programs that are designed to achieve fully competitive and self-sustaining existing in-state renewable electricity generation facilities, and to secure for the environmental, economic, and reliability benefits that continued operation of those facilities will provide during the 2012–2020 business cycle.

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

Because the provisions of this bill are within the act and require action by the PUC to implement its requirements, a violation of these provisions 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.

(4) This bill would constitute a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of 2/3 of the membership of each house of the Legislature.

Vote: $\frac{2}{3}$. 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 25740.5 of the Public Resources Code
- 2 is amended to read:
- 3 25740.5. (a) The commission shall optimize public investment
- 4 and ensure that the most cost-effective and efficient investments
- 5 in renewable energy resources are vigorously pursued.
- 6 (b) The commission’s long-term goal shall be a fully competitive
- 7 and self-sustaining supply of electricity generated from renewable
- 8 sources.

1 (c) The program objective shall be to increase, in the near term,
2 the quantity of California's electricity generated by in-state
3 renewable electricity generation facilities, while protecting system
4 reliability, fostering resource diversity, and obtaining the greatest
5 environmental benefits for California residents.

6 (d) An additional objective of the program shall be to identify
7 and support emerging renewable technologies in distributed
8 generation applications that have the greatest near-term commercial
9 promise and that merit targeted assistance.

10 (e) The Legislature recommends allocations among all of the
11 following:

12 (1) Rebates, buydowns, or equivalent incentives for emerging
13 renewable technologies.

14 (2) Customer education.

15 (3) Production incentives for reducing fuel costs, that are
16 confirmed to the satisfaction of the commission, at solid fuel
17 biomass energy facilities in order to provide demonstrable
18 environmental and public benefits, including improved air quality.

19 (4) Solar thermal generating resources that enhance the
20 environmental value or reliability of the electrical system and that
21 require financial assistance to remain economically viable, as
22 determined by the commission. The commission may require
23 financial disclosure from applicants for purposes of this paragraph.

24 (5) Specified fuel cell technologies, if the commission makes
25 all of the following findings:

26 (A) The specified technologies have similar or better air
27 pollutant characteristics than renewable technologies in the report
28 made pursuant to Section 25748.

29 (B) The specified technologies require financial assistance to
30 become commercially viable by reference to wholesale generation
31 prices.

32 (C) The specified technologies could contribute significantly
33 to the infrastructure development or other innovation required to
34 meet the long-term objective of a self-sustaining, competitive
35 supply of electricity generated from renewable sources.

36 (6) Existing wind-generating resources, if the commission finds
37 that the existing wind-generating resources are a cost-effective
38 source of reliable energy and environmental benefits compared
39 with other in-state renewable electricity generation facilities, and
40 that the existing wind-generating resources require financial

1 assistance to remain economically viable. The commission may
 2 require financial disclosure from applicants for the purposes of
 3 this paragraph.

4 (f) Notwithstanding any other provision of law, moneys
 5 collected for renewable energy pursuant to Article 15 (commencing
 6 with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the
 7 Public Utilities Code shall be transferred to the Renewable
 8 Resource Trust Fund. Moneys collected between January 1, 2007,
 9 and January 1, ~~2012~~ 2020, shall be used for the purposes specified
 10 in this chapter.

11 SEC. 2. Section 25742 of the Public Resources Code is
 12 amended to read:

13 25742. (a) Twenty percent of the funds collected pursuant to
 14 the renewable energy public goods charge shall be used for
 15 programs that are designed to achieve fully competitive and
 16 self-sustaining existing in-state renewable electricity generation
 17 facilities, and to secure for the state the environmental, economic,
 18 and reliability benefits that continued operation of those facilities
 19 will provide during the ~~2007–2011~~ 2012–2020 investment cycle.
 20 Eligibility for production incentives under this section shall be
 21 limited to those technologies found eligible for funds by the
 22 commission pursuant to paragraphs (3), (4), and (6) of subdivision
 23 (e) of Section 25740.5.

24 (b) Any funds used to support in-state renewable electricity
 25 generation facilities pursuant to this section shall be expended in
 26 accordance with the provisions of this chapter.

27 (c) Facilities that are eligible to receive funding pursuant to this
 28 section shall be registered in accordance with criteria developed
 29 by the commission and those facilities shall not receive payments
 30 for any electricity produced that has any of the following
 31 characteristics:

32 (1) Is sold at monthly average rates equal to, or greater than,
 33 the applicable target price, as determined by the commission.

34 (2) Is used onsite.

35 (d) (1) Existing facilities generating electricity from biomass
 36 energy shall be eligible for funding and otherwise considered an
 37 in-state renewable electricity generation facility only if they report
 38 to the commission the types and quantities of biomass fuels used.

1 (2) The commission shall report the types and quantities of
2 biomass fuels used by each facility to the Legislature in the reports
3 prepared pursuant to Section 25748.

4 (e) Each existing facility seeking an award pursuant to this
5 section shall be evaluated by the commission to determine the
6 amount of the funds being sought, the cumulative amount of funds
7 the facility has received previously from the commission and other
8 state sources, the value of any past and current federal or state tax
9 credits, the facility's contract price for energy and capacity, the
10 prices received by similar facilities, the market value of the facility,
11 and the likelihood that the award will make the facility competitive
12 and self-sustaining within the ~~2007-2011~~ 2012-2020 investment
13 cycle. The commission shall use this evaluation to determine the
14 value of an award to the public relative to other renewable energy
15 investment alternatives. The commission shall compile its findings
16 and report them to the Legislature in the reports prepared pursuant
17 to Section 25748.

18 SEC. 3. Section 399.8 of the Public Utilities Code is amended
19 to read:

20 399.8. (a) In order to ensure that the citizens of this state
21 continue to receive safe, reliable, affordable, and environmentally
22 sustainable electric service, it is the policy of this state and the
23 intent of the Legislature that prudent investments in energy
24 efficiency, renewable energy, and research, development and
25 demonstration shall continue to be made.

26 (b) (1) Every customer of an electrical corporation shall pay a
27 nonbypassable system benefits charge authorized pursuant to this
28 article. The system benefits charge shall fund energy efficiency,
29 renewable energy, and research, development and demonstration.

30 (2) Local publicly owned electric utilities shall continue to
31 collect and administer system benefits charges pursuant to Section
32 385.

33 (c) (1) The commission shall require each electrical corporation
34 to identify a separate rate component to collect revenues to fund
35 energy efficiency, renewable energy, and research, development
36 and demonstration programs authorized pursuant to this section
37 beginning January 1, 2002, and ending January 1, ~~2012~~ 2020. The
38 rate component shall be a nonbypassable element of the local
39 distribution service and collected on the basis of usage.

1 (2) This rate component may not exceed, for any tariff schedule,
2 the level of the rate component that was used to recover funds
3 authorized pursuant to Section 381 on January 1, 2000. If the
4 amounts specified in paragraph (1) of subdivision (d) are not
5 recovered fully in any year, the commission shall reset the rate
6 component to restore the unrecovered balance, provided that the
7 rate component may not exceed, for any tariff schedule, the level
8 of the rate component that was used to recover funds authorized
9 pursuant to Section 381 on January 1, 2000. Pending restoration,
10 any annual shortfalls shall be allocated pro rata among the three
11 funding categories in the proportions established in paragraph (1)
12 of subdivision (d).

13 (d) The commission shall order San Diego Gas and Electric
14 Company, Southern California Edison Company, and Pacific Gas
15 and Electric Company to collect these funds commencing on
16 January 1, 2002, as follows:

17 (1) Two hundred twenty-eight million dollars (\$228,000,000)
18 per year in total for energy efficiency and conservation activities,
19 sixty-five million five hundred thousand dollars (\$65,500,000) in
20 total per year for renewable energy, and sixty-two million five
21 hundred thousand dollars (\$62,500,000) in total per year for
22 research, development and demonstration. The funds for energy
23 efficiency and conservation activities shall continue to be allocated
24 in proportions established for the year 2000 as set forth in
25 paragraph (1) of subdivision (c) of Section 381.

26 (2) The amounts shall be adjusted annually at a rate equal to
27 the lesser of the annual growth in electric commodity sales or
28 inflation, as defined by the gross domestic product deflator.

29 (e) The commission shall ensure that each electrical corporation
30 allocates funds transferred by the Energy Commission pursuant
31 to subdivision (b) of Section 25743 in a manner that maximizes
32 the economic benefit to all customer classes that funded the New
33 Renewable Resources Account.

34 (f) The commission and the Energy Commission shall retain
35 and continue their oversight responsibilities as set forth in ~~Sections~~
36 ~~Section 381 and 383~~, and Chapter 7.1 (commencing with Section
37 25620) and Chapter 8.6 (commencing with Section 25740) of
38 Division 15 of the Public Resources Code.

39 (g) An applicant for the Large Nonresidential Standard
40 Performance Contract Program funded pursuant to paragraph (1)

1 of subdivision (b) and an electrical corporation shall promptly
2 attempt to resolve disputes that arise related to the program's
3 guidelines and parameters prior to entering into a program
4 agreement. The applicant shall provide the electrical corporation
5 with written notice of any dispute. Within 10 business days after
6 receipt of the notice, the parties shall meet to resolve the dispute.
7 If the dispute is not resolved within 10 business days after the date
8 of the meeting, the electrical corporation shall notify the applicant
9 of his or her right to file a complaint with the commission, which
10 complaint shall describe the grounds for the complaint, injury, and
11 relief sought. The commission shall issue its findings in response
12 to a filed complaint within 30 business days of the date of receipt
13 of the complaint. Prior to issuance of its findings, the commission
14 shall provide a copy of the complaint to the electrical corporation,
15 which shall provide a response to the complaint to the commission
16 within five business days of the date of receipt. During the dispute
17 period, the amount of estimated financial incentives shall be held
18 in reserve until the dispute is resolved.

19 SEC. 4. No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.

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