

AMENDED IN SENATE MAY 27, 2014  
AMENDED IN SENATE MAY 6, 2014  
AMENDED IN SENATE APRIL 21, 2014  
AMENDED IN SENATE APRIL 2, 2014

**SENATE BILL**

**No. 1139**

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**Introduced by Senator Hueso**

(Principal coauthor: Assembly Member V. Manuel Pérez)

February 20, 2014

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An act to add Section 399.35 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1139, as amended, Hueso. 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 boards. *defined.* The Public Utilities Act imposes various duties and responsibilities on the commission with respect to the purchase of electricity and requires the commission to review and adopt 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. Existing law requires the State Energy Resources Conservation and Development Commission (Energy

Commission) to certify eligible renewable energy resources that it determines meet specified statutory criteria. A violation of the Public Utilities Act is a crime.

This bill would require, no later than December 31, 2024, each retail seller of electricity ~~and local publicly owned electric utility~~ to procure a proportionate share, as determined by the Energy Commission, of a statewide total of 500 megawatts of electricity generated by specified baseload geothermal powerplants. ~~The bill would exempt a local publicly owned electric utility serving fewer than 75,000 customers from the procurement requirement. The bill would provide that the obligation of a local publicly owned electric utility to procure its proportionate share is deemed satisfied if one or more local publicly owned electric utilities procures in the aggregate generation capacity in an amount to satisfy the entire proportionate share of all the local publicly owned electric utilities.~~ The bill would require, no later than January 1, 2016, each retail seller to file with the Public Utilities ~~Commission, and each local publicly owned electric utility to file with the Energy Commission,~~ *Commission* a plan for complying with the procurement requirement. The bill would provide that the electricity procured by retail sellers ~~and local publicly owned electric utilities~~ from these baseload geothermal powerplants does not count towards meeting their obligations under the California Renewables Portfolio Standard Program to purchase specified minimum quantities of electricity products from eligible renewable energy resources. Because a violation of these provisions would be a crime under the Public Utilities Act, the bill would impose a state-mandated local program.

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California Global Warming Solutions Act of 2006 (AB
- 4 32) established a policy to reduce emissions of greenhouse gases

1 to 1990 levels by 2020 and to continue reductions of emissions of  
2 greenhouse gases beyond 2020.

3 (b) Executive Order S-3-05 set a policy to reduce emissions of  
4 greenhouse gases by 80 percent from 1990 levels by 2050.  
5 Decarbonizing the electrical generation sector is a key part of  
6 achieving California’s policy goals for reducing emissions of  
7 greenhouse gases.

8 (c) California’s electrical supply portfolio must move from  
9 merely increasing the proportion of generation from eligible  
10 renewable energy resources to a portfolio of resources that supply  
11 all types of needed generation, including baseload generation,  
12 ramping generation, and peaking generation.

13 (d) Recent shortages in the supply of natural gas and the historic  
14 price volatility of natural gas provide additional confirmation of  
15 the need to reduce reliance on natural gas for electrical generation.

16 (e) California and the western United States have unique,  
17 high-quality solar and geothermal resources. California utilities  
18 are dramatically increasing their utilization of solar resources to  
19 generate electricity, but not effectively increasing the utilization  
20 of geothermal resources. California’s long-term electrical supply  
21 portfolio should include much greater reliance on geothermal  
22 resources.

23 (f) Only a fraction of the geothermal resources that could be  
24 supplying California consumers are currently being utilized, and  
25 there has been very little increase in geothermal generation capacity  
26 during the past decade.

27 (g) The current process used to procure new energy resources  
28 eligible under the California Renewables Portfolio Standard  
29 Program does not adequately value the diverse types of renewable  
30 resources needed to supply California with mostly carbon-free  
31 electricity after 2020 while maintaining reliability. Almost no new  
32 baseload eligible renewable energy resources have been procured  
33 during the past decade.

34 (h) To maintain electrical system reliability relying on generation  
35 that, for the most part, emits no greenhouse gases, that generation  
36 must be deliverable to retail customers in real time.

37 (i) California’s retail sellers ~~and local publicly owned electric~~  
38 ~~utilities~~ should add at least 500 megawatts of electricity from new  
39 baseload geothermal generation by the end of 2024.

1 (j) Many geothermal resources have the additional benefit of  
2 supplying lithium and other strategic minerals. Currently, the  
3 United States is dependent on foreign supplies for these minerals.  
4 Lithium is needed for electric vehicle batteries. The State Air  
5 Resources Board has identified increasing electric vehicles as a  
6 California and national priority as part of implementing AB 32  
7 and reaching goals for reducing emissions of greenhouse gases.  
8 Thus, increasing production of lithium and other strategic minerals  
9 as a cobenefit of increased production of baseload geothermal  
10 power is in the national interest of the United States.

11 SEC. 2. Section 399.35 is added to the Public Utilities Code,  
12 to read:

13 399.35. (a) No later than December 31, 2024, each retail seller  
14 ~~and local publicly owned electric utility~~ shall procure a  
15 proportionate share of a statewide total of 500 megawatts of  
16 electricity generated by baseload geothermal powerplants that  
17 began being constructed after January 1, 2015, and that meet the  
18 requirements of paragraph (1) of subdivision (b) of Section 399.16.  
19 ~~A local publicly owned electric utility serving fewer than 75,000~~  
20 ~~customers shall not be required to procure a proportionate share.~~

21 (b) ~~(1)~~ No later than June 30, 2015, the Energy Commission  
22 shall determine the proportionate share of the 500 megawatts of  
23 electricity that each retail seller ~~and local publicly owned electric~~  
24 ~~utility~~ is required to procure pursuant to subdivision (a). For  
25 purposes of this section, “proportionate share” shall be based on  
26 the forecast retail sales for the year 2018.

27 ~~(2) The obligation for a local publicly owned electric utility to~~  
28 ~~procure its proportionate share of a statewide total of 500~~  
29 ~~megawatts of electricity generated by baseload geothermal~~  
30 ~~powerplants pursuant to this section is deemed satisfied if one or~~  
31 ~~more local publicly owned electric utilities procures in the~~  
32 ~~aggregate generation capacity from baseload geothermal~~  
33 ~~powerplants in an amount sufficient to satisfy the total~~  
34 ~~proportionate share of all local publicly owned electric utilities~~  
35 ~~under this section.~~

36 (c) No later than January 1, 2016, each retail seller shall file  
37 with the ~~commission, and each local publicly owned electric utility~~  
38 ~~shall file with the Energy Commission, commission~~ a plan for  
39 complying with subdivision (a). Those plans shall require each  
40 retail seller ~~and local publicly owned electric utility~~ to procure at

1 least one-half of its proportionate share by December 31, 2019.  
2 Those plans may authorize a retail seller or local publicly owned  
3 electric utility to aggregate its proportionate share with the  
4 proportionate share of another retail seller or local publicly owned  
5 electric utility in order to minimize administrative and contracting  
6 costs. The commission shall review and approve, modify, or reject  
7 plans filed by retail sellers.

8 (d) The electricity procured pursuant to this section shall not  
9 count towards meeting the requirements specified in subparagraph  
10 (B) of paragraph (2) of subdivision (b) of Section ~~399.15~~ or  
11 ~~paragraph (2) of subdivision (c) of Section 399.30.~~ 399.15.

12 (e) The electricity procured pursuant to this section shall be  
13 procured to reasonably minimize costs. Subdivision (c) of Section  
14 399.15 shall not apply to electricity procured pursuant to this  
15 section.

16 SEC. 3. No reimbursement is required by this act pursuant to  
17 Section 6 of Article XIII B of the California Constitution because  
18 the only costs that may be incurred by a local agency or school  
19 district will be incurred because this act creates a new crime or  
20 infraction, eliminates a crime or infraction, or changes the penalty  
21 for a crime or infraction, within the meaning of Section 17556 of  
22 the Government Code, or changes the definition of a crime within  
23 the meaning of Section 6 of Article XIII B of the California  
24 Constitution.