

AMENDED IN ASSEMBLY AUGUST 31, 2016

AMENDED IN SENATE APRIL 12, 2016

**SENATE BILL**

**No. 1393**

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**Introduced by Senator De León**

February 19, 2016

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An act to amend Section 44258.5 of the Health and Safety Code, to amend ~~Sections~~ *Section* 25302.2 and ~~25327~~ of the Public Resources Code, and to amend Sections 399.11, *399.12*, 399.30, 400, *454.51*, 9508, and 9621 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1393, as amended, De León. Energy efficiency and pollution reduction.

(1) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to compile and adopt an integrated energy policy report every 2 years and requires the report to include an overview of major energy trends and issues facing the state. As part of the 2019 edition of the report, existing law requires the Energy Commission to evaluate the actual energy efficiency savings from negative therm interactive effects generated as a result of electricity efficiency improvements.

This bill would additionally require the Energy Commission to include that evaluation in each report adopted after 2019.

(2) *Existing law defines “eligible renewable energy resource” for the purposes of the renewable energy portfolio standard. Existing law provides that a facility engaged in the combustion of municipal solid waste shall not be considered as an eligible renewable energy resource. Existing law also provides that electricity generated by a facility engaged in the combustion of municipal solid waste shall not result in*

*the creation of a renewable energy credit. However, these provisions do not apply, under specified circumstances, to a facility located in Stanislaus County.*

*This bill would modify the exception for the facility located in Stanislaus County, as specified.*

*(3) Existing law requires each local publicly owned electric utility to adopt and implement a renewable energy resources procurement plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, with various required percentages applicable over time, as specified. Existing law provides various exemptions from minimum renewable energy resources procurement requirements for certain local publicly owned electric utilities relying on hydroelectric generation.*

*This bill would modify certain exemptions from the minimum renewable energy resources procurement requirements relating to hydroelectric generation, as specified.*

*(2)*

*(4) Existing law requires each local publicly owned electric utility to post notice whenever its governing body will deliberate in public on its renewable energy resources procurement plan, and requires the utility to also notify and provide certain information to the Energy Commission in that regard.*

*This bill would delete this requirement for a local publicly owned electric utility to notify and report to the Energy Commission.*

*(5) Existing law requires the Public Utilities Commission and the State Energy Resources Conservation and Development Commission (Energy Commission) Energy Commission to review specified programs overseen by the Public Utilities Commission and the Energy Commission and make recommendations to advance state clean energy and pollution reduction objectives and provide benefits to disadvantaged communities.*

*This bill would additionally require the ~~Public Utilities Commission~~ and the Energy Commission to review programs of the same type overseen by academia and the private and nonprofit sectors.*

*(6) Existing law requires the Public Utilities Commission to identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner, and specifies the respective roles of electrical corporations and community choice aggregators in satisfying the portfolio needs for renewable integration. Existing law provides that*

*all costs resulting from nonperformance shall be borne by the electrical corporation or community choice aggregator responsible for them.*

*This bill would require the commission to ensure that all costs resulting from nonperformance to satisfy the need for renewable integration shall be borne by the electrical corporation or community choice aggregator that failed to perform.*

(3)

(7) This bill would make various other changes to provisions relating to energy efficiency and pollution reduction.

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 44258.5 of the Health and Safety Code  
2 is amended to read:

3 44258.5. (a) For the purposes of this section, the following  
4 terms mean the following:

5 (1) “Local publicly owned electric utility” has the same meaning  
6 as defined in Section 224.3 of the Public Utilities Code.

7 (2) “Retail seller” has the same meaning as set forth in  
8 subdivision (j) of Section 399.12 of the Public Utilities Code.

9 (3) “Transportation electrification” has the same meaning as  
10 set forth in Section 237.5 of the Public Utilities Code.

11 (b) The state board shall identify and adopt appropriate policies,  
12 rules, or regulations to remove regulatory disincentives preventing  
13 retail sellers and local publicly owned electric utilities from  
14 facilitating the achievement of greenhouse gas emission reductions  
15 in other sectors through increased investments in transportation  
16 electrification. Policies to be considered shall include, but are not  
17 limited to, an allocation of greenhouse gas emissions allowances  
18 to retail sellers and local publicly owned electric utilities, or other  
19 regulatory mechanisms, to account for increased greenhouse gas  
20 emissions in the electric sector from transportation electrification.

21 SEC. 2. Section 25302.2 of the Public Resources Code is  
22 amended to read:

23 25302.2. As part of the 2019 edition of the integrated energy  
24 policy report, and as part of each integrated energy policy report  
25 adopted biennially thereafter, the commission shall evaluate the  
26 actual energy efficiency savings, as defined in Section 25310, from

1 negative therm interactive effects generated as a result of electricity  
2 efficiency improvements.

3 ~~SEC. 3. Section 25327 of the Public Resources Code is~~  
4 ~~amended to read:~~

5 ~~25327. (a) The Legislature finds and declares all of the~~  
6 ~~following:~~

7 ~~(1) There is insufficient information available to fully realize~~  
8 ~~the potential of solar photovoltaic energy generation to serve~~  
9 ~~low-income customers, including those in disadvantaged~~  
10 ~~communities.~~

11 ~~(2) There is insufficient understanding of the barriers to access~~  
12 ~~for low-income customers to all forms of renewable energy being~~  
13 ~~generated in the state.~~

14 ~~(3) There is insufficient understanding of the barriers to access~~  
15 ~~for low-income customers to energy efficiency investments.~~

16 ~~(4) There is insufficient understanding of the barriers to access~~  
17 ~~for low-income customers to zero-emission and near-zero-emission~~  
18 ~~transportation options.~~

19 ~~(b) On or before January 1, 2017, the commission, with input~~  
20 ~~from the environmental justice advisory committee established~~  
21 ~~pursuant to Section 38591 of the Health and Safety Code, other~~  
22 ~~relevant state agencies, and the public, shall conduct and complete~~  
23 ~~a study on both of the following:~~

24 ~~(1) Barriers to, and opportunities for, solar photovoltaic energy~~  
25 ~~generation as well as barriers to, and opportunities for, access to~~  
26 ~~other renewable energy by low-income customers.~~

27 ~~(2) Barriers to contracting opportunities for local small~~  
28 ~~businesses in disadvantaged communities.~~

29 ~~(c) On or before January 1, 2017, the commission, with input~~  
30 ~~from the environmental justice advisory committee established~~  
31 ~~pursuant to Section 38591 of the Health and Safety Code, other~~  
32 ~~relevant state agencies, and the public, shall develop and publish~~  
33 ~~a study on barriers for low-income customers to energy efficiency~~  
34 ~~and weatherization investments, including those in disadvantaged~~  
35 ~~communities, as well as recommendations on how to increase~~  
36 ~~access to energy efficiency and weatherization investments to~~  
37 ~~low-income customers.~~

38 ~~(d) On or before January 1, 2017, the State Air Resources Board,~~  
39 ~~in consultation with the commission and with input from the~~  
40 ~~environmental justice advisory committee established pursuant to~~

~~Section 38591 of the Health and Safety Code, other relevant state agencies, and the public, shall develop and publish a study on barriers for low-income customers to zero-emission and near-zero-emission transportation options, including those in disadvantaged communities, as well as recommendations on how to increase access to zero-emission and near-zero-emission transportation options to low-income customers, including those in disadvantaged communities.~~

~~SEC. 4.~~

*SEC. 3.* Section 399.11 of the Public Utilities Code is amended to read:

399.11. The Legislature finds and declares all of the following:

(a) In order to attain a target of generating 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, 33 percent by December 31, 2020, and 50 percent by December 31, 2030, it is the intent of the Legislature that the commission and the Energy Commission implement the California Renewables Portfolio Standard Program described in this article.

(b) Achieving the renewables portfolio standard through the procurement of various electricity products from eligible renewable energy resources is intended to provide unique benefits to California, including all of the following, each of which independently justifies the program:

(1) Displacing fossil fuel consumption within the state.

(2) Adding new electrical generating facilities in the transmission network within the Western Electricity Coordinating Council service area.

(3) Reducing air pollution, particularly criteria pollutant emissions and toxic air contaminants, in the state.

(4) Meeting the state's climate change goals by reducing emissions of greenhouse gases associated with electrical generation.

(5) Promoting stable retail rates for electric service.

(6) Meeting the state's need for a diversified and balanced energy generation portfolio.

(7) Assistance with meeting the state's resource adequacy requirements.

(8) Contributing to the safe and reliable operation of the electrical grid, including providing predictable electrical supply, voltage support, lower line losses, and congestion relief.

(9) Implementing the state's transmission and land use planning activities related to development of eligible renewable energy resources.

(c) The California Renewables Portfolio Standard Program is intended to complement the Renewable Energy Resources Program administered by the Energy Commission and established pursuant to Chapter 8.6 (commencing with Section 25740) of Division 15 of the Public Resources Code.

(d) New and modified electric transmission facilities may be necessary to facilitate the state achieving its renewables portfolio standard targets.

(e) (1) Supplying electricity to California end-use customers that is generated by eligible renewable energy resources is necessary to improve California's air quality and public health, particularly in disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code, and the commission shall ensure rates are just and reasonable, and are not significantly affected by the procurement requirements of this article. This electricity may be generated anywhere in the interconnected grid that includes many states, and areas of both Canada and Mexico.

(2) This article requires generating resources located outside of California that are able to supply that electricity to California end-use customers to be treated identically to generating resources located within the state, without discrimination.

(3) California electrical corporations have already executed, and the commission has approved, power purchase agreements with eligible renewable energy resources located outside of California that will supply electricity to California end-use customers. These resources will fully count toward meeting the renewables portfolio standard procurement requirements.

*SEC. 4. Section 399.12 of the Public Utilities Code is amended to read:*

399.12. For purposes of this article, the following terms have the following meanings:

(a) "Conduit hydroelectric facility" means a facility for the generation of electricity that uses only the hydroelectric potential of an existing pipe, ditch, flume, siphon, tunnel, canal, or other manmade conduit that is operated to distribute water for a beneficial use.

1 (b) “Balancing authority” means the responsible entity that  
2 integrates resource plans ahead of time, maintains load-interchange  
3 generation balance within a balancing authority area, and supports  
4 interconnection frequency in real time.

5 (c) “Balancing authority area” means the collection of  
6 generation, transmission, and loads within the metered boundaries  
7 of the area within which the balancing authority maintains the  
8 electrical load-resource balance.

9 (d) “California balancing authority” is a balancing authority  
10 with control over a balancing authority area primarily located in  
11 this state and operating for retail sellers and local publicly owned  
12 electric utilities subject to the requirements of this article and  
13 includes the Independent System Operator (ISO) and a local  
14 publicly owned electric utility operating a transmission grid that  
15 is not under the operational control of the ISO. A California  
16 balancing authority is responsible for the operation of the  
17 transmission grid within its metered boundaries which is not limited  
18 by the political boundaries of the State of California.

19 (e) “Eligible renewable energy resource” means an electrical  
20 generating facility that meets the definition of a “renewable  
21 electrical generation facility” in Section 25741 of the Public  
22 Resources Code, subject to the following:

23 (1) (A) An existing small hydroelectric generation facility of  
24 30 megawatts or less shall be eligible only if a retail seller or local  
25 publicly owned electric utility procured the electricity from the  
26 facility as of December 31, 2005. A new hydroelectric facility that  
27 commences generation of electricity after December 31, 2005, is  
28 not an eligible renewable energy resource if it will cause an adverse  
29 impact on instream beneficial uses or cause a change in the volume  
30 or timing of streamflow.

31 (B) Notwithstanding subparagraph (A), a conduit hydroelectric  
32 facility of 30 megawatts or less that commenced operation before  
33 January 1, 2006, is an eligible renewable energy resource. A  
34 conduit hydroelectric facility of 30 megawatts or less that  
35 commences operation after December 31, 2005, is an eligible  
36 renewable energy resource so long as it does not cause an adverse  
37 impact on instream beneficial uses or cause a change in the volume  
38 or timing of streamflow.

39 (C) A facility approved by the governing board of a local  
40 publicly owned electric utility prior to June 1, 2010, for

1 procurement to satisfy renewable energy procurement obligations  
2 adopted pursuant to former Section 387, shall be certified as an  
3 eligible renewable energy resource by the Energy Commission  
4 pursuant to this article, if the facility is a “renewable electrical  
5 generation facility” as defined in Section 25741 of the Public  
6 Resources Code.

7 (D) (i) A small hydroelectric generation unit with a nameplate  
8 capacity not exceeding 40 megawatts that is operated as part of a  
9 water supply or conveyance system is an eligible renewable energy  
10 resource only for the retail seller or local publicly owned electric  
11 utility that procured the electricity from the unit as of December  
12 31, 2005. No unit shall be eligible pursuant to this subparagraph  
13 if an application for certification is submitted to the Energy  
14 Commission after January 1, 2013. Only one retail seller or local  
15 publicly owned electric utility shall be deemed to have procured  
16 electricity from a given unit as of December 31, 2005.

17 (ii) Notwithstanding clause (i), a local publicly owned electric  
18 utility that meets the criteria of subdivision (j) of Section 399.30  
19 may sell to another local publicly owned electric utility electricity  
20 from small hydroelectric generation units that qualify as eligible  
21 renewable energy resources under clause (i), and that electricity  
22 may be used by the local publicly owned electric utility that  
23 purchased the electricity to meet its renewables portfolio standard  
24 procurement requirements. The total of all those sales from the  
25 utility shall be no greater than 100,000 megawatthours of  
26 electricity.

27 (iii) The amendments made to this subdivision by the act adding  
28 this subparagraph are intended to clarify existing law and apply  
29 from December 10, 2011.

30 (2) (A) A facility engaged in the combustion of municipal solid  
31 waste shall not be considered an eligible renewable energy  
32 resource.

33 (B) Subparagraph (A) does not apply to ~~contracts entered into~~  
34 ~~generation~~ before January 1, 2017, ~~for the procurement of~~  
35 ~~renewable energy resources~~ from a facility located in Stanislaus  
36 County that was operational prior to September 26, 1996.

37 (f) “Procure” means to acquire through ownership or contract.

38 (g) “Procurement entity” means any person or corporation  
39 authorized by the commission to enter into contracts to procure



1 eligible renewable energy resources on behalf of customers of a  
2 retail seller pursuant to subdivision (f) of Section 399.13.

3 (h) (1) “Renewable energy credit” means a certificate of proof  
4 associated with the generation of electricity from an eligible  
5 renewable energy resource, issued through the accounting system  
6 established by the Energy Commission pursuant to Section 399.25,  
7 that one unit of electricity was generated and delivered by an  
8 eligible renewable energy resource.

9 (2) “Renewable energy credit” includes all renewable and  
10 environmental attributes associated with the production of  
11 electricity from the eligible renewable energy resource, except for  
12 an emissions reduction credit issued pursuant to Section 40709 of  
13 the Health and Safety Code and any credits or payments associated  
14 with the reduction of solid waste and treatment benefits created  
15 by the utilization of biomass or biogas fuels.

16 (3) (A) Electricity generated by an eligible renewable energy  
17 resource attributable to the use of nonrenewable fuels, beyond a  
18 de minimis quantity used to generate electricity in the same process  
19 through which the facility converts renewable fuel to electricity,  
20 shall not result in the creation of a renewable energy credit. The  
21 Energy Commission shall set the de minimis quantity of  
22 nonrenewable fuels for each renewable energy technology at a  
23 level of no more than 2 percent of the total quantity of fuel used  
24 by the technology to generate electricity. The Energy Commission  
25 may adjust the de minimis quantity for an individual facility, up  
26 to a maximum of 5 percent, if it finds that all of the following  
27 conditions are met:

28 (i) The facility demonstrates that the higher quantity of  
29 nonrenewable fuel will lead to an increase in generation from the  
30 eligible renewable energy facility that is significantly greater than  
31 generation from the nonrenewable fuel alone.

32 (ii) The facility demonstrates that the higher quantity of  
33 nonrenewable fuels will reduce the variability of its electrical  
34 output in a manner that results in net environmental benefits to the  
35 state.

36 (iii) The higher quantity of nonrenewable fuel is limited to either  
37 natural gas or hydrogen derived by reformation of a fossil fuel.

38 (B) Electricity generated by a small hydroelectric generation  
39 facility shall not result in the creation of a renewable energy credit

1 unless the facility meets the requirements of subparagraph (A) or  
2 (D) of paragraph (1) of subdivision (e).

3 (C) Electricity generated by a conduit hydroelectric generation  
4 facility shall not result in the creation of a renewable energy credit  
5 unless the facility meets the requirements of subparagraph (B) of  
6 paragraph (1) of subdivision (e).

7 (D) Electricity generated by a facility engaged in the combustion  
8 of municipal solid waste shall not result in the creation of a  
9 renewable energy credit. This subparagraph does not apply to  
10 renewable energy credits that were generated before January 1,  
11 2017, by a facility engaged in the combustion of municipal solid  
12 waste located in Stanislaus County that was operational prior to  
13 September 26, 1996, and sold pursuant to contracts entered into  
14 before January 1, 2017.

15 (i) “Renewables portfolio standard” means the specified  
16 percentage of electricity generated by eligible renewable energy  
17 resources that a retail seller or a local publicly owned electric utility  
18 is required to procure pursuant to this article.

19 (j) “Retail seller” means an entity engaged in the retail sale of  
20 electricity to end-use customers located within the state, including  
21 any of the following:

22 (1) An electrical corporation, as defined in Section 218.

23 (2) A community choice aggregator. A community choice  
24 aggregator shall participate in the renewables portfolio standard  
25 program subject to the same terms and conditions applicable to an  
26 electrical corporation.

27 (3) An electric service provider, as defined in Section 218.3.  
28 The electric service provider shall be subject to the same terms  
29 and conditions applicable to an electrical corporation pursuant to  
30 this article. This paragraph does not impair a contract entered into  
31 between an electric service provider and a retail customer prior to  
32 the suspension of direct access by the commission pursuant to  
33 Section 80110 of the Water Code.

34 (4) “Retail seller” does not include any of the following:

35 (A) A corporation or person employing cogeneration technology  
36 or producing electricity consistent with subdivision (b) of Section  
37 218.

38 (B) The Department of Water Resources acting in its capacity  
39 pursuant to Division 27 (commencing with Section 80000) of the  
40 Water Code.

1 (C) A local publicly owned electric utility.

2 (k) “WECC” means the Western Electricity Coordinating  
3 Council of the North American Electric Reliability Corporation,  
4 or a successor to the corporation.

5 *SEC. 5. Section 399.30 of the Public Utilities Code is amended*  
6 *to read:*

7 399.30. (a) (1) To fulfill unmet long-term generation resource  
8 needs, each local publicly owned electric utility shall adopt and  
9 implement a renewable energy resources procurement plan that  
10 requires the utility to procure a minimum quantity of electricity  
11 products from eligible renewable energy resources, including  
12 renewable energy credits, as a specified percentage of total  
13 kilowatthours sold to the utility’s retail end-use customers, each  
14 compliance period, to achieve the targets of subdivision (c).

15 (2) Beginning January 1, 2019, a local publicly owned electric  
16 utility subject to Section 9621 shall incorporate the renewable  
17 energy resources procurement plan required by this section as part  
18 of a broader integrated resource plan developed and adopted  
19 pursuant to Section 9621.

20 (b) The governing board shall implement procurement targets  
21 for a local publicly owned electric utility that require the utility to  
22 procure a minimum quantity of eligible renewable energy resources  
23 for each of the following compliance periods:

24 (1) January 1, 2011, to December 31, 2013, inclusive.

25 (2) January 1, 2014, to December 31, 2016, inclusive.

26 (3) January 1, 2017, to December 31, 2020, inclusive.

27 (4) January 1, 2021, to December 31, 2024, inclusive.

28 (5) January 1, 2025, to December 31, 2027, inclusive.

29 (6) January 1, 2028, to December 31, 2030, inclusive.

30 (c) The governing board of a local publicly owned electric utility  
31 shall ensure all of the following:

32 (1) The quantities of eligible renewable energy resources to be  
33 procured for the compliance period from January 1, 2011, to  
34 December 31, 2013, inclusive, are equal to an average of 20 percent  
35 of retail sales.

36 (2) The quantities of eligible renewable energy resources to be  
37 procured for all other compliance periods reflect reasonable  
38 progress in each of the intervening years sufficient to ensure that  
39 the procurement of electricity products from eligible renewable  
40 energy resources achieves 25 percent of retail sales by December

1 31, 2016, 33 percent by December 31, 2020, 40 percent by  
2 December 31, 2024, 45 percent by December 31, 2027, and 50  
3 percent by December 31, 2030. The Energy Commission shall  
4 establish appropriate multiyear compliance periods for all  
5 subsequent years that require the local publicly owned electric  
6 utility to procure not less than 50 percent of retail sales of  
7 electricity products from eligible renewable energy resources.

8 (3) A local publicly owned electric utility shall adopt  
9 procurement requirements consistent with Section 399.16.

10 (4) Beginning January 1, 2014, in calculating the procurement  
11 requirements under this article, a local publicly owned electric  
12 utility may exclude from its total retail sales the kilowatthours  
13 generated by an eligible renewable energy resource that is credited  
14 to a participating customer pursuant to a voluntary green pricing  
15 or shared renewable generation program. Any exclusion shall be  
16 limited to electricity products that do not meet the portfolio content  
17 criteria set forth in paragraph (2) or (3) of subdivision (b) of Section  
18 399.16. Any renewable energy credits associated with electricity  
19 credited to a participating customer shall not be used for  
20 compliance with procurement requirements under this article, shall  
21 be retired on behalf of the participating customer, and shall not be  
22 further sold, transferred, or otherwise monetized for any purpose.  
23 To the extent possible for generation that is excluded from retail  
24 sales under this subdivision, a local publicly owned electric utility  
25 shall seek to procure those eligible renewable energy resources  
26 that are located in reasonable proximity to program participants.

27 (d) (1) The governing board of a local publicly owned electric  
28 utility shall adopt procurement requirements consistent with  
29 subparagraph (B) of paragraph (4) of subdivision (a) of, and  
30 subdivision (b) of, Section 399.13.

31 (2) The governing board of a local publicly owned electric utility  
32 may adopt the following measures:

33 (A) Conditions that allow for delaying timely compliance  
34 consistent with subdivision (b) of Section 399.15.

35 (B) Cost limitations for procurement expenditures consistent  
36 with subdivision (c) of Section 399.15.

37 (e) The governing board of the local publicly owned electric  
38 utility shall adopt a program for the enforcement of this article.  
39 The program shall be adopted at a publicly noticed meeting offering  
40 all interested parties an opportunity to comment. Not less than 30

1 days' notice shall be given to the public of any meeting held for  
2 purposes of adopting the program. Not less than 10 days' notice  
3 shall be given to the public before any meeting is held to make a  
4 substantive change to the program.

5 (f) ~~(1)~~ Each local publicly owned electric utility shall annually  
6 post notice, in accordance with Chapter 9 (commencing with  
7 Section 54950) of Part 1 of Division 2 of Title 5 of the Government  
8 Code, whenever its governing body will deliberate in public on its  
9 renewable energy resources procurement plan.

10 ~~(2)~~ Contemporaneous with the posting of the notice of a public  
11 meeting to consider the renewable energy resources procurement  
12 plan, the local publicly owned electric utility shall notify the  
13 Energy Commission of the date, time, and location of the meeting  
14 in order to enable the Energy Commission to post the information  
15 on its Internet Web site. This requirement is satisfied if the local  
16 publicly owned electric utility provides the uniform resource  
17 locator (URL) that links to this information.

18 ~~(3)~~ Upon distribution to its governing body of information  
19 related to its renewable energy resources procurement status and  
20 future plans, for its consideration at a noticed public meeting, the  
21 local publicly owned electric utility shall make that information  
22 available to the public and shall provide the Energy Commission  
23 with an electronic copy of the documents for posting on the Energy  
24 Commission's Internet Web site. This requirement is satisfied if  
25 the local publicly owned electric utility provides the uniform  
26 resource locator (URL) that links to the documents or information  
27 regarding other manners of access to the documents.

28 (g) A public utility district that receives all of its electricity  
29 pursuant to a preference right adopted and authorized by the United  
30 States Congress pursuant to Section 4 of the Trinity River Division  
31 Act of August 12, 1955 (Public Law 84-386) shall be in compliance  
32 with the renewable energy procurement requirements of this article.

33 (h) For a local publicly owned electric utility that was in  
34 existence on or before January 1, 2009, that provides retail electric  
35 service to 15,000 or fewer customer accounts in California, and is  
36 interconnected to a balancing authority located outside this state  
37 but within the WECC, an eligible renewable energy resource  
38 includes a facility that is located outside California that is  
39 connected to the WECC transmission system, if all of the following  
40 conditions are met:

1 (1) The electricity generated by the facility is procured by the  
2 local publicly owned electric utility, is delivered to the balancing  
3 authority area in which the local publicly owned electric utility is  
4 located, and is not used to fulfill renewable energy procurement  
5 requirements of other states.

6 (2) The local publicly owned electric utility participates in, and  
7 complies with, the accounting system administered by the Energy  
8 Commission pursuant to this article.

9 (3) The Energy Commission verifies that the electricity  
10 generated by the facility is eligible to meet the renewables portfolio  
11 standard procurement requirements.

12 (i) Notwithstanding subdivision (a), for a local publicly owned  
13 electric utility that is a joint powers authority of districts established  
14 pursuant to state law on or before January 1, 2005, that furnish  
15 electric services other than to residential customers, and is formed  
16 pursuant to the Irrigation District Law (Division 11 (commencing  
17 with Section 20500) of the Water Code), the percentage of total  
18 kilowatthours sold to the district's retail end-use customers, upon  
19 which the renewables portfolio standard procurement requirements  
20 in subdivision (b) are calculated, shall be based on the authority's  
21 average retail sales over the previous seven years. If the authority  
22 has not furnished electric service for seven years, then the  
23 calculation shall be based on average retail sales over the number  
24 of completed years during which the authority has provided electric  
25 service.

26 (j) A local publicly owned electric utility in a city and county  
27 that only receives greater than 67 percent of its electricity sources  
28 from hydroelectric generation located within the state that it owns  
29 and operates, and that does not meet the definition of a "renewable  
30 electrical generation facility" pursuant to Section 25741 of the  
31 Public Resources Code, shall be required to procure eligible  
32 renewable energy resources, including renewable energy credits,  
33 to meet only the electricity demands unsatisfied by its hydroelectric  
34 generation in any given year, in order to satisfy its renewable  
35 energy procurement requirements.

36 ~~(k) (1) A local publicly owned electric utility that receives~~  
37 ~~greater than 50 percent of its annual retail sales from its own~~  
38 ~~hydroelectric generation that is not an eligible renewable energy~~  
39 ~~resource shall not be required to procure additional eligible~~  
40 ~~renewable energy resources in excess of either of the following:~~

~~(A) The portion of its retail sales not supplied by its own hydroelectric generation. For these purposes, retail sales supplied by an increase in hydroelectric generation resulting from an increase in the amount of water stored by a dam because the dam is enlarged or otherwise modified after December 31, 2012, shall not count as being retail sales supplied by the utility's own hydroelectric generation.~~

~~(B) The cost limitation adopted pursuant to this section.~~

~~(2)~~

(k) (1) For the purposes of this subdivision, "hydroelectric generation" means electricity generated from a hydroelectric facility that satisfies all of the following:

(A) Is owned solely and operated by the local publicly owned electric utility as of 1967.

(B) Serves a local publicly owned electric utility with a distribution system demand of less than 150 megawatts.

(C) Involves a contract in which an electrical corporation receives the benefit of the electric generation through June of 2014, at which time the benefit reverts back to the ownership and control of the local publicly owned electric utility.

(D) Has a maximum penstock flow capacity of no more than 3,200 cubic feet per second and includes a regulating reservoir with a small hydroelectric generation facility producing fewer than 20 megawatts with a maximum penstock flow capacity of no more than 3,000 cubic feet per second.

(2) *If, during a year within a compliance period set forth in subdivision (b), a local publicly owned electric utility receives greater than 50 percent of its retail sales from its own hydroelectric generation, it is not required to procure eligible renewable energy resources that exceed the lesser of the following for that year:*

*(A) The portion of the local publicly owned electric utility's retail sales unsatisfied by the local publicly owned electric utility's hydroelectric generation. For these purposes, retail sales supplied by an increase in hydroelectric generation resulting from an increase in the amount of water stored by a dam because the dam is enlarged or otherwise modified after December 31, 2012, shall not count as being retail sales supplied by the utility's own hydroelectric generation.*

*(B) The soft target adopted by the Energy Commission for the intervening years of the relevant compliance period.*

1     (C) *The cost limitation adopted pursuant to this section.*

2     (3) This subdivision does not reduce or eliminate any renewable  
3 procurement requirement for any compliance period ending prior  
4 to January 1, 2014.

5     (4) This subdivision does not require a local publicly owned  
6 electric utility to purchase additional eligible renewable energy  
7 resources in excess of the procurement requirements of subdivision  
8 (c).

9     (5) *The Energy Commission shall adjust the total quantities of*  
10 *eligible renewable energy resources to be procured by a local*  
11 *publicly owned electric utility for a compliance period to reflect*  
12 *any reductions required pursuant to paragraph (2).*

13     (l) (1) ~~(A)~~ For purposes of this subdivision, “large hydroelectric  
14 generation” means electricity generated from a hydroelectric  
15 facility that is not an eligible renewable energy resource and  
16 provides electricity to a local publicly owned electric utility from  
17 facilities owned by the federal government as a part of the federal  
18 Central Valley Project or a joint powers agency formed and created  
19 pursuant to Chapter 5 (commencing with Section 6500) of Division  
20 7 of Title 1 of the Government Code.

21     ~~(B) Large hydroelectric generation does not include any resource~~  
22 ~~that meets the definition of hydroelectric generation set forth in~~  
23 ~~subdivision (k).~~

24     (2) If, during a year within a compliance period set forth in  
25 subdivision (b), a local publicly owned electric utility receives  
26 greater than 50 percent of its retail sales from large hydroelectric  
27 generation, it is not required to procure eligible renewable energy  
28 resources that exceed the lesser of the following for that year:

29     (A) The portion of the local publicly owned electric ~~utility~~  
30 *utility’s* retail sales unsatisfied by the local publicly owned electric  
31 utility's large hydroelectric generation.

32     (B) The soft target adopted by the Energy Commission for the  
33 ~~intervening year~~ *years* of the relevant compliance period.

34     (3) Except for an existing agreement effective as of January 1,  
35 2015, or extension or renewal of that agreement, any new  
36 procurement commitment shall not be eligible to count towards  
37 the determination that the local publicly owned electric utility  
38 receives more than 50 percent of its retail sales from large  
39 hydroelectric generation in any year.



1 (4) The Energy Commission shall adjust the total quantities of  
2 eligible renewable energy resources to be procured by a local  
3 publicly owned electric utility for a compliance period to reflect  
4 any reductions required pursuant to paragraph (2).

5 (5) This subdivision does not modify the compliance obligation  
6 of a local publicly owned electric utility to satisfy the requirements  
7 of subdivision (c) of Section 399.16.

8 (m) (1) (A) For purposes of this subdivision, “unavoidable  
9 long-term contracts and ownership agreements” means  
10 commitments for electricity from a coal-fired powerplant, located  
11 outside the state, originally entered into by a local publicly owned  
12 electric utility before June 1, 2010, that is not subsequently  
13 modified to result in an extension of the duration of the agreement  
14 or result in an increase in total quantities of energy delivered during  
15 any compliance period set forth in subdivision (b).

16 (B) The governing board of a local publicly owned electric  
17 utility shall demonstrate in its renewable energy resources  
18 procurement plan required pursuant to subdivision (f) that any  
19 cancellation or divestment of the commitment would result in  
20 significant economic harm to its retail customers that cannot be  
21 substantially mitigated through resale, transfer to another entity,  
22 early closure of the facility, or other feasible measures.

23 (2) For the compliance period set forth in paragraph (4) of  
24 subdivision (b), a local publicly owned electric utility meeting the  
25 requirement of subparagraph (B) of paragraph (1) may adjust its  
26 renewable energy procurement targets to ensure that the  
27 procurement of additional electricity from eligible renewable  
28 energy resources, in combination with the procurement of  
29 electricity from unavoidable long-term contracts and ownership  
30 agreements, does not exceed the total retail sales of the local  
31 publicly owned electric utility during that compliance period. The  
32 local publicly owned electric utility may limit its procurement of  
33 eligible renewable energy resources for that compliance period to  
34 no less than an average of 33 percent of its retail sales.

35 (3) The Energy Commission shall approve any reductions in  
36 procurement targets proposed by a local publicly owned electric  
37 utility if it determines that the requirements of this subdivision are  
38 satisfied.

39 (n) A local publicly owned electric utility shall retain discretion  
40 over both of the following:

1 (1) The mix of eligible renewable energy resources procured  
2 by the utility and those additional generation resources procured  
3 by the utility for purposes of ensuring resource adequacy and  
4 reliability.

5 (2) The reasonable costs incurred by the utility for eligible  
6 renewable energy resources owned by the utility.

7 (o) The Energy Commission shall adopt regulations specifying  
8 procedures for enforcement of this article. The regulations shall  
9 include a public process under which the Energy Commission may  
10 issue a notice of violation and correction against a local publicly  
11 owned electric utility for failure to comply with this article, and  
12 for referral of violations to the State Air Resources Board for  
13 penalties pursuant to subdivision (n).

14 (p) (1) Upon a determination by the Energy Commission that  
15 a local publicly owned electric utility has failed to comply with  
16 this article, the Energy Commission shall refer the failure to comply  
17 with this article to the State Air Resources Board, which may  
18 impose penalties to enforce this article consistent with Part 6  
19 (commencing with Section 38580) of Division 25.5 of the Health  
20 and Safety Code. Any penalties imposed shall be comparable to  
21 those adopted by the commission for noncompliance by retail  
22 sellers.

23 (2) Any penalties collected by the State Air Resources Board  
24 pursuant to this article shall be deposited in the Air Pollution  
25 Control Fund and, upon appropriation by the Legislature, shall be  
26 expended for reducing emissions of air pollution or greenhouse  
27 gases within the same geographic area as the local publicly owned  
28 electric utility.

29 ~~SEC. 5.~~

30 *SEC. 6.* Section 400 of the Public Utilities Code is amended  
31 to read:

32 400. The commission and the Energy Commission shall do all  
33 of the following in furtherance of meeting the state's clean energy  
34 and pollution reduction objectives:

35 (a) Take into account the use of distributed generation to the  
36 extent that it provides economic and environmental benefits in  
37 disadvantaged communities identified pursuant to Section 39711  
38 of the Health and Safety Code.

39 (b) Take into account the opportunities to decrease costs and  
40 increase benefits, including pollution reduction and grid integration,

1 using renewable and nonrenewable technologies with zero or  
2 lowest feasible emissions of greenhouse gases, criteria pollutants,  
3 and toxic air contaminants onsite in proceedings associated with  
4 meeting the objectives.

5 (c) Where feasible, authorize procurement of resources to  
6 provide grid reliability services that minimize reliance on system  
7 power and fossil fuel resources and, where feasible, cost effective,  
8 and consistent with other state policy objectives, increase the use  
9 of large- and small-scale energy storage with a variety of  
10 technologies, targeted energy efficiency, demand response,  
11 including, but not limited to, automated demand response, eligible  
12 renewable energy resources, or other renewable and nonrenewable  
13 technologies with zero or lowest feasible emissions of greenhouse  
14 gases, criteria pollutants, and toxic air contaminants onsite to  
15 protect system reliability.

16 (d) (1) Review technology incentive, research, development,  
17 deployment, and market facilitation programs overseen by the  
18 ~~commission, commission and the Energy Commission, academia,~~  
19 ~~and the private and nonprofit sectors Commission~~ and make  
20 recommendations to advance state clean energy and pollution  
21 reduction objectives and provide benefits to disadvantaged  
22 communities identified pursuant to Section 39711 of the Health  
23 and Safety Code.

24 (2) *The Energy Commission shall review technology incentive,*  
25 *research, development, deployment, and market facilitation*  
26 *programs operating in California and overseen by academia and*  
27 *the private and nonprofit sectors, and make recommendations to*  
28 *advance state clean energy and pollution reduction objectives and*  
29 *provide benefits to disadvantaged communities identified pursuant*  
30 *to Section 39711 of the Health and Safety Code.*

31 (e) To the extent feasible and consistent with the state and  
32 federal constitutions, give first priority to the manufacture and  
33 deployment of clean energy and pollution reduction technologies  
34 that create employment opportunities in California, including high  
35 wage, highly skilled employment opportunities, and increased  
36 investment in the state.

37 (f) Establish a publicly available tracking system to provide  
38 up-to-date information at least once annually on progress toward  
39 meeting the clean energy and pollution reduction goals of the Clean  
40 Energy and Pollution Reduction Act of 2015.

(g) Establish an advisory group consisting of representatives from disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code. The advisory group shall review and provide advice on programs proposed to achieve clean energy and pollution reduction and determine whether those proposed programs will be effective and useful in disadvantaged communities.

*SEC. 7. Section 454.51 of the Public Utilities Code is amended to read:*

454.51. The commission shall do all of the following:

(a) Identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner. The portfolio shall rely upon zero carbon-emitting resources to the maximum extent reasonable and be designed to achieve any statewide greenhouse gas emissions limit established pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) or any successor legislation.

(b) Direct each electrical corporation to include, as part of its proposed procurement plan, a strategy for procuring best-fit and least-cost resources to satisfy the portfolio needs identified by the commission pursuant to subdivision (a).

(c) Ensure that the net costs of any incremental renewable energy integration resources procured by an electrical corporation to satisfy the need identified in subdivision (a) are allocated on a fully nonbypassable basis consistent with the treatment of costs identified in paragraph (2) of subdivision (c) of Section 365.1.

(d) Permit community choice aggregators to submit proposals for satisfying their portion of the renewable integration need identified in subdivision (a). If the commission finds this need is best met through long-term procurement commitments for resources, community choice aggregators shall also be required to make long-term commitments for resources. The commission shall approve proposals pursuant to this subdivision if it finds all of the following:

(1) The resources proposed by a community choice aggregator will provide equivalent integration of renewable energy.

1 (2) The resources proposed by a community choice aggregator  
2 will promote the efficient achievement of state energy policy  
3 objectives, including reductions in greenhouse gas emissions.

4 (3) Bundled customers of an electrical corporation will be  
5 indifferent from the approval of the community choice aggregator  
6 proposals.

7 ~~(4) All costs resulting from nonperformance will be borne by~~  
8 ~~the electrical corporation or community choice aggregator~~  
9 ~~responsible for them.~~

10 *(e) Ensure that all costs resulting from nonperformance to*  
11 *satisfy the need in subdivision (a) or (d), as applicable, shall be*  
12 *borne by the electrical corporation or community choice*  
13 *aggregator that failed to perform.*

14 *SEC. 8. Section 9508 of the Public Utilities Code is amended*  
15 *to read:*

16 9508. (a) In developing the rules and procedures specified in  
17 this section and in Section 9507, the Energy Commission shall  
18 seek to minimize the reporting burden and cost of reporting that  
19 it imposes on local publicly owned electric utilities.

20 (b) A local publicly owned electric utility shall annually submit  
21 to the Energy Commission documentation regarding eligible  
22 renewable energy resources procurement contracts that it executed  
23 during the prior year, as follows:

24 (1) A description of the eligible renewable energy resource,  
25 including the duration of the contract or electricity purchase  
26 agreement.

27 (2) A description and identification of the electrical generating  
28 facility providing the eligible renewable energy resource under  
29 the contract.

30 (3) An estimate of the percentage increase in the utility's total  
31 retail sales of electricity from eligible renewable energy resources  
32 that will result from the contract.

33 (c) A local publicly owned electric utility shall annually submit  
34 to the Energy Commission documentation regarding the utility's  
35 progress toward attaining the renewables portfolio standard  
36 established pursuant to Section 399.30, ~~and its expenditures of~~  
37 ~~public goods funds collected pursuant to Section 385, for~~  
38 ~~development of eligible renewable energy resources, including a~~  
39 ~~description of programs, sources of funding, expected results, and~~  
40 ~~actual results. 399.30.~~

1 (d) A local publicly owned electric utility shall, on an annual  
2 basis, make available to the Legislature and the Energy  
3 Commission information relating to the utility's solar initiative  
4 program established pursuant to Section 2854, including the rated  
5 generating capacity of installed solar energy systems receiving  
6 monetary incentives through the utility's program, the total number  
7 of solar energy systems installed, the total number of applications  
8 for the utility's program, the amount of monetary incentives  
9 awarded, and the contribution toward the program goals of the  
10 California Solar Initiative (Article 1 (commencing with Section  
11 2851) of Chapter 9 of Part 2 of Division 1).

12 (e) For the purposes of this section, "eligible renewable energy  
13 resource," "renewables portfolio standard," and "procure" have  
14 the same meanings as these terms have in the California  
15 Renewables Portfolio Standard Program (Article 16 (commencing  
16 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1).

17 ~~SEC. 6.~~

18 *SEC. 9.* Section 9621 of the Public Utilities Code is amended  
19 to read:

20 9621. (a) This section shall apply to a local publicly owned  
21 electric utility with an annual electrical demand exceeding 700  
22 gigawatthours, as determined on a three-year average commencing  
23 January 1, 2013.

24 (b) On or before January 1, 2019, the governing board of a local  
25 publicly owned electric utility shall adopt an integrated resource  
26 plan and a process for updating the plan at least once every five  
27 years to ensure the utility achieves all of the following:

28 (1) Meets the greenhouse gas emissions reduction targets  
29 established by the State Air Resources Board, in coordination with  
30 the commission and the Energy Commission, for the electricity  
31 sector and each local publicly-owned electric utility that reflect  
32 the electricity sector's percentage in achieving the economywide  
33 greenhouse gas emissions reductions of 40 percent from 1990  
34 levels by 2030.

35 (2) Ensures procurement of at least 50 percent eligible renewable  
36 energy resources by 2030 consistent with Article 16 (commencing  
37 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1.

38 (3) Meets the goals specified in subparagraphs (D) to (H),  
39 inclusive, of paragraph (1) of subdivision (a) of Section 454.52,  
40 and the goal specified in subparagraph (C) of paragraph (1) of

1 subdivision (a) of Section 454.52, as that goal is applicable to each  
2 local publicly owned electric utility. A local publicly owned electric  
3 utility shall not, solely by reason of this paragraph, be subject to  
4 requirements otherwise imposed on electrical corporations.

5 (c) (1) The integrated resource plan shall address procurement  
6 for the following:

7 (A) Energy efficiency and demand response resources pursuant  
8 to Section 9615.

9 (B) Energy storage requirements pursuant to Chapter 7.7  
10 (commencing with Section 2835) of Part 2 of Division 1.

11 (C) Transportation electrification.

12 (D) A diversified procurement portfolio consisting of both  
13 short-term and long-term electricity, electricity-related, and demand  
14 response products.

15 (E) The resource adequacy requirements established pursuant  
16 to Section 9620.

17 (2) (A) The governing board of the local publicly owned electric  
18 utility may authorize all source procurement that includes various  
19 resource types, including demand-side resources, supply side  
20 resources, and resources that may be either demand-side resources  
21 or supply side resources, to ensure that the local publicly owned  
22 electric utility procures the optimum resource mix that meets the  
23 objectives of subdivision (b).

24 (B) The governing board may authorize procurement of resource  
25 types that will reduce overall greenhouse gas emissions from the  
26 electricity sector and meet the other goals specified in subdivision  
27 (b), but due to the nature of the technology or fuel source may not  
28 compete favorably in price against other resources over the time  
29 period of the integrated resource plan.

30 (d) A local publicly owned electric utility shall satisfy the notice  
31 and public disclosure requirements of subdivision (f) of Section  
32 399.30 with respect to any integrated resource plan or plan update  
33 it considers.