

AMENDED IN ASSEMBLY JANUARY 9, 2014
AMENDED IN ASSEMBLY SEPTEMBER 5, 2013
AMENDED IN ASSEMBLY AUGUST 30, 2013
AMENDED IN ASSEMBLY AUGUST 19, 2013
AMENDED IN ASSEMBLY AUGUST 7, 2013
AMENDED IN SENATE MAY 20, 2013
AMENDED IN SENATE APRIL 29, 2013
AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 760

Introduced by Senator Wright
(Principal coauthor: Assembly Member V. Manuel Pérez)

February 22, 2013

An act to amend Section 399.13 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 760, as amended, Wright. California Renewables Portfolio Standard Program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined, while local publicly owned electric utilities, as defined, are under the direction of their governing board. The Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable

energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. The California Renewables Portfolio Standard Program requires a retail seller, 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.

The 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. The program requires the commission to adopt, by rulemaking, a process that provides criteria for the rank ordering and selecting of least-cost and best-fit eligible renewable energy resources to comply with the program obligations on a total cost basis, taking into account specified matter.

This bill would additionally require that the process providing criteria for the rank ordering and selecting of least-cost and best-fit eligible renewable energy resources to comply with the program obligations include procurement of specific types of eligible renewable energy resources necessary to maintain the reliability of the electrical grid to meet electrical demand on a 24-hour basis and consider the attributes of utilizing geothermal and other renewable energy resources, ~~as specified~~ *that provide environmental and electrical system benefits and contribute to grid reliability*. The bill would require each electrical corporation, in soliciting and procuring eligible renewable energy resources, to consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.

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 399.13 of the Public Utilities Code is
2 amended to read:
3 399.13. (a) (1) The commission shall direct each electrical
4 corporation to annually prepare a renewable energy procurement
5 plan that includes the matter in paragraph ~~(5)~~; (5) to satisfy its
6 obligations under the renewables portfolio standard. To the extent
7 feasible, this procurement plan shall be proposed, reviewed, and

1 adopted by the commission as part of, and pursuant to, a general
2 procurement plan process. The commission shall require each
3 electrical corporation to review and update its renewable energy
4 procurement plan as it determines to be necessary.

5 (2) Every electrical corporation that owns electrical transmission
6 facilities shall annually prepare, as part of the Federal Energy
7 Regulatory Commission Order 890 process, and submit to the
8 ~~commission~~, *commission* a report identifying any electrical
9 transmission facility, upgrade, or enhancement that is reasonably
10 necessary to achieve the renewables portfolio standard procurement
11 requirements of this article. Each report shall look forward at least
12 five years and, to ensure that adequate investments are made in a
13 timely manner, shall include a preliminary schedule when an
14 application for a certificate of public convenience and necessity
15 will be made, pursuant to Chapter 5 (commencing with Section
16 1001), for any electrical transmission facility identified as being
17 reasonably necessary to achieve the renewable energy resources
18 procurement requirements of this article. Each electrical
19 corporation that owns electrical transmission facilities shall ensure
20 that project-specific interconnection studies are completed in a
21 timely manner.

22 (3) The commission shall direct each retail seller to prepare and
23 submit an annual compliance report that includes all of the
24 following:

25 (A) The current status and progress made during the prior year
26 toward procurement of eligible renewable energy resources as a
27 percentage of retail sales, including, if applicable, the status of any
28 necessary siting and permitting approvals from federal, state, and
29 local agencies for those eligible renewable energy resources
30 procured by the retail seller, and the current status of compliance
31 with the portfolio content requirements of subdivision (c) of
32 Section 399.16, including procurement of eligible renewable energy
33 resources located outside the state and within the WECC and
34 unbundled renewable energy credits.

35 (B) If the retail seller is an electrical corporation, the current
36 status and progress made during the prior year toward construction
37 of, and upgrades to, transmission and distribution facilities and
38 other electrical system components it owns to interconnect eligible
39 renewable energy resources and to supply the electricity generated
40 by those resources to load, including the status of planning, siting,

1 and permitting transmission facilities by federal, state, and local
2 agencies.

3 (C) Recommendations to remove impediments to making
4 progress toward achieving the renewable energy resources
5 procurement requirements established pursuant to this article.

6 (4) The commission shall adopt, by rulemaking, all of the
7 following:

8 (A) A process that provides criteria for the rank ordering and
9 selecting of least-cost and best-fit eligible renewable energy
10 resources to comply with the California Renewables Portfolio
11 Standard Program obligations on a total cost and best-fit basis.
12 This process shall take into account all of the following:

13 (i) Estimates of indirect costs associated with needed
14 transmission investments and ongoing electrical corporation
15 expenses resulting from integrating and operating eligible
16 renewable energy resources.

17 (ii) The cost impact of procuring the eligible renewable energy
18 resources on the electrical corporation’s electricity portfolio.

19 (iii) The viability of the project to construct and reliably operate
20 the eligible renewable energy resource, including the developer’s
21 experience, the feasibility of the technology used to generate
22 electricity, and the risk that the facility will not be built, or that
23 construction will be delayed, with the result that electricity will
24 not be supplied as required by the contract.

25 (iv) Workforce recruitment, training, and retention efforts,
26 including the employment growth associated with the construction
27 and operation of eligible renewable energy resources and goals
28 for recruitment and training of women, minorities, and disabled
29 veterans.

30 (v) Procurement of specific types of eligible renewable energy
31 resources necessary to maintain the reliability of the electrical grid
32 to meet electrical demand on a 24-hour basis, including identifying
33 the eligible renewable energy resources by type and operating
34 characteristics.

35 (vi) Consideration of the attributes of utilizing geothermal and
36 other renewable energy resources, including their system inertia,
37 small footprint in terms of surface land requirements, habitat and
38 other environmental impacts, their ability to provide local reliability
39 and baseload generation. *resources that provide environmental
40 and electrical system benefits and contribute to grid reliability.*

1 (B) Rules permitting retail sellers to accumulate, beginning
2 January 1, 2011, excess procurement in one compliance period to
3 be applied to any subsequent compliance period. The rules shall
4 apply equally to all retail sellers. In determining the quantity of
5 excess procurement for the applicable compliance period, the
6 commission shall deduct from actual procurement quantities, the
7 total amount of procurement associated with contracts of less than
8 10 years in duration. In no event shall electricity products meeting
9 the portfolio content of paragraph (3) of subdivision (b) of Section
10 399.16 be counted as excess procurement.

11 (C) Standard terms and conditions to be used by all electrical
12 corporations in contracting for eligible renewable energy resources,
13 including performance requirements for renewable generators. A
14 contract for the purchase of electricity generated by an eligible
15 renewable energy resource, at a minimum, shall include the
16 renewable energy credits associated with all electricity generation
17 specified under the contract. The standard terms and conditions
18 shall include the requirement that, no later than six months after
19 the commission's approval of an electricity purchase agreement
20 entered into pursuant to this article, the following information
21 about the agreement shall be disclosed by the commission: party
22 names, resource type, project location, and project capacity.

23 (D) An appropriate minimum margin of procurement above the
24 minimum procurement level necessary to comply with the
25 renewables portfolio standard to mitigate the risk that renewable
26 projects planned or under contract are delayed or canceled. This
27 paragraph does not preclude an electrical corporation from
28 voluntarily proposing a margin of procurement above the
29 appropriate minimum margin established by the commission.

30 (5) Consistent with the goal of increasing California's reliance
31 on eligible renewable energy resources, the renewable energy
32 procurement plan submitted by an electrical corporation shall
33 include all of the following:

34 (A) An assessment of annual or multiyear portfolio supplies
35 and demand to determine the optimal mix of eligible renewable
36 energy resources with deliverability characteristics that may include
37 peaking, dispatchable, baseload, firm, and as-available capacity.

38 (B) Potential compliance delays related to the conditions
39 described in paragraph (4) of subdivision (b) of Section 399.15.

1 (C) A bid solicitation setting forth the need for eligible
2 renewable energy resources of each deliverability characteristic,
3 required online dates, and locational preferences, if any.

4 (D) A status update on the development schedule of all eligible
5 renewable energy resources currently under contract.

6 (E) Consideration of mechanisms for price adjustments
7 associated with the costs of key components for eligible renewable
8 energy resource projects with online dates more than 24 months
9 after the date of contract execution.

10 (F) An assessment of the risk that an eligible renewable energy
11 resource will not be built, or that construction will be delayed,
12 with the result that electricity will not be delivered as required by
13 the contract.

14 (6) In soliciting and procuring eligible renewable energy
15 resources, each electrical corporation shall offer contracts of no
16 less than 10 years duration, unless the commission approves of a
17 contract of shorter duration.

18 (7) In soliciting and procuring eligible renewable energy
19 resources for California-based projects, each electrical corporation
20 shall give preference to renewable energy projects that provide
21 environmental and economic benefits to communities afflicted
22 with poverty or high unemployment, or that suffer from high
23 ~~emission~~ *emissions* levels of toxic air contaminants, criteria air
24 pollutants, and greenhouse gases.

25 (8) In soliciting and procuring eligible renewable energy
26 resources, each electrical corporation shall consider the best-fit
27 attributes of resource types that ensure a balanced resource mix to
28 maintain the reliability of the electrical grid.

29 (b) A retail seller may enter into a combination of long- and
30 short-term contracts for electricity and associated renewable energy
31 credits. The commission may authorize a retail seller to enter into
32 a contract of less than 10 years' duration with an eligible renewable
33 energy resource, if the commission has established, for each retail
34 seller, minimum quantities of eligible renewable energy resources
35 to be procured through contracts of at least 10 years' duration.

36 (c) The commission shall review and accept, modify, or reject
37 each electrical corporation's renewable energy resource
38 procurement plan prior to the commencement of renewable energy
39 procurement pursuant to this article by an electrical corporation.

1 (d) Unless previously preapproved by the commission, an
2 electrical corporation shall submit a contract for the generation of
3 an eligible renewable energy resource to the commission for review
4 and approval consistent with an approved renewable energy
5 resource procurement plan. If the commission determines that the
6 bid prices are elevated due to a lack of effective competition among
7 the bidders, the commission shall direct the electrical corporation
8 to renegotiate the contracts or conduct a new solicitation.

9 (e) If an electrical corporation fails to comply with a commission
10 order adopting a renewable energy resource procurement plan, the
11 commission shall exercise its authority pursuant to Section 2113
12 to require compliance. The commission shall enforce comparable
13 penalties on any retail seller that is not an electrical corporation
14 that fails to meet the procurement targets established pursuant to
15 Section 399.15.

16 (f) (1) The commission may authorize a procurement entity to
17 enter into contracts on behalf of customers of a retail seller for
18 electricity products from eligible renewable energy resources to
19 satisfy the retail seller’s renewables portfolio standard procurement
20 requirements. The commission shall not require any person or
21 corporation to act as a procurement entity or require any party to
22 purchase eligible renewable energy resources from a procurement
23 entity.

24 (2) Subject to review and approval by the commission, the
25 procurement entity shall be permitted to recover reasonable
26 administrative and procurement costs through the retail rates of
27 end-use customers that are served by the procurement entity and
28 are directly benefiting from the procurement of eligible renewable
29 energy resources.

30 (g) Procurement and administrative costs associated with
31 contracts entered into by an electrical corporation for eligible
32 renewable energy resources pursuant to this article and approved
33 by the commission are reasonable and prudent and shall be
34 recoverable in rates.

35 (h) Construction, alteration, demolition, installation, and repair
36 work on an eligible renewable energy resource that receives
37 production incentives pursuant to *former* Section 25742 of the
38 Public Resources Code, including work performed to qualify,
39 receive, or maintain production incentives, are “public works” for

- 1 the purposes of Chapter 1 (commencing with Section 1720) of
- 2 Part 7 of Division 2 of the Labor Code.

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