

**Introduced by Senator Fuller**February 25, 2015

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An act to amend Section 399.14 of the Public Utilities Code, relating to energy.

## LEGISLATIVE COUNSEL'S DIGEST

SB 427, as introduced, Fuller. Renewable energy resources.

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 existing Renewables Portfolio Standard Program (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. The specified minimum quantities of electricity products are based upon a percentage of the utility's total retail sales of electricity in California. The RPS program authorizes an electrical corporation to apply to the commission for approval to construct, own, and operate an eligible renewable energy resource, and requires the commission to approve the application if certain conditions are met.

This bill would make technical, nonsubstantive changes to the RPS program authorization for electrical corporations to apply to the commission for approval to construct, own, and operate an eligible renewable energy resource.

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 399.14 of the Public Utilities Code is  
2 amended to read:

3 399.14. (a) (1) An electrical corporation, pursuant to Chapter  
4 5 (commencing with Section 1001), and in order to meet its unmet  
5 renewables portfolio standard procurement requirements, may  
6 apply to the commission for approval to construct, own, and operate  
7 an eligible renewable energy resource.

8 (2) If the proposed eligible renewable energy resource complies  
9 with the requirements of subdivision (b), the commission shall  
10 approve an application filed pursuant to paragraph (1), until the  
11 commission has approved applications for eligible renewable  
12 energy resources for the electrical corporation that, when  
13 constructed and operating, will provide 8.25 percent of the  
14 electrical corporation's anticipated retail sales by December 31,  
15 2020, and thereafter.

16 (3) The commission may approve additional applications for  
17 eligible renewable energy resources once the commission has  
18 approved sufficient applications for eligible renewable energy  
19 resources for the electrical corporation that, when constructed and  
20 operating, will provide 8.25 percent of the electrical corporation's  
21 anticipated retail sales by December 31, 2020, and thereafter.

22 (b) The commission shall not approve any application by an  
23 electrical corporation pursuant to subdivision (a) unless both of  
24 the following conditions are met:

25 (1) The eligible renewable energy resource utilizes a viable  
26 technology at a reasonable cost.

27 (2) The eligible renewable energy resource provides comparable  
28 or superior value to ratepayers when compared to then recent  
29 contracts for generation provided by eligible renewable energy  
30 resources.

31 (c) In approving any application by an electrical corporation  
32 for approval to construct, own, and operate an eligible renewable  
33 energy resource, the commission shall apply traditional  
34 cost-of-service ratemaking. When applying traditional  
35 cost-of-service ratemaking, the commission, in the certificate  
36 authorizing the new construction, shall specify the maximum cost  
37 determined to be reasonable and prudent for the construction of  
38 the facility and the cost of initial operation of the facility. Upon a

1 filing by the electrical corporation, the commission may authorize  
2 an increase in the maximum cost of construction if it determines  
3 that the cost has in fact increased, ~~that~~ the cost increase is  
4 determined to be reasonable and prudent, and ~~that~~ the present or  
5 future public convenience or necessity require construction of the  
6 project at the increased cost.

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