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SB-1110 Energy: California Renewables Portfolio Standard Program: local publicly owned electric utilities. (2017-2018)

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Senate Bill No. 1110

CHAPTER 605

An act to add Section 399.33 to the Public Utilities Code, relating to energy.

[Approved by Governor September 20, 2018. Filed with Secretary of State September 20, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1110, Bradford. Energy: California Renewables Portfolio Standard Program: local publicly owned electric utilities.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. The California Renewables Portfolio Standard Program requires the PUC to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours of those products sold to their retail end-use customers achieve 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The program additionally requires each local publicly owned electric utility to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. Existing law requires local publicly owned electric utilities to adopt procurement requirements, but authorizes them to adopt conditions allowing for delaying timely compliance and cost limitations for procurement expenditures, as specified.

If the California Renewables Portfolio Standard Program requires more than 50% of retail sales of electricity to come from eligible renewable energy resources, this bill would authorize a local publicly owned electric utility, which has a gas-fired powerplant on which public debt is owed and that is operating at less than 20% of capacity, with Energy Commission approval, to adjust its renewable energy procurement targets by a specified amount if additional conditions are met. The bill would require a local publicly owned electric utility intending to act pursuant to that authorization to notify the Energy Commission by April 1, 2019, of that intention.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 399.33 is added to the Public Utilities Code, to read:

399.33. (a) This section shall only apply to a gas-fired powerplant that is located inside the state, is owned by and serves the electrical demands of a single local publicly owned electric utility, and meets all of the following conditions:

- (1) The local publicly owned electric utility has outstanding public indebtedness associated with the powerplant, the powerplant was planned and built after January 1, 2000, and the debt was secured before January 1, 2017.

(2) Operating the powerplant below a 20-percent capacity factor on an annual average on a yearly basis may result in the loss of employment of a powerplant employee who receives a prevailing wage.

(3) The powerplant is subject to and meets the state's greenhouse gases emission performance standard established by the Energy Commission pursuant to Section 8341.

(4) The powerplant is not located in a disadvantaged community. For purposes of this paragraph, "disadvantaged community" means a census tract that, pursuant to Section 39711 of the Health and Safety Code, has received a score on the California Communities Environmental Health Screening 3.0, also known as CalEnviroScreen 3.0, in the 81st to 100th percentile, inclusive.

(5) The local publicly owned electric utility can demonstrate with official documentation, such as an adopted city council resolution, to the satisfaction of the Energy Commission, that the powerplant was built in response to the energy crisis of 2000–01.

(6) The powerplant has not undergone repowering and is not serving as a peaker powerplant.

(b) If the procurement requirements of this article require more than 50 percent of retail sales of electricity to come from eligible renewable energy resources, then a local publicly owned electric utility that is the sole owner of a powerplant that both meets the requirements of subdivision (a) and is operating below 20 percent of its total capacity on an average annual basis during a given compliance period may, based on the utility's operations, adjust its renewable energy procurement targets by an amount equal to the difference between the actual generation from the powerplant and the amount of generation that the powerplant would have produced if it had operated at 20 percent of its total capacity, if all of the following conditions are met:

(1) The local publicly owned electric utility has procured eligible renewable energy resources as required by Section 399.30, as it existed on January 1, 2018.

(2) Additional procurement of eligible renewable energy resources or zero-carbon generational resources resulted in the powerplant operating at, or below, a 20-percent capacity factor on an annual average during a compliance period.

(3) The local publicly owned electric utility has attempted to mitigate against the reduction of generation to below 20 percent of the powerplant's total capacity by attempting to sell the powerplant or attempting to sell the generation from the powerplant to the extent it is practicable and does not result in resource shuffling.

(c) A local publicly owned electric utility shall notify the Energy Commission by April 1, 2019, of its intent to act pursuant to the authorization granted by this section.

(d) The Energy Commission shall review, and either approve or reject, a publicly owned electric utility's adjustment of its procurement targets pursuant to this section.

(e) The Energy Commission may request relevant supporting documentation from a local publicly owned electric utility acting pursuant to this section.

(f) This section shall apply only until the end of the calendar year during which the powerplant's original term of bonded indebtedness expires.