

# REPORT OF THE CHIEF LEGISLATIVE ANALYST

---

DATE: July 25, 2017

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso  Council File No.: 17-0002-S97  
Chief Legislative Analyst Assignment No.: 17-07-0708

SUBJECT: Resolution (Koretz – Blumenfield, et.al.) to SUPPORT SB 100 (De León)

CLA RECOMMENDATION: ADOPT Resolution (Koretz – Blumenfield, et.al.) to include in the City's 2017-2018 State Legislative Program SUPPORT for SB 100 (De León) which establishes a target of generating 100 percent of the State's retail sales of electricity from renewable sources by 2045.

## SUMMARY

The Resolution (Koretz – Blumenfield, et.al.) states that despite President Trump's decision to withdraw the United States from the Paris Climate Accords (Accords), the City of Los Angeles has aligned itself with those nations which have adopted the Accords. The Resolution further states that procuring renewable electricity sources is essential to meeting the State's climate change goals by displacing fossil fuel consumption and reducing greenhouse gas emissions.

The Resolution states that SB 100, introduced by Senate Pro Tem Kevin De León, would accelerate the State's current timeline for achieving 50 percent renewable energy, from 2030 to 2026, and establishes a goal of achieving 60 percent by 2030 and 100 percent by 2045. The Resolution seeks City support for SB 100 (De León).

## BACKGROUND

Data presented in a recent study by Environmental Entrepreneurs, a nonpartisan business group, indicates that California has one of the world's cleanest economies. An estimated 519,000 Californians are employed in clean energy and the State's climate policies have resulted in a \$45 billion investment in the state economy. Further, through the adoption of stringent climate policies, California has achieved a greenhouse gas emissions reduction equivalent to the elimination of 3.2 million cars from California roads. California currently has the most aggressive renewable energy targets for an economy of its size.

Many of these gains were fueled by the 2006 adoption of AB 32 (Nuñez) which required a reduction of greenhouse gas emissions to 1990 levels by 2020 and authorized creation of the State's cap and trade program. The State accelerated this goal with SB 32 (Pavley), the Global Warming Solutions Act of 2016, which requires California to reduce overall greenhouse gas emissions to 40 percent below 1990 levels by 2030.

Progress toward these ambitious emissions goals has been aided by SB 350 (De León), the Clean Energy and Pollution Reduction Act. Passed in 2015, SB 350 established the State's current Renewable Portfolio Standard (RPS) target which requires all utilities to procure 50 percent of their electricity from renewable sources by 2030. SB 350 also established new requirements to double energy efficiency and requires wide scale transportation electrification deployment.

In 2015, roughly 20 percent of California's electricity was supplied by renewable energy sources and 44 percent by natural gas. Further, the federal Energy Information Administration estimates that on March 11, 2017, solar power met roughly half of California's electricity demand on that day. Overall, on March 11, 2017 renewable energy constituted more than 55 percent of the power in California's energy grid. Current data indicates that California's largest electric utilities are meeting current procurement goals and are on track to exceed existing future procurement goals.

Facing concerns over the future of the federal government's climate leadership, Senator De León introduced SB 100, the 100 Percent Clean Energy Act of 2017, which modifies the RPS, and accelerates and expands the State's renewable energy goals. On July 18, 2017, the Assembly Committee on Natural Resources amended SB 100 to clarify confusion regarding the relationship between the existing RPS program mandates and new policy set forth in the bill. These amendments state the new policy that 100 percent of total retail sales of electricity in California be from zero-carbon resources by 2045 as separate from the RPS.

#### SB 100

SB 100, as amended on July 18, 2017, contains the following key provisions:

- Establishes, as state policy, that eligible renewable energy sources and zero-carbon resources supply all electricity procured to serve California end-use consumers and the State Water Project, no later than December 31, 2045.
- Indicates that the transition to a zero-carbon electric system for California shall not increase carbon emissions elsewhere in the western grid and shall not allow resource shuffling.
- Directs the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the Department of Water Resources, and the Air Resources Board (ARB) to incorporate this policy into all relevant planning.
- Accelerates current renewable procurement targets for retail sellers as follows:
  - Accelerates the goal of achieving 50 percent procurement by 2030, establishing a new goal of 50 percent procurement by 2026; and
  - 60 percent procurement by 2030.
- Accelerates the existing RPS compliance period and mandatory minimum procurement amounts as follows:
  - 44 percent by 2024;
  - 52 percent by 2027; and
  - 60 percent by 2030.

SB 100 (De León) was passed by the Senate on May 31, 2017 and is currently pending in the Assembly Committee on Appropriations. The Senate Committee on Appropriations noted that if enacted, SB 100 would have a significant fiscal impact, requiring additional resources for both

the CPUC and ARB. Additionally, the bill would impose potentially significant costs on the CEC to accelerate the existing RPS.

SB 100 has broad support from environmental groups, as well as the wind and solar energy industries and employee unions. The bill is opposed by numerous agricultural groups and two investor owned utilities, Pacific Gas and Electric Company and Southern California Edison. Pacific Gas and Electric Company has taken the position that California would be best served by an economy-wide greenhouse gas reduction target. Additional concern has been expressed regarding the impact this bill may have on consumers' utility costs. The CPUC's Energy Division estimates that the RPS has increased electricity rates by four to five percent. Revising the RPS may have a similar impact. The City's Office of Public Accountability (OPA) indicates that accelerating such transitions generally costs more and the new targets may prove more expensive depending on how the transition is executed and the pace of technology and transmission. However, the OPA also notes that the transition to 100 percent renewable sources would reduce intra-California competition for customers and would eliminate those California utilities with pace and percentage differences.

The City is currently committed to the transition to renewable energy and is likely to benefit from expanded use and procurement of renewable energy as outlined in SB 100. On May 31, 2017, a Motion (Bonin-Martinez) was adopted instructing the Department of Water and Power (DWP) and all other relevant City departments to adopt the stipulations of the Paris Climate Accords as the policy of the City of Los Angeles. The targets set by the Paris Climate Accords rely heavily on the transition to renewable energy sources. The City is making significant progress toward increasing its use of renewable energy. The Los Angeles Department of Water and Power is on track to derive 55 percent of its energy from renewable resources by 2030 and 65 percent by 2036. Further, the City continues to increase green jobs. An additional 21,036 green jobs were created through January 2017.

If enacted, SB 100 (De León) would accelerate the existing Renewable Portfolio Standard and establish a policy of generating 100 percent of California's retail sales of electricity from renewable energy resources by 2045. Thus, support for SB 100 in the City's 2017-2018 State Legislative Program is recommended.


#### Departments Notified

Department of Water and Power  
Bureau of Sanitation  
Office of Public Accountability

#### Bill Status

1/11/2017	SB 100 introduced by Senator De León.
1/19/2017	Referred to Committee on Budget and Fiscal Review.
4/17/2017	Withdrawn from Committee and re-referred to Committee on Rules.
5/01/2017	From committee with author's amendments. Read second time and amended. Re-referred to Committee on Rules.
5/03/2017	Re-referred to Committee on Energy, Utilities & Communications.

5/09/1017 Passed by Committee on Energy, Utilities & Communications as amended. Re-referred to Committee on Appropriations.  
5/17/2017 Read second time and amended. Re-referred to Committee on Appropriations.  
5/25/2017 Passed by Committee on Appropriations as amended.  
5/26/2017 Read second time and amended. Ordered to third reading.  
5/31/2017 Read third time. Passed by Senate and ordered to the Assembly.  
6/12/2017 Referred to Committees on Utilities and Energy and Natural Resources.  
6/26/2017 From committee with author's amendments. Re-referred to Committee on Utilities and Energy.  
7/12/2017 Passed by Committee on Utilities and Energy. Re-referred to Committee on Natural Resources.  
7/13/2017 Passed by Committee on Natural Resources. Re-referred to Committee on Appropriations.  
7/18/2017 Read third time and amended. Re-referred to Committee on Appropriations.



Jennifer Quintanilla  
Analyst

Attachments: 1. Resolution  
2. Text of SB 100

SMT MF PS JMQ

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the nations of the world made a historic commitment in December 2015 in Paris to protect our climate, pledging efforts to limit global temperature increase to 1.5° C above pre-industrial levels in order to stave off the worst impact of climate change; and

WHEREAS, in order to achieve that goal, the United States must transition to 100% renewable energy before mid-century; and

WHEREAS, Donald Trump has withdrawn the United States from the Paris Accord; and

WHEREAS, the City of Los Angeles, through a motion by Councilmember Mike Bonin and under Mayor Eric Garcetti's leadership, has pledged to align with the nations who adopted the Paris climate accord and increase investment in renewable energy; and

WHEREAS, Mayor Garcetti, through the Climate Mayors group, has led over 338 other U.S. cities in adopting the Paris Accord and 100% renewable energy goals; and

WHEREAS, procuring renewable electricity resources is essential to meeting the state's climate change goals by displacing fossil fuel consumption and reducing emissions of greenhouse gases associated with electrical generation; and

WHEREAS, procuring renewable electricity resources provides critical public health benefits in terms of reducing air pollution, particularly criteria pollutant emissions and toxic air contaminants; and

WHEREAS, procuring renewable electricity resources can promote stable retail rates for electrical service, meet the state's need for a diversified and balanced energy generation portfolio, assist with meeting the state's resource adequacy requirements, and contribute to the safe the reliable operation of the electrical grid; and

WHEREAS, clean energy jobs are growing at a much higher rate than the state's overall economy—six times the rate in 2015; and

WHEREAS, California's existing Renewables Portfolio Standard requires California's electrical utilities to procure a minimum of 33% of its electrical products from eligible renewable energy resources by December 31, 2020 and 50% by December 31, 2030; and

WHEREAS, a state bill has been introduced by Senate Pro Tem Kevin De León, SB-100, which would accelerate the timeline for achieving 50% renewable electricity, from 2030 to 2026; and


WHEREAS, SB-100 would establish that California will achieve 60% renewable electricity by 2030 and 100% renewable electricity by 2045; and

WHEREAS, SB-100 will accomplish these targets by requiring: (1) The California Public Utilities Commission (CPUC) to establish an updated Renewables Portfolio Standard for investor-owned utilities in accordance with these targets. (2) Publicly-owned utilities to adopt and implement renewable energy resources procurement plans in accordance with these targets. (3) The CPUC, California Energy Commission, and the State Air Resources Board to incorporate these targets into the planning for all energy and climate programs under their jurisdiction; and



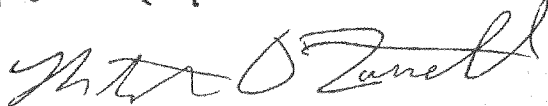
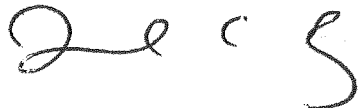
WHEREAS, achievements exceeding the Paris Climate goals must be enacted as soon as possible in order to stave off the most extreme climate chaos;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles includes in its 2017-2018 State Legislative Program SUPPORT for SB-100 (De León), which seeks to achieve 100% renewable electricity by 2045, creating healthier communities now and a more livable future for children growing up today.

PRESENTED BY:

  
\_\_\_\_\_  
PAUL KORETZ  
Councilmember, 5<sup>th</sup> District

SECONDED BY:

  
\_\_\_\_\_  
  
\_\_\_\_\_  
Paul Rekorian  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
Dec 5

ORIGINAL

JUN 28 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**

January 11, 2017

---

---

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 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, ~~and for all electricity sold at retail to be from zero-carbon resources by December 31, 2045. 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 ~~45%~~ 44% of retail sales by December 31, 2023, 50% 2024, 52% by December 31, 2026, 2027, 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 state that it is the policy of the state that eligible renewable energy resources and zero-carbon ~~electric generating facilities~~ *resources* supply all electricity procured to serve California end-use customers *and the State Water Project* no later than December 31, 2045. *The bill would require that the transition to a zero-carbon electric system for California not increase carbon emissions elsewhere in the western grid and that the transition not allow resource shuffling.* The bill would require the PUC, Energy Commission, *Department of Water*



*Resources*, and state board to incorporate that policy into all relevant ~~planning and programs, as specified.~~ *planning*. The bill would require those entities to utilize programs authorized under existing statutes to achieve that 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 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. (a) This act shall be known as *The 100 Percent*  
2     *Clean Energy Act of 2017.*

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 codify*  
10    *targets to be incorporated in long-term planning.*

11    ~~SECTION 1.~~

12    SEC. 2. Section 399.11 of the Public Utilities Code is amended  
13    to read:

14    399.11. The Legislature finds and declares all of the following:

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

10 (b) Achieving the renewables portfolio standard through the  
11 procurement of various electricity products from eligible renewable  
12 energy resources is intended to provide unique benefits to  
13 California, including all of the following, each of which  
14 independently justifies the program:

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

16 (2) Adding new electrical generating facilities in the  
17 transmission network within the WECC service area.

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

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

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

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

25 (7) Assisting with meeting the state's resource adequacy  
26 requirements.

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

30 (9) Implementing the state's transmission and land use planning  
31 activities related to development of eligible renewable energy  
32 resources.

33 (c) The California Renewables Portfolio Standard Program is  
34 intended to complement the Renewable Energy Resources Program  
35 administered by the Energy Commission and established pursuant  
36 to Chapter 8.6 (commencing with Section 25740) of Division 15  
37 of the Public Resources Code.

38 (d) New and modified electric transmission facilities may be  
39 necessary to facilitate the state achieving its renewables portfolio  
40 standard targets.

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

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

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

20 ~~SEC. 2.~~

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

23 399.15. (a) In order to fulfill unmet long-term resource needs,  
24 the commission shall establish a renewables portfolio standard  
25 requiring all retail sellers to procure a minimum quantity of  
26 electricity products from eligible renewable energy resources as  
27 a specified percentage of total kilowatthours sold to their retail  
28 end-use customers each compliance period to achieve the targets  
29 established under this article. For any retail seller procuring at least  
30 14 percent of retail sales from eligible renewable energy resources  
31 in 2010, the deficits associated with any previous renewables  
32 portfolio standard shall not be added to any procurement  
33 requirement pursuant to this article.

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

36 (1) Each retail seller shall procure a minimum quantity of  
37 eligible renewable energy resources for each of the following  
38 compliance periods:

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

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

- 1 (C) January 1, 2017, to December 31, 2020, inclusive.  
2 (D) January 1, 2021, to December 31, ~~2023~~, 2024, inclusive.  
3 (E) January 1, ~~2024~~, 2025, to December 31, ~~2026~~, 2027,  
4 inclusive.  
5 (F) January 1, ~~2027~~, 2028, to December 31, 2030, inclusive.  
6 (2) (A) No later than January 1, 2017, the commission shall  
7 establish the quantity of electricity products from eligible  
8 renewable energy resources to be procured by the retail seller for  
9 each compliance period. These quantities shall be established in  
10 the same manner for all retail sellers and result in the same  
11 percentages used to establish compliance period quantities for all  
12 retail sellers.  
13 (B) In establishing quantities for the compliance period from  
14 January 1, 2011, to December 31, 2013, inclusive, the commission  
15 shall require procurement for each retail seller equal to an average  
16 of 20 percent of retail sales. For the following compliance periods,  
17 the quantities shall reflect reasonable progress in each of the  
18 intervening years sufficient to ensure that the procurement of  
19 electricity products from eligible renewable energy resources  
20 achieves 25 percent of retail sales by December 31, 2016, 33  
21 percent by December 31, 2020, ~~45~~ 44 percent by December 31,  
22 ~~2023~~, ~~50~~ 2024, 52 percent by December 31, ~~2026~~, 2027, and 60  
23 percent by December 31, 2030. The commission shall establish  
24 appropriate three-year compliance periods for all subsequent years  
25 that require retail sellers to procure not less than 60 percent of  
26 retail sales of electricity products from eligible renewable energy  
27 resources.  
28 (C) Retail sellers shall be obligated to procure no less than the  
29 quantities associated with all intervening years by the end of each  
30 compliance period. Retail sellers shall not be required to  
31 demonstrate a specific quantity of procurement for any individual  
32 intervening year.  
33 (3) The commission may require the procurement of eligible  
34 renewable energy resources in excess of the quantities specified  
35 in paragraph (2).  
36 (4) Only for purposes of establishing the renewables portfolio  
37 standard procurement requirements of paragraph (1) and  
38 determining the quantities pursuant to paragraph (2), the  
39 commission shall include all electricity sold to retail customers by  
40 the Department of Water Resources pursuant to Division 27

1 (commencing with Section 80000) of the Water Code in the  
2 calculation of retail sales by an electrical corporation.

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

7 (A) There is inadequate transmission capacity to allow for  
8 sufficient electricity to be delivered from proposed eligible  
9 renewable energy resource projects using the current operational  
10 protocols of the Independent System Operator. In making its  
11 findings relative to the existence of this condition with respect to  
12 a retail seller that owns transmission lines, the commission shall  
13 consider both of the following:

14 (i) Whether the retail seller has undertaken, in a timely fashion,  
15 reasonable measures under its control and consistent with its  
16 obligations under local, state, and federal laws and regulations, to  
17 develop and construct new transmission lines or upgrades to  
18 existing lines intended to transmit electricity generated by eligible  
19 renewable energy resources. In determining the reasonableness of  
20 a retail seller's actions, the commission shall consider the retail  
21 seller's expectations for full-cost recovery for these transmission  
22 lines and upgrades.

23 (ii) Whether the retail seller has taken all reasonable operational  
24 measures to maximize cost-effective deliveries of electricity from  
25 eligible renewable energy resources in advance of transmission  
26 availability.

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

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

35 (ii) Sought to develop one of the following: its own eligible  
36 renewable energy resources, transmission to interconnect to eligible  
37 renewable energy resources, or energy storage used to integrate  
38 eligible renewable energy resources. This clause shall not require  
39 an electrical corporation to pursue development of eligible  
40 renewable energy resources pursuant to Section 399.14.

1 (iii) Procured an appropriate minimum margin of procurement  
2 above the minimum procurement level necessary to comply with  
3 the renewables portfolio standard to compensate for foreseeable  
4 delays or insufficient supply.

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

8 (C) Unanticipated curtailment of eligible renewable energy  
9 resources if the waiver would not result in an increase in  
10 greenhouse gas emissions.

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

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

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

22 (6) If the commission waives the compliance requirements of  
23 this section, the commission shall establish additional reporting  
24 requirements on the retail seller to demonstrate that all reasonable  
25 actions under the control of the retail seller are taken in each of  
26 the intervening years sufficient to satisfy future procurement  
27 requirements.

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

32 (8) If a retail seller fails to procure sufficient eligible renewable  
33 energy resources to comply with a procurement requirement  
34 pursuant to paragraphs (1) and (2) and fails to obtain an order from  
35 the commission waiving enforcement pursuant to paragraph (5),  
36 the commission shall assess penalties for noncompliance. A  
37 schedule of penalties shall be adopted by the commission that shall  
38 be comparable for electrical corporations and other retail sellers.  
39 For electrical corporations, the cost of any penalties shall not be  
40 collected in rates. Any penalties collected under this article shall

1 be deposited into the Electric Program Investment Charge Fund  
2 and used for the purposes described in Chapter 8.1 (commencing  
3 with Section 25710) of Division 15 of the Public Resources Code.

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

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

11 (d) If the cost limitation for an electrical corporation is  
12 insufficient to support the projected costs of meeting the  
13 renewables portfolio standard procurement requirements, the  
14 electrical corporation may refrain from entering into new contracts  
15 or constructing facilities beyond the quantity that can be procured  
16 within the limitation, unless eligible renewable energy resources  
17 can be procured without exceeding a de minimis increase in rates,  
18 consistent with the long-term procurement plan established for the  
19 electrical corporation pursuant to Section 454.5.

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

23 (2) If the commission determines that an electrical corporation  
24 may exceed its cost limitation prior to achieving the renewables  
25 portfolio standard procurement requirements, the commission shall  
26 do both of the following within 60 days of making that  
27 determination:

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

30 (B) Notify the appropriate policy and fiscal committees of the  
31 Legislature that the electrical corporation may exceed its cost  
32 limitation, and include the reasons why the electrical corporation  
33 may exceed its cost limitation.

34 (f) The establishment of a renewables portfolio standard shall  
35 not constitute implementation by the commission of the federal  
36 Public Utility Regulatory Policies Act of 1978 (Public Law  
37 95-617).

38 ~~SEC. 3.~~

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

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

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

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

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

19 (2) January 1, 2014, to December 31, 2016, inclusive.

20 (3) January 1, 2017, to December 31, 2020, inclusive.

21 (4) January 1, 2021, to December 31, ~~2023~~, 2024, inclusive.

22 (5) January 1, ~~2024~~, 2025, to December 31, ~~2026~~, 2027,  
23 inclusive.

24 (6) January 1, ~~2027~~, 2028, to December 31, 2030, inclusive.

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

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

31 (2) The quantities of eligible renewable energy resources to be  
32 procured for all other compliance periods reflect reasonable  
33 progress in each of the intervening years sufficient to ensure that  
34 the procurement of electricity products from eligible renewable  
35 energy resources achieves 25 percent of retail sales by December  
36 31, 2016, 33 percent by December 31, 2020, ~~45~~ 44 percent by  
37 December 31, ~~2023~~, ~~50~~ 2024, 52 percent by December 31, ~~2026~~,  
38 2027, and 60 percent by December 31, 2030. The Energy  
39 Commission shall establish appropriate multiyear compliance  
40 periods for all subsequent years that require the local publicly



1 owned electric utility to procure not less than 60 percent of retail  
2 sales of electricity products from eligible renewable energy  
3 resources.

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

6 (4) Beginning January 1, 2014, in calculating the procurement  
7 requirements under this article, a local publicly owned electric  
8 utility may exclude from its total retail sales the kilowatthours  
9 generated by an eligible renewable energy resource that is credited  
10 to a participating customer pursuant to a voluntary green pricing  
11 or shared renewable generation program. Any exclusion shall be  
12 limited to electricity products that do not meet the portfolio content  
13 criteria set forth in paragraph (2) or (3) of subdivision (b) of Section  
14 399.16. Any renewable energy credits associated with electricity  
15 credited to a participating customer shall not be used for  
16 compliance with procurement requirements under this article, shall  
17 be retired on behalf of the participating customer, and shall not be  
18 further sold, transferred, or otherwise monetized for any purpose.  
19 To the extent possible for generation that is excluded from retail  
20 sales under this subdivision, a local publicly owned electric utility  
21 shall seek to procure those eligible renewable energy resources  
22 that are located in reasonable proximity to program participants.

23 (d) (1) The governing board of a local publicly owned electric  
24 utility shall adopt procurement requirements consistent with  
25 subparagraph (B) of paragraph (4) of subdivision (a) of, and  
26 subdivision (b) of, Section 399.13.

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

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

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

33 (e) The governing board of the local publicly owned electric  
34 utility shall adopt a program for the enforcement of this article.  
35 The program shall be adopted at a publicly noticed meeting offering  
36 all interested parties an opportunity to comment. Not less than 30  
37 days' notice shall be given to the public of any meeting held for  
38 purposes of adopting the program. Not less than 10 days' notice  
39 shall be given to the public before any meeting is held to make a  
40 substantive change to the program.

1 (f) Each local publicly owned electric utility shall annually post  
2 notice, in accordance with Chapter 9 (commencing with Section  
3 54950) of Part 1 of Division 2 of Title 5 of the Government Code,  
4 whenever its governing body will deliberate in public on its  
5 renewable energy resources procurement plan.

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

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

19 (1) The electricity generated by the facility is procured by the  
20 local publicly owned electric utility, is delivered to the balancing  
21 authority area in which the local publicly owned electric utility is  
22 located, and is not used to fulfill renewable energy procurement  
23 requirements of other states.

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

27 (3) The Energy Commission verifies that the electricity  
28 generated by the facility is eligible to meet the renewables portfolio  
29 standard procurement requirements.

30 (i) Notwithstanding subdivision (a), for a local publicly owned  
31 electric utility that is a joint powers authority of districts established  
32 pursuant to state law on or before January 1, 2005, that furnishes  
33 electric services other than to residential customers, and is formed  
34 pursuant to the Irrigation District Law (Division 11 (commencing  
35 with Section 20500) of the Water Code), the percentage of total  
36 kilowatthours sold to the district's retail end-use customers, upon  
37 which the renewables portfolio standard procurement requirements  
38 in subdivision (b) are calculated, shall be based on the authority's  
39 average retail sales over the previous seven years. If the authority  
40 has not furnished electric service for seven years, then the

1 calculation shall be based on average retail sales over the number  
2 of completed years during which the authority has provided electric  
3 service.

4 (j) A local publicly owned electric utility in a city and county  
5 that only receives greater than 67 percent of its electricity sources  
6 from hydroelectric generation located within the state that it owns  
7 and operates, and that does not meet the definition of a “renewable  
8 electrical generation facility” pursuant to Section 25741 of the  
9 Public Resources Code, shall be required to procure eligible  
10 renewable energy resources, including renewable energy credits,  
11 to meet only the electricity demands unsatisfied by its hydroelectric  
12 generation in any given year, in order to satisfy its renewable  
13 energy procurement requirements.

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

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

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

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

25 (D) Has a maximum penstock flow capacity of no more than  
26 3,200 cubic feet per second and includes a regulating reservoir  
27 with a small hydroelectric generation facility producing fewer than  
28 20 megawatts with a maximum penstock flow capacity of no more  
29 than 3,000 cubic feet per second.

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

35 (A) The portion of the local publicly owned electric utility’s  
36 retail sales unsatisfied by the local publicly owned electric utility’s  
37 hydroelectric generation. For these purposes, retail sales supplied  
38 by an increase in hydroelectric generation resulting from an  
39 increase in the amount of water stored by a dam because the dam  
40 is enlarged or otherwise modified after December 31, 2012, shall

1 not count as being retail sales supplied by the utility's own  
2 hydroelectric generation.

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

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

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

9 (4) This subdivision does not require a local publicly owned  
10 electric utility to purchase additional eligible renewable energy  
11 resources in excess of the procurement requirements of subdivision  
12 (c).

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

17 (f) (1) For purposes of this subdivision, "large hydroelectric  
18 generation" means electricity generated from a hydroelectric  
19 facility that is not an eligible renewable energy resource and  
20 provides electricity to a local publicly owned electric utility from  
21 facilities owned by the federal government as a part of the federal  
22 Central Valley Project or a joint powers agency formed and created  
23 pursuant to Chapter 5 (commencing with Section 6500) of Division  
24 7 of Title 1 of the Government Code.

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

30 (A) The portion of the local publicly owned electric utility's  
31 retail sales unsatisfied by the local publicly owned electric utility's  
32 large hydroelectric generation.

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

35 (3) Except for an existing agreement effective as of January 1,  
36 2015, or extension or renewal of that agreement, any new  
37 procurement commitment shall not be eligible to count towards  
38 the determination that the local publicly owned electric utility  
39 receives more than 50 percent of its retail sales from large  
40 hydroelectric generation in any year.

1 (4) 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 (5) This subdivision does not modify the compliance obligation  
6 of a local publicly owned electric utility to satisfy the requirements  
7 of subdivision (c) of Section 399.16.

8 (m) (1) (A) For purposes of this subdivision, “unavoidable  
9 long-term contracts and ownership agreements” means  
10 commitments for electricity from a coal-fired powerplant, located  
11 outside the state, originally entered into by a local publicly owned  
12 electric utility before June 1, 2010, that is not subsequently  
13 modified to result in an extension of the duration of the agreement  
14 or result in an increase in total quantities of energy delivered during  
15 any compliance period set forth in subdivision (b).

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

23 (2) For the compliance period set forth in paragraph (4) of  
24 subdivision (b), a local publicly owned electric utility meeting the  
25 requirement of subparagraph (B) of paragraph (1) may adjust its  
26 renewable energy procurement targets to ensure that the  
27 procurement of additional electricity from eligible renewable  
28 energy resources, in combination with the procurement of  
29 electricity from unavoidable long-term contracts and ownership  
30 agreements, does not exceed the total retail sales of the local  
31 publicly owned electric utility during that compliance period. The  
32 local publicly owned electric utility may limit its procurement of  
33 eligible renewable energy resources for that compliance period to  
34 no less than an average of 33 percent of its retail sales.

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

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

1 (1) The mix of eligible renewable energy resources procured  
2 by the utility and those additional generation resources procured  
3 by the utility for purposes of ensuring resource adequacy and  
4 reliability.

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

7 (o) The Energy Commission shall adopt regulations specifying  
8 procedures for enforcement of this article. The regulations shall  
9 include a public process under which the Energy Commission may  
10 issue a notice of violation and correction against a local publicly  
11 owned electric utility for failure to comply with this article, and  
12 for referral of violations to the State Air Resources Board for  
13 penalties pursuant to subdivision (n).

14 (p) (1) Upon a determination by the Energy Commission that  
15 a local publicly owned electric utility has failed to comply with  
16 this article, the Energy Commission shall refer the failure to comply  
17 with this article to the State Air Resources Board, which may  
18 impose penalties to enforce this article consistent with Part 6  
19 (commencing with Section 38580) of Division 25.5 of the Health  
20 and Safety Code. Any penalties imposed shall be comparable to  
21 those adopted by the commission for noncompliance by retail  
22 sellers.

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

29 ~~SEC. 4.~~

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

32 454.53. (a) It is the policy of the state that eligible renewable  
33 energy resources and zero-carbon ~~electric generating facilities~~  
34 *resources* supply all electricity procured to serve California end-use  
35 customers *and the State Water Project* no later than December 31,  
36 2045. ~~To implement this policy, the~~ *The transition to a zero-carbon*  
37 *electric system for California shall not increase carbon emissions*  
38 *elsewhere in the western grid and shall not allow resource*  
39 *shuffling. The commission, the Energy Commission, the*  
40 *Department of Water Resources, and the State Air Resources Board*

1 shall incorporate this policy into all relevant ~~planning and~~  
2 ~~programs:~~ *planning.*

3 ~~(b) In implementing subdivision (a), and to prevent resource~~  
4 ~~shuffling, each commission and the state board shall do all of the~~  
5 ~~following:~~

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

8 ~~(2) Exclude any portion of electricity from existing zero-carbon~~  
9 ~~resources not serving California customers as of January 1, 2017,~~  
10 ~~from satisfying the policy, unless on that date the first point of~~  
11 ~~interconnection of that resource was with a California balancing~~  
12 ~~authority, except if the existing resource is a nuclear powerplant,~~  
13 ~~then the electricity from it shall not be excluded until January 1,~~  
14 ~~2047.~~

15 ~~(3) Evaluate the appropriate role of long-term agreements to~~  
16 ~~exchange electricity from hydroelectric resources that do not satisfy~~  
17 ~~the requirements of paragraph (2) for electricity from eligible~~  
18 ~~renewable energy resources that have a first point of~~  
19 ~~interconnection with a California balancing authority.~~

20 ~~(4) Transition fossil fuel generating resources within the state~~  
21 ~~to zero-carbon fuels.~~

22 ~~(5) Exclude the use of offsets and credits from eligibility to~~  
23 ~~satisfy any program requirements.~~

24 ~~(6) Ensure that the policy and programs do not jeopardize the~~  
25 ~~reliable operation and balancing of the electric system.~~

26 ~~(e)~~

27 ~~(b) Each commission and the state board shall utilize programs~~  
28 ~~authorized under existing statutes to achieve the policy described~~  
29 ~~in subdivision (a) and shall, in consultation with the Independent~~  
30 ~~System Operator and other balancing authorities, provide a joint~~  
31 ~~report to the Legislature no later than February 1, 2019, and every~~  
32 ~~two years thereafter, that identifies progress and describes~~  
33 ~~remaining transmission, reliability, and other barriers to the full~~  
34 ~~realization of the policy.~~

35 ~~SEC. 5.~~

36 ~~SEC. 6.~~ No reimbursement is required by this act pursuant to  
37 Section 6 of Article XIII B of the California Constitution because  
38 a local agency or school district has the authority to levy service  
39 charges, fees, or assessments sufficient to pay for the program or  
40 level of service mandated by this act or because costs that may be

1 incurred by a local agency or school district will be incurred  
2 because this act creates a new crime or infraction, eliminates a  
3 crime or infraction, or changes the penalty for a crime or infraction,  
4 within the meaning of Section 17556 of the Government Code, or  
5 changes the definition of a crime within the meaning of Section 6  
6 of Article XIII B of the California Constitution.

O