

ASSEMBLY BILL

No. 1832

Introduced by Assembly Member Dahle

February 9, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1832, as introduced, Dahle. California Renewables Portfolio Standard Program

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Public Utilities Act requires the commission to review and accept, modify, or reject a procurement plan for each electrical corporation based on whether it includes specified elements or incentive mechanisms, and whether it accomplishes certain objectives. The California Renewables Portfolio Standard Program, within the act, requires retail sellers, defined as including electrical corporations, 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 requires the commission to direct each electrical corporation to annually prepare a renewable energy procurement plan to satisfy its procurement requirements pursuant to the program. To the extent feasible, the renewable energy procurement plan is to be proposed, reviewed, and adopted as part of, and pursuant to, the general procurement plan process.

This bill would make a nonsubstantive revision to the provision that requires, to the extent feasible, that the renewable energy procurement

plan be proposed, reviewed, and adopted as part of, and pursuant to, the general procurement plan process.

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 399.13 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), to satisfy its
6 obligations under the renewables portfolio standard. To the extent
7 feasible, this procurement plan shall be proposed, reviewed, and
8 adopted by the commission as part of, and pursuant to, ~~a~~ *the* general
9 procurement plan ~~process~~ *process* (Sections 454.5 to 454.55,
10 *inclusive*). The commission shall require each electrical corporation
11 to review and update its renewable energy procurement plan as it
12 determines to be necessary. The commission shall require all other
13 retail sellers to prepare and submit renewable energy procurement
14 plans that address the requirements identified in paragraph (5).
15 (2) Every electrical corporation that owns electrical transmission
16 facilities shall annually prepare, as part of the Federal Energy
17 Regulatory Commission Order 890 process, and submit to the
18 commission, a report identifying any electrical transmission
19 facility, upgrade, or enhancement that is reasonably necessary to
20 achieve the renewables portfolio standard procurement
21 requirements of this article. Each report shall look forward at least
22 five years and, to ensure that adequate investments are made in a
23 timely manner, shall include a preliminary schedule when an
24 application for a certificate of public convenience and necessity
25 will be made, pursuant to Chapter 5 (commencing with Section
26 1001), for any electrical transmission facility identified as being
27 reasonably necessary to achieve the renewable energy resources
28 procurement requirements of this article. Each electrical
29 corporation that owns electrical transmission facilities shall ensure
30 that project-specific interconnection studies are completed in a
31 timely manner.

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

4 (A) The current status and progress made during the prior year
5 toward procurement of eligible renewable energy resources as a
6 percentage of retail sales, including, if applicable, the status of any
7 necessary siting and permitting approvals from federal, state, and
8 local agencies for those eligible renewable energy resources
9 procured by the retail seller, and the current status of compliance
10 with the portfolio content requirements of subdivision (c) of
11 Section 399.16, including procurement of eligible renewable energy
12 resources located outside the state and within the WECC and
13 unbundled renewable energy credits.

14 (B) If the retail seller is an electrical corporation, the current
15 status and progress made during the prior year toward construction
16 of, and upgrades to, transmission and distribution facilities and
17 other electrical system components it owns to interconnect eligible
18 renewable energy resources and to supply the electricity generated
19 by those resources to load, including the status of planning, siting,
20 and permitting transmission facilities by federal, state, and local
21 agencies.

22 (C) Recommendations to remove impediments to making
23 progress toward achieving the renewable energy resources
24 procurement requirements established pursuant to this article.

25 (4) The commission shall adopt, by rulemaking, all of the
26 following:

27 (A) A process that provides criteria for the rank ordering and
28 selection of least-cost and best-fit eligible renewable energy
29 resources to comply with the California Renewables Portfolio
30 Standard Program obligations on a total cost and best-fit basis.
31 This process shall take into account all of the following:

32 (i) Estimates of indirect costs associated with needed
33 transmission investments.

34 (ii) The cost impact of procuring the eligible renewable energy
35 resources on the electrical corporation's electricity portfolio.

36 (iii) The viability of the project to construct and reliably operate
37 the eligible renewable energy resource, including the developer's
38 experience, the feasibility of the technology used to generate
39 electricity, and the risk that the facility will not be built, or that

1 construction will be delayed, with the result that electricity will
2 not be supplied as required by the contract.

3 (iv) Workforce recruitment, training, and retention efforts,
4 including the employment growth associated with the construction
5 and operation of eligible renewable energy resources and goals
6 for recruitment and training of women, minorities, and disabled
7 veterans.

8 (v) (I) Estimates of electrical corporation expenses resulting
9 from integrating and operating eligible renewable energy resources,
10 including, but not limited to, any additional wholesale energy and
11 capacity costs associated with integrating each eligible renewable
12 resource.

13 (II) No later than December 31, 2015, the commission shall
14 approve a methodology for determining the integration costs
15 described in subclause (I).

16 (vi) Consideration of any statewide greenhouse gas emissions
17 limit established pursuant to the California Global Warming
18 Solutions Act of 2006 (Division 25.5 (commencing with Section
19 38500) of the Health and Safety Code).

20 (vii) Consideration of capacity and system reliability of the
21 eligible renewable energy resource to ensure grid reliability.

22 (B) Rules permitting retail sellers to accumulate, beginning
23 January 1, 2011, excess procurement in one compliance period to
24 be applied to any subsequent compliance period. The rules shall
25 apply equally to all retail sellers. In determining the quantity of
26 excess procurement for the applicable compliance period, the
27 commission shall retain the rules adopted by the commission and
28 in effect as of January 1, 2015, for the compliance period specified
29 in subparagraphs (A) to (C), inclusive, of paragraph (1) of
30 subdivision (b) of Section 399.15. For any subsequent compliance
31 period, the rules shall allow the following:

32 (i) For electricity products meeting the portfolio content
33 requirements of paragraph (1) of subdivision (b) of Section 399.16,
34 contracts of any duration may count as excess procurement.

35 (ii) Electricity products meeting the portfolio content
36 requirements of paragraph (2) or (3) of subdivision (b) of Section
37 399.16 shall not be counted as excess procurement. Contracts of
38 any duration for electricity products meeting the portfolio content
39 requirements of paragraph (2) or (3) of subdivision (b) of Section
40 399.16 that are credited towards a compliance period shall not be

1 deducted from a retail seller’s procurement for purposes of
2 calculating excess procurement.

3 (iii) If a retail seller notifies the commission that it will comply
4 with the provisions of subdivision (b) for the compliance period
5 beginning January 1, 2017, the provisions of clauses (i) and (ii)
6 shall take effect for that retail seller for that compliance period.

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

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

26 (5) Consistent with the goal of increasing California’s reliance
27 on eligible renewable energy resources, the renewable energy
28 procurement plan shall include all of the following:

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

33 (B) Potential compliance delays related to the conditions
34 described in paragraph (5) of subdivision (b) of Section 399.15.

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

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

1 (E) Consideration of mechanisms for price adjustments
2 associated with the costs of key components for eligible renewable
3 energy resource projects with online dates more than 24 months
4 after the date of contract execution.

5 (F) An assessment of the risk that an eligible renewable energy
6 resource will not be built, or that construction will be delayed,
7 with the result that electricity will not be delivered as required by
8 the contract.

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

13 (7) In soliciting and procuring eligible renewable energy
14 resources for California-based projects, each electrical corporation
15 shall give preference to renewable energy projects that provide
16 environmental and economic benefits to communities afflicted
17 with poverty or high unemployment, or that suffer from high
18 emission levels of toxic air contaminants, criteria air pollutants,
19 and greenhouse gases.

20 (8) In soliciting and procuring eligible renewable energy
21 resources, each retail seller shall consider the best-fit attributes of
22 resource types that ensure a balanced resource mix to maintain the
23 reliability of the electrical grid.

24 (b) A retail seller may enter into a combination of long- and
25 short-term contracts for electricity and associated renewable energy
26 credits. Beginning January 1, 2021, at least 65 percent of the
27 procurement a retail seller counts toward the renewables portfolio
28 standard requirement of each compliance period shall be from its
29 contracts of 10 years or more in duration or in its ownership or
30 ownership agreements for eligible renewable energy resources.

31 (c) The commission shall review and accept, modify, or reject
32 each electrical corporation's renewable energy resource
33 procurement plan prior to the commencement of renewable energy
34 procurement pursuant to this article by an electrical corporation.
35 The commission shall assess adherence to the approved renewable
36 energy resource procurement plans in determining compliance
37 with the obligations of this article.

38 (d) Unless previously preapproved by the commission, an
39 electrical corporation shall submit a contract for the generation of
40 an eligible renewable energy resource to the commission for review

1 and approval consistent with an approved renewable energy
2 resource procurement plan. If the commission determines that the
3 bid prices are elevated due to a lack of effective competition among
4 the bidders, the commission shall direct the electrical corporation
5 to renegotiate the contracts or conduct a new solicitation.

6 (e) If an electrical corporation fails to comply with a commission
7 order adopting a renewable energy resource procurement plan, the
8 commission shall exercise its authority to require compliance.

9 (f) (1) The commission may authorize a procurement entity to
10 enter into contracts on behalf of customers of a retail seller for
11 electricity products from eligible renewable energy resources to
12 satisfy the retail seller’s renewables portfolio standard procurement
13 requirements. The commission shall not require any person or
14 corporation to act as a procurement entity or require any party to
15 purchase eligible renewable energy resources from a procurement
16 entity.

17 (2) Subject to review and approval by the commission, the
18 procurement entity shall be permitted to recover reasonable
19 administrative and procurement costs through the retail rates of
20 end-use customers that are served by the procurement entity and
21 are directly benefiting from the procurement of eligible renewable
22 energy resources.

23 (g) Procurement and administrative costs associated with
24 contracts entered into by an electrical corporation for eligible
25 renewable energy resources pursuant to this article and approved
26 by the commission are reasonable and prudent and shall be
27 recoverable in rates.

28 (h) Construction, alteration, demolition, installation, and repair
29 work on an eligible renewable energy resource that receives
30 production incentives pursuant to Section 25742 of the Public
31 Resources Code, including work performed to qualify, receive, or
32 maintain production incentives, are “public works” for the purposes
33 of Chapter 1 (commencing with Section 1720) of Part 7 of Division
34 2 of the Labor Code.

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