

BILL ANALYSIS

SENATE RULES COMMITTEE	SB 1078
Office of Senate Floor Analyses	
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UNFINISHED BUSINESS

Bill No: SB 1078
 Author: Sher (D), et al
 Amended: 8/28/02
 Vote: 21

SENATE VOTES NOT RELEVANT

ASSEMBLY FLOOR : 55-23, 8/29/02 - See last page for vote

SUBJECT : Renewable energy

SOURCE : Author

DIGEST : This bill requires utilities to increase procurement of electricity from renewable energy sources by at least one percent per year.

Assembly Amendments delete the previous version. As it left the Senate, the bill was authored by Battin and related to necessary small schools.

ANALYSIS : Existing law directs the State Public Utilities Commission (PUC) to require utilities to reserve or set aside a specific portion of future generating capacity for renewable resources.

This bill requires utilities to increase procurement of electricity from renewable energy sources by at least one percent per year. Specifically, this bill :

1. Requires a retail seller of electricity to increase

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its total amount of eligible renewable resources by at least one percent per year, until 20 percent of its retail sales are procured from renewables, provided sufficient public goods charge (PGC) funds are available to cover any above-market costs of renewables. This constitutes the California Renewables Portfolio Standard, or RPS.

2. Defines a retail seller to include investor-owned utilities (IOUs), and, once specified conditions are met, community choice aggregators and electric service providers (ESPs).
3. Directs the PUC to order IOUs to enter into contracts for renewable energy resource generators for at least 10 years' duration, unless PUC approves shorter terms.
4. Requires PUC to establish a process for determining the market price of electricity from renewable generators; for rank ordering and selection of renewables to fulfill program obligations; and for standard terms and conditions to be used by IOUs in contracting with renewables contractors.
5. Requires PUC to review the results of a renewable energy resources solicitation submitted for approval by an IOU. If PUC determines that bid prices are elevated due to a lack of effective competition among bidders, PUC shall require that the contracts be renegotiated.
6. Considers renewable energy purchases by IOUs made pursuant to a RPS procurement plan reasonable per se, and therefore recoverable in rates charged to retail customers.
7. Requires each governing body, of a local publicly owned electric utility, to implement and enforce an RPS

that takes into consideration the impact on rates, reliability, the goal of environmental improvement, and the impact on financial resources. The governing board would annually report to its customers concerning the RPS program.

8. Among other things, directs the California Energy

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Commission (CEC) to certify the renewable energy resources that are eligible to participate in the RPS, to develop an accounting system to verify RPS compliance, and to award supplemental energy payments to eligible renewable energy resources to cover above-market costs of renewable energy.

9. Provides that failure by an IOU to comply with a PUC order adopting a renewable procurement plan is punishable as contempt, and that PUC shall exercise this authority to require compliance.
10. Specifies that an application by an IOU to allow construction of new transmission facilities that are necessary in connection with renewables shall be deemed necessary by PUC in determining whether to issue a certificate of public convenience and necessity.
11. Specifies that an eligible renewable energy resource that receives PGC funds shall comply with prevailing wage laws.
12. Provides that a facility that engages in the combustion of municipal solid waste in Stanislaus County, that was operational prior to September 1996, shall be considered an eligible renewable resource for purposes of determining the baseline quantity of renewable energy resources in the portfolio of a retail seller.

FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes
Local: Yes

According to the Assembly Appropriations Committee, costs to CEC and PUC, perhaps, \$1 million annually to each.

ASSEMBLY FLOOR

AYES: Alquist, Aroner, Ashburn, Calderon, Bill Campbell, Canciamilla, Cardenas, Cardoza, Cedillo, Chan, Chavez, Chu, Cogdill, Corbett, Correa, Diaz, Dutra, Firebaugh, Florez, Frommer, Goldberg, Havice, Horton, Jackson, Keeley, Kehoe, Kelley, Koretz, Liu, Longville, Lowenthal, Maddox, Maldonado, Matthews, Migden, Nakano, Nation, Negrete McLeod, Oropeza, Papan, Pavley, Pescetti, Reyes,

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Salinas, Shelley, Simitian, Steinberg, Strom-Martin, Thomson, Vargas, Washington, Wayne, Wiggins, Wright, Wesson

NOES: Aanestad, Bates, Bogh, Briggs, John Campbell, Cox, Daucher, Dickerson, Harman, Hollingsworth, La Suer, Leach, Leonard, Leslie, Mountjoy, Robert Pacheco, Rod Pacheco, Richman, Runner, Strickland, Wyland, Wyman, Zettel

NC:kb 8/30/02 Senate Floor Analyses

SUPPORT/OPPOSITION: NONE RECEIVED

**** END ****

