

AMENDED IN SENATE JUNE 25, 2013
AMENDED IN ASSEMBLY MAY 29, 2013
AMENDED IN ASSEMBLY MAY 24, 2013
AMENDED IN ASSEMBLY APRIL 23, 2013
AMENDED IN ASSEMBLY APRIL 9, 2013
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1295

Introduced by Assembly Member Roger Hernández

February 22, 2013

An act to add and repeal Chapter 7.6 (commencing with Section 2831) of Part 2 of Division 1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1295, as amended, Roger Hernández. Public utilities: renewable energy: community renewables option.

Under existing law, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations, as defined, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Under existing law, the local government renewable energy self-generation program authorizes a local government, as defined, to receive a bill credit, as defined, to be applied to a designated benefiting account for

electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the benefiting account.

The California Renewables Portfolio Standard Program, referred to as the RPS program, requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, 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.

This bill would require an electrical corporation to provide a community renewables option, *as specified*, allowing a subscribing customer's bill be adjusted to reflect the customer's subscription in the output of a community renewables facility. The bill would require the commission to authorize the tariff for community renewables option by July 1, 2014. The bill would, on and after January 1, 2016, require the commission to evaluate the demand for the community renewables option. If the commission finds that the community renewables option should be discontinued, the bill would make the above provisions inoperative. The bill would authorize a local publicly owned utility to offer a community renewables option. This bill would repeal the provision of the community renewables option on January 1, 2020.

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 2831) is
- 2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

1 CHAPTER 7.6. COMMUNITY RENEWABLES FACILITY

2
3 2831. As used in this article, the following terms mean the
4 following:

5 (a) “Community renewables facility” means an electric
6 generation facility that has elected to participate in the community
7 renewables option.

8 (b) “Community renewables option” means the right of an
9 electric generation facility to participate in a program that allows
10 a customer to subscribe to the output of an electric generation
11 facility.

12 (c) “Community renewables rate” means the charge to
13 subscribing customers for generation of electricity under the
14 community renewables option that includes all of the following:

15 (1) The contract price paid to procure renewable resources to
16 serve the community renewables subscription amount of the
17 subscribing customer.

18 (2) Customer departing load charges.

19 (3) Renewable integration charges, as determined by the
20 commission.

21 (4) Charges to recover the costs, if any, to procure sufficient
22 resources to adequately serve subscribing customers.

23 (5) Charges to cover the cost of program administration.

24 (d) “Contract price” means the payment that is due to the
25 electric generation facility in accordance with a power purchase
26 contract executed pursuant to an eligible procurement program
27 described in a cents per kilowatthours payment.

28 (e)

29 (e) “Electric generation facility” means ~~an electric generation~~
30 *a generating* facility located within the service territory of, and
31 developed to sell electricity to, an electrical corporation that meets
32 all of the following criteria:

33 (1) Has an effective capacity of not more than ~~three~~ 20
34 megawatts.

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

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

1 (4) Is an eligible renewable energy resource, as defined in
2 Section 399.12.

3 ~~(5) Meets all the requirements established pursuant to Section~~
4 ~~399.20 that are applicable to electric generation facilities.~~

5 ~~(d) “Feed-in tariff payment” means the payment that is due to~~
6 ~~the electric generation facility in accordance with the tariff or~~
7 ~~standard contract established pursuant to Section 399.20 as~~
8 ~~described in a monthly total payment.~~

9 ~~(5) Begins commercial operation on or after January 1, 2012.~~

10 ~~(f) “Eligible procurement program” means a competitively~~
11 ~~priced renewable procurement mechanism.~~

12 ~~(g) “Generation rate” means the generation component of the~~
13 ~~customer’s energy or capacity rate, or both, through which the~~
14 ~~electrical corporation recovers energy procurement costs.~~

15 ~~(e)~~

16 ~~(h) “Subscribing customer” means a customer of an electrical~~
17 ~~corporation who has subscribed to the output of a community~~
18 ~~renewables facility.~~

19 ~~(f)~~

20 ~~(i) “Subscription amount” means the percentage of kilowatthours~~
21 ~~delivered to an electrical corporation from a community renewables~~
22 ~~facility to which a subscribing customer has subscribed.~~

23 ~~(g)~~

24 ~~(j) “Unsubscribed output” means the percentage of~~
25 ~~kilowatthours delivered to an electrical corporation from a~~
26 ~~community renewables facility to which no subscribing customer~~
27 ~~has subscribed.~~

28 2831.5. A community renewables facility is not an electrical
29 corporation, as defined in Section ~~218~~ 218, or an electric service
30 provider, as defined in Section ~~218.3~~ 218.3, *solely by virtue of*
31 *being a community renewables facility.*

32 2832. (a) An electrical corporation shall provide, *via a tariff*
33 *advice filing or application approved by the commission*, a
34 community renewables option that allows a subscribing customer’s
35 bill to be adjusted to reflect the customer’s subscription.

36 *(b) The electrical corporation shall charge a community*
37 *renewables rate in place of the customer’s otherwise applicable*
38 *generation rate for the customer’s subscription amount. Other*
39 *application electricity charges shall remain without modification.*

1 *The community renewables rate shall ensure that nonsubscribing*
2 *customers are unaffected by the community renewables option.*

3 ~~(b)~~

4 *(c) In approving the ~~tariff~~ community renewables option, the*
5 *commission shall ensure all of the following:*

6 *(1) Customers that do not participate in the community*
7 *renewables option are indifferent to whether other customers*
8 *participate in the community renewables option, and no costs are*
9 *shifted from subscribing customers to nonsubscribing customers.*

10 *(2) An electric generation facility that executes a power*
11 *purchase contract with an electrical corporation may, in its sole*
12 *discretion, make an election to become a community renewables*
13 *facility.*

14 ~~(2)~~

15 *(3) An electric generation facility that has ~~executed a standard~~*
16 *~~contract with an electrical corporation and has begun deliveries~~*
17 *~~pursuant to the contract~~ begun commercial operation before the*
18 *community renewables option is implemented may, ~~in its~~ for a*
19 *limited time to be determined by the commission, in the electric*
20 *generation facility's sole discretion, ~~elect~~ make an election to*
21 *become a community renewables facility.*

22 ~~(3)~~

23 *(4) (A) The community renewables facility is solely responsible*
24 *for any and all arrangements, agreements, or disputes with its*
25 *subscribing customers concerning ~~the community renewables~~*
26 *~~option~~ their subscription or subscriptions to the output of the*
27 *community renewables facility. The community renewables facility*
28 *shall communicate, in writing, to the electrical corporation, in a*
29 *timely manner, to be specified in the electrical corporation's tariff*
30 *and contract, but not less than once per year, information necessary*
31 *for the electrical corporation to administer the community*
32 *renewables option that includes, but is not limited to, all of the*
33 *following:*

34 *(i) The name of each subscribing customer.*

35 *(ii) The service address and service account number of each*
36 *subscribing customer to which a bill adjustment should be applied.*

37 *(iii) Each subscribing customer's subscription amount.*

38 *~~(iv) The unsubscribed output, if any, for which payment should~~*
39 *~~be made directly to the community renewables facility.~~*

1 (B) The electrical corporation shall not be a party to an
2 arrangement or agreement between the community renewables
3 facility and the subscribing customer.

4 (C) A customer’s subscription to the output of a community
5 renewables facility pursuant to this section is a not a direct
6 transaction pursuant to subdivision (c) of Section 331.

7 (5) (A) The community renewables facility shall be required to
8 establish, in its contract with the electrical corporation under an
9 eligible procurement program, the portion of the facility’s output
10 that will be subscribed to by subscribing customers under the
11 community renewables option.

12 (B) The electrical corporation shall have the right to recover
13 from the community renewables facility any procurement costs
14 that are above the procurement costs that would otherwise be
15 incurred by the electrical corporation in meeting its renewables
16 portfolio standard procurement requirements pursuant to Section
17 399.15 due to a community renewables facility’s failure to maintain
18 subscriptions for the portion of the facility output as contractually
19 agreed to in subparagraph (A).

20 (4)

21 (6) The electrical corporation shall pay the community
22 renewables facility for any unsubscribed output, as determined in
23 establishing the subscribed output pursuant to subparagraph (A)
24 of paragraph (5), by multiplying the unsubscribed output by ~~the~~
25 ~~feed-in tariff payment~~ the contract price.

26 (5)

27 (7) (A) Customer subscriptions shall not be credited towards
28 the electrical corporation’s procurement requirements pursuant to
29 Section 399.15 ~~but shall continue to count toward~~ or the electrical
30 corporation’s proportionate share of ~~the statewide cap specified~~
31 ~~in Section 399.20~~ an eligible procurement program’s statewide
32 cap.

33 (B) Incremental procurement under this section shall be limited
34 to the electricity necessary to serve the community renewables
35 subscription amounts of subscribing customers. This section does
36 not require an electrical corporation to procure or pay for
37 unsubscribed output in excess of an eligible procurement
38 program’s statewide cap.

39 (B)

1 (C) In calculating its procurement requirements pursuant to
2 Section 399.15, an electrical corporation may exclude from the
3 total retail sales the kilowatthours subscribed to by participating
4 customers pursuant to this section.

5 ~~(6)~~

6 (8) Any unsubscribed output from a community renewables
7 ~~generator facility~~ shall continue to be credited towards the electrical
8 corporation's procurement requirements pursuant to Section 399.15
9 and shall count toward the electrical corporation's proportionate
10 share of the *eligible procurement program's* statewide ~~cap~~ specified
11 ~~in Section 399.20 cap.~~

12 ~~(e)~~

13 (d) No later than July 1, 2014, the commission shall authorize
14 the tariff for the community renewables option consistent with this
15 section, including setting a reasonable cap on total megawatts that
16 can be subscribed to under a community renewables program
17 pursuant to this ~~section~~ *section, not to exceed 600 megawatts*
18 *statewide and to be coordinated with any other customer renewable*
19 *option or green rate programs. The commission shall ensure that*
20 *the megawatts offered under this cap are both of the following:*

21 (1) *Allocated among electrical corporations in proportion to*
22 *their contribution to statewide peak electricity demand.*

23 (2) *Distributed evenly over the life of the community renewables*
24 *program.*

25 ~~(d) Notwithstanding paragraphs (1) and (5) of subdivision (e)~~
26 ~~of Section 2831, the commission may allow the renewable~~
27 ~~programs adopted by the commission in commission decisions~~
28 ~~10-12-048 and 09-06-049 to include a community renewables~~
29 ~~option if the community renewables option meets the requirements~~
30 ~~of subdivision (e). All purchases pursuant to this subdivision shall~~
31 ~~count toward the electrical corporation's proportional share of the~~
32 ~~program's cap.~~

33 (e) An electrical corporation shall recover from the community
34 renewables facility any costs of implementing the community
35 renewables option reasonably attributable to the community
36 facility. Any implementation costs not reasonably attributable to
37 the community renewables facility shall be recovered from ~~the~~
38 *participating* ratepayers, as determined by the commission.

39 (f) If a customer participates in direct transactions pursuant to
40 paragraph (1) of subdivision (b) of Section 365 or Section 365.1,

1 the electrical corporation that provides distribution service for the
2 customer is not obligated to allow that customer to participate in
3 a community renewables option.

4 (g) (1) On and after January 1, 2016, the commission shall
5 evaluate the demand for the community renewables option and
6 consider whether to continue offering a community renewables
7 option.

8 (2) If the commission determines that the community renewables
9 option should terminate, the commission shall issue an order to
10 that effect and deliver a copy of the order to the Secretary of State.
11 The section shall become inoperative on the effective date of the
12 order.

13 (h) *An electrical corporation may voluntarily offer a renewable*
14 *energy tariff to its retail customers notwithstanding any limitation*
15 *in paragraph (3) of subdivision (b) of Section 399.15. Nothing in*
16 *Section 399.15 shall prohibit an electrical corporation from*
17 *voluntarily offering a renewable energy tariff.*

18 2832.5. A local publicly owned electric utility required to
19 comply with Section 399.32 may offer a community renewables
20 option for an electric generation facility as defined in Section
21 399.32.

22 2833. This chapter shall remain in effect only until January 1,
23 2020, and as of that date is repealed, unless a later enacted statute,
24 that is enacted before January 1, 2020, deletes or extends that date.