

AMENDED IN ASSEMBLY JUNE 18, 2012

AMENDED IN SENATE MAY 29, 2012

AMENDED IN SENATE APRIL 16, 2012

SENATE BILL

No. 1122

Introduced by Senator Rubio

February 17, 2012

An act to ~~amend, renumber, and add Section 701.3~~ *add Chapter 7.6 (commencing with Section 2833) to Part 2 of Division 1* of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1122, as amended, Rubio. Energy: renewable biomass and biogas projects.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities. Existing law, adopted prior to the enactment of the California Renewables Portfolio Standard Program, provides that until the commission completes an electric generation procurement methodology that values the environmental and diversity costs and benefits associated with various generation technologies, the commission shall direct that a specific portion of future electrical generating capacity needed for California be reserved or set aside for renewable resources.

This bill would make certain legislative findings and declarations regarding new and emerging small- and community-scale distributed renewable generation technologies. The bill would require the commission to adopt a methodology, by June 1, 2014 2013, that accounts for the benefits to ratepayers and the environment from reducing air pollution and global warming emissions by generating electricity from

~~specified sources of biogas and biomass. to direct electrical corporations, as defined, to collectively procure at least 250 megawatts of electrical generating capacity from small and community-scale biomass and biogas projects, as defined. The bill would, among other things, require the commission, in implementing that procurement requirement, to direct each electrical corporation to develop standard contract terms and conditions, as specified, and to provide a streamlined contracting process for the above procurement requirement. The bill would also require the commission, at least once a year, to solicit electricity from small- and community-scale biomass or biogas projects through a competitive solicitation process for specified project application categories. The bill would authorize the commission to monitor that solicitation process, and if the commission determines the prices of a bid are not reasonable, suspend the bidding within that project application category.~~

Existing law authorizes the furnishing of utility services by publicly owned public utilities, which are subject to the control of their governing bodies.

This bill would specify that before June 1, 2013, each local publicly owned utility that sells electricity at retail to 75,000 or more customers is strongly encouraged to consider and adopt, if appropriate, a procurement target for small- and community-scale biomass and biogas projects.

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. Chapter 7.6 (commencing with Section 2833) is
2 added to Part 2 of Division 1 of the Public Utilities Code, to read:
3
4 CHAPTER 7.6. RENEWABLE BIOMASS AND BIOGAS PROJECTS
5
6 2833. (a) The Legislature finds and declares the following:
7 (1) New and emerging small- and community-scale distributed
8 renewable generation technologies can greatly reduce greenhouse
9 gas pollution in California, while providing quantifiable benefits
10 to California ratepayers and the environment, contributing to the
11 state's renewable energy, air quality, and climate goals, and
12 providing increased electric system reliability.

1 (2) Current commission procurement programs do not fully
2 account for the benefits of methane and other emissions reductions
3 that result from the utilization of low-emission biomass and biogas
4 technologies from landfills and organic waste diversion,
5 wastewater treatment plants, food and agricultural processing,
6 animal husbandry facilities, byproducts of sustainable forest
7 management and wildfire prevention, and farms.

8 (3) Resource diversity benefits California ratepayers in the long
9 term by reducing both the price of electricity and the risks to the
10 reliability of the electric system.

11 (b) For the purposes of this section, the following terms have
12 the following meanings:

13 (1) “Electrical corporation” means an electrical corporation,
14 as defined in Section 218, that furnishes electricity to more than
15 100,000 customers.

16 (2) “Small- and community-scale biogas or biomass projects”
17 means electrical generation projects that are no larger than five
18 megawatts, that were not operative before January 1, 2013, and
19 that comply with the regulations of the air quality management or
20 air pollution control district and all other applicable environmental
21 compliance standards.

22 (c) By June 1, 2013, the commission shall direct the electrical
23 corporations to collectively procure at least 250 megawatts of
24 electrical generating capacity from small- and community-scale
25 biomass and biogas projects.

26 (d) In implementing this section, the commission shall do all of
27 the following:

28 (1) Allocate the 250 megawatts identified in subdivision (c)
29 among the electrical corporations.

30 (2) Direct each electrical corporation to, at least once a year,
31 solicit electricity from small- and community-scale biomass or
32 biogas projects through a competitive solicitation process for each
33 of the following project application categories:

34 (A) For dairy digester gas, 85 megawatts.

35 (B) For biogas from wastewater treatment, 50 megawatts.

36 (C) For agricultural biomass and biogas, 50 megawatts.

37 (D) For biomass using byproducts of sustainable forest
38 management, 30 megawatts.

39 (E) For landfill gas and organic waste diversion, 35 megawatts.

1 (3) Direct the electrical corporations to develop standard
2 contract terms and conditions that reflect the operational
3 characteristics of the projects, and to provide a streamlined
4 contracting process.

5 (4) Select the offers that represent the least-cost, best-fit
6 resources for the electrical corporation.

7 (5) Coordinate, to the maximum extent feasible, any incentive
8 or subsidy programs for biogas and biomass with the solicitation
9 requirement in paragraph (2) in order to provide maximum benefits
10 to ratepayers and to ensure that incentives are used to reduce
11 contract prices.

12 (6) Ensure that electrical corporations give priority to resources
13 that result in the most greenhouse gas reductions as part of their
14 contract. As part of the solicitation process, the commission shall
15 require the electrical corporations to evaluate the value of
16 greenhouse gas reductions.

17 (7) Allocate a proportional share of costs to the electric service
18 provider and community choice aggregator customers through
19 nonbypassable charges.

20 (e) During the bidding process in a solicitation pursuant to
21 subdivision (d), the commission may monitor the bidding process
22 in the solicitation, and, if the commission determines the prices of
23 a bid are not reasonable, suspend the bidding within that project
24 application category.

25 2834. (a) The Legislature finds and declares all of the
26 following:

27 (1) New and emerging community-scale distributed renewable
28 generation technologies can greatly reduce greenhouse gas
29 pollution in California, while providing quantifiable benefits to
30 California ratepayers and the environment, contributing to the
31 state's renewable energy, air quality, and climate goals, and
32 providing increased electric system reliability.

33 (2) The Energy Commission has acknowledged in its 2011
34 Integrated Energy Policy Report that "[i]ncreased bioenergy
35 production could provide the state with several economic,
36 environmental, and reliability benefits."

37 (3) Significant potential exists for the utilization of low-emission
38 biomass and biogas technologies from landfills and organic waste
39 diversion, wastewater treatment plants, food and agricultural

1 *processing, animal husbandry facilities, byproducts of sustainable*
2 *forest management and wildfire prevention, and farms.*

3 (4) *Resource diversity benefits California ratepayers in the long*
4 *term by reducing both the price of electricity and the risks to the*
5 *reliability of the electric system.*

6 (b) *Before June 1, 2013, each local publicly owned utility that*
7 *sells electricity at retail to 75,000 or more customers is strongly*
8 *encouraged to consider and adopt, if appropriate, a procurement*
9 *target for small- and community-scale biomass and biogas projects.*
10 *To achieve that target, each local publicly owned utility shall set*
11 *an interim deadline of December 31, 2016, and a final deadline*
12 *of December 31, 2020.*

13 ~~SECTION 1. Section 701.3 of the Public Utilities Code is~~
14 ~~amended and renumbered to read:~~

15 ~~701.2. Until the commission completes an electric generation~~
16 ~~procurement methodology that values the environmental and~~
17 ~~diversity costs and benefits associated with various generation~~
18 ~~technologies, the commission shall direct that a specific portion~~
19 ~~of future electrical generating capacity needed for California be~~
20 ~~reserved or set aside for renewable resources.~~

21 ~~SEC. 2. Section 701.3 is added to the Public Utilities Code, to~~
22 ~~read:~~

23 ~~701.3. (a) The Legislature finds and declares the following:~~

24 ~~(1) New and emerging distributed renewable generation~~
25 ~~technologies can greatly reduce methane pollution in California~~
26 ~~while providing quantifiable benefits to California ratepayers and~~
27 ~~the environment, contributing to the state's local renewable energy~~
28 ~~and climate goals, and providing increased electric system~~
29 ~~reliability.~~

30 ~~(2) The commission has refused to account for the benefits of~~
31 ~~methane and other emissions reductions that result from the~~
32 ~~utilization of low-emission biomass and biogas technologies from~~
33 ~~landfills and organic waste diversion, waste water treatment plants,~~
34 ~~food and agricultural processing, animal waste facilities, and farms,~~
35 ~~and has failed to promote resource diversity in the renewable~~
36 ~~distributed generation programs it administers.~~

37 ~~(b) For the purposes of this section, the following terms have~~
38 ~~the following meanings:~~

- 1 ~~(1) “Electrical corporation” means an electrical corporation, as~~
2 ~~defined in Section 218, that furnishes electricity to more than~~
3 ~~100,000 customers.~~
- 4 ~~(2) “Small biogas or biomass projects” means electrical~~
5 ~~generation projects that are no larger than five megawatts, and that~~
6 ~~comply with all applicable requirements of the State Air Resources~~
7 ~~Board and the air quality management or air pollution control~~
8 ~~district.~~
- 9 ~~(e) By June 1, 2014, the commission shall adopt a methodology~~
10 ~~that accounts for the benefits to ratepayers and the environment~~
11 ~~from reducing air pollution and global warming emissions by~~
12 ~~generating electricity from landfills and organic waste diversion,~~
13 ~~waste water treatment plants, food and agricultural processing,~~
14 ~~animal waste facilities, and farms.~~