

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 05/01/2012  
POSITION: Neutral  
SPONSOR: Noble Americas Energy Solutions LLC

BILL NUMBER: AB 2187  
AUTHOR: Bradford, Steven

**BILL SUMMARY: Renewable Energy Resources**

Existing law authorizes purchases from renewable energy contracts, executed prior to June 1, 2010 to "count in full" towards the state's 33 percent Renewable Portfolio Standard (RPS) program. However, contracts executed prior to June 1, 2010, are exempt from new RPS portfolio content category ("bucket") requirements specified by Chapter 1, Statutes of 2011. These " bucket" requirements are: 1) the renewable energy resource was eligible under the rules in place as of the date when the contract was executed, 2) for an electrical corporation, the contract was approved by the California Public Utilities Commission (PUC), even if the approval occurs after June 1, 2010, and 3) any contract amendments or modifications occurring after June 1, 2010, did not increase the capacity or expected quantities of annual generation, or substitute a different renewable energy source.

This bill would extend these exemptions to contracts signed by electric service providers before January 13, 2011.

**FISCAL SUMMARY**

The PUC estimates the bill would require 1.0 Administrative Law Judge II and \$80,936 PUC Utilities Reimbursement Account, one-time, to oversee proceedings to modify all relevant RPS compliance rules. Finance does not concur with the PUC resource estimate as the PUC regularly holds RPS proceedings. Any PUC resource needs would be evaluated during the budget development process.

**COMMENTS**

Finance is neutral on this bill. The bill would increase RPS compliance for energy service providers who entered into contracts between June 1, 2010, and January 13, 2011.

Several energy service providers, including the sponsor, executed contracts between June 1, 2010, and January 13, 2011. The contracts do not meet RPS eligibility criteria and are not in RPS compliance. The date change encompassing the contracts made by the energy service providers between June 1, 2010, and January 13, 2011 make these contracts RPS compliant.

The PUC has already taken initial steps to implement the provisions in Chapter 1, Statutes of 2011, and further decisions are expected to establish RPS procurement obligations for all retail sellers. This bill would require the PUC to modify current decisions and subsequent RPS compliance decisions, which may affect the timing of other RPS implementation work.

Analyst (621) Kathy Madison	Date 06/27/2012	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--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

**BILL NUMBER**

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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	2012-2013 FC	2013-2014 FC	2014-2015 Code	
8660/PUC	SO	No		----- No/Minor Fiscal Impact -----		0462	
<u>Fund Code</u>	<u>Title</u>						
0462	Publ Utilities Comm Utilities Reimb Acct						