

AMENDED IN ASSEMBLY MARCH 26, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2187**

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**Introduced by Assembly Member Bradford**

February 23, 2012

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An act to amend ~~Sections 399.11 and~~ *Section* 399.16 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2187, as amended, Bradford. Renewable energy resources.

The California renewables portfolio standard program (RPS program) requires the Public Utilities Commission to establish the quantity of electricity products from eligible renewable energy resources, as defined, to be procured by each retail seller, 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). The RPS program conditions certain eligibility requirements upon whether the contract for electricity products from eligible renewable energy resources was executed after June 1, 2010.

This bill would instead condition those eligibility requirements upon whether the contract is executed after January 13, 2011. ~~The bill would~~

provide, if a retail seller fails to achieve compliance with the portfolio content requirements, that the retail seller’s procurement will not be disallowed solely because the retail seller’s procurement does not meet the portfolio content requirements:

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 399.11 of the Public Utilities Code is~~  
2     ~~amended to read:~~  
3     ~~399.11. The Legislature finds and declares all of the following:~~  
4     ~~(a) In order to attain a target of generating 20 percent of total~~  
5     ~~retail sales of electricity in California from eligible renewable~~  
6     ~~energy resources by December 31, 2013, and 33 percent by~~  
7     ~~December 31, 2020, it is the intent of the Legislature that the~~  
8     ~~commission and the Energy Commission implement the California~~  
9     ~~Renewables Portfolio Standard Program described in this article.~~  
10    ~~(b) Achieving the renewables portfolio standard through the~~  
11    ~~procurement of various electricity products from eligible renewable~~  
12    ~~energy resources is intended to provide unique benefits to~~  
13    ~~California, including all of the following, each of which~~  
14    ~~independently justifies the program:~~  
15    ~~(1) Displacing fossil fuel consumption within the state.~~  
16    ~~(2) Adding new electrical generating facilities in the~~  
17    ~~transmission network within the Western Electricity Coordinating~~  
18    ~~Council service area.~~  
19    ~~(3) Reducing air pollution in the state.~~  
20    ~~(4) Meeting the state’s climate change goals by reducing~~  
21    ~~emissions of greenhouse gases associated with electrical generation.~~  
22    ~~(5) Promoting stable retail rates for electric service.~~  
23    ~~(6) Meeting the state’s need for a diversified and balanced~~  
24    ~~energy generation portfolio.~~  
25    ~~(7) Assistance with meeting the state’s resource adequacy~~  
26    ~~requirements.~~  
27    ~~(8) Contributing to the safe and reliable operation of the~~  
28    ~~electrical grid, including providing predictable electrical supply,~~  
29    ~~voltage support, lower line losses, and congestion relief.~~

1 ~~(9) Implementing the state's transmission and land use planning~~  
2 ~~activities related to development of eligible renewable energy~~  
3 ~~resources.~~

4 ~~(e) The California Renewables Portfolio Standard Program is~~  
5 ~~intended to complement the Renewable Energy Resources Program~~  
6 ~~administered by the Energy Commission and established pursuant~~  
7 ~~to Chapter 8.6 (commencing with Section 25740) of Division 15~~  
8 ~~of the Public Resources Code.~~

9 ~~(d) New and modified electric transmission facilities may be~~  
10 ~~necessary to facilitate the state achieving its renewables portfolio~~  
11 ~~standard targets.~~

12 ~~(e) (1) Supplying electricity to California end-use customers~~  
13 ~~that is generated by eligible renewable energy resources is~~  
14 ~~necessary to improve California's air quality and public health,~~  
15 ~~and the commission shall ensure rates are just and reasonable, and~~  
16 ~~are not significantly affected by the procurement requirements of~~  
17 ~~this article. This electricity may be generated anywhere in the~~  
18 ~~interconnected grid that includes many states, and areas of both~~  
19 ~~Canada and Mexico.~~

20 ~~(2) This article requires generating resources located outside of~~  
21 ~~California, but are able to supply that electricity to California~~  
22 ~~end-use customers, to be treated identically to generating resources~~  
23 ~~located within the state, without discrimination.~~

24 ~~(3) California retail sellers have already executed, and for~~  
25 ~~electrical corporations, the commission has approved, power~~  
26 ~~purchase agreements with eligible renewable energy resources~~  
27 ~~located outside of California that will supply electricity to~~  
28 ~~California end-use customers. These resources will fully count as~~  
29 ~~eligible renewable energy resources that satisfy any of the~~  
30 ~~electricity product content requirements of subdivision (e) of~~  
31 ~~Section 399.16 for any of the compliance periods established in~~  
32 ~~subdivision (b) of Section 399.15. In addition, there are nearly~~  
33 ~~7,000 megawatts of additional proposed renewable energy~~  
34 ~~resources located outside of California that are awaiting~~  
35 ~~interconnection approval from the Independent System Operator.~~  
36 ~~All of these resources, if procured, will count as eligible renewable~~  
37 ~~energy resources that satisfy any of the portfolio content~~  
38 ~~requirements of subdivision (e) of Section 399.16 for any of the~~  
39 ~~compliance periods established in subdivision (b) of Section~~  
40 ~~399.15.~~

1     ~~SEC. 2.~~

2     ~~SECTION 1.~~ Section 399.16 of the Public Utilities Code is  
3 amended to read:

4     399.16. (a) Various electricity products from eligible renewable  
5 energy resources located within the WECC transmission network  
6 service area shall be eligible to comply with the renewables  
7 portfolio standard procurement requirements in Section 399.15.  
8 These electricity products may be differentiated by their impacts  
9 on the operation of the grid in supplying electricity, as well as,  
10 meeting the requirements of this article.

11     (b) Consistent with the goals of procuring the least-cost and  
12 best-fit electricity products from eligible renewable energy  
13 resources that meet project viability principles adopted by the  
14 commission pursuant to paragraph (4) of subdivision (a) of Section  
15 399.13 and that provide the benefits set forth in Section 399.11, a  
16 balanced portfolio of eligible renewable energy resources shall be  
17 procured consisting of the following portfolio content categories:

18     (1) Eligible renewable energy resource electricity products that  
19 meet either of the following criteria:

20     (A) Have a first point of interconnection with a California  
21 balancing authority, have a first point of interconnection with  
22 distribution facilities used to serve end users within a California  
23 balancing authority area, or are scheduled from the eligible  
24 renewable energy resource into a California balancing authority  
25 without substituting electricity from another source. The use of  
26 another source to provide real-time ancillary services required to  
27 maintain an hourly or subhourly import schedule into a California  
28 balancing authority shall be permitted, but only the fraction of the  
29 schedule actually generated by the eligible renewable energy  
30 resource shall count toward this portfolio content category.

31     (B) Have an agreement to dynamically transfer electricity to a  
32 California balancing authority.

33     (2) Firmed and shaped eligible renewable energy resource  
34 electricity products providing incremental electricity and scheduled  
35 into a California balancing authority.

36     (3) Eligible renewable energy resource electricity products, or  
37 any fraction of the electricity generated, including unbundled  
38 renewable energy credits, that do not qualify under the criteria of  
39 paragraph (1) or (2).

1 (c) In order to achieve a balanced portfolio, all retail sellers  
2 shall meet the following requirements for all procurement credited  
3 towards each compliance period:

4 (1) Not less than 50 percent for the compliance period ending  
5 December 31, 2013, 65 percent for the compliance period ending  
6 December 31, 2016, and 75 percent thereafter of the eligible  
7 renewable energy resource electricity products associated with  
8 contracts executed after January 13, 2011, shall meet the product  
9 content requirements of paragraph (1) of subdivision (b).

10 (2) Not more than 25 percent for the compliance period ending  
11 December 31, 2013, 15 percent for the compliance period ending  
12 December 31, 2016, and 10 percent thereafter of the eligible  
13 renewable energy resource electricity products associated with  
14 contracts executed after January 13, 2011, shall meet the product  
15 content requirements of paragraph (3) of subdivision (b).

16 (3) Any renewable energy resources contracts executed after  
17 January 13, 2011, not subject to the limitations of paragraph (1)  
18 or (2), shall meet the product content requirements of paragraph  
19 (2) of subdivision (b).

20 ~~(4) If a retail seller fails to achieve compliance with the balanced~~  
21 ~~portfolio requirements because of a shortfall in procurement~~  
22 ~~meeting the product content requirements of paragraph (1), (2), or~~  
23 ~~(3), that retail seller's procurement will not be disallowed solely~~  
24 ~~because the retail seller's procurement does not meet the balanced~~  
25 ~~portfolio requirements.~~

26 (d) Any contract or ownership agreement originally executed  
27 prior to January 14, 2011, shall count in full toward meeting any  
28 of the product content requirements established pursuant to  
29 subdivision (c) of this section, for any of the compliance periods  
30 established in subdivision (b) of Section 399.15, if all of the  
31 following conditions are met:

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

34 (2) For an electrical corporation, the contract has been approved  
35 by the commission, even if that approval occurs after January 13,  
36 2011.

37 (3) Any contract amendments or modifications occurring after  
38 January 13, 2011, do not increase the nameplate capacity or  
39 expected quantities of annual generation, or substitute a different  
40 renewable energy resource. The duration of the contract may be

1 extended if the original contract specified a procurement  
2 commitment of 15 or more years.

3 (e) A retail seller may apply to the commission for a reduction  
4 of a procurement content requirement of subdivision (c). The  
5 commission may reduce a procurement content requirement of  
6 subdivision (c) to the extent the retail seller demonstrates that it  
7 cannot comply with that subdivision because of conditions beyond  
8 the control of the retail seller as provided in paragraph (5) of  
9 subdivision (b) of Section 399.15. The commission shall not, under  
10 any circumstance, reduce the obligation specified in paragraph (1)  
11 of subdivision (c) below 65 percent for any compliance obligation  
12 after December 31, 2016.

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