California Energy Legislative Summary

SB 107 (Simitian) Renewable Portfolio Standard / Renewable Energy Credits

OVERVIEW

This bill makes modifications to existing renewable portfolio standard requirements and implementation. Most notably it accelerates it accelerates from 2017 to December 31, 2010 the date by which retail sellers of electricity must procure 20% of its electricity from eligible renewable energy sources. The bill also permits the use of renewable energy credits under certain conditions to satisfy RPS requirements.

CODE SECTIONS

This bill amends Sections 25620.1, 25740, 25741, 25742, 25743, 25746, and 25751 of, adds Sections 25470.5 and 25744.5 to, and repeals Sections 25745 and 25749 of, the Public Resources Code, and amends Sections 387, 399.11, 399.12, 399.13, 399.14, and 399.15 of, adds Article 9 (commencing with Section 635) to Chapter 3 of Part 1 of Division 1 of, adds and repeals Section 2854 of, and repeals and adds Section 399.16 of, the Public Utilities Code, relating to energy.

MAIN PROVISIONS

- Accelerated Renewable Procurement Requirement – The bill accelerates from 2017 to December 31, 2010 the date by which each retail seller, including electric corporations, energy service providers, and community choice aggregators, must procure 20% of its electricity from eligible renewable energy sources. Retail sellers are required to increase procurement from eligible renewable source by at least 1% per year.
- Calculation of Baseline Renewables – The bill requires that deliveries of electricity from an eligible renewable energy resource under any electricity purchase agreement with a retail seller executed before January 1, 2002, be tracked and included in the baseline quantity of eligible renewable energy resources of the purchasing retail seller.
- Energy from Qualifying Facilities – The bill requires that electricity generated from qualifying facilities pursuant to Public Utility Regulatory Policies Act of 1978 (PURPA) and pursuant to a purchase contract executed on or after January 1, 2002, count towards the renewables portfolio standard requirements of the retail seller. The bill also would provide for the tracking of deliveries under these purchase contracts through a prescribed accounting system. The bill further provides that no renewable energy credits shall be created for electricity generated under any electricity purchase contract executed after January 1, 2005, pursuant to the PURPA.
- Flexible Compliance for RPS Requirements – The bill requires the CPUC to adopt flexible rules allowing retail sellers to limit its annual procurement obligation to the quantity of RE that can be delivered by existing transmission if reasonable efforts made by retail seller to use flexible delivery points and to ensure adequate transmission capacity.
- Eligibility of Out-of-State Generators – The bill deletes an existing provision that permits out of state generators to be an eligible renewable energy resource for

purposes of satisfying RPS requirements. It adopts an updated definition of "in-state renewable electricity generation facility."

- Municipal Utilities Renewable Portfolio Reporting – The bill requires municipal utilities to report annually to the CEC and their customers on the status of implementing and achieving an RPS.
- Renewable Energy Credits – The bill allows the CPUC to authorize use of renewable energy credits to satisfy the requirements of the RPS if certain conditions are met and only after the CEC develops tracking, accounting, verification, and enforcement mechanisms.
- Supplemental Energy Payment Eligibility – SB 107 specifies that facilities located out of state are not eligible for supplemental energy payments unless certain requirements are met, and the bill limits awards to out-of-state facilities to 10% of funds available.
- Public Goods Charge Changes – The bill makes several changes to the allocation and use of the public goods charge (PGC) funds for renewable technologies. The bill (1) permits the CEC to provide funding from the new renewables account only to projects selected by an electrical corporation as a result of a competitive process the is found by the CPUC to comply with the RPS; (2) prohibits the CEC from awarding SEPs for sale or purchase of RECs or to service load that is not within the distribution system of an IOU or subject to the PGC; (3) reduces the allocation to existing renewables program from 20% to 10%; (4) eliminates the customer credit program; and, (5) requires the CEC to follow the eligibility criteria established in the California Solar Initiative when allocation funds for solar incentives from Emerging Renewables Account and Renewable Resource Trust Fund.
- Renewable Contract Information Disclosure – Requires the IOUs to use standard terms and conditions for renewable energy contracts that include among other things a requirement to release certain information about the contract no later that 6 months after the CPUC approves the contract.
- Fossil Fuel Efficiency and Carbon Reduction Strategies – SB 107 require IOUs or municipal utilities to adopt strategies in a long-term procurement plan to achieve efficiency in use of fossil fuels and to address carbon emissions.
- CPUC Review of SEPs for Short-term Contracts – The bill requires the CPUC to review the impact of applying SEPs to contracts for the procurement of renewable energy that are less that 10 years in duration. The CPUC must report to legislature with the results of review by June 30, 2007.
- Feasibility of Incentives for Small Solar – This bill requires the CPUC to report to the Legislature by January 1, 2008 on the feasibility of performance-based incentives for solar energy systems of less than 30 kilowatts.

IMPLEMENTATION TIMELINE

June 30, 2007 – Deadline for the CPUC to review and report to the Legislature on the impact of allowing supplemental energy payments to be applied to short-term (<10 years) renewable energy contracts.

January 1, 2008 – Deadline for the CPUC to report to the Legislature on the feasibility, desirability, and design of performance-based incentives for solar energy systems of less than 30 kilowatts.