

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 2, 2008
POSITION: Neutral
SPONSOR: California Solar Energies Association

BILL NUMBER: SB 1714
AUTHOR: G. Negrete McLeod

BILL SUMMARY: Renewable Electric Generation Facilities

AB 1969 (Chapter 731, Statutes of 2006) requires electric utilities to purchase renewable energy produced by a public water or wastewater agency and pay the agency a market price (feed-in-tariff) determined by the California Public Utilities Commission (PUC) pursuant to the Renewables Portfolio Standard.

This bill would require the PUC to modify the feed-in-tariff (FIT), established under AB 1969, and would adjust the rate of the FIT to more accurately reflect the environmental and system benefits of renewable energy.

FISCAL SUMMARY

The PUC estimates this bill would create costs of \$211,000 PUC Utilities Reimbursement Account and require two positions. Finance notes that requests for additional resources would be evaluated in the annual budget development process.

The California Constitution requires the state to reimburse local government for the costs of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate in this measure would not be state reimbursable because the mandate only involves the definition of a crime.

COMMENTS

Finance is neutral on this bill but notes concern that it could result in additional costs for the PUC. The bill could provide additional renewable energy to the power grid.

Existing law requires electrical corporations to develop a standard FIT for retail customers to compensate those customers for excess renewable energy produced, up to a maximum of 3.0 megawatts (MW). Statewide participation is capped at 478.4 MW, and this bill would increase that cap to 500 MW statewide. Publicly-owned utilities would be capped at 250 MW.

This bill would require an electrical corporation that sells electricity at retail to 75,000 or more customers to file a standard tariff with the commission for the electricity generated by a facility with an effective capacity of not more than 3.0 megawatts. It would authorize any customer of the utility to elect to participate in the tariff. The bill also would require the PUC, in consultation with the Independent System Operator, to monitor and examine the impact on the transmission and distribution grid and any effects upon ratepayers resulting from electric generation facilities operating pursuant to these provisions. In addition, it would provide that the actual generating capacity of a facility counts toward meeting the electrical corporation's resource adequacy requirements.

(Continued)

COMMENTS (Continued)

The bill would require a local publicly owned electric utility that sells electricity at retail to 75,000 or more customers, by July 1, 2009, to adopt and implement a tariff, meeting certain size, deliverability, and interconnection requirements, for electricity generated by an electric generation facility based upon a renewable energy market price determined by the commission pursuant to the renewables portfolio standard

Analyst/Principal (0621) K. DaRosa Date Program Budget Manager Karen Finn Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
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program, and would require the utility's governing board to consider certain factors and authorize the governing board to adjust the base payment rate in response to those factors.

This bill would codify that any customer of an electrical corporation is not eligible to receive service pursuant to the tariff if the customer has received any ratepayer-funded incentive for the electric generation facility, or if the customer participated in a PUC approved net metering tariff or contract for the electric generation facility.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								
	LA	(Dollars in Thousands)								
	CO	PROP	2008-2009		2009-2010		2010-2011		Fund	
	RV	98	FC	FC	FC	FC	FC	FC	Code	
8660/PUC	SO	No	C	\$106	C	\$211	C	\$211	0462	
<u>Fund Code</u>	<u>Title</u>									
0462	Publ Utilities Comm Utilities Reimb Acct									