Renewables Portfolio Standard (RPS) – FACT SHEET

Increasing the Renewables Required in the Energy Mix 2018

What is California's Renewables Portfolio Standard (RPS)?

California's RPS program requires electricity providers to serve a specified portion of their electric load with renewable energy. The RPS program was established in 2002 and the Legislature has since modified it several times. Most recently, Senate Bill (SB) 350 (De León, 2015) increased the RPS requirement from 33% by 2020 to 50% by 2030.

The CPUC determines whether utilities have achieved their RPS goals by looking at the amount of renewable energy procured compared to their total retail electricity sales:

$$\text{RPS \%} = \frac{\text{Renewable Energy Procured}}{\text{Total Retail Sales}}$$

Key Program Details

RPS program goals include:

- Displacing fossil fuel use in California
- Building new renewable power plants
- Reducing greenhouse gases
- Ensuring reliable operation of the electricity system (grid) while promoting stable customer rates

The RPS program is a market-based program that requires all California load-serving entities[1] to procure increasing amounts of renewable energy. RPS compliance is measured in terms of renewable energy credits (RECs) procured out of total electric retail sales, where

1 REC = 1 megawatt-hour (MWh) of RPS-eligible electricity

The majority of renewable electricity currently comes from solar and wind. By California definition, other types of renewable technologies include geothermal, biomass, and small hydro.

[1] A load-serving entity is a company or other organization that supplies electricity to customers. Load-serving entities include, but are not limited to, the investor-owned utilities.

In 2016, the State's major IOUs (PG&E, SCE, and SDG&E) surpassed the 2016 requirement to serve 25 percent of their electric load with renewables.

Table 1: Actual RPS Procurement Percentages Towards Meeting the 25% Requirement in 2016	
PG&E	33%
SCE	28%
SDG&E	43%

Data source: IOU Annual RPS Compliance Filings, August 2017

Progress Toward Senate Bill 350 Goals

In addition to raising the RPS requirement, SB 350 (de Leon, 2015) also established integrated resource plans (IRPs) to reach the State's greenhouse gas reduction goals. The coordination of the RPS and IRP planning process is essential to determining the most cost-effective mix of renewables and other strategies to achieve greenhouse gas reduction goals.

Each year the CPUC requires all load serving entities that procure electricity on behalf of customers to submit Annual RPS Procurement Plans. For the investor-owned utilities, they are also required to procure RPS resources on a least-cost, best-fit basis to maximize value to California customers. Included in the least-cost, best-fit criteria is consideration of workforce development, training, and retention as well as environmental and economic benefits to low-income communities.

In 2018, the CPUC expects to hold workshops to gather input from stakeholders to refine criteria. This project evaluation criteria forum will also address criteria related to disadvantaged communities.