

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1332

Introduced by Senator Negrete McLeod

February 23, 2012

An act to ~~amend Section 399.20 of, and to amend and renumber Section 387.6 of,~~ the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1332, as amended, Negrete McLeod. Renewable energy resources: electric utilities.

(1) Existing law requires a local publicly owned electric utility that sells electricity at retail to 75,000 or more customers to adopt and implement a tariff for electricity purchased from an electric generation facility meeting certain size, deliverability, and interconnection requirements and to consider certain factors. Existing law requires the local publicly owned electric utility to make the tariff available to owners and operators of an electric generation facility within the service territory of the utility, upon request, on a first-come-first-served basis, until the utility meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under the feed-in tariffs adopted pursuant to the above-described requirements. Existing law provides that the electricity purchased from an electric generation facility counts toward meeting the local publicly owned electric utility's renewables portfolio standard annual procurement targets.

This bill would move this requirement to that portion of the Public Utilities Code concerning the California Renewables Portfolio Standard Program and would require that the tariff be adopted by March 1, 2013. The bill would make other technical and nonsubstantive changes.

Existing law requires that the governing board of a local publicly owned utility ensure that the adopted tariff reflects the value of every kilowatthour of electricity generated on a time-of-delivery basis.

This bill would require that this value include avoided costs for distribution and transmission system upgrades, whether the facility generates electricity in a manner that offsets peak demand on the distribution circuit, and all current and anticipated environmental and greenhouse-gasses *gases* reduction compliance costs and avoided costs.

By imposing additional requirements upon a local publicly owned electric utility, the bill would impose a state-mandated local program.

~~(2) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires every electrical corporation to file with the PUC a standard tariff for electricity generated by an electric generation facility, as defined. Existing law provides that the electricity purchased from an electric generation facility pursuant to the tariff counts toward meeting the electrical corporation's procurement requirements pursuant to the California Renewables Portfolio Standard Program and that the physical generating capacity of the electric generation facility counts toward meeting the electrical corporation's resource adequacy requirements established by the PUC.~~

This bill would provide that the electricity purchased from an electric generation facility pursuant to the tariff counts toward meeting the electrical corporation's resource adequacy requirements established by the PUC if the owner or operator of the facility elects to qualify for full-capacity deliverability status for the facility.

~~(3)~~

(2) 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.

Vote: majority. 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 387.6 of the Public Utilities Code is
- 2 amended and renumbered to read:

1 399.32. (a) It is the policy of the state and the intent of the
2 Legislature to encourage electrical generation from eligible
3 renewable energy resources.

4 (b) As used in this section, “electric generation facility” means
5 an electric generation facility located within the service territory
6 of, and developed to sell electricity to, a local publicly owned
7 electric utility, and that meets all of the following criteria:

8 (1) Has an effective capacity of not more than three megawatts.

9 (2) Is interconnected and operates in parallel with the electrical
10 transmission and distribution grid.

11 (3) Is strategically located and interconnected to the electrical
12 transmission and distribution grid in a manner that optimizes the
13 deliverability of electricity generated at the facility to load centers.

14 (4) Is an eligible renewable energy resource pursuant to this
15 article.

16 (c) A local publicly owned electric utility that sells electricity
17 at retail to 75,000 or more customers shall adopt a standard tariff
18 for electricity purchased from an electric generation facility by
19 March 1, 2013.

20 (d) The governing board of the local publicly owned electric
21 utility shall ensure that the tariff adopted pursuant to subdivision
22 (c) reflects the value of every kilowatthour of electricity generated
23 on a time-of-delivery basis, including avoided costs for distribution
24 and transmission system upgrades, whether the facility generates
25 electricity in a manner that offsets peak demand on the distribution
26 circuit, and all current and anticipated environmental and
27 greenhouse-gasses *gases* reduction compliance costs and avoided
28 costs. The governing board may adjust this value based on the
29 other attributes of renewable generation. The governing board
30 shall ensure, with respect to rates and charges, that ratepayers that
31 do not receive service pursuant to the tariff are indifferent to
32 whether a ratepayer with an electric generation facility receives
33 service pursuant to the tariff.

34 (e) A local publicly owned electric utility that sells electricity
35 at retail to 75,000 or more customers shall make the tariff available
36 to the owner or operator of an electric generation facility within
37 the service territory of the utility, upon request, on a
38 first-come-first-served basis, until the utility meets its proportionate
39 share of a statewide cap of 750 megawatts cumulative rated
40 generation capacity served under this section and Section 399.20.

1 The proportionate share shall be calculated based on the ratio of
2 the utility's peak demand compared to the total statewide peak
3 demand.

4 (f) The local publicly owned electric utility may make the terms
5 of the tariff available to owners and operators of an electric
6 generation facility in the form of a standard contract.

7 (g) Every kilowatthour of electricity purchased from an electric
8 generation facility shall count toward meeting the local publicly
9 owned electric utility's renewables portfolio standard annual
10 procurement targets for purposes of Section 399.20.

11 (h) (1) A local publicly owned electric utility may establish
12 performance standards for any electric generation facility that has
13 a capacity greater than one megawatt to ensure that those facilities
14 are constructed, operated, and maintained to generate the expected
15 annual net production of electricity and do not impact system
16 reliability.

17 (2) A local publicly owned electric utility may reduce the three
18 megawatt capacity limitation of paragraph (1) of subdivision (b)
19 if the utility finds that a reduced capacity limitation is necessary.

20 (i) Within 10 days of receipt of a request for a tariff pursuant
21 to this section from an owner or operator of an electric generation
22 facility, the local publicly owned electric utility that receives the
23 request shall post a copy of the request on its Internet Web site.
24 The information posted on the Internet Web site shall include the
25 name of the city in which the facility is located, but information
26 that is proprietary and confidential, including, but not limited to,
27 address information beyond the name of the city in which the
28 facility is located, shall be redacted.

29 (j) A local publicly owned electric utility may deny a tariff
30 request pursuant to this section if the local publicly owned electric
31 utility makes any of the following findings:

32 (1) The electric generation facility does not meet the
33 requirements of this section.

34 (2) The transmission or distribution grid that would serve as the
35 point of interconnection is inadequate.

36 (3) The electric generation facility does not meet all applicable
37 state and local laws and building standards, and utility
38 interconnection requirements.

1 (4) The aggregate of all electric generating facilities on a
2 distribution circuit would adversely impact utility operation and
3 load restoration efforts of the distribution system.

4 (k) Upon receiving a notice of denial from a local publicly
5 owned electric utility, the owner or operator of the electric
6 generation facility denied a tariff pursuant to this section shall have
7 the right to appeal that decision to the governing board of the local
8 publicly owned electric utility.

9 (l) In order to ensure the safety and reliability of electric
10 generation facilities, the owner of an electric generation facility
11 receiving a tariff pursuant to this section shall provide an inspection
12 and maintenance report to the local publicly owned electric utility
13 at least once every other year. The inspection and maintenance
14 report shall be prepared at the owner's or operator's expense by a
15 California-licensed contractor who is not the owner or operator of
16 the electric generation facility. A California-licensed electrician
17 shall perform the inspection of the electrical portion of the
18 generation facility.

19 (m) The contract between the electric generation facility
20 receiving the tariff and the local publicly owned electric utility
21 shall contain provisions that ensure that construction of the electric
22 generating facility complies with all applicable state and local laws
23 and building standards, and utility interconnection requirements.

24 (n) (1) All construction and installation of facilities of the local
25 publicly owned electric utility, including at the point of the output
26 meter or at the transmission or distribution grid, shall only be
27 performed by that local publicly owned electric utility.

28 (2) All interconnection facilities installed on the local publicly
29 owned electric utility's side of the transfer point for electricity
30 between the local publicly owned electric utility and the electrical
31 conductors of the electric generation facility shall be owned,
32 operated, and maintained only by the local publicly owned electric
33 utility. The ownership, installation, operation, reading, and testing
34 of revenue metering equipment for electric generating facilities
35 shall be performed only by the local publicly owned electric utility.

36 ~~SEC. 2. Section 399.20 of the Public Utilities Code is amended~~
37 ~~to read:~~

38 ~~399.20. (a) It is the policy of this state and the intent of the~~
39 ~~Legislature to encourage electrical generation from eligible~~
40 ~~renewable energy resources.~~

1 ~~(b) As used in this section, “electric generation facility” means~~
2 ~~an electric generation facility located within the service territory~~
3 ~~of, and developed to sell electricity to, an electrical corporation~~
4 ~~that meets all of the following criteria:~~

5 ~~(1) Has an effective capacity of not more than three megawatts.~~

6 ~~(2) Is interconnected and operates in parallel with the electrical~~
7 ~~transmission and distribution grid.~~

8 ~~(3) Is strategically located and interconnected to the electrical~~
9 ~~transmission and distribution grid in a manner that optimizes the~~
10 ~~deliverability of electricity generated at the facility to load centers.~~

11 ~~(4) Is an eligible renewable energy resource.~~

12 ~~(e) Every electrical corporation shall file with the commission~~
13 ~~a standard tariff for electricity purchased from an electric~~
14 ~~generation facility. The commission may modify or adjust the~~
15 ~~requirements of this section for any electrical corporation with less~~
16 ~~than 100,000 service connections, as individual circumstances~~
17 ~~merit.~~

18 ~~(d) (1) The tariff shall provide for payment for every~~
19 ~~kilowatthour of electricity purchased from an electric generation~~
20 ~~facility for a period of 10, 15, or 20 years, as authorized by the~~
21 ~~commission. The payment shall be the market price determined~~
22 ~~by the commission pursuant to paragraph (2) and shall include all~~
23 ~~current and anticipated environmental compliance costs, including,~~
24 ~~but not limited to, mitigation of emissions of greenhouse gases~~
25 ~~and air pollution offsets associated with the operation of new~~
26 ~~generating facilities in the local air pollution control or air quality~~
27 ~~management district where the electric generation facility is~~
28 ~~located.~~

29 ~~(2) The commission shall establish a methodology to determine~~
30 ~~the market price of electricity for terms corresponding to the length~~
31 ~~of contracts with an electric generation facility, in consideration~~
32 ~~of the following:~~

33 ~~(A) The long-term market price of electricity for fixed price~~
34 ~~contracts, determined pursuant to an electrical corporation’s general~~
35 ~~procurement activities as authorized by the commission.~~

36 ~~(B) The long-term ownership, operating, and fixed-price fuel~~
37 ~~costs associated with fixed-price electricity from new generating~~
38 ~~facilities.~~

39 ~~(C) The value of different electricity products including~~
40 ~~baseload, peaking, and as-available electricity.~~

1 ~~(3) The commission may adjust the payment rate to reflect the~~
2 ~~value of every kilowatthour of electricity generated on a~~
3 ~~time-of-delivery basis.~~

4 ~~(4) The commission shall ensure, with respect to rates and~~
5 ~~charges, that ratepayers that do not receive service pursuant to the~~
6 ~~tariff are indifferent to whether a ratepayer with an electric~~
7 ~~generation facility receives service pursuant to the tariff.~~

8 ~~(e) An electrical corporation shall provide expedited~~
9 ~~interconnection procedures to an electric generation facility located~~
10 ~~on a distribution circuit that generates electricity at a time and in~~
11 ~~a manner so as to offset the peak demand on the distribution circuit,~~
12 ~~if the electrical corporation determines that the electric generation~~
13 ~~facility will not adversely affect the distribution grid. The~~
14 ~~commission shall consider and may establish a value for an electric~~
15 ~~generation facility located on a distribution circuit that generates~~
16 ~~electricity at a time and in a manner so as to offset the peak demand~~
17 ~~on the distribution circuit.~~

18 ~~(f) An electrical corporation shall make the tariff available to~~
19 ~~the owner or operator of an electric generation facility within the~~
20 ~~service territory of the electrical corporation, upon request, on a~~
21 ~~first-come-first-served basis, until the electrical corporation meets~~
22 ~~its proportionate share of a statewide cap of 750 megawatts~~
23 ~~cumulative rated generation capacity served under this section and~~
24 ~~Section 399.32. The proportionate share shall be calculated based~~
25 ~~on the ratio of the electrical corporation's peak demand compared~~
26 ~~to the total statewide peak demand.~~

27 ~~(g) The electrical corporation may make the terms of the tariff~~
28 ~~available to owners and operators of an electric generation facility~~
29 ~~in the form of a standard contract subject to commission approval.~~

30 ~~(h) Every kilowatthour of electricity purchased from an electric~~
31 ~~generation facility shall count toward meeting the electrical~~
32 ~~corporation's renewables portfolio standard annual procurement~~
33 ~~targets for purposes of paragraph (1) of subdivision (b) of Section~~
34 ~~399.15.~~

35 ~~(i) If the owner or operator of an electric generation facility~~
36 ~~elects to qualify for full-capacity deliverability status for the~~
37 ~~facility, the physical generating capacity of an electric generation~~
38 ~~facility shall count toward the electrical corporation's resource~~
39 ~~adequacy requirement for purposes of Section 380.~~

1 ~~(j) (1) The commission shall establish performance standards~~
2 ~~for any electric generation facility that has a capacity greater than~~
3 ~~one megawatt to ensure that those facilities are constructed,~~
4 ~~operated, and maintained to generate the expected annual net~~
5 ~~production of electricity and do not impact system reliability.~~

6 ~~(2) The commission may reduce the three megawatt capacity~~
7 ~~limitation of paragraph (1) of subdivision (b) if the commission~~
8 ~~finds that a reduced capacity limitation is necessary to maintain~~
9 ~~system reliability within that electrical corporation's service~~
10 ~~territory.~~

11 ~~(k) (1) Any owner or operator of an electric generation facility~~
12 ~~that received ratepayer-funded incentives in accordance with~~
13 ~~Section 379.6 of this code, or with Section 25782 of the Public~~
14 ~~Resources Code, and participated in a net metering program~~
15 ~~pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior~~
16 ~~to January 1, 2010, shall be eligible for a tariff or standard contract~~
17 ~~filed by an electrical corporation pursuant to this section.~~

18 ~~(2) In establishing the tariffs or standard contracts pursuant to~~
19 ~~this section, the commission shall consider ratepayer-funded~~
20 ~~incentive payments previously received by the generation facility~~
21 ~~pursuant to Section 379.6 of this code or Section 25782 of the~~
22 ~~Public Resources Code. The commission shall require~~
23 ~~reimbursement of any funds received from these incentive~~
24 ~~programs to an electric generation facility, in order for that facility~~
25 ~~to be eligible for a tariff or standard contract filed by an electrical~~
26 ~~corporation pursuant to this section, unless the commission~~
27 ~~determines ratepayers have received sufficient value from the~~
28 ~~incentives provided to the facility based on how long the project~~
29 ~~has been in operation and the amount of renewable electricity~~
30 ~~previously generated by the facility.~~

31 ~~(3) A customer that receives service under a tariff or contract~~
32 ~~approved by the commission pursuant to this section is not eligible~~
33 ~~to participate in any net metering program.~~

34 ~~(l) An owner or operator of an electric generation facility~~
35 ~~electing to receive service under a tariff or contract approved by~~
36 ~~the commission shall continue to receive service under the tariff~~
37 ~~or contract until either of the following occurs:~~

38 ~~(1) The owner or operator of an electric generation facility no~~
39 ~~longer meets the eligibility requirements for receiving service~~
40 ~~pursuant to the tariff or contract.~~

- 1 ~~(2) The period of service established by the commission pursuant~~
2 ~~to subdivision (d) is completed.~~
- 3 ~~(m) Within 10 days of receipt of a request for a tariff pursuant~~
4 ~~to this section from an owner or operator of an electric generation~~
5 ~~facility, the electrical corporation that receives the request shall~~
6 ~~post a copy of the request on its Internet Web site. The information~~
7 ~~posted on the Internet Web site shall include the name of the city~~
8 ~~in which the facility is located, but information that is proprietary~~
9 ~~and confidential, including, but not limited to, address information~~
10 ~~beyond the name of the city in which the facility is located, shall~~
11 ~~be redacted.~~
- 12 ~~(n) An electrical corporation may deny a tariff request pursuant~~
13 ~~to this section if the electrical corporation makes any of the~~
14 ~~following findings:~~
- 15 ~~(1) The electric generation facility does not meet the~~
16 ~~requirements of this section.~~
- 17 ~~(2) The transmission or distribution grid that would serve as the~~
18 ~~point of interconnection is inadequate.~~
- 19 ~~(3) The electric generation facility does not meet all applicable~~
20 ~~state and local laws and building standards and utility~~
21 ~~interconnection requirements.~~
- 22 ~~(4) The aggregate of all electric generating facilities on a~~
23 ~~distribution circuit would adversely impact utility operation and~~
24 ~~load restoration efforts of the distribution system.~~
- 25 ~~(o) Upon receiving a notice of denial from an electrical~~
26 ~~corporation, the owner or operator of the electric generation facility~~
27 ~~denied a tariff pursuant to this section shall have the right to appeal~~
28 ~~that decision to the commission.~~
- 29 ~~(p) In order to ensure the safety and reliability of electric~~
30 ~~generation facilities, the owner of an electric generation facility~~
31 ~~receiving a tariff pursuant to this section shall provide an inspection~~
32 ~~and maintenance report to the electrical corporation at least once~~
33 ~~every other year. The inspection and maintenance report shall be~~
34 ~~prepared at the owner's or operator's expense by a~~
35 ~~California-licensed contractor who is not the owner or operator of~~
36 ~~the electric generation facility. A California-licensed electrician~~
37 ~~shall perform the inspection of the electrical portion of the~~
38 ~~generation facility.~~
- 39 ~~(q) The contract between the electric generation facility~~
40 ~~receiving the tariff and the electrical corporation shall contain~~

1 provisions that ensure that construction of the electric generating
2 facility complies with all applicable state and local laws and
3 building standards, and utility interconnection requirements.

4 (r) (1) All construction and installation of facilities of the
5 electrical corporation, including at the point of the output meter
6 or at the transmission or distribution grid, shall be performed only
7 by that electrical corporation.

8 (2) All interconnection facilities installed on the electrical
9 corporation's side of the transfer point for electricity between the
10 electrical corporation and the electrical conductors of the electric
11 generation facility shall be owned, operated, and maintained only
12 by the electrical corporation. The ownership, installation, operation,
13 reading, and testing of revenue metering equipment for electric
14 generating facilities shall only be performed by the electrical
15 corporation.

16 SEC. 3.

17 SEC. 2. No reimbursement is required by this act pursuant to
18 Section 6 of Article XIII B of the California Constitution because
19 a local agency or school district has the authority to levy service
20 charges, fees, or assessments sufficient to pay for the program or
21 level of service mandated by this act, within the meaning of Section
22 17556 of the Government Code.