

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 13, 2009
POSITION: Neutral, note concerns
SPONSOR: California Solar Energy Industries Association

BILL NUMBER: SB 32
AUTHOR: G. Negrete McLeod

BILL SUMMARY: Renewable Electric Generation Facilities.

Existing law requires electric utility corporations to adopt a standard tariff (i.e., a feed-in-tariff) that will compensate retail customers who generate excess renewable energy. Customers are compensated for a maximum of 1.5 megawatts of excess energy.

This bill would increase the current cap of 1.5 megawatts to 3.0 megawatts. The bill also would modify the definition of "electric generation facility" and would require the Public Utilities Commission (PUC) to establish a renewable energy price that, along with existing incentive payments, would inform the feed-in-tariff.

FISCAL SUMMARY

The PUC indicates that the bill would require 3.5 positions and \$385,000 PUC Utilities Reimbursement Account to conduct a proceeding and staff ongoing monitoring and implementation activities. Any request for resources would be evaluated as part of the annual budget process.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 29, 2009 version are minor and do not alter our position. The bill would amend the statewide cap on the amount of generation that can participate in the feed-in tariff to 750 megawatts. The bill would also clarify that electrical corporations may make the terms of the tariff available to owners and operators of an electrical generation facility in the form of a standard contract, with PUC approval.

COMMENTS

Finance is neutral on this bill as it appears consistent with the Administration's renewable energy policies. However, we note concern that the bill would result in increased costs to the PUC to implement its provisions and as such could increase costs to ratepayers.

The bill is intended to help utilities meet their Renewable Portfolio Standards (RPS) goals and would require local publicly owned electric utilities to adopt a tariff allowing customers of electric utilities that operate eligible renewable energy source projects of less than three megawatts to sell electricity to the utility. Every kilowatt hour of electricity purchased would count toward meeting the local publicly owned electric utility's RPS procurement targets. The author's office states that the bill would, by allowing higher levels of excess energy return, encourage renewable energy generators to participate in the program and potentially alleviate electricity demand.

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

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)

AUTHOR

AMENDMENT DATE

BILL NUMBER

G. Negrete McLeod

July 13, 2009

SB 32

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	
8660/PUC	SO	No	C	\$193	C	\$385		--	0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								