

AMENDED IN ASSEMBLY AUGUST 6, 2018
AMENDED IN ASSEMBLY JUNE 27, 2018
AMENDED IN ASSEMBLY SEPTEMBER 11, 2017
AMENDED IN ASSEMBLY SEPTEMBER 8, 2017
AMENDED IN ASSEMBLY JULY 18, 2017
AMENDED IN ASSEMBLY JUNE 26, 2017
AMENDED IN SENATE MAY 26, 2017
AMENDED IN SENATE MAY 17, 2017
AMENDED IN SENATE MAY 1, 2017

SENATE BILL

No. 100

**Introduced by Senator De León
(Coauthor: Senator Skinner)**

(Coauthors: Assembly Members Gonzalez Fletcher and Gloria)

January 11, 2017

An act to ~~amend Section 44258.5 of the Health and Safety Code, and to amend Sections 399.11, 399.15, and 399.30 of, and to add Section 454.53 to, the Public Utilities Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 100, as amended, De León. California Renewables Portfolio Standard Program: emissions of greenhouse gases.

(1) 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, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. The Legislature has found and declared that its intent in implementing the program is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030.

This bill would revise the above-described legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, and to achieve a 60% target by December 31, 2030. The bill would require that retail sellers and local publicly owned electric utilities procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kilowatthours of those products sold to their retail end-use customers achieve 44% of retail sales by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030.

Under existing law, a local publicly owned electric utility is not required to procure more than a specified minimum quantity of eligible renewable energy resources under the program if it receives more than 50% of its retail sales from hydroelectric generation, as specified.

This bill would revise those provisions and reduce that threshold to 40%.

(2) Existing law establishes the California Environmental Protection Agency, establishes the State Air Resources Board within the agency as the entity with responsibility for control of emissions from motor vehicles, and designates the state board as the air pollution control agency for all purposes set forth in federal law. The California Global Warming Solutions Act of 2006 establishes the state board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming.

The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation

and Development Commission (Energy Commission) and requires it to conduct an ongoing assessment of the opportunities and constraints presented by all forms of energy, to encourage the balanced use of all sources of energy to meet the state's needs, and to seek to avoid possible undesirable consequences of reliance on a single source of energy.

This bill would state that it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to serve California end-use customers and electricity procured to serve all state agencies by December 31, 2045. The bill would require that the achievement of this policy for California not increase carbon emissions elsewhere in the western grid and that the achievement not allow resource shuffling. The bill would require the PUC, Energy Commission, state board, and all other state agencies to incorporate that policy into all relevant planning. The bill would require the PUC, Energy Commission, state board, and all other state agencies to ensure actions taken in furtherance of these purposes achieve specified objectives. The bill would require the PUC, Energy Commission, and state board to utilize programs authorized under existing statutes to achieve that policy and, as part of a public process, issue a joint report to the Legislature by January 1, 2021, and every 4 years thereafter, that includes specified information relating to the implementation of the policy.

~~Existing law requires the state board to identify and adopt appropriate policies, rules, or regulations to remove regulatory disincentives preventing retail sellers and local publicly owned electric utilities from facilitating the achievement of greenhouse gas emission reductions in other sectors through increased investments in transportation electrification.~~

~~This bill would require the state board to identify and adopt those policies, rules, and regulations by January 1, 2021, and would require those policies, rules, and regulations to also remove regulatory disincentives preventing retail sellers and local publicly owned electric utilities from converting buildings and ports from natural gas to electricity.~~

(3) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because certain of the provisions of this bill would be a part of the act and because a violation of an order or decision of the PUC implementing its requirements would be a crime, the bill would impose

a state-mandated local program by creating a new crime. By expanding the requirements placed upon a local publicly owned electric utility, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) This act shall be known as The 100 Percent
2 Clean Energy Act of ~~2017~~: 2018.

3 (b) The Legislature finds and declares that the Public Utilities
4 Commission, State Energy Resources Conservation and
5 Development Commission, and State Air Resources Board should
6 plan for 100 percent of total retail sales of electricity in California
7 to come from eligible renewable energy resources and zero-carbon
8 resources by December 31, 2045.

9 (c) It is the intent of the Legislature in enacting this act to extend
10 and expand policies established pursuant to the California
11 Renewables Portfolio Standard Program (Article 16 (commencing
12 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the
13 Public Utilities Code), and to codify the policies established
14 pursuant to Section 454.53 of the Public Utilities Code, and that
15 both be incorporated in long-term planning.

16 ~~SEC. 2. Section 44258.5 of the Health and Safety Code is~~
17 ~~amended to read:~~

18 ~~44258.5. (a) For the purposes of this section, the following~~
19 ~~terms mean the following:~~

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

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

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

26 (b) ~~Before January 1, 2021, the state board shall identify and~~
27 ~~adopt appropriate policies, rules, or regulations to remove~~

1 regulatory disincentives preventing retail sellers and local publicly
2 owned electric utilities from facilitating the achievement of
3 greenhouse gas emission reductions in other sectors through
4 increased investments in transportation electrification and from
5 converting buildings and ports from natural gas to electricity.
6 Policies to be considered shall include, but are not limited to, an
7 allocation of greenhouse gas emissions allowances to retail sellers
8 and local publicly owned electric utilities, or other regulatory
9 mechanisms, to account for demonstrable increased greenhouse
10 gas emissions in the electric sector from transportation
11 electrification, and from converting buildings and ports from
12 natural gas to electricity end uses if the conversion results in overall
13 greenhouse gas emissions reductions. Any regulatory mechanisms
14 adopted pursuant to this subdivision shall not require the use of
15 methods that cannot be reasonably or cost-effectively demonstrated.

16 ~~SEC. 3.~~

17 *SEC. 2.* Section 399.11 of the Public Utilities Code is amended
18 to read:

19 399.11. The Legislature finds and declares all of the following:

20 (a) In order to attain a target of generating 20 percent of total
21 retail sales of electricity in California from eligible renewable
22 energy resources by December 31, 2013, 33 percent by December
23 31, 2020, 50 percent by December 31, 2026, and 60 percent by
24 December 31, 2030, it is the intent of the Legislature that the
25 commission and the Energy Commission implement the California
26 Renewables Portfolio Standard Program described in this article.

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

- 32 (1) Displacing fossil fuel consumption within the state.
- 33 (2) Adding new electrical generating facilities in the
34 transmission network within the WECC service area.
- 35 (3) Reducing air pollution, particularly criteria pollutant
36 emissions and toxic air contaminants, in the state.
- 37 (4) Meeting the state's climate change goals by reducing
38 emissions of greenhouse gases associated with electrical generation.
- 39 (5) Promoting stable retail rates for electric service.

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

3 (7) Assisting with meeting the state’s resource adequacy
4 requirements.

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

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

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

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

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

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

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

38 ~~SEC. 4.~~

39 *SEC. 3.* Section 399.15 of the Public Utilities Code is amended
40 to read:

1 399.15. (a) In order to fulfill unmet long-term resource needs,
2 the commission shall establish a renewables portfolio standard
3 requiring all retail sellers to procure a minimum quantity of
4 electricity products from eligible renewable energy resources as
5 a specified percentage of total kilowatthours sold to their retail
6 end-use customers each compliance period to achieve the targets
7 established under this article. For any retail seller procuring at least
8 14 percent of retail sales from eligible renewable energy resources
9 in 2010, the deficits associated with any previous renewables
10 portfolio standard shall not be added to any procurement
11 requirement pursuant to this article.

12 (b) The commission shall implement renewables portfolio
13 standard procurement requirements only as follows:

14 (1) Each retail seller shall procure a minimum quantity of
15 eligible renewable energy resources for each of the following
16 compliance periods:

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

18 (B) January 1, 2014, to December 31, 2016, inclusive.

19 (C) January 1, 2017, to December 31, 2020, inclusive.

20 (D) January 1, 2021, to December 31, 2024, inclusive.

21 (E) January 1, 2025, to December 31, 2027, inclusive.

22 (F) January 1, 2028, to December 31, 2030, inclusive.

23 (2) (A) No later than January 1, 2017, the commission shall
24 establish the quantity of electricity products from eligible
25 renewable energy resources to be procured by the retail seller for
26 each compliance period. These quantities shall be established in
27 the same manner for all retail sellers and result in the same
28 percentages used to establish compliance period quantities for all
29 retail sellers.

30 (B) In establishing quantities for the compliance period from
31 January 1, 2011, to December 31, 2013, inclusive, the commission
32 shall require procurement for each retail seller equal to an average
33 of 20 percent of retail sales. For the following compliance periods,
34 the quantities shall reflect reasonable progress in each of the
35 intervening years sufficient to ensure that the procurement of
36 electricity products from eligible renewable energy resources
37 achieves 25 percent of retail sales by December 31, 2016, 33
38 percent by December 31, 2020, 44 percent by December 31, 2024,
39 52 percent by December 31, 2027, and 60 percent by December
40 31, 2030. The commission shall establish appropriate three-year

1 compliance periods for all subsequent years that require retail
2 sellers to procure not less than 60 percent of retail sales of
3 electricity products from eligible renewable energy resources.

4 (C) Retail sellers shall be obligated to procure no less than the
5 quantities associated with all intervening years by the end of each
6 compliance period. Retail sellers shall not be required to
7 demonstrate a specific quantity of procurement for any individual
8 intervening year.

9 (3) The commission may require the procurement of eligible
10 renewable energy resources in excess of the quantities specified
11 in paragraph (2).

12 (4) Only for purposes of establishing the renewables portfolio
13 standard procurement requirements of paragraph (1) and
14 determining the quantities pursuant to paragraph (2), the
15 commission shall include all electricity sold to retail customers by
16 the Department of Water Resources pursuant to Division 27
17 (commencing with Section 80000) of the Water Code in the
18 calculation of retail sales by an electrical corporation.

19 (5) The commission shall waive enforcement of this section if
20 it finds that the retail seller has demonstrated any of the following
21 conditions are beyond the control of the retail seller and will
22 prevent compliance:

23 (A) There is inadequate transmission capacity to allow for
24 sufficient electricity to be delivered from proposed eligible
25 renewable energy resource projects using the current operational
26 protocols of the Independent System Operator. In making its
27 findings relative to the existence of this condition with respect to
28 a retail seller that owns transmission lines, the commission shall
29 consider both of the following:

30 (i) Whether the retail seller has undertaken, in a timely fashion,
31 reasonable measures under its control and consistent with its
32 obligations under local, state, and federal laws and regulations, to
33 develop and construct new transmission lines or upgrades to
34 existing lines intended to transmit electricity generated by eligible
35 renewable energy resources. In determining the reasonableness of
36 a retail seller's actions, the commission shall consider the retail
37 seller's expectations for full-cost recovery for these transmission
38 lines and upgrades.

39 (ii) Whether the retail seller has taken all reasonable operational
40 measures to maximize cost-effective deliveries of electricity from

1 eligible renewable energy resources in advance of transmission
2 availability.

3 (B) Permitting, interconnection, or other circumstances that
4 delay procured eligible renewable energy resource projects, or
5 there is an insufficient supply of eligible renewable energy
6 resources available to the retail seller. In making a finding that this
7 condition prevents timely compliance, the commission shall
8 consider whether the retail seller has done all of the following:

9 (i) Prudently managed portfolio risks, including relying on a
10 sufficient number of viable projects.

11 (ii) Sought to develop one of the following: its own eligible
12 renewable energy resources, transmission to interconnect to eligible
13 renewable energy resources, or energy storage used to integrate
14 eligible renewable energy resources. This clause shall not require
15 an electrical corporation to pursue development of eligible
16 renewable energy resources pursuant to Section 399.14.

17 (iii) Procured an appropriate minimum margin of procurement
18 above the minimum procurement level necessary to comply with
19 the renewables portfolio standard to compensate for foreseeable
20 delays or insufficient supply.

21 (iv) Taken reasonable measures, under the control of the retail
22 seller, to procure cost-effective distributed generation and allowable
23 unbundled renewable energy credits.

24 (C) Unanticipated curtailment of eligible renewable energy
25 resources if the waiver would not result in an increase in
26 greenhouse gas emissions.

27 (D) Unanticipated increase in retail sales due to transportation
28 electrification. In making a finding that this condition prevents
29 timely compliance, the commission shall consider both of the
30 following:

31 (i) Whether transportation electrification significantly exceeded
32 forecasts in that retail seller's service territory based on the best
33 and most recently available information filed with the State Air
34 Resources Board, the Energy Commission, or other state agency.

35 (ii) Whether the retail seller has taken reasonable measures to
36 procure sufficient resources to account for unanticipated increases
37 in retail sales due to transportation electrification.

38 (6) If the commission waives the compliance requirements of
39 this section, the commission shall establish additional reporting
40 requirements on the retail seller to demonstrate that all reasonable

1 actions under the control of the retail seller are taken in each of
2 the intervening years sufficient to satisfy future procurement
3 requirements.

4 (7) The commission shall not waive enforcement pursuant to
5 this section, unless the retail seller demonstrates that it has taken
6 all reasonable actions under its control, as set forth in paragraph
7 (5), to achieve full compliance.

8 (8) If a retail seller fails to procure sufficient eligible renewable
9 energy resources to comply with a procurement requirement
10 pursuant to paragraphs (1) and (2) and fails to obtain an order from
11 the commission waiving enforcement pursuant to paragraph (5),
12 the commission shall assess penalties for noncompliance. A
13 schedule of penalties shall be adopted by the commission that shall
14 be comparable for electrical corporations and other retail sellers.
15 For electrical corporations, the cost of any penalties shall not be
16 collected in rates. Any penalties collected under this article shall
17 be deposited into the Electric Program Investment Charge Fund
18 and used for the purposes described in Chapter 8.1 (commencing
19 with Section 25710) of Division 15 of the Public Resources Code.

20 (9) Deficits associated with the compliance period shall not be
21 added to a future compliance period.

22 (c) The commission shall establish a limitation for each electrical
23 corporation on the procurement expenditures for all eligible
24 renewable energy resources used to comply with the renewables
25 portfolio standard. This limitation shall be set at a level that
26 prevents disproportionate rate impacts.

27 (d) If the cost limitation for an electrical corporation is
28 insufficient to support the projected costs of meeting the
29 renewables portfolio standard procurement requirements, the
30 electrical corporation may refrain from entering into new contracts
31 or constructing facilities beyond the quantity that can be procured
32 within the limitation, unless eligible renewable energy resources
33 can be procured without exceeding a de minimis increase in rates,
34 consistent with the long-term procurement plan established for the
35 electrical corporation pursuant to Section 454.5.

36 (e) (1) The commission shall monitor the status of the cost
37 limitation for each electrical corporation in order to ensure
38 compliance with this article.

39 (2) If the commission determines that an electrical corporation
40 may exceed its cost limitation prior to achieving the renewables

1 portfolio standard procurement requirements, the commission shall
2 do both of the following within 60 days of making that
3 determination:

4 (A) Investigate and identify the reasons why the electrical
5 corporation may exceed its annual cost limitation.

6 (B) Notify the appropriate policy and fiscal committees of the
7 Legislature that the electrical corporation may exceed its cost
8 limitation, and include the reasons why the electrical corporation
9 may exceed its cost limitation.

10 (f) The establishment of a renewables portfolio standard shall
11 not constitute implementation by the commission of the federal
12 Public Utility Regulatory Policies Act of 1978 (Public Law
13 95-617).

14 ~~SEC. 5.~~

15 *SEC. 4.* Section 399.30 of the Public Utilities Code is amended
16 to read:

17 399.30. (a) (1) To fulfill unmet long-term generation resource
18 needs, each local publicly owned electric utility shall adopt and
19 implement a renewable energy resources procurement plan that
20 requires the utility to procure a minimum quantity of electricity
21 products from eligible renewable energy resources, including
22 renewable energy credits, as a specified percentage of total
23 kilowatthours sold to the utility's retail end-use customers, each
24 compliance period, to achieve the targets of subdivision (c).

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

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

- 34 (1) January 1, 2011, to December 31, 2013, inclusive.
- 35 (2) January 1, 2014, to December 31, 2016, inclusive.
- 36 (3) January 1, 2017, to December 31, 2020, inclusive.
- 37 (4) January 1, 2021, to December 31, 2024, inclusive.
- 38 (5) January 1, 2025, to December 31, 2027, inclusive.
- 39 (6) January 1, 2028, to December 31, 2030, inclusive.

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

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

7 (2) The quantities of eligible renewable energy resources to be
8 procured for all other compliance periods reflect reasonable
9 progress in each of the intervening years sufficient to ensure that
10 the procurement of electricity products from eligible renewable
11 energy resources achieves 25 percent of retail sales by December
12 31, 2016, 33 percent by December 31, 2020, 44 percent by
13 December 31, 2024, 52 percent by December 31, 2027, and 60
14 percent by December 31, 2030. The Energy Commission shall
15 establish appropriate multiyear compliance periods for all
16 subsequent years that require the local publicly owned electric
17 utility to procure not less than 60 percent of retail sales of
18 electricity products from eligible renewable energy resources.

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

21 (4) Beginning January 1, 2014, in calculating the procurement
22 requirements under this article, a local publicly owned electric
23 utility may exclude from its total retail sales the kilowatthours
24 generated by an eligible renewable energy resource that is credited
25 to a participating customer pursuant to a voluntary green pricing
26 or shared renewable generation program. Any exclusion shall be
27 limited to electricity products that do not meet the portfolio content
28 criteria set forth in paragraph (2) or (3) of subdivision (b) of Section
29 399.16. Any renewable energy credits associated with electricity
30 credited to a participating customer shall not be used for
31 compliance with procurement requirements under this article, shall
32 be retired on behalf of the participating customer, and shall not be
33 further sold, transferred, or otherwise monetized for any purpose.
34 To the extent possible for generation that is excluded from retail
35 sales under this subdivision, a local publicly owned electric utility
36 shall seek to procure those eligible renewable energy resources
37 that are located in reasonable proximity to program participants.

38 (d) (1) The governing board of a local publicly owned electric
39 utility shall adopt procurement requirements consistent with

1 subparagraph (B) of paragraph (4) of subdivision (a) of, and
2 subdivision (b) of, Section 399.13.

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

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

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

9 (e) The governing board of the local publicly owned electric
10 utility shall adopt a program for the enforcement of this article.
11 The program shall be adopted at a publicly noticed meeting offering
12 all interested parties an opportunity to comment. Not less than 30
13 days' notice shall be given to the public of any meeting held for
14 purposes of adopting the program. Not less than 10 days' notice
15 shall be given to the public before any meeting is held to make a
16 substantive change to the program.

17 (f) Each local publicly owned electric utility shall annually post
18 notice, in accordance with Chapter 9 (commencing with Section
19 54950) of Part 1 of Division 2 of Title 5 of the Government Code,
20 whenever its governing body will deliberate in public on its
21 renewable energy resources procurement plan.

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

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

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

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

4 (3) The Energy Commission verifies that the electricity
5 generated by the facility is eligible to meet the renewables portfolio
6 standard procurement requirements.

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

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

31 (k) (1) For purposes of this subdivision, "large hydroelectric
32 generation" means electricity generated from an existing
33 hydroelectric facility located within the state that does not qualify
34 as an eligible renewable energy resource and, as of January 1,
35 2018, was owned by a local publicly owned electric utility, the
36 federal government as a part of the federal Central Valley Project,
37 or a joint powers agency formed and created pursuant to Chapter
38 5 (commencing with Section 6500) of Division 7 of Title 1 of the
39 Government Code.

1 (2) If, during a year within a compliance period set forth in
2 subdivision (b), a local publicly owned electric utility receives
3 more than 40 percent of its retail sales from large hydroelectric
4 generation under an ownership agreement or contract in effect as
5 of January 1, 2018, it is not required to procure eligible renewable
6 energy resources that exceed the lesser of the following for that
7 year:

8 (A) The portion of the local publicly owned electric utility’s
9 retail sales unsatisfied by the local publicly owned electric utility’s
10 large hydroelectric generation.

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

13 (3) An extension or renewal of a procurement agreement shall
14 not be eligible to count towards the determination that the local
15 publicly owned electric utility receives more than 40 percent of
16 its retail sales from large hydroelectric generation in any year.

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

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

24 (l) (1) (A) For purposes of this subdivision, “unavoidable
25 long-term contracts and ownership agreements” means
26 commitments for electricity from a coal-fired powerplant, located
27 outside the state, originally entered into by a local publicly owned
28 electric utility before June 1, 2010, that is not subsequently
29 modified to result in an extension of the duration of the agreement
30 or result in an increase in total quantities of energy delivered during
31 any compliance period set forth in subdivision (b).

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

39 (2) For the compliance period set forth in paragraph (4) of
40 subdivision (b), a local publicly owned electric utility meeting the

1 requirement of subparagraph (B) of paragraph (1) may adjust its
2 renewable energy procurement targets to ensure that the
3 procurement of additional electricity from eligible renewable
4 energy resources, in combination with the procurement of
5 electricity from unavoidable long-term contracts and ownership
6 agreements, does not exceed the total retail sales of the local
7 publicly owned electric utility during that compliance period. The
8 local publicly owned electric utility may limit its procurement of
9 eligible renewable energy resources for that compliance period to
10 no less than an average of 33 percent of its retail sales.

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

15 (m) A local publicly owned electric utility shall retain discretion
16 over both of the following:

17 (1) The mix of eligible renewable energy resources procured
18 by the utility and those additional generation resources procured
19 by the utility for purposes of ensuring resource adequacy and
20 reliability.

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

23 (n) The Energy Commission shall adopt regulations specifying
24 procedures for enforcement of this article. The regulations shall
25 include a public process under which the Energy Commission may
26 issue a notice of violation and correction against a local publicly
27 owned electric utility for failure to comply with this article, and
28 for referral of violations to the State Air Resources Board for
29 penalties pursuant to subdivision (m).

30 (o) (1) Upon a determination by the Energy Commission that
31 a local publicly owned electric utility has failed to comply with
32 this article, the Energy Commission shall refer the failure to comply
33 with this article to the State Air Resources Board, which may
34 impose penalties to enforce this article consistent with Part 6
35 (commencing with Section 38580) of Division 25.5 of the Health
36 and Safety Code. Any penalties imposed shall be comparable to
37 those adopted by the commission for noncompliance by retail
38 sellers.

39 (2) Any penalties collected by the State Air Resources Board
40 pursuant to this article shall be deposited in the Air Pollution

1 Control Fund and, upon appropriation by the Legislature, shall be
2 expended for reducing emissions of air pollution or greenhouse
3 gases within the same geographic area as the local publicly owned
4 electric utility.

5 ~~SEC. 6.~~

6 *SEC. 5.* Section 454.53 is added to the Public Utilities Code,
7 to read:

8 454.53. (a) It is the policy of the state that eligible renewable
9 energy resources and zero-carbon resources supply 100 percent
10 of all retail sales of electricity to California end-use customers and
11 electricity procured to serve all state agencies by December 31,
12 2045. The achievement of this policy for California shall not
13 increase carbon emissions elsewhere in the western grid and shall
14 not allow resource shuffling. The commission, the Energy
15 Commission, the State Air Resources Board, and all other state
16 agencies shall incorporate this policy into all relevant planning.

17 (b) The commission, Energy Commission, state board, and all
18 other state agencies shall ensure that actions taken in furtherance
19 of subdivision (a) do all of the following:

20 (1) Maintain and protect the safety, reliable operation, and
21 balancing of the electric system.

22 (2) Prevent unreasonable impacts to electricity, gas, and water
23 customer rates and bills resulting from implementation of this
24 section, taking into full consideration the economic and
25 environmental costs and benefits of renewable energy and
26 zero-carbon resources.

27 (3) To the extent feasible and authorized under law, lead to the
28 adoption of policies and taking of actions in other sectors to obtain
29 greenhouse gas emission reductions that ensure equity between
30 other sectors and the electricity sector.

31 (4) Not affect in any manner the rules and requirements for the
32 oversight of, and enforcement against, retail sellers and local
33 publicly owned utilities pursuant to the California Renewables
34 Portfolio Standard Program (Article 16 (commencing with Section
35 399.11) of Chapter 2.3) and Sections 454.51, 454.52, 9621, and
36 9622.

37 (c) Nothing in this section shall affect a retail seller's obligation
38 to comply with the federal Public Utility Regulatory Policies Act
39 of 1978 (16 U.S.C. Sec. 2601 et seq.).

1 (d) The commission, Energy Commission, and state board shall
2 do both of the following:

3 (1) Utilize programs authorized under existing statutes to achieve
4 the policy described in subdivision (a).

5 (2) In consultation with all California balancing authorities, as
6 defined in subdivision (d) of Section 399.12, as part of a public
7 process, issue a joint report to the Legislature by January 1, 2021,
8 and at least every four years thereafter. The joint report shall
9 include all of the following:

10 (A) A review of the policy described in subdivision (a) focused
11 on technologies, forecasts, then-existing transmission, and
12 maintaining safety, environmental and public safety protection,
13 affordability, and system and local reliability.

14 (B) An evaluation identifying the potential benefits and impacts
15 on system and local reliability associated with achieving the policy
16 described in subdivision (a).

17 (C) An evaluation identifying the nature of any anticipated
18 financial costs and benefits to electric, gas, and water utilities,
19 including customer rate impacts and benefits.

20 (D) The barriers to, and benefits of, achieving the policy
21 described in subdivision (a).

22 (E) Alternative scenarios in which the policy described in
23 subdivision (a) can be achieved and the estimated costs and benefits
24 of each scenario.

25 (e) Nothing in this section authorizes the commission to establish
26 any requirements on a nonmobile self-cogeneration or cogeneration
27 facility that served onsite load, or that served load pursuant to an
28 over-the-fence arrangement if that arrangement existed on or before
29 December 20, 1995.

30 ~~SEC. 7.~~

31 *SEC. 6.* No reimbursement is required by this act pursuant to
32 Section 6 of Article XIII B of the California Constitution because
33 a local agency or school district has the authority to levy service
34 charges, fees, or assessments sufficient to pay for the program or
35 level of service mandated by this act or because costs that may be
36 incurred by a local agency or school district will be incurred
37 because this act creates a new crime or infraction, eliminates a
38 crime or infraction, or changes the penalty for a crime or infraction,
39 within the meaning of Section 17556 of the Government Code, or

- 1 changes the definition of a crime within the meaning of Section 6
- 2 of Article XIII B of the California Constitution.

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