

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**

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**Introduced by Senator De León**

January 11, 2017

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An act 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 ~~achieves~~ *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, to achieve a 60% target by December 31, 2030, and for all electricity sold at retail to be ~~generated by eligible renewable energy resources~~ *from zero-carbon resources* by December 31, 2045. 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 45% of retail sales by December 31, 2023, 50% by December 31, 2026, and 60% by December 31, 2030.

(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 require the PUC, Energy Commission, and state board to incorporate the planning goal and regulatory requirement~~ *state that it is the policy of the state that eligible renewable energy resources and zero-carbon electric generating facilities supply all electricity procured to serve California end-use customers no later than December 31, 2045, into all the energy and climate programs subject to their jurisdiction. 2045. The bill would require the PUC, Energy Commission, and state board to incorporate that policy into all relevant planning and programs, as specified.* The bill would require those entities to utilize programs authorized under existing statutes to achieve that ~~planning~~

~~goal and regulatory requirement~~ *policy* and to provide a joint report to the Legislature no later than February 1, 2019, and every 2 years thereafter, that identifies progress and describes remaining *transmission, reliability, and other* barriers to the full realization of that ~~planning goal and regulatory requirement~~. *policy*.

(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. Section 399.11 of the Public Utilities Code is  
2 amended to read:

3 399.11. The Legislature finds and declares all of the following:

4 (a) In order to attain a target of generating 20 percent of total  
5 retail sales of electricity in California from eligible renewable  
6 energy resources by December 31, 2013, 33 percent by December  
7 31, 2020, 50 percent by December 31, 2026, *and* 60 percent by  
8 December 31, 2030, and *for* 100 percent *of total retail sales of*  
9 *electricity in California to be from zero-carbon resources* by  
10 December 31, 2045, it is the intent of the Legislature that the  
11 commission and the Energy Commission implement the California  
12 Renewables Portfolio Standard Program described in this article.

13 (b) Achieving the renewables portfolio standard through the  
14 procurement of various electricity products from eligible renewable  
15 energy resources is intended to provide unique benefits to

1 California, including all of the following, each of which  
2 independently justifies the program:

3 (1) Displacing fossil fuel consumption within the state.

4 (2) Adding new electrical generating facilities in the  
5 transmission network within the ~~Western Electricity Coordinating~~  
6 ~~Council~~ WECC service area.

7 (3) Reducing air pollution, particularly criteria pollutant  
8 emissions and toxic air contaminants, in the state.

9 (4) Meeting the state's climate change goals by reducing  
10 emissions of greenhouse gases associated with electrical generation.

11 (5) Promoting stable retail rates for electric service.

12 (6) Meeting the state's need for a diversified and balanced  
13 energy generation portfolio.

14 (7) ~~Assistance~~ *Assisting* with meeting the state's resource  
15 adequacy requirements.

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

19 (9) Implementing the state's transmission and land use planning  
20 activities related to development of eligible renewable energy  
21 resources.

22 (c) The California Renewables Portfolio Standard Program is  
23 intended to complement the Renewable Energy Resources Program  
24 administered by the Energy Commission and established pursuant  
25 to Chapter 8.6 (commencing with Section 25740) of Division 15  
26 of the Public Resources Code.

27 (d) New and modified electric transmission facilities may be  
28 necessary to facilitate the state achieving its renewables portfolio  
29 standard targets.

30 (e) (1) Supplying electricity to California end-use customers  
31 that is generated by eligible renewable energy resources is  
32 necessary to improve California's air quality and public health,  
33 particularly in disadvantaged communities identified pursuant to  
34 Section 39711 of the Health and Safety Code, and the commission  
35 shall ensure rates are just and reasonable, and are not significantly  
36 affected by the procurement requirements of this article. This  
37 electricity may be generated anywhere in the interconnected grid  
38 that includes many states, and areas of both Canada and Mexico.

39 (2) This article requires generating resources located outside of  
40 California that are able to supply that electricity to California

1 end-use customers to be treated identically to generating resources  
2 located within the state, without discrimination.

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

9 SEC. 2. Section 399.15 of the Public Utilities Code is amended  
10 to read:

11 399.15. (a) In order to fulfill unmet long-term resource needs,  
12 the commission shall establish a renewables portfolio standard  
13 requiring all retail sellers to procure a minimum quantity of  
14 electricity products from eligible renewable energy resources as  
15 a specified percentage of total kilowatthours sold to their retail  
16 end-use customers each compliance period to achieve the targets  
17 established under this article. For any retail seller procuring at least  
18 14 percent of retail sales from eligible renewable energy resources  
19 in 2010, the deficits associated with any previous renewables  
20 portfolio standard shall not be added to any procurement  
21 requirement pursuant to this article.

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

24 (1) Each retail seller shall procure a minimum quantity of  
25 eligible renewable energy resources for each of the following  
26 compliance periods:

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

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

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

30 (D) January 1, 2021, to December 31, 2023, inclusive.

31 (E) January 1, 2024, to December 31, 2026, inclusive.

32 (F) January 1, 2027, to December 31, 2030, inclusive.

33 (2) (A) No later than January 1, 2017, the commission shall  
34 establish the quantity of electricity products from eligible  
35 renewable energy resources to be procured by the retail seller for  
36 each compliance period. These quantities shall be established in  
37 the same manner for all retail sellers and result in the same  
38 percentages used to establish compliance period quantities for all  
39 retail sellers.

1 (B) In establishing quantities for the compliance period from  
2 January 1, 2011, to December 31, 2013, inclusive, the commission  
3 shall require procurement for each retail seller equal to an average  
4 of 20 percent of retail sales. For the following compliance periods,  
5 the quantities shall reflect reasonable progress in each of the  
6 intervening years sufficient to ensure that the procurement of  
7 electricity products from eligible renewable energy resources  
8 achieves 25 percent of retail sales by December 31, 2016, 33  
9 percent by December 31, 2020, 45 percent by December 31, 2023,  
10 50 percent by December 31, 2026, and 60 percent by December  
11 31, 2030. The commission shall establish appropriate three-year  
12 compliance periods for all subsequent years that require retail  
13 sellers to procure not less than 60 percent of retail sales of  
14 electricity products from eligible renewable energy resources.

15 (C) Retail sellers shall be obligated to procure no less than the  
16 quantities associated with all intervening years by the end of each  
17 compliance period. Retail sellers shall not be required to  
18 demonstrate a specific quantity of procurement for any individual  
19 intervening year.

20 (3) The commission may require the procurement of eligible  
21 renewable energy resources in excess of the quantities specified  
22 in paragraph (2).

23 (4) Only for purposes of establishing the renewables portfolio  
24 standard procurement requirements of paragraph (1) and  
25 determining the quantities pursuant to paragraph (2), the  
26 commission shall include all electricity sold to retail customers by  
27 the Department of Water Resources pursuant to Division 27  
28 (commencing with Section 80000) of the Water Code in the  
29 calculation of retail sales by an electrical corporation.

30 (5) The commission shall waive enforcement of this section if  
31 it finds that the retail seller has demonstrated any of the following  
32 conditions are beyond the control of the retail seller and will  
33 prevent compliance:

34 (A) There is inadequate transmission capacity to allow for  
35 sufficient electricity to be delivered from proposed eligible  
36 renewable energy resource projects using the current operational  
37 protocols of the Independent System Operator. In making its  
38 findings relative to the existence of this condition with respect to  
39 a retail seller that owns transmission lines, the commission shall  
40 consider both of the following:

1 (i) Whether the retail seller has undertaken, in a timely fashion,  
2 reasonable measures under its control and consistent with its  
3 obligations under local, state, and federal laws and regulations, to  
4 develop and construct new transmission lines or upgrades to  
5 existing lines intended to transmit electricity generated by eligible  
6 renewable energy resources. In determining the reasonableness of  
7 a retail seller's actions, the commission shall consider the retail  
8 seller's expectations for full-cost recovery for these transmission  
9 lines and upgrades.

10 (ii) Whether the retail seller has taken all reasonable operational  
11 measures to maximize cost-effective deliveries of electricity from  
12 eligible renewable energy resources in advance of transmission  
13 availability.

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

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

22 (ii) Sought to develop one of the following: its own eligible  
23 renewable energy resources, transmission to interconnect to eligible  
24 renewable energy resources, or energy storage used to integrate  
25 eligible renewable energy resources. This clause shall not require  
26 an electrical corporation to pursue development of eligible  
27 renewable energy resources pursuant to Section 399.14.

28 (iii) Procured an appropriate minimum margin of procurement  
29 above the minimum procurement level necessary to comply with  
30 the renewables portfolio standard to compensate for foreseeable  
31 delays or insufficient supply.

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

35 (C) Unanticipated curtailment of eligible renewable energy  
36 resources if the waiver would not result in an increase in  
37 greenhouse gas emissions.

38 (D) Unanticipated increase in retail sales due to transportation  
39 electrification. In making a finding that this condition prevents

1 timely compliance, the commission shall consider ~~all~~ *both* of the  
2 following:

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

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

10 (6) If the commission waives the compliance requirements of  
11 this section, the commission shall establish additional reporting  
12 requirements on the retail seller to demonstrate that all reasonable  
13 actions under the control of the retail seller are taken in each of  
14 the intervening years sufficient to satisfy future procurement  
15 requirements.

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

20 (8) If a retail seller fails to procure sufficient eligible renewable  
21 energy resources to comply with a procurement requirement  
22 pursuant to paragraphs (1) and (2) and fails to obtain an order from  
23 the commission waiving enforcement pursuant to paragraph (5),  
24 the commission shall assess penalties for noncompliance. A  
25 schedule of penalties shall be adopted by the commission that shall  
26 be comparable for electrical corporations and other retail sellers.  
27 For electrical corporations, the cost of any penalties shall not be  
28 collected in rates. Any penalties collected under this article shall  
29 be deposited into the Electric Program Investment Charge Fund  
30 and used for the purposes described in Chapter 8.1 (commencing  
31 with Section 25710) of Division 15 of the Public Resources Code.

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

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

39 (d) If the cost limitation for an electrical corporation is  
40 insufficient to support the projected costs of meeting the



1 renewables portfolio standard procurement requirements, the  
2 electrical corporation may refrain from entering into new contracts  
3 or constructing facilities beyond the quantity that can be procured  
4 within the limitation, unless eligible renewable energy resources  
5 can be procured without exceeding a de minimis increase in rates,  
6 consistent with the long-term procurement plan established for the  
7 electrical corporation pursuant to Section 454.5.

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

11 (2) If the commission determines that an electrical corporation  
12 may exceed its cost limitation prior to achieving the renewables  
13 portfolio standard procurement requirements, the commission shall  
14 do both of the following within 60 days of making that  
15 determination:

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

18 (B) Notify the appropriate policy and fiscal committees of the  
19 Legislature that the electrical corporation may exceed its cost  
20 limitation, and include the reasons why the electrical corporation  
21 may exceed its cost limitation.

22 (f) The establishment of a renewables portfolio standard shall  
23 not constitute implementation by the commission of the federal  
24 Public Utility Regulatory Policies Act of 1978 (Public Law  
25 95-617).

26 SEC. 3. Section 399.30 of the Public Utilities Code is amended  
27 to read:

28 399.30. (a) (1) To fulfill unmet long-term generation resource  
29 needs, each local publicly owned electric utility shall adopt and  
30 implement a renewable energy resources procurement plan that  
31 requires the utility to procure a minimum quantity of electricity  
32 products from eligible renewable energy resources, including  
33 renewable energy credits, as a specified percentage of total  
34 kilowatthours sold to the utility's retail end-use customers, each  
35 compliance period, to achieve the targets of subdivision (c).

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

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

- 5 (1) January 1, 2011, to December 31, 2013, inclusive.
- 6 (2) January 1, 2014, to December 31, 2016, inclusive.
- 7 (3) January 1, 2017, to December 31, 2020, inclusive.
- 8 (4) January 1, 2021, to December 31, 2023, inclusive.
- 9 (5) January 1, 2024, to December 31, 2026, inclusive.
- 10 (6) January 1, 2027, to December 31, 2030, inclusive.

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

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

17 (2) The quantities of eligible renewable energy resources to be  
18 procured for all other compliance periods reflect reasonable  
19 progress in each of the intervening years sufficient to ensure that  
20 the procurement of electricity products from eligible renewable  
21 energy resources achieves 25 percent of retail sales by December  
22 31, 2016, 33 percent by December 31, 2020, 45 percent by  
23 December 31, 2023, 50 percent by December 31, 2026, and 60  
24 percent by December 31, 2030. The Energy Commission shall  
25 establish appropriate multiyear compliance periods for all  
26 subsequent years that require the local publicly owned electric  
27 utility to procure not less than 60 percent of retail sales of  
28 electricity products from eligible renewable energy resources.

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

31 (4) Beginning January 1, 2014, in calculating the procurement  
32 requirements under this article, a local publicly owned electric  
33 utility may exclude from its total retail sales the kilowatthours  
34 generated by an eligible renewable energy resource that is credited  
35 to a participating customer pursuant to a voluntary green pricing  
36 or shared renewable generation program. Any exclusion shall be  
37 limited to electricity products that do not meet the portfolio content  
38 criteria set forth in paragraph (2) or (3) of subdivision (b) of Section  
39 399.16. Any renewable energy credits associated with electricity  
40 credited to a participating customer shall not be used for

1 compliance with procurement requirements under this article, shall  
2 be retired on behalf of the participating customer, and shall not be  
3 further sold, transferred, or otherwise monetized for any purpose.  
4 To the extent possible for generation that is excluded from retail  
5 sales under this subdivision, a local publicly owned electric utility  
6 shall seek to procure those eligible renewable energy resources  
7 that are located in reasonable proximity to program participants.

8 (d) (1) The governing board of a local publicly owned electric  
9 utility shall adopt procurement requirements consistent with  
10 subparagraph (B) of paragraph (4) of subdivision (a) of, and  
11 subdivision (b) of, Section 399.13.

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

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

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

18 (e) The governing board of the local publicly owned electric  
19 utility shall adopt a program for the enforcement of this article.  
20 The program shall be adopted at a publicly noticed meeting offering  
21 all interested parties an opportunity to comment. Not less than 30  
22 days' notice shall be given to the public of any meeting held for  
23 purposes of adopting the program. Not less than 10 days' notice  
24 shall be given to the public before any meeting is held to make a  
25 substantive change to the program.

26 (f) Each local publicly owned electric utility shall annually post  
27 notice, in accordance with Chapter 9 (commencing with Section  
28 54950) of Part 1 of Division 2 of Title 5 of the Government Code,  
29 whenever its governing body will deliberate in public on its  
30 renewable energy resources procurement plan.

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

36 (h) For a local publicly owned electric utility that was in  
37 existence on or before January 1, 2009, that provides retail electric  
38 service to 15,000 or fewer customer accounts in California, and is  
39 interconnected to a balancing authority located outside this state  
40 but within the WECC, an eligible renewable energy resource

1 includes a facility that is located outside California that is  
2 connected to the WECC transmission system, if all of the following  
3 conditions are met:

4 (1) The electricity generated by the facility is procured by the  
5 local publicly owned electric utility, is delivered to the balancing  
6 authority area in which the local publicly owned electric utility is  
7 located, and is not used to fulfill renewable energy procurement  
8 requirements of other states.

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

12 (3) The Energy Commission verifies that the electricity  
13 generated by the facility is eligible to meet the renewables portfolio  
14 standard procurement requirements.

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

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

1 (k) (1) For the purposes of this subdivision, “hydroelectric  
2 generation” means electricity generated from a hydroelectric  
3 facility that satisfies all of the following:

4 (A) Is owned solely and operated by the local publicly owned  
5 electric utility as of 1967.

6 (B) Serves a local publicly owned electric utility with a  
7 distribution system demand of less than 150 megawatts.

8 (C) Involves a contract in which an electrical corporation  
9 receives the benefit of the electric generation through June of 2014,  
10 at which time the benefit reverts back to the ownership and control  
11 of the local publicly owned electric utility.

12 (D) Has a maximum penstock flow capacity of no more than  
13 3,200 cubic feet per second and includes a regulating reservoir  
14 with a small hydroelectric generation facility producing fewer than  
15 20 megawatts with a maximum penstock flow capacity of no more  
16 than 3,000 cubic feet per second.

17 (2) If, during a year within a compliance period set forth in  
18 subdivision (b), a local publicly owned electric utility receives  
19 greater than 50 percent of its retail sales from its own hydroelectric  
20 generation, it is not required to procure eligible renewable energy  
21 resources that exceed the lesser of the following for that year:

22 (A) The portion of the local publicly owned electric utility’s  
23 retail sales unsatisfied by the local publicly owned electric utility’s  
24 hydroelectric generation. For these purposes, retail sales supplied  
25 by an increase in hydroelectric generation resulting from an  
26 increase in the amount of water stored by a dam because the dam  
27 is enlarged or otherwise modified after December 31, 2012, shall  
28 not count as being retail sales supplied by the utility’s own  
29 hydroelectric generation.

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

32 (C) The cost limitation adopted pursuant to this section.

33 (3) This subdivision does not reduce or eliminate any renewable  
34 procurement requirement for any compliance period ending prior  
35 to January 1, 2014.

36 (4) This subdivision does not require a local publicly owned  
37 electric utility to purchase additional eligible renewable energy  
38 resources in excess of the procurement requirements of subdivision  
39 (c).

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

5 (d) (1) For purposes of this subdivision, “large hydroelectric  
6 generation” means electricity generated from a hydroelectric  
7 facility that is not an eligible renewable energy resource and  
8 provides electricity to a local publicly owned electric utility from  
9 facilities owned by the federal government as a part of the federal  
10 Central Valley Project or a joint powers agency formed and created  
11 pursuant to Chapter 5 (commencing with Section 6500) of Division  
12 7 of Title 1 of the Government Code.

13 (2) If, during a year within a compliance period set forth in  
14 subdivision (b), a local publicly owned electric utility receives  
15 greater than 50 percent of its retail sales from large hydroelectric  
16 generation, it is not required to procure eligible renewable energy  
17 resources that exceed the lesser of the following for that year:

18 (A) The portion of the local publicly owned electric utility’s  
19 retail sales unsatisfied by the local publicly owned electric utility’s  
20 large hydroelectric generation.

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

23 (3) Except for an existing agreement effective as of January 1,  
24 2015, or extension or renewal of that agreement, any new  
25 procurement commitment shall not be eligible to count towards  
26 the determination that the local publicly owned electric utility  
27 receives more than 50 percent of its retail sales from large  
28 hydroelectric generation in any year.

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

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

36 (m) (1) (A) For purposes of this subdivision, “unavoidable  
37 long-term contracts and ownership agreements” means  
38 commitments for electricity from a coal-fired powerplant, located  
39 outside the state, originally entered into by a local publicly owned  
40 electric utility before June 1, 2010, that is not subsequently

1 modified to result in an extension of the duration of the agreement  
2 or result in an increase in total quantities of energy delivered during  
3 any compliance period set forth in subdivision (b).

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

11 (2) For the compliance period set forth in paragraph (4) of  
12 subdivision (b), a local publicly owned electric utility meeting the  
13 requirement of subparagraph (B) of paragraph (1) may adjust its  
14 renewable energy procurement targets to ensure that the  
15 procurement of additional electricity from eligible renewable  
16 energy resources, in combination with the procurement of  
17 electricity from unavoidable long-term contracts and ownership  
18 agreements, does not exceed the total retail sales of the local  
19 publicly owned electric utility during that compliance period. The  
20 local publicly owned electric utility may limit its procurement of  
21 eligible renewable energy resources for that compliance period to  
22 no less than an average of 33 percent of its retail sales.

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

27 (n) A local publicly owned electric utility shall retain discretion  
28 over both of the following:

29 (1) The mix of eligible renewable energy resources procured  
30 by the utility and those additional generation resources procured  
31 by the utility for purposes of ensuring resource adequacy and  
32 reliability.

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

35 (o) The Energy Commission shall adopt regulations specifying  
36 procedures for enforcement of this article. The regulations shall  
37 include a public process under which the Energy Commission may  
38 issue a notice of violation and correction against a local publicly  
39 owned electric utility for failure to comply with this article, and

1 for referral of violations to the State Air Resources Board for  
2 penalties pursuant to subdivision (n).

3 (p) (1) Upon a determination by the Energy Commission that  
4 a local publicly owned electric utility has failed to comply with  
5 this article, the Energy Commission shall refer the failure to comply  
6 with this article to the State Air Resources Board, which may  
7 impose penalties to enforce this article consistent with Part 6  
8 (commencing with Section 38580) of Division 25.5 of the Health  
9 and Safety Code. Any penalties imposed shall be comparable to  
10 those adopted by the commission for noncompliance by retail  
11 sellers.

12 (2) Any penalties collected by the State Air Resources Board  
13 pursuant to this article shall be deposited in the Air Pollution  
14 Control Fund and, upon appropriation by the Legislature, shall be  
15 expended for reducing emissions of air pollution or greenhouse  
16 gases within the same geographic area as the local publicly owned  
17 electric utility.

18 SEC. 4. Section 454.53 is added to the Public Utilities Code,  
19 to read:

20 454.53. (a) ~~For all energy and climate programs subject to~~  
21 ~~their jurisdiction, It is the policy of the state that eligible renewable~~  
22 ~~energy resources and zero-carbon electric generating facilities~~  
23 ~~supply all electricity procured to serve California end-use~~  
24 ~~customers no later than December 31, 2045. To implement this~~  
25 ~~policy, the commission, the Energy Commission, and the State Air~~  
26 ~~Resources Board shall incorporate the planning goal and regulatory~~  
27 ~~requirement that eligible renewable energy resources and~~  
28 ~~zero-carbon electric generating facilities supply all electricity~~  
29 ~~procured to serve California end-use customers no later than~~  
30 ~~December 31, 2045. this policy into all relevant planning and~~  
31 ~~programs.~~

32 (b) ~~In developing and implementing the planning goal and~~  
33 ~~regulatory requirement required by subdivision (a), and to prevent~~  
34 ~~resource shuffling, each commission and the state board shall do~~  
35 ~~all of the following:~~

36 (1) Emphasize the need for new and incremental zero-carbon  
37 resources that displace fossil fuel usage within California.

38 (2) Exclude any ~~generation~~ *portion of electricity* from existing  
39 zero-carbon resources not serving California customers as of  
40 January 1, ~~2018, 2017~~, from satisfying ~~that goal and regulatory~~



1 ~~requirement.~~ *the policy, unless on that date the first point of*  
2 *interconnection of that resource was with a California balancing*  
3 *authority, except if the existing resource is a nuclear powerplant,*  
4 *then the electricity from it shall not be excluded until January 1,*  
5 *2047.*

6 (3) *Evaluate the appropriate role of long-term agreements to*  
7 *exchange electricity from hydroelectric resources that do not satisfy*  
8 *the requirements of paragraph (2) for electricity from eligible*  
9 *renewable energy resources that have a first point of*  
10 *interconnection with a California balancing authority.*

11 ~~(3)~~

12 (4) *Transition fossil fuel generating resources within the state*  
13 *to zero-carbon fuels.*

14 (5) *Exclude the use of offsets and credits from eligibility to*  
15 *satisfy any program requirements.*

16 (6) *Ensure that the policy and programs do not jeopardize the*  
17 *reliable operation and balancing of the electric system.*

18 (c) *Each commission and the state board shall utilize programs*  
19 *authorized under existing statutes to achieve the ~~goal and regulatory~~*  
20 *~~requirement~~ policy described in subdivision (a) and ~~shall~~ shall, in*  
21 *consultation with the Independent System Operator and other*  
22 *balancing authorities, provide a joint report to the Legislature no*  
23 *later than February 1, 2019, and every two years thereafter, that*  
24 *identifies progress and describes remaining ~~transmission,~~*  
25 *~~reliability, and other~~ barriers to the full realization of ~~that planning~~*  
26 *~~goal and regulatory requirement.~~ the policy.*

27 SEC. 5. No reimbursement is required by this act pursuant to  
28 Section 6 of Article XIII B of the California Constitution because  
29 a local agency or school district has the authority to levy service  
30 charges, fees, or assessments sufficient to pay for the program or  
31 level of service mandated by this act or because costs that may be  
32 incurred by a local agency or school district will be incurred  
33 because this act creates a new crime or infraction, eliminates a  
34 crime or infraction, or changes the penalty for a crime or infraction,  
35 within the meaning of Section 17556 of the Government Code, or  
36 changes the definition of a crime within the meaning of Section 6  
37 of Article XIII B of the California Constitution.