SENATE THIRD READING
SB 100 (De León)
As Amended August 20, 2018
Majority vote

SENATE VOTE: 25-13

Committee	Votes	Ayes	Noes
Natural Resources	7-0	Cristina Garcia, Chau, Eggman, Limón, McCarty, Muratsuchi, Mark Stone	
Appropriations	11-5	Gonzalez Fletcher, Bloom, Bocanegra, Bonta, Calderon, Chau, Eggman, Friedman, Eduardo Garcia, Jones-Sawyer, Reyes	Bigelow, Brough, Fong, Gallagher, Obernolte
Utilities	10-5	Holden, Burke, Eggman, Eduardo Garcia, Muratsuchi, Quirk, Reyes, Santiago, Ting, Friedman	Patterson, Chen, Cunningham, Gallagher, Mayes

SUMMARY: Establishes the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50% by 2030 to 60%, and creates the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy. Specifically, **this bill**:

1) Accelerates the RPS obligations for retail sellers – investor-owned utilities, community choice aggregators, energy service providers – and publicly-owned utilities (POUs) as follows:

    a) 40% to 44% by 2024;

    b) 45% to 52% by 2027; and

    c) 50% to 60% by 2030.

2) Establishes state policy that RPS-eligible and zero-carbon resources supply 100% of all retail sales of electricity to California end-use customers no later than December 31, 2045.

    a) States that achieving this policy shall not increase carbon emissions elsewhere in the western grid and shall not allow resource shuffling subject to the restrictions of the Commerce Clause of the United States Constitution.

    b) Requires the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the California Air Resources Board (CARB), and other state agencies to incorporate this policy into all relevant planning.

c) Requires the CPUC, the CEC, and CARB to ensure that in furthering this policy the agencies:

   i) Maintain and protect the safety, reliability, and balancing of the electric system;

   ii) Prevent unreasonable impacts to customer rates and bills;

   iii) Adopt policies or actions to ensure equity in greenhouse gas (GHG) emissions reductions between the electricity sector and other sectors, to the extent feasible and lawfully authorized; and

   iv) Ensure equivalent RPS and integrated resource plan rules and requirements for all retail sellers and POUs.

   v) Clarifies that nothing in this policy shall affect a retail seller's ability to comply with the federal Public Utility Regulatory Policies Act of 1978.

   vi) Requires the CPUC, CEC, and CARB to:

      (1) Utilize existing programs to achieve this policy; and

      (2) Prepare, in consultation with all California balancing authorities, a joint report to the Legislature by January 1, 2021, and every four years thereafter, that includes of review of the 100% clean energy policy including forecasts, costs, resources, barriers and impacts on reliability related to achieving the goal and alternative scenarios to achieve the goal.

3) Reduces a POUs obligation to procure renewable resources for the subsequent year, if the POU receives more than 40% of its retail sales from large hydroelectric generation (reduced from existing threshold of 50%) under specified circumstances.

EXISTING LAW:

1) Requires retail sellers and POUs to increase purchases of renewable energy such that at least 50% of retail sales are procured from eligible renewable energy resources by December 31, 2030. This is known as the Renewables Portfolio Standard (RPS). (Public Utilities Code Section 399.11 et seq.)

2) Defines a "renewable electrical generation facility" as one that, among other requirements, uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology. (Public Resources Code Section 25741)

FISCAL EFFECT: According to the Assembly Appropriations Committee, this bill will increase the annual costs to the state by approximately $21 million, principally affecting the CPUC, the CEC, CARB, and the Department of Water Resources (DWR).

Purpose. According to the author, this bill sets a new 100% clean renewable target for California's electrical grid by 2045 and directs our climate and energy agencies to use this new target to ensure our state's energy grid is 100% clean before the middle of the century.

Background, Execution, and Committee Actions. The California RPS program began with a mandate to all retail sellers to provide 20% RPS-eligible generation by the end of 2017. Since the initial RPS statute – SB 1078 (Sher), Chapter 516, Statutes of 2002 – the obligations and timelines for RPS compliance have evolved. The most recent major changes to the RPS were made by SB 350 (De León), Chapter 547, Statutes of 2015, which set a new obligation of 50% of retail sales from RPS-eligible generation by 2030. This bill seeks to accelerate the state's RPS obligations further, setting a 60% by 2030 requirement.

This bill may be considered as two parts: one part increases the RPS obligations (60% by 2030) while the other part addresses the remaining electricity procurement (40%) after the RPS. For the first part, most retail sellers are well on their way to meeting their current RPS compliance obligations of 33% by 2020. Additionally, amendments taken in the Natural Resources Committee helped ease the gradations in RPS obligations that lead up to the proposed 60% RPS target.

But for the second part, this bill establishes a new policy which plans for all electricity by December 31, 2045 to be from a mix of both RPS-eligible and zero-carbon resources, the "100 percent policy." This second part of this bill resulted in a pattern familiar to those involved in RPS negotiations, with parties arguing for intricate procurement details when the broader strategy has barely been hinted at in electricity planning. Since utility procurement has historically involved power purchase agreements and the financing and construction of assets with a long life (30 – 40 years), it is wise for retail sellers and Publically Owned Utilities (POUs) to begin to consider – and plan for – whether new assets could be stranded assets in the future if they are powered by fossil fuels. Amendments taken in Natural Resources Committee clarified this broader planning goal of the 100 percent policy.

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