

AMENDED IN ASSEMBLY APRIL 13, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

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, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1303, as amended, 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~~

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 establishes the Renewable Resource Trust Fund in the state Treasury as a fund that is continuously appropriated, with certain exceptions for administrative

expenses incurred by the State Energy Resources Conservation and Development Commission (Energy Commission), for the implementation of the renewable resources programs. Existing law requires that specified portions of the moneys collected to fund renewable energy programs be deposited into specified accounts within the fund. Existing law further requires that 20% of the funds collected pursuant to the renewable energy public good charge be deposited into the Existing Renewable Resources Account within the fund to 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 investment 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 state the environmental, economic, and reliability benefits that continued operation of those facilities will provide during the 2012–2020 business investment cycle. By extending the authority of the Energy Commission to expend money pursuant to a continuously appropriated fund, the bill would make an appropriation.

~~(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~~yes. Fiscal committee: yes.
State-mandated local program: ~~yes~~no.

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.
9 (c) The program objective shall be to increase, in the near term,
10 the quantity of California's electricity generated by in-state
11 renewable electricity generation facilities, while protecting system
12 reliability, fostering resource diversity, and obtaining the greatest
13 environmental benefits for California residents.
14 (d) An additional objective of the program shall be to identify
15 and support emerging renewable technologies in distributed
16 generation applications that have the greatest near-term commercial
17 promise and that merit targeted assistance.
18 (e) The Legislature recommends allocations among all of the
19 following:
20 (1) Rebates, buydowns, or equivalent incentives for emerging
21 renewable technologies.
22 (2) Customer education.
23 (3) Production incentives for reducing fuel costs, that are
24 confirmed to the satisfaction of the commission, at solid fuel
25 biomass energy facilities in order to provide demonstrable
26 environmental and public benefits, including improved air quality.
27 (4) Solar thermal generating resources that enhance the
28 environmental value or reliability of the electrical system and that
29 require financial assistance to remain economically viable, as
30 determined by the commission. The commission may require
31 financial disclosure from applicants for purposes of this paragraph.
32 (5) Specified fuel cell technologies, if the commission makes
33 all of the following findings:

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

4 (B) The specified technologies require financial assistance to
5 become commercially viable by reference to wholesale generation
6 prices.

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

11 (6) Existing wind-generating resources, if the commission finds
12 that the existing wind-generating resources are a cost-effective
13 source of reliable energy and environmental benefits compared
14 with other in-state renewable electricity generation facilities, and
15 that the existing wind-generating resources require financial
16 assistance to remain economically viable. The commission may
17 require financial disclosure from applicants for the purposes of
18 this paragraph.

19 (f) Notwithstanding any other provision of law, moneys
20 collected for renewable energy pursuant to Article 15 (commencing
21 with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the
22 Public Utilities Code shall be transferred to the Renewable
23 Resource Trust Fund. Moneys collected between January 1, 2007,
24 and January 1, 2020, shall be used for the purposes specified in
25 this chapter.

26 SEC. 2. Section 25742 of the Public Resources Code is
27 amended to read:

28 25742. (a) Twenty percent of the funds collected pursuant to
29 the renewable energy public goods charge shall be used for
30 programs that are designed to achieve fully competitive and
31 self-sustaining existing in-state renewable electricity generation
32 facilities, and to secure for the state the environmental, economic,
33 and reliability benefits that continued operation of those facilities
34 will provide during the 2012–2020 investment cycle. Eligibility
35 for production incentives under this section shall be limited to
36 those technologies found eligible for funds by the commission
37 pursuant to paragraphs (3), (4), and (6) of subdivision (e) of Section
38 25740.5.

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

4 (c) Facilities that are eligible to receive funding pursuant to this
5 section shall be registered in accordance with criteria developed
6 by the commission and those facilities shall not receive payments
7 for any electricity produced that has any of the following
8 characteristics:

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

11 (2) Is used onsite.

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

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

19 (e) Each existing facility seeking an award pursuant to this
20 section shall be evaluated by the commission to determine the
21 amount of the funds being sought, the cumulative amount of funds
22 the facility has received previously from the commission and other
23 state sources, the value of any past and current federal or state tax
24 credits, the facility's contract price for energy and capacity, the
25 prices received by similar facilities, the market value of the facility,
26 and the likelihood that the award will make the facility competitive
27 and self-sustaining within the 2012–2020 investment cycle. The
28 commission shall use this evaluation to determine the value of an
29 award to the public relative to other renewable energy investment
30 alternatives. The commission shall compile its findings and report
31 them to the Legislature in the reports prepared pursuant to Section
32 25748.

33 ~~SEC. 3. Section 399.8 of the Public Utilities Code is amended~~
34 ~~to read:~~

35 ~~399.8. (a) In order to ensure that the citizens of this state~~
36 ~~continue to receive safe, reliable, affordable, and environmentally~~
37 ~~sustainable electric service, it is the policy of this state and the~~
38 ~~intent of the Legislature that prudent investments in energy~~
39 ~~efficiency, renewable energy, and research, development and~~
40 ~~demonstration shall continue to be made.~~

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

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

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

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

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

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

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

4 ~~(e) The commission shall ensure that each electrical corporation~~
5 ~~allocates funds transferred by the Energy Commission pursuant~~
6 ~~to subdivision (b) of Section 25743 in a manner that maximizes~~
7 ~~the economic benefit to all customer classes that funded the New~~
8 ~~Renewable Resources Account.~~

9 ~~(f) The commission and the Energy Commission shall retain~~
10 ~~and continue their oversight responsibilities as set forth in Section~~
11 ~~381, and Chapter 7.1 (commencing with Section 25620) and~~
12 ~~Chapter 8.6 (commencing with Section 25740) of Division 15 of~~
13 ~~the Public Resources Code.~~

14 ~~(g) An applicant for the Large Nonresidential Standard~~
15 ~~Performance Contract Program funded pursuant to paragraph (1)~~
16 ~~of subdivision (b) and an electrical corporation shall promptly~~
17 ~~attempt to resolve disputes that arise related to the program's~~
18 ~~guidelines and parameters prior to entering into a program~~
19 ~~agreement. The applicant shall provide the electrical corporation~~
20 ~~with written notice of any dispute. Within 10 business days after~~
21 ~~receipt of the notice, the parties shall meet to resolve the dispute.~~
22 ~~If the dispute is not resolved within 10 business days after the date~~
23 ~~of the meeting, the electrical corporation shall notify the applicant~~
24 ~~of his or her right to file a complaint with the commission, which~~
25 ~~complaint shall describe the grounds for the complaint, injury, and~~
26 ~~relief sought. The commission shall issue its findings in response~~
27 ~~to a filed complaint within 30 business days of the date of receipt~~
28 ~~of the complaint. Prior to issuance of its findings, the commission~~
29 ~~shall provide a copy of the complaint to the electrical corporation,~~
30 ~~which shall provide a response to the complaint to the commission~~
31 ~~within five business days of the date of receipt. During the dispute~~
32 ~~period, the amount of estimated financial incentives shall be held~~
33 ~~in reserve until the dispute is resolved.~~

34 ~~SEC. 4. No reimbursement is required by this act pursuant to~~
35 ~~Section 6 of Article XIII B of the California Constitution because~~
36 ~~the only costs that may be incurred by a local agency or school~~
37 ~~district will be incurred because this act creates a new crime or~~
38 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
39 ~~for a crime or infraction, within the meaning of Section 17556 of~~
40 ~~the Government Code, or changes the definition of a crime within~~

- 1 ~~the meaning of Section 6 of Article XIII B of the California~~
- 2 ~~Constitution.~~

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