

AMENDED IN ASSEMBLY APRIL 25, 2011

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~~ 25620.15, 25740.5, and 25742 of the Public Resources Code, relating to energy resources, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1303, as amended, Williams. ~~Renewable Energy Resources Program.~~ *Energy programs.*

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~~

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 *as a part of the electrical rate* 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 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 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.

Existing law requires that money collected as a part of the electrical rate for public interest research, development, and demonstration programs be transferred to the Public Interest Research, Development, and Demonstration Fund and, until January 1, 2012, upon appropriation by the Legislature, be expended by the Energy Commission to implement the Public Interest Research, Development, and Demonstration Program.

This bill would extend, to January 1, 2020, this authority to expend the money collected for public interest research, development, and demonstration programs that is transferred to the Public Interest Research, Development, and Demonstration Fund.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
 State-mandated local program: no.

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

- 1 **SECTION 1.** *Section 25620.15 of the Public Resources Code*
- 2 *is amended to read:*
- 3 25620.15. (a) In order to ensure that prudent investments in
- 4 research, development, and demonstration of energy efficient
- 5 technologies continue to produce substantial economic,
- 6 environmental, public health, and reliability benefits, it is the policy
- 7 of the state and the intent of the Legislature that funds made
- 8 available, upon appropriation, for energy related public interest

1 research, development, and demonstration programs shall be used
2 to advance science or technology that is not adequately provided
3 by competitive and regulated markets.

4 (b) Notwithstanding any other provision of law, money collected
5 for public interest research, development, and demonstration
6 pursuant to Section 399.8 of the Public Utilities Code shall be
7 transferred to the Public Interest Research, Development, and
8 Demonstration Fund. Money collected between January 1, 2007,
9 and January 1, ~~2012~~ 2020, shall be used for the purposes specified
10 in this chapter.

11 (c) In lieu of the Public Utilities Commission retaining funds
12 authorized pursuant to Section 381 of the Public Utilities Code for
13 investments made by electrical corporations in public interest
14 research, development, and demonstration projects for transmission
15 and distribution functions, up to 10 percent of the funds transferred
16 to the commission pursuant to subdivision (b) shall be awarded to
17 electrical corporations for public interest research, development,
18 and demonstration projects for transmission and distribution
19 functions consistent with the policies and subject to the
20 requirements of this chapter.

21 **SECTION 4.**

22 *SEC. 2.* Section 25740.5 of the Public Resources Code is
23 amended to read:

24 25740.5. (a) The commission shall optimize public investment
25 and ensure that the most cost-effective and efficient investments
26 in renewable energy resources are vigorously pursued.

27 (b) The commission's long-term goal shall be a fully competitive
28 and self-sustaining supply of electricity generated from renewable
29 sources.

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

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

39 (e) The Legislature recommends allocations among all of the
40 following:

- 1 (1) Rebates, buydowns, or equivalent incentives for emerging
2 renewable technologies.
- 3 (2) Customer education.
- 4 (3) Production incentives for reducing fuel costs, that are
5 confirmed to the satisfaction of the commission, at solid fuel
6 biomass energy facilities in order to provide demonstrable
7 environmental and public benefits, including improved air quality.
- 8 (4) Solar thermal generating resources that enhance the
9 environmental value or reliability of the electrical system and that
10 require financial assistance to remain economically viable, as
11 determined by the commission. The commission may require
12 financial disclosure from applicants for purposes of this paragraph.
- 13 (5) Specified fuel cell technologies, if the commission makes
14 all of the following findings:
- 15 (A) The specified technologies have similar or better air
16 pollutant characteristics than renewable technologies in the report
17 made pursuant to Section 25748.
- 18 (B) The specified technologies require financial assistance to
19 become commercially viable by reference to wholesale generation
20 prices.
- 21 (C) The specified technologies could contribute significantly
22 to the infrastructure development or other innovation required to
23 meet the long-term objective of a self-sustaining, competitive
24 supply of electricity generated from renewable sources.
- 25 (6) Existing wind-generating resources, if the commission finds
26 that the existing wind-generating resources are a cost-effective
27 source of reliable energy and environmental benefits compared
28 with other in-state renewable electricity generation facilities, and
29 that the existing wind-generating resources require financial
30 assistance to remain economically viable. The commission may
31 require financial disclosure from applicants for the purposes of
32 this paragraph.
- 33 (f) Notwithstanding any other provision of law, moneys
34 collected for renewable energy pursuant to Article 15 (commencing
35 with Section 399) of Chapter 2.3 of Part 1 of Division 1 of the
36 Public Utilities Code shall be transferred to the Renewable
37 Resource Trust Fund. Moneys collected between January 1, 2007,
38 and January 1, 2020, shall be used for the purposes specified in
39 this chapter.

1 ~~SEC. 2.~~

2 *SEC. 3.* Section 25742 of the Public Resources Code is
3 amended to read:

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

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

18 (c) Facilities that are eligible to receive funding pursuant to this
19 section shall be registered in accordance with criteria developed
20 by the commission and those facilities shall not receive payments
21 for any electricity produced that has any of the following
22 characteristics:

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

25 (2) Is used onsite.

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

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

33 (e) Each existing facility seeking an award pursuant to this
34 section shall be evaluated by the commission to determine the
35 amount of the funds being sought, the cumulative amount of funds
36 the facility has received previously from the commission and other
37 state sources, the value of any past and current federal or state tax
38 credits, the facility’s contract price for energy and capacity, the
39 prices received by similar facilities, the market value of the facility,
40 and the likelihood that the award will make the facility competitive

1 and self-sustaining within the 2012–2020 investment cycle. The
2 commission shall use this evaluation to determine the value of an
3 award to the public relative to other renewable energy investment
4 alternatives. The commission shall compile its findings and report
5 them to the Legislature in the reports prepared pursuant to Section
6 25748.

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