

STATE OF CALIFORNIA

Public Utilities Commission  
San Francisco

**M e m o r a n d u m**

**Date:** April 6, 2011

**To:** The Commission  
(Meeting of April 14, 2011)

**From:** Edward Randolph, Director  
Office of Governmental Affairs (OGA) — Sacramento

**Subject:** **SB 836 (Padilla) – Renewable Energy Resources: Cost Reporting.**  
**As amended: March 24, 2011**

**LEGISLATIVE SUBCOMMITTEE RECOMMENDATION:** SUPPORT WITH TECHNICAL AMENDMENTS

**SUMMARY OF BILL:**

This bill would require the California Public Utilities Commission (CPUC) to publicly report the costs of contracts for eligible renewable resource contracts and the costs for utility-owned generation approved by the Commission since January 1, 2003, by January 31, 2012 and every six months after July 31, 2012. Cost data would be released in aggregate by the year it was approved, by eligible renewable energy resource type, the kilowatthour cost, and whether the approval was limited to renewable energy credits.

**SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:**

The CPUC supports this bill because it would increase transparency of approved RPS costs and increase the accuracy of various statewide resource planning efforts.

**SUMMARY OF SUGGESTED AMENDMENTS:**

1. The Legislative Counsel's Digest dates and the dates in the bill are different. The digest lists January 1, 2012 and July 1, 2012 while the bill states January 31, 2012 and July 31, 2012. These dates should be consistent.
2. Section 2 of the bill lists Section 454 of the Public Utilities Code. The bill should refer to Section 454.5.

3. The cost reporting in this bill should be combined with the cost reporting timeframe in other parts of the relevant RPS Public Utilities Code to ease the administrative burden on CPUC staff. Additionally, the benefit of reporting this data every six months vs. annually is not clear. Recently approved RPS legislation (SBx1 2) requires cost reporting in February each year. This bill should require that the CPUC report the contract cost data under this bill as part of the already required annual report to the Legislature.
4. The bill requires the CPUC to report aggregated cost data by the following categories: year approved, by eligible renewable energy resource type, the kilowatt-hour cost, and whether the approval was limited to renewable energy credits. The kilowatt-hour cost is not a category and should be removed from this list. Rather, the bill should specify that the costs of contracts be reported in dollars per megawatt-hour, since compliance with the RPS program is measured in megawatt-hours.
5. The bill requires the CPUC to report cost data in aggregate and states that it does not require the release of the terms of any individual electricity procurement contracts for eligible renewable energy resources approved by the commission. Given the frequency of the reporting and the detailed information required under this bill, parties with knowledge of the contracting procedures at the CPUC would be able to decipher the terms of the individual contracts if the data is aggregated. In order to avoid having contract prices released in a timeframe that could impact other contract negotiations, the bill should be amended provide the contract data be provided to the Legislature one year after they contract is approved by the Commission.

#### **DIVISION ANALYSIS (Energy Division):**

Current CPUC rules allow utilities to keep contract prices confidential for three years after the contract states deliveries begin or for one year after expiration. This bill would make contract prices public at most six months after CPUC approval.

The bill requires a report on costs approved since January 1, 2003 no later than January 31, 2012. Starting July 31, 2012, the bill requires a report every six months on the costs approved in the previous six months.

#### **PROGRAM BACKGROUND:**

The RPS program was adopted in SB 1078 (2002), and subsequently modified by SB 107 (2006) and SB 1036 (2007) and now SBx1 2(2011). The CPUC is statutorily responsible for 1) requiring each utility to submit an RPS Procurement Plan, 2) adopting a pricing benchmark to evaluate RPS contracts, 3) adopting a process that utilities must use to evaluate renewable energy projects bid into their solicitations, 4) adopting RPS

compliance rules, 5) reviewing and approving or rejecting utilities' RPS contracts, 6) reporting to the Legislature, on a quarterly basis, on the RPS program, and 7) under SBx1 2 to set a cost caps for the RPS program. The CPUC has adopted approximately 30 decisions to implement these aspects of the RPS program and has approved over 180 RPS contracts for over 16,000 megawatts.

**LEGISLATIVE HISTORY:**

None.

**FISCAL IMPACT:**

None.

**STATUS:**

SB 836 is pending hearing in the Senate Committee on Energy, Utilities and Communications.

**SUPPORT/OPPOSITION:**

None on file.

**STAFF CONTACTS:**

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**BILL LANGUAGE:**

BILL NUMBER: SB 836      AMENDED  
BILL TEXT

AMENDED IN SENATE    MARCH 24, 2011

INTRODUCED BY    Senator Padilla

FEBRUARY 18, 2011

An act to add Section ~~399.22~~ 399.24  
to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 836, as amended, Padilla. Renewable energy resources: cost reporting.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The California renewables portfolio standard program (RPS program) requires the commission to implement annual procurement targets for the procurement of eligible renewable energy resources, as defined, for all retail sellers, as defined, to achieve the targets and goals of the program.

This bill would , by no later than January 1, 2012, require the commission to ~~semiannually report to the Legislature on the costs incurred by electrical corporations for contracts approved by the commission pursuant to the RPS program~~ release to the Legislature the costs of all electricity procurement contracts for eligible renewable energy resources and all costs for utility-owned generation approved by the commission since January 1, 2003. The bill would, beginning July 1, 2012, and every 6 months thereafter, require that the commission to release data to the Legislature for costs approved during the prior 6 months .

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

*SECTION 1.    The Legislature finds and declares all of the following:*

*(a) In 2002, the Legislature mandated that electrical corporations procure 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2017.*

*(b) In 2006, the Legislature accelerated and broadened this mandate to require that all retail sellers procure 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2010.*

*(c) To meet the procurement targets of the California renewables portfolio standard program, electrical corporations have entered into*

hundreds of contracts with independent producers of eligible renewable energy resources and also built utility-owned generation.

(d) The costs of electricity procurement contracts and utility-owned generation have been submitted to the Public Utilities Commission for review and approval.

(e) Those costs are directly passed through to the ratepayers of electrical corporations, but are unknown to the public and the Legislature.

(f) In order to ensure that the public and the Legislature are aware of the costs of eligible renewable energy resources, this measure requires the commission to release those costs, in the aggregate, to the Legislature on a regular basis.

SEC. 2. Section 399.24 is added to the Public Utilities Code , to read:

399.24. (a) Notwithstanding subdivision (g) of Section 454 and Section 583, no later than January 31, 2012, the commission shall release to the Legislature the costs of all electricity procurement contracts for eligible renewable energy resources and all costs for utility-owned generation approved by the commission since January 1, 2003. The data shall be released in the aggregate, but shall be categorized according to the year the cost was approved by the commission, the eligible renewable energy resource type, the kilowatt-hour cost, and whether the approval was limited to renewable energy credits.

(b) Commencing July 31, 2012, and every six months thereafter, the commission shall release data to the Legislature for costs approved during the prior six months.

(c) This section does not require the release of the terms of any individual electricity procurement contracts for eligible renewable energy resources approved by the commission.

~~SECTION 1. Section 399.22 is added to the Public Utilities Code, to read:~~

~~399.22. (a) The commission shall semiannually report to the Legislature on the costs incurred by electrical corporations for contracts approved by the commission pursuant to this article. The report shall include the costs of all contracts for eligible renewable energy resources or renewable energy credits and include the costs of all contracts for each type of eligible renewable energy resource. The first report shall be made not later than January 31, 2012.~~

~~(b) A report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.~~