

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 18, 2007
POSITION: Neutral

BILL NUMBER: SB 410
AUTHOR: J. Simitian

BILL SUMMARY: Energy: Renewable Energy Resources

This bill would clarify that it is the intent of the Legislature to preserve the eligibility of small hydroelectric generation to be considered as a renewable energy resource for municipal utilities.

FISCAL SUMMARY

The cost to the PUC would be minor and absorbable within existing resources.

COMMENTS

Finance is neutral on this bill.

Current law requires investor-owned utilities to increase their purchases of electricity produced from renewable resources by 1% each year. By 2010, 20% of electricity used should be generated from renewable resources, a program known as the Renewable Portfolio Standard (RPS). A similar program is required of municipal utilities.

Power produced by small hydroelectric facilities, defined as less than 30 MW capacity, in existence prior to December 31, 2005 is considered renewable for investor-owned utility purposes. Whether such electricity may be counted as renewable for municipal utilities is subject to arguably conflicting statutes created in SB 107 last year. In SB 410, the author resolves this ambiguity by counting this electricity as renewable for municipal utilities, just as it is for investor-owned utilities.

Current law has chaptered two very similar code sections, one established in SB 1250 (Perata) and one established in SB 107 (Simitian). Because of the signing order only the section enacted by SB 1250 is effective.

This bill deletes the code section enacted by SB 1250 and enacts the code section created by SB 107.

This bill is intended to clean up three problems created last year regarding the RPS. The first was created when SB 1250 (Perata) and SB 107 (Simitian) were chaptered in a sequence different from the authors' intent, creating chaptering out problems the effect of which was to omit an emphasis on in-state renewable energy projects. The second is that the revisions to the RPS inadvertently made existing renewable energy-fueled projects ineligible for renewable energy subsidies. The third is that revisions to the RPS could be interpreted to define small hydroelectric power production as non-renewable for municipal utilities.

Analyst/Principal (0621) D. Harper	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2006-2007	FC	2007-2008	FC	2008-2009	
8660/PUC	SO	No		-----	No/Minor	Fiscal Impact	-----		0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								