

AMENDED IN ASSEMBLY AUGUST 20, 2013

AMENDED IN ASSEMBLY AUGUST 6, 2013

AMENDED IN ASSEMBLY JUNE 25, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE APRIL 10, 2013

SENATE BILL

No. 591

Introduced by Senator Cannella
(Coauthor: Assembly Member Gray)

February 22, 2013

An act to amend Section 399.30 of the Public Utilities Code, relating to renewable energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 591, as amended, Cannella. Renewable energy resources: local publicly owned electric utility: hydroelectric generation facility.

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 from 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, referred to as the portfolio content requirements.

This bill would provide that a local publicly owned electric utility is not required to procure additional eligible renewable energy resources in excess of specified levels, if it receives 50% or greater of its annual retail sales from its own hydroelectric generation meeting specified requirements.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 399.30 of the Public Utilities Code is
2 amended to read:

3 399.30. (a) To fulfill unmet long-term generation resource
4 needs, each local publicly owned electric utility shall adopt and
5 implement a renewable energy resources procurement plan that
6 requires the utility to procure a minimum quantity of electricity
7 products from eligible renewable energy resources, including
8 renewable energy credits, as a specified percentage of total
9 kilowatthours sold to the utility's retail end-use customers, each
10 compliance period, to achieve the targets of subdivision (c).

11 (b) The governing board shall implement procurement targets
12 for a local publicly owned electric utility that require the utility to
13 procure a minimum quantity of eligible renewable energy resources
14 for each of the following compliance periods:

15 (1) January 1, 2011, to December 31, 2013, inclusive.

16 (2) January 1, 2014, to December 31, 2016, inclusive.

17 (3) January 1, 2017, to December 31, 2020, inclusive.

18 (c) The governing board of a local publicly owned electric utility
19 shall ensure all of the following:

20 (1) The quantities of eligible renewable energy resources to be
21 procured for the compliance period from January 1, 2011, to
22 December 31, 2013, inclusive, are equal to an average of 20 percent
23 of retail sales.

24 (2) The quantities of eligible renewable energy resources to be
25 procured for all other compliance periods reflect reasonable
26 progress in each of the intervening years sufficient to ensure that
27 the procurement of electricity products from eligible renewable

1 energy resources achieves 25 percent of retail sales by December
2 31, 2016, and 33 percent of retail sales by December 31, 2020.
3 The local governing board shall require the local publicly owned
4 electric utilities to procure not less than 33 percent of retail sales
5 of electricity products from eligible renewable energy resources
6 in all subsequent years.

7 (3) A local publicly owned electric utility shall adopt
8 procurement requirements consistent with Section 399.16.

9 (d) The governing board of a local publicly owned electric utility
10 may adopt the following measures:

11 (1) Rules permitting the utility to apply excess procurement in
12 one compliance period to subsequent compliance periods in the
13 same manner as allowed for retail sellers pursuant to Section
14 399.13.

15 (2) Conditions that allow for delaying timely compliance
16 consistent with subdivision (b) of Section 399.15.

17 (3) Cost limitations for procurement expenditures consistent
18 with subdivision (c) of Section 399.15.

19 (e) The governing board of the local publicly owned electric
20 utility shall adopt a program for the enforcement of this article on
21 or before January 1, 2012. The program shall be adopted at a
22 publicly noticed meeting offering all interested parties an
23 opportunity to comment. Not less than 30 days' notice shall be
24 given to the public of any meeting held for purposes of adopting
25 the program. Not less than 10 days' notice shall be given to the
26 public before any meeting is held to make a substantive change to
27 the program.

28 (f) (1) Each local publicly owned electric utility shall annually
29 post notice, in accordance with Chapter 9 (commencing with
30 Section 54950) of Part 1 of Division 2 of Title 5 of the Government
31 Code, whenever its governing body will deliberate in public on its
32 renewable energy resources procurement plan.

33 (2) Contemporaneous with the posting of the notice of a public
34 meeting to consider the renewable energy resources procurement
35 plan, the local publicly owned electric utility shall notify the
36 Energy Commission of the date, time, and location of the meeting
37 in order to enable the Energy Commission to post the information
38 on its Internet Web site. This requirement is satisfied if the local
39 publicly owned electric utility provides the uniform resource
40 locator (URL) that links to this information.

1 (3) Upon distribution to its governing body of information
2 related to its renewable energy resources procurement status and
3 future plans, for its consideration at a noticed public meeting, the
4 local publicly owned electric utility shall make that information
5 available to the public and shall provide the Energy Commission
6 with an electronic copy of the documents for posting on the Energy
7 Commission's Internet Web site. This requirement is satisfied if
8 the local publicly owned electric utility provides the uniform
9 resource locator (URL) that links to the documents or information
10 regarding other manners of access to the documents.

11 (g) A public utility district that receives all of its electricity
12 pursuant to a preference right adopted and authorized by the United
13 States Congress pursuant to Section 4 of the Trinity River Division
14 Act of August 12, 1955 (Public Law 84-386) shall be in compliance
15 with the renewable energy procurement requirements of this article.

16 (h) For a local publicly owned electric utility that was in
17 existence on or before January 1, 2009, that provides retail electric
18 service to 15,000 or fewer customer accounts in California, and is
19 interconnected to a balancing authority located outside this state
20 but within the WECC, an eligible renewable energy resource
21 includes a facility that is located outside California that is
22 connected to the WECC transmission system, if all of the following
23 conditions are met:

24 (1) The electricity generated by the facility is procured by the
25 local publicly owned electric utility, is delivered to the balancing
26 authority area in which the local publicly owned electric utility is
27 located, and is not used to fulfill renewable energy procurement
28 requirements of other states.

29 (2) The local publicly owned electric utility participates in, and
30 complies with, the accounting system administered by the Energy
31 Commission pursuant to this article.

32 (3) The Energy Commission verifies that the electricity
33 generated by the facility is eligible to meet the renewables portfolio
34 standard procurement requirements.

35 (i) Notwithstanding subdivision (a), for a local publicly owned
36 electric utility that is a joint powers authority of districts established
37 pursuant to state law on or before January 1, 2005, that furnish
38 electric services other than to residential customers, and is formed
39 pursuant to the Irrigation District Law (Division 11 (commencing
40 with Section 20500) of the Water Code), the percentage of total

1 kilowatthours sold to the district’s retail end-use customers, upon
2 which the renewables portfolio standard procurement requirements
3 in subdivision (b) are calculated, shall be based on the authority’s
4 average retail sales over the previous seven years. If the authority
5 has not furnished electric service for seven years, then the
6 calculation shall be based on average retail sales over the number
7 of completed years during which the authority has provided electric
8 service.

9 (j) A local publicly owned electric utility in a city and county
10 that only receives greater than 67 percent of its electricity sources
11 from hydroelectric generation located within the state that it owns
12 and operates, and that does not meet the definition of a “renewable
13 electrical generation facility” pursuant to Section 25741 of the
14 Public Resources Code, shall be required to procure eligible
15 renewable energy resources, including renewable energy credits,
16 to meet only the electricity demands unsatisfied by its hydroelectric
17 generation in any given year, in order to satisfy its renewable
18 energy procurement requirements.

19 (k) (1) A local publicly owned electric utility that receives
20 greater than 50 percent of its annual retail sales from its own
21 hydroelectric generation that is not an eligible renewable energy
22 resource shall not be required to procure additional eligible
23 renewable energy resources in excess of either of the following:

24 (A) The portion of its retail sales not supplied by its own
25 hydroelectric generation. *For these purposes, retail sales supplied*
26 *by an increase in hydroelectric generation resulting from an*
27 *increase in the amount of water stored by a dam because the dam*
28 *is enlarged or otherwise modified after December 31, 2012, shall*
29 *not count as being retail sales supplied by the utility’s own*
30 *hydroelectric generation.*

31 (B) The cost limitation adopted pursuant to this section.

32 (2) For the purposes of this subdivision, “hydroelectric
33 generation” means electricity generated from a hydroelectric
34 facility that satisfies all of the following:

35 (A) Is owned solely and operated by the local publicly owned
36 electric utility as of 1967.

37 (B) Serves a local publicly owned electric utility with a
38 distribution system demand of less than 150 megawatts.

39 (C) Involves a contract in which an electrical corporation
40 receives the benefit of the electric generation through June of 2014,

1 at which time the benefit reverts back to the ownership and control
2 of the local publicly owned electric utility.

3 (D) Has a maximum penstock flow capacity of no more than
4 3,200 cubic feet per second and includes a regulating reservoir
5 with a small hydroelectric generation facility producing fewer than
6 20 megawatts with a maximum penstock flow capacity of no more
7 than 3,000 cubic feet per second.

8 (3) This subdivision does not reduce or eliminate any renewable
9 procurement requirement for any compliance period ending prior
10 to January 1, 2014.

11 (4) *This subdivision does not require a local publicly owned*
12 *electric utility to purchase additional eligible renewable energy*
13 *resources in excess of the procurement requirements of subdivision*
14 *(c).*

15 (l) A local publicly owned electric utility shall retain discretion
16 over both of the following:

17 (1) The mix of eligible renewable energy resources procured
18 by the utility and those additional generation resources procured
19 by the utility for purposes of ensuring resource adequacy and
20 reliability.

21 (2) The reasonable costs incurred by the utility for eligible
22 renewable energy resources owned by the utility.

23 (m) On or before July 1, 2011, the Energy Commission shall
24 adopt regulations specifying procedures for enforcement of this
25 article. The regulations shall include a public process under which
26 the Energy Commission may issue a notice of violation and
27 correction against a local publicly owned electric utility for failure
28 to comply with this article, and for referral of violations to the
29 State Air Resources Board for penalties pursuant to subdivision
30 (o).

31 (n) (1) Upon a determination by the Energy Commission that
32 a local publicly owned electric utility has failed to comply with
33 this article, the Energy Commission shall refer the failure to comply
34 with this article to the State Air Resources Board, which may
35 impose penalties to enforce this article consistent with Part 6
36 (commencing with Section 38580) of Division 25.5 of the Health
37 and Safety Code. Any penalties imposed shall be comparable to
38 those adopted by the commission for noncompliance by retail
39 sellers.

1 (2) If Division 25.5 (commencing with Section 38500) of the
2 Health and Safety Code is suspended or repealed, the State Air
3 Resources Board may take action to enforce this article on local
4 publicly owned electric utilities consistent with Section 41513 of
5 the Health and Safety Code, and impose penalties on a local
6 publicly owned electric utility consistent with Article 3
7 (commencing with Section 42400) of Chapter 4 of Part 4 of, and
8 Chapter 1.5 (commencing with Section 43025) of Part 5 of,
9 Division 26 of the Health and Safety Code.

10 (3) For the purpose of this subdivision, this section is an
11 emissions reduction measure pursuant to Section 38580 of the
12 Health and Safety Code.

13 (4) If the State Air Resources Board has imposed a penalty upon
14 a local publicly owned electric utility for the utility's failure to
15 comply with this article, the State Air Resources Board shall not
16 impose an additional penalty for the same infraction, or the same
17 failure to comply, with any renewables procurement requirement
18 imposed upon the utility pursuant to the California Global Warming
19 Solutions Act of 2006 (Division 25.5 (commencing with Section
20 38500) of the Health and Safety Code).

21 (5) Any penalties collected by the State Air Resources Board
22 pursuant to this article shall be deposited in the Air Pollution
23 Control Fund and, upon appropriation by the Legislature, shall be
24 expended for reducing emissions of air pollution or greenhouse
25 gases within the same geographic area as the local publicly owned
26 electric utility.

27 (o) The commission has no authority or jurisdiction to enforce
28 any of the requirements of this article on a local publicly owned
29 electric utility.