

AMENDED IN SENATE AUGUST 19, 2016
AMENDED IN ASSEMBLY MAY 23, 2016
AMENDED IN ASSEMBLY APRIL 26, 2016
AMENDED IN ASSEMBLY APRIL 11, 2016
AMENDED IN ASSEMBLY MARCH 17, 2016
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1979

Introduced by Assembly Member Bigelow

February 16, 2016

An act to ~~amend Section 399.20 of~~ *add Section 399.20.5 to the Public Utilities Code*, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1979, as amended, Bigelow. Renewable feed-in tariff: hydroelectric facilities.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires every electrical corporation to file with the commission a standard tariff for electricity purchased from an electric generation facility, as defined, that qualifies for the tariff, is owned and operated by a retail customer of the electrical corporation, and is located within the service territory of, and developed to sell electricity to, the electrical corporation. Existing law requires that, in order to qualify for the tariff, the electric generation facility: (1) have an effective capacity of not more than 3 megawatts, subject to the authority of the commission to reduce this megawatt limitation, (2) be interconnected and operate in

parallel with the electric transmission and distribution grid, (3) be strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers, and (4) meet the definition of an eligible renewable energy resource under the California Renewables Portfolio Standard Program. The commission refers to this requirement as the renewable feed-in tariff.

This bill would ~~revise the requirement that an electric generation facility have an effective capacity of not more than 3 megawatts to additionally authorize a conduit hydroelectric facility with a nameplate generating an effective capacity of up to 4 megawatts to participate in the renewable feed-in tariff if the facility delivers no more than 3 megawatts to the grid at any time, was operational on January 1, 1990, and complies with specified interconnection and payment requirements.~~

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 399.20.5 is added to the Public Utilities
- 2 Code, to read:
- 3 399.20.5. (a) Notwithstanding paragraph (1) of subdivision
- 4 (b) and paragraph (2) of subdivision (j) of Section 399.20, a
- 5 conduit hydroelectric facility with an effective capacity of up to
- 6 four megawatts that otherwise meets the requirements of Section
- 7 399.20 shall be eligible for the standard contract or tariff
- 8 established pursuant to subdivision (c) of Section 399.20 if the
- 9 electric generation facility meets all the following additional
- 10 requirements:
- 11 (1) It was operational as of January 1, 1990.
- 12 (2) It delivers no more than three megawatts to the grid at any
- 13 time.
- 14 (3) It complies with the electrical corporation's Electric Rule
- 15 21 tariff or other distribution access tariff.
- 16 (b) A facility meeting the requirements of subdivision (a) shall
- 17 receive payment pursuant to paragraph (1) of subdivision (d) of
- 18 Section 399.20, provided that no payment shall be made for any
- 19 electricity delivered to the grid in excess of three megawatts at
- 20 any time.

1 SECTION 1. ~~Section 399.20 of the Public Utilities Code is~~
2 ~~amended to read:~~

3 ~~399.20. (a) It is the policy of this state and the intent of the~~
4 ~~Legislature to encourage electrical generation from eligible~~
5 ~~renewable energy resources.~~

6 ~~(b) As used in this section, “electric generation facility” means~~
7 ~~an electric generation facility located within the service territory~~
8 ~~of, and developed to sell electricity to, an electrical corporation~~
9 ~~that meets all of the following criteria:~~

10 ~~(1) Has an effective capacity of not more than three megawatts~~
11 ~~or is a conduit hydroelectric facility with a nameplate generating~~
12 ~~capacity of up to four megawatts if the conduit hydroelectric~~
13 ~~facility meets the following conditions:~~

14 ~~(A) It delivers no more than three megawatts to the grid at any~~
15 ~~time.~~

16 ~~(B) It complies with the electrical corporation’s Electric Rule~~
17 ~~21 tariff or other distribution access tariff.~~

18 ~~(C) Payment is made pursuant to paragraph (1) of subdivision~~
19 ~~(d) and no payment is made for any deliveries in excess of three~~
20 ~~megawatts at any time.~~

21 ~~(D) It was operational as of January 1, 1990, and is an eligible~~
22 ~~renewable energy resource.~~

23 ~~(2) Is interconnected and operates in parallel with the electrical~~
24 ~~transmission and distribution grid.~~

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

28 ~~(4) Is an eligible renewable energy resource.~~

29 ~~(e) Every electrical corporation shall file with the commission~~
30 ~~a standard tariff for electricity purchased from an electric~~
31 ~~generation facility. The commission may modify or adjust the~~
32 ~~requirements of this section for any electrical corporation with less~~
33 ~~than 100,000 service connections, as individual circumstances~~
34 ~~merit.~~

35 ~~(d) (1) The tariff shall provide for payment for every~~
36 ~~kilowatthour of electricity purchased from an electric generation~~
37 ~~facility for a period of 10, 15, or 20 years, as authorized by the~~
38 ~~commission. The payment shall be the market price determined~~
39 ~~by the commission pursuant to paragraph (2) and shall include all~~
40 ~~current and anticipated environmental compliance costs, including,~~

1 but not limited to, mitigation of emissions of greenhouse gases
2 and air pollution offsets associated with the operation of new
3 generating facilities in the local air pollution control or air quality
4 management district where the electric generation facility is
5 located.

6 (2) ~~The commission shall establish a methodology to determine
7 the market price of electricity for terms corresponding to the length
8 of contracts with an electric generation facility, in consideration
9 of the following:~~

10 (A) ~~The long-term market price of electricity for fixed price
11 contracts, determined pursuant to an electrical corporation's general
12 procurement activities as authorized by the commission.~~

13 (B) ~~The long-term ownership, operating, and fixed-price fuel
14 costs associated with fixed-price electricity from new generating
15 facilities.~~

16 (C) ~~The value of different electricity products including
17 baseload, peaking, and as-available electricity.~~

18 (3) ~~The commission may adjust the payment rate to reflect the
19 value of every kilowatthour of electricity generated on a
20 time-of-delivery basis.~~

21 (4) ~~The commission shall ensure, with respect to rates and
22 charges, that ratepayers that do not receive service pursuant to the
23 tariff are indifferent to whether a ratepayer with an electric
24 generation facility receives service pursuant to the tariff.~~

25 (e) ~~An electrical corporation shall provide expedited
26 interconnection procedures to an electric generation facility located
27 on a distribution circuit that generates electricity at a time and in
28 a manner so as to offset the peak demand on the distribution circuit,
29 if the electrical corporation determines that the electric generation
30 facility will not adversely affect the distribution grid. The
31 commission shall consider and may establish a value for an electric
32 generation facility located on a distribution circuit that generates
33 electricity at a time and in a manner so as to offset the peak demand
34 on the distribution circuit.~~

35 (f) (1) ~~An electrical corporation shall make the tariff available
36 to the owner or operator of an electric generation facility within
37 the service territory of the electrical corporation, upon request, on
38 a first-come-first-served basis, until the electrical corporation meets
39 its proportionate share of a statewide cap of 750 megawatts
40 cumulative rated generation capacity served under this section and~~

1 Section 399.32. The proportionate share shall be calculated based
2 on the ratio of the electrical corporation's peak demand compared
3 to the total statewide peak demand.

4 (2) By June 1, 2013, the commission shall, in addition to the
5 750 megawatts identified in paragraph (1), direct the electrical
6 corporations to collectively procure at least 250 megawatts of
7 cumulative rated generating capacity from developers of bioenergy
8 projects that commence operation on or after June 1, 2013. The
9 commission shall, for each electrical corporation, allocate shares
10 of the additional 250 megawatts based on the ratio of each electrical
11 corporation's peak demand compared to the total statewide peak
12 demand. In implementing this paragraph, the commission shall do
13 all of the following:

14 (A) Allocate the 250 megawatts identified in this paragraph
15 among the electrical corporations based on the following
16 categories:

17 (i) For biogas from wastewater treatment, municipal organic
18 waste diversion, food processing, and codigestion, 110 megawatts.

19 (ii) For dairy and other agricultural bioenergy, 90 megawatts.

20 (iii) For bioenergy using byproducts of sustainable forest
21 management, 50 megawatts. Allocations under this category shall
22 be determined based on the proportion of bioenergy that sustainable
23 forest management providers derive from sustainable forest
24 management in fire threat treatment areas, as designated by the
25 Department of Forestry and Fire Protection.

26 (B) Direct the electrical corporations to develop standard
27 contract terms and conditions that reflect the operational
28 characteristics of the projects, and to provide a streamlined
29 contracting process.

30 (C) Coordinate, to the maximum extent feasible, any incentive
31 or subsidy programs for bioenergy with the agencies listed in
32 subparagraph (A) of paragraph (3) in order to provide maximum
33 benefits to ratepayers and to ensure that incentives are used to
34 reduce contract prices.

35 (D) The commission shall encourage gas and electrical
36 corporations to develop and offer programs and services to facilitate
37 development of in-state biogas for a broad range of purposes.

38 (3) (A) The commission, in consultation with the State Energy
39 Resources Conservation and Development Commission, the State
40 Air Resources Board, the Department of Forestry and Fire

- 1 Protection, the Department of Food and Agriculture, and the
2 Department of Resources Recycling and Recovery, may review
3 the allocations of the 250 additional megawatts identified in
4 paragraph (2) to determine if those allocations are appropriate.
- 5 (B) If the commission finds that the allocations of the 250
6 additional megawatts identified in paragraph (2) are not
7 appropriate, the commission may reallocate the 250 megawatts
8 among the categories established in subparagraph (A) of paragraph
9 (2).
- 10 (4) For the purposes of this subdivision, “bioenergy” means
11 biogas and biomass.
- 12 (g) The electrical corporation may make the terms of the tariff
13 available to owners and operators of an electric generation facility
14 in the form of a standard contract subject to commission approval.
- 15 (h) Every kilowatthour of electricity purchased from an electric
16 generation facility shall count toward meeting the electrical
17 corporation’s renewables portfolio standard annual procurement
18 targets for purposes of paragraph (1) of subdivision (b) of Section
19 399.15.
- 20 (i) The physical generating capacity of an electric generation
21 facility shall count toward the electrical corporation’s resource
22 adequacy requirement for purposes of Section 380.
- 23 (j) (1) The commission shall establish performance standards
24 for any electric generation facility that has a capacity greater than
25 one megawatt to ensure that those facilities are constructed,
26 operated, and maintained to generate the expected annual net
27 production of electricity and do not impact system reliability.
- 28 (2) The commission may reduce the three megawatt capacity
29 limitation of paragraph (1) of subdivision (b), but not the limitation
30 for a conduit hydroelectric facility authorized pursuant to
31 subparagraph (D) of paragraph (1) of subdivision (b), if the
32 commission finds that a reduced capacity limitation is necessary
33 to maintain system reliability within that electrical corporation’s
34 service territory.
- 35 (k) (1) Any owner or operator of an electric generation facility
36 that received ratepayer-funded incentives in accordance with
37 Section 379.6 of this code, or with Section 25782 of the Public
38 Resources Code, and participated in a net metering program
39 pursuant to Sections 2827, 2827.9, and 2827.10 of this code prior

1 to January 1, 2010, shall be eligible for a tariff or standard contract
2 filed by an electrical corporation pursuant to this section:

3 (2) ~~In establishing the tariffs or standard contracts pursuant to
4 this section, the commission shall consider ratepayer-funded
5 incentive payments previously received by the generation facility
6 pursuant to Section 379.6 of this code or Section 25782 of the
7 Public Resources Code. The commission shall require
8 reimbursement of any funds received from these incentive
9 programs to an electric generation facility, in order for that facility
10 to be eligible for a tariff or standard contract filed by an electrical
11 corporation pursuant to this section, unless the commission
12 determines ratepayers have received sufficient value from the
13 incentives provided to the facility based on how long the project
14 has been in operation and the amount of renewable electricity
15 previously generated by the facility.~~

16 (3) ~~A customer that receives service under a tariff or contract
17 approved by the commission pursuant to this section is not eligible
18 to participate in any net metering program.~~

19 (l) ~~An owner or operator of an electric generation facility
20 electing to receive service under a tariff or contract approved by
21 the commission shall continue to receive service under the tariff
22 or contract until either of the following occurs:~~

23 (1) ~~The owner or operator of an electric generation facility no
24 longer meets the eligibility requirements for receiving service
25 pursuant to the tariff or contract.~~

26 (2) ~~The period of service established by the commission pursuant
27 to subdivision (d) is completed.~~

28 (m) ~~Within 10 days of receipt of a request for a tariff pursuant
29 to this section from an owner or operator of an electric generation
30 facility, the electrical corporation that receives the request shall
31 post a copy of the request on its Internet Web site. The information
32 posted on the Internet Web site shall include the name of the city
33 in which the facility is located, but information that is proprietary
34 and confidential, including, but not limited to, address information
35 beyond the name of the city in which the facility is located, shall
36 be redacted.~~

37 (n) ~~An electrical corporation may deny a tariff request pursuant
38 to this section if the electrical corporation makes any of the
39 following findings:~~

- 1 ~~(1) The electric generation facility does not meet the~~
2 ~~requirements of this section.~~
- 3 ~~(2) The transmission or distribution grid that would serve as the~~
4 ~~point of interconnection is inadequate.~~
- 5 ~~(3) The electric generation facility does not meet all applicable~~
6 ~~state and local laws and building standards and utility~~
7 ~~interconnection requirements.~~
- 8 ~~(4) The aggregate of all electric generating facilities on a~~
9 ~~distribution circuit would adversely impact utility operation and~~
10 ~~load restoration efforts of the distribution system.~~
- 11 ~~(o) Upon receiving a notice of denial from an electrical~~
12 ~~corporation, the owner or operator of the electric generation facility~~
13 ~~denied a tariff pursuant to this section shall have the right to appeal~~
14 ~~that decision to the commission.~~
- 15 ~~(p) In order to ensure the safety and reliability of electric~~
16 ~~generation facilities, the owner of an electric generation facility~~
17 ~~receiving a tariff pursuant to this section shall provide an inspection~~
18 ~~and maintenance report to the electrical corporation at least once~~
19 ~~every other year. The inspection and maintenance report shall be~~
20 ~~prepared at the owner's or operator's expense by a~~
21 ~~California-licensed contractor who is not the owner or operator of~~
22 ~~the electric generation facility. A California-licensed electrician~~
23 ~~shall perform the inspection of the electrical portion of the~~
24 ~~generation facility.~~
- 25 ~~(q) The contract between the electric generation facility~~
26 ~~receiving the tariff and the electrical corporation shall contain~~
27 ~~provisions that ensure that construction of the electric generating~~
28 ~~facility complies with all applicable state and local laws and~~
29 ~~building standards, and utility interconnection requirements.~~
- 30 ~~(r) (1) All construction and installation of facilities of the~~
31 ~~electrical corporation, including at the point of the output meter~~
32 ~~or at the transmission or distribution grid, shall be performed only~~
33 ~~by that electrical corporation.~~
- 34 ~~(2) All interconnection facilities installed on the electrical~~
35 ~~corporation's side of the transfer point for electricity between the~~
36 ~~electrical corporation and the electrical conductors of the electric~~
37 ~~generation facility shall be owned, operated, and maintained only~~
38 ~~by the electrical corporation. The ownership, installation, operation,~~
39 ~~reading, and testing of revenue metering equipment for electric~~

- 1 ~~generating facilities shall only be performed by the electrical~~
- 2 ~~corporation.~~

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