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AMENDED IN ASSEMBLY AUGUST 6, 2018  
AMENDED IN ASSEMBLY JUNE 27, 2018  
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AMENDED IN SENATE MAY 17, 2017  
AMENDED IN SENATE MAY 1, 2017

**SENATE BILL**

**No. 100**

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**Introduced by Senator De León**

~~(Coauthor: Senator Skinner)~~ *(Coauthors: Senators Allen, Beall, Dodd, Jackson, Lara, Monning, Pan, Skinner, and Wieckowski)*

~~(Coauthors: Assembly Members Gonzalez Fletcher and Gloria)~~ *Berman, Bonta, Carrillo, Chiu, Friedman, Gabriel, Gloria, Gonzalez Fletcher, Irwin, Kalra, Levine, Limón, McCarty, Muratsuchi, Quirk, Reyes, Rivas, Santiago, Mark Stone, Thurmond, and Ting)*

January 11, 2017

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An act to amend Sections 399.11, 399.15, and 399.30 of, and to add Section 454.53 to, the Public Utilities Code, relating to energy.

## LEGISLATIVE COUNSEL'S DIGEST

SB 100, as amended, De León. California Renewables Portfolio Standard Program: emissions of greenhouse gases.

(1) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. The California Renewables Portfolio Standard Program requires the PUC to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours of those products sold to their retail end-use customers achieve 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The program additionally requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. The Legislature has found and declared that its intent in implementing the program is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030.

This bill would revise the above-described legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, and to achieve a 60% target by December 31, 2030. The bill would require that retail sellers and local publicly owned electric utilities procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kilowatthours of those products sold to their retail end-use customers achieve 44% of retail sales by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030.

Under existing law, a local publicly owned electric utility is not required to procure more than a specified minimum quantity of eligible renewable energy resources under the program if it receives more than 50% of its retail sales from hydroelectric generation, as specified.

This bill would revise those ~~provisions~~ *provisions, limit the applicability of this exception to large hydroelectric generation, and reduce that threshold to 40%.*

(2) Existing law establishes the California Environmental Protection Agency, establishes the State Air Resources Board within the agency as the entity with responsibility for control of emissions from motor vehicles, and designates the state board as the air pollution control agency for all purposes set forth in federal law. The California Global Warming Solutions Act of 2006 establishes the state board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases that cause global warming.

The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it to conduct an ongoing assessment of the opportunities and constraints presented by all forms of energy, to encourage the balanced use of all sources of energy to meet the state's needs, and to seek to avoid possible undesirable consequences of reliance on a single source of energy.

This bill would state that it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to ~~serve~~ California end-use customers and *100% of* electricity procured to serve all state agencies by December 31, 2045. The bill would require that the achievement of this policy for California not increase carbon emissions elsewhere in the western grid and that the achievement not allow resource shuffling. *The bill would require the PUC and the Energy Commission, in consultation with the state board, to take steps to ensure that a transition to a zero-carbon electric system for the State of California does not cause or contribute to greenhouse gas emissions increases elsewhere in the western grid.* The bill would require the PUC, Energy Commission, state board, and all other state agencies to incorporate that policy into all relevant planning. The bill would require the PUC, Energy Commission, state board, and all other state agencies to ensure actions taken in furtherance of these purposes achieve specified objectives. The bill would require the PUC, Energy Commission, and state board to utilize programs authorized under existing statutes to achieve that policy and, as part of a public process, issue a joint report to the Legislature by January 1, 2021, and every 4 years thereafter, that includes specified information relating to the implementation of the policy.

(3) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because certain of the provisions of this bill would be a part of the act and because a violation of an order or decision of the PUC implementing its requirements would be a crime, the bill would impose a state-mandated local ~~program by creating a new crime.~~ *program*. By expanding the requirements placed upon a local publicly owned electric utility, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) This act shall be known as The 100 Percent  
2 Clean Energy Act of 2018.

3 (b) The Legislature finds and declares that the Public Utilities  
4 Commission, State Energy Resources Conservation and  
5 Development Commission, and State Air Resources Board should  
6 plan for 100 percent of total retail sales of electricity in California  
7 to come from eligible renewable energy resources and zero-carbon  
8 resources by December 31, 2045.

9 (c) It is the intent of the Legislature in enacting this act to extend  
10 and expand policies established pursuant to the California  
11 Renewables Portfolio Standard Program (Article 16 (commencing  
12 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the  
13 Public Utilities Code), and to codify the policies established  
14 pursuant to Section 454.53 of the Public Utilities Code, and that  
15 both be incorporated in long-term planning.

16 SEC. 2. Section 399.11 of the Public Utilities Code is amended  
17 to read:

18 399.11. The Legislature finds and declares all of the following:

19 (a) In order to attain a target of generating 20 percent of total  
20 retail sales of electricity in California from eligible renewable  
21 energy resources by December 31, 2013, 33 percent by December  
22 31, 2020, 50 percent by December 31, 2026, and 60 percent by  
23 December 31, 2030, it is the intent of the Legislature that the

1 commission and the Energy Commission implement the California  
2 Renewables Portfolio Standard Program described in this article.

3 (b) Achieving the renewables portfolio standard through the  
4 procurement of various electricity products from eligible renewable  
5 energy resources is intended to provide unique benefits to  
6 California, including all of the following, each of which  
7 independently justifies the program:

8 (1) Displacing fossil fuel consumption within the state.

9 (2) Adding new electrical generating facilities in the  
10 transmission network within the WECC service area.

11 (3) Reducing air pollution, particularly criteria pollutant  
12 emissions and toxic air contaminants, in the state.

13 (4) Meeting the state’s climate change goals by reducing  
14 emissions of greenhouse gases associated with electrical generation.

15 (5) Promoting stable retail rates for electric service.

16 (6) Meeting the state’s need for a diversified and balanced  
17 energy generation portfolio.

18 (7) Assisting with meeting the state’s resource adequacy  
19 requirements.

20 (8) Contributing to the safe and reliable operation of the  
21 electrical grid, including providing predictable electrical supply,  
22 voltage support, lower line losses, and congestion relief.

23 (9) Implementing the state’s transmission and land use planning  
24 activities related to development of eligible renewable energy  
25 resources.

26 (c) The California Renewables Portfolio Standard Program is  
27 intended to complement the Renewable Energy Resources Program  
28 administered by the Energy Commission and established pursuant  
29 to Chapter 8.6 (commencing with Section 25740) of Division 15  
30 of the Public Resources Code.

31 (d) New and modified electric transmission facilities may be  
32 necessary to facilitate the state achieving its renewables portfolio  
33 standard targets.

34 (e) (1) Supplying electricity to California end-use customers  
35 that is generated by eligible renewable energy resources is  
36 necessary to improve California’s air quality and public health,  
37 particularly in disadvantaged communities identified pursuant to  
38 Section 39711 of the Health and Safety Code, and the commission  
39 shall ensure rates are just and reasonable, and are not significantly  
40 affected by the procurement requirements of this article. This

1 electricity may be generated anywhere in the interconnected grid  
2 that includes many states, and areas of both Canada and Mexico.

3 (2) This article requires generating resources located outside of  
4 California that are able to supply that electricity to California  
5 end-use customers to be treated identically to generating resources  
6 located within the state, without discrimination.

7 (3) California electrical corporations have already executed,  
8 and the commission has approved, power purchase agreements  
9 with eligible renewable energy resources located outside of  
10 California that will supply electricity to California end-use  
11 customers. These resources will fully count toward meeting the  
12 renewables portfolio standard procurement requirements.

13 SEC. 3. Section 399.15 of the Public Utilities Code is amended  
14 to read:

15 399.15. (a) In order to fulfill unmet long-term resource needs,  
16 the commission shall establish a renewables portfolio standard  
17 requiring all retail sellers to procure a minimum quantity of  
18 electricity products from eligible renewable energy resources as  
19 a specified percentage of total kilowatthours sold to their retail  
20 end-use customers each compliance period to achieve the targets  
21 established under this article. For any retail seller procuring at least  
22 14 percent of retail sales from eligible renewable energy resources  
23 in 2010, the deficits associated with any previous renewables  
24 portfolio standard shall not be added to any procurement  
25 requirement pursuant to this article.

26 (b) The commission shall implement renewables portfolio  
27 standard procurement requirements only as follows:

28 (1) Each retail seller shall procure a minimum quantity of  
29 eligible renewable energy resources for each of the following  
30 compliance periods:

31 (A) January 1, 2011, to December 31, 2013, inclusive.

32 (B) January 1, 2014, to December 31, 2016, inclusive.

33 (C) January 1, 2017, to December 31, 2020, inclusive.

34 (D) January 1, 2021, to December 31, 2024, inclusive.

35 (E) January 1, 2025, to December 31, 2027, inclusive.

36 (F) January 1, 2028, to December 31, 2030, inclusive.

37 (2) (A) No later than January 1, 2017, the commission shall  
38 establish the quantity of electricity products from eligible  
39 renewable energy resources to be procured by the retail seller for  
40 each compliance period. These quantities shall be established in

1 the same manner for all retail sellers and result in the same  
2 percentages used to establish compliance period quantities for all  
3 retail sellers.

4 (B) In establishing quantities for the compliance period from  
5 January 1, 2011, to December 31, 2013, inclusive, the commission  
6 shall require procurement for each retail seller equal to an average  
7 of 20 percent of retail sales. For the following compliance periods,  
8 the quantities shall reflect reasonable progress in each of the  
9 intervening years sufficient to ensure that the procurement of  
10 electricity products from eligible renewable energy resources  
11 achieves 25 percent of retail sales by December 31, 2016, 33  
12 percent by December 31, 2020, 44 percent by December 31, 2024,  
13 52 percent by December 31, 2027, and 60 percent by December  
14 31, 2030. The commission shall establish appropriate three-year  
15 compliance periods for all subsequent years that require retail  
16 sellers to procure not less than 60 percent of retail sales of  
17 electricity products from eligible renewable energy resources.

18 (C) Retail sellers shall be obligated to procure no less than the  
19 quantities associated with all intervening years by the end of each  
20 compliance period. Retail sellers shall not be required to  
21 demonstrate a specific quantity of procurement for any individual  
22 intervening year.

23 (3) The commission may require the procurement of eligible  
24 renewable energy resources in excess of the quantities specified  
25 in paragraph (2).

26 (4) Only for purposes of establishing the renewables portfolio  
27 standard procurement requirements of paragraph (1) and  
28 determining the quantities pursuant to paragraph (2), the  
29 commission shall include all electricity sold to retail customers by  
30 the Department of Water Resources pursuant to Division 27  
31 (commencing with Section 80000) of the Water Code in the  
32 calculation of retail sales by an electrical corporation.

33 (5) The commission shall waive enforcement of this section if  
34 it finds that the retail seller has demonstrated any of the following  
35 conditions are beyond the control of the retail seller and will  
36 prevent compliance:

37 (A) There is inadequate transmission capacity to allow for  
38 sufficient electricity to be delivered from proposed eligible  
39 renewable energy resource projects using the current operational  
40 protocols of the Independent System Operator. In making its

1 findings relative to the existence of this condition with respect to  
2 a retail seller that owns transmission lines, the commission shall  
3 consider both of the following:

4 (i) Whether the retail seller has undertaken, in a timely fashion,  
5 reasonable measures under its control and consistent with its  
6 obligations under local, state, and federal laws and regulations, to  
7 develop and construct new transmission lines or upgrades to  
8 existing lines intended to transmit electricity generated by eligible  
9 renewable energy resources. In determining the reasonableness of  
10 a retail seller's actions, the commission shall consider the retail  
11 seller's expectations for full-cost recovery for these transmission  
12 lines and upgrades.

13 (ii) Whether the retail seller has taken all reasonable operational  
14 measures to maximize cost-effective deliveries of electricity from  
15 eligible renewable energy resources in advance of transmission  
16 availability.

17 (B) Permitting, interconnection, or other circumstances that  
18 delay procured eligible renewable energy resource projects, or  
19 there is an insufficient supply of eligible renewable energy  
20 resources available to the retail seller. In making a finding that this  
21 condition prevents timely compliance, the commission shall  
22 consider whether the retail seller has done all of the following:

23 (i) Prudently managed portfolio risks, including relying on a  
24 sufficient number of viable projects.

25 (ii) Sought to develop one of the following: its own eligible  
26 renewable energy resources, transmission to interconnect to eligible  
27 renewable energy resources, or energy storage used to integrate  
28 eligible renewable energy resources. This clause shall not require  
29 an electrical corporation to pursue development of eligible  
30 renewable energy resources pursuant to Section 399.14.

31 (iii) Procured an appropriate minimum margin of procurement  
32 above the minimum procurement level necessary to comply with  
33 the renewables portfolio standard to compensate for foreseeable  
34 delays or insufficient supply.

35 (iv) Taken reasonable measures, under the control of the retail  
36 seller, to procure cost-effective distributed generation and allowable  
37 unbundled renewable energy credits.

38 (C) Unanticipated curtailment of eligible renewable energy  
39 resources if the waiver would not result in an increase in  
40 greenhouse gas emissions.

1 (D) Unanticipated increase in retail sales due to transportation  
2 electrification. In making a finding that this condition prevents  
3 timely compliance, the commission shall consider both of the  
4 following:

5 (i) Whether transportation electrification significantly exceeded  
6 forecasts in that retail seller's service territory based on the best  
7 and most recently available information filed with the State Air  
8 Resources Board, the Energy Commission, or ~~other~~ *another* state  
9 agency.

10 (ii) Whether the retail seller has taken reasonable measures to  
11 procure sufficient resources to account for unanticipated increases  
12 in retail sales due to transportation electrification.

13 (6) If the commission waives the compliance requirements of  
14 this section, the commission shall establish additional reporting  
15 requirements on the retail seller to demonstrate that all reasonable  
16 actions under the control of the retail seller are taken in each of  
17 the intervening years sufficient to satisfy future procurement  
18 requirements.

19 (7) The commission shall not waive enforcement pursuant to  
20 this section, unless the retail seller demonstrates that it has taken  
21 all reasonable actions under its control, as set forth in paragraph  
22 (5), to achieve full compliance.

23 (8) If a retail seller fails to procure sufficient eligible renewable  
24 energy resources to comply with a procurement requirement  
25 pursuant to paragraphs (1) and (2) and fails to obtain an order from  
26 the commission waiving enforcement pursuant to paragraph (5),  
27 the commission shall assess penalties for noncompliance. A  
28 schedule of penalties shall be adopted by the commission that shall  
29 be comparable for electrical corporations and other retail sellers.  
30 For electrical corporations, the cost of any penalties shall not be  
31 collected in rates. Any penalties collected under this article shall  
32 be deposited into the Electric Program Investment Charge Fund  
33 and used for the purposes described in Chapter 8.1 (commencing  
34 with Section 25710) of Division 15 of the Public Resources Code.

35 (9) Deficits associated with the compliance period shall not be  
36 added to a future compliance period.

37 (c) The commission shall establish a limitation for each electrical  
38 corporation on the procurement expenditures for all eligible  
39 renewable energy resources used to comply with the renewables

1 portfolio standard. This limitation shall be set at a level that  
2 prevents disproportionate rate impacts.

3 (d) If the cost limitation for an electrical corporation is  
4 insufficient to support the projected costs of meeting the  
5 renewables portfolio standard procurement requirements, the  
6 electrical corporation may refrain from entering into new contracts  
7 or constructing facilities beyond the quantity that can be procured  
8 within the limitation, unless eligible renewable energy resources  
9 can be procured without exceeding a de minimis increase in rates,  
10 consistent with the long-term procurement plan established for the  
11 electrical corporation pursuant to Section 454.5.

12 (e) (1) The commission shall monitor the status of the cost  
13 limitation for each electrical corporation in order to ensure  
14 compliance with this article.

15 (2) If the commission determines that an electrical corporation  
16 may exceed its cost limitation prior to achieving the renewables  
17 portfolio standard procurement requirements, the commission shall  
18 do both of the following within 60 days of making that  
19 determination:

20 (A) Investigate and identify the reasons why the electrical  
21 corporation may exceed its annual cost limitation.

22 (B) Notify the appropriate policy and fiscal committees of the  
23 Legislature that the electrical corporation may exceed its cost  
24 limitation, and include the reasons why the electrical corporation  
25 may exceed its cost limitation.

26 (f) The establishment of a renewables portfolio standard shall  
27 not constitute implementation by the commission of the federal  
28 Public Utility Regulatory Policies Act of 1978 (Public Law  
29 95-617).

30 SEC. 4. Section 399.30 of the Public Utilities Code is amended  
31 to read:

32 399.30. (a) (1) To fulfill unmet long-term generation resource  
33 needs, each local publicly owned electric utility shall adopt and  
34 implement a renewable energy resources procurement plan that  
35 requires the utility to procure a minimum quantity of electricity  
36 products from eligible renewable energy resources, including  
37 renewable energy credits, as a specified percentage of total  
38 kilowatthours sold to the utility's retail end-use customers, each  
39 compliance period, to achieve the targets of subdivision (c).

1 (2) Beginning January 1, 2019, a local publicly owned electric  
2 utility subject to Section 9621 shall incorporate the renewable  
3 energy resources procurement plan required by this section as part  
4 of a broader integrated resource plan developed and adopted  
5 pursuant to Section 9621.

6 (b) The governing board shall implement procurement targets  
7 for a local publicly owned electric utility that require the utility to  
8 procure a minimum quantity of eligible renewable energy resources  
9 for each of the following compliance periods:

10 (1) January 1, 2011, to December 31, 2013, inclusive.

11 (2) January 1, 2014, to December 31, 2016, inclusive.

12 (3) January 1, 2017, to December 31, 2020, inclusive.

13 (4) January 1, 2021, to December 31, 2024, inclusive.

14 (5) January 1, 2025, to December 31, 2027, inclusive.

15 (6) January 1, 2028, to December 31, 2030, inclusive.

16 (c) The governing board of a local publicly owned electric utility  
17 shall ensure all of the following:

18 (1) The quantities of eligible renewable energy resources to be  
19 procured for the compliance period from January 1, 2011, to  
20 December 31, 2013, inclusive, are equal to an average of 20 percent  
21 of retail sales.

22 (2) The quantities of eligible renewable energy resources to be  
23 procured for all other compliance periods reflect reasonable  
24 progress in each of the intervening years sufficient to ensure that  
25 the procurement of electricity products from eligible renewable  
26 energy resources achieves 25 percent of retail sales by December  
27 31, 2016, 33 percent by December 31, 2020, 44 percent by  
28 December 31, 2024, 52 percent by December 31, 2027, and 60  
29 percent by December 31, 2030. The Energy Commission shall  
30 establish appropriate multiyear compliance periods for all  
31 subsequent years that require the local publicly owned electric  
32 utility to procure not less than 60 percent of retail sales of  
33 electricity products from eligible renewable energy resources.

34 (3) A local publicly owned electric utility shall adopt  
35 procurement requirements consistent with Section 399.16.

36 (4) Beginning January 1, 2014, in calculating the procurement  
37 requirements under this article, a local publicly owned electric  
38 utility may exclude from its total retail sales the kilowatthours  
39 generated by an eligible renewable energy resource that is credited  
40 to a participating customer pursuant to a voluntary green pricing

1 or shared renewable generation program. Any exclusion shall be  
2 limited to electricity products that do not meet the portfolio content  
3 criteria set forth in paragraph (2) or (3) of subdivision (b) of Section  
4 399.16. Any renewable energy credits associated with electricity  
5 credited to a participating customer shall not be used for  
6 compliance with procurement requirements under this article, shall  
7 be retired on behalf of the participating customer, and shall not be  
8 further sold, transferred, or otherwise monetized for any purpose.  
9 To the extent possible for generation that is excluded from retail  
10 sales under this subdivision, a local publicly owned electric utility  
11 shall seek to procure those eligible renewable energy resources  
12 that are located in reasonable proximity to program participants.

13 (d) (1) The governing board of a local publicly owned electric  
14 utility shall adopt procurement requirements consistent with  
15 subparagraph (B) of paragraph (4) of subdivision (a) of, and  
16 subdivision (b) of, Section 399.13.

17 (2) The governing board of a local publicly owned electric utility  
18 may adopt the following measures:

19 (A) Conditions that allow for delaying timely compliance  
20 consistent with subdivision (b) of Section 399.15.

21 (B) Cost limitations for procurement expenditures consistent  
22 with subdivision (c) of Section 399.15.

23 (e) The governing board of the local publicly owned electric  
24 utility shall adopt a program for the enforcement of this article.  
25 The program shall be adopted at a publicly noticed meeting offering  
26 all interested parties an opportunity to comment. Not less than 30  
27 days' notice shall be given to the public of any meeting held for  
28 purposes of adopting the program. Not less than 10 days' notice  
29 shall be given to the public before any meeting is held to make a  
30 substantive change to the program.

31 (f) Each local publicly owned electric utility shall annually post  
32 notice, in accordance with ~~Chapter~~ *the Ralph M. Brown Act*  
33 (*Chapter 9* (commencing with Section 54950) of Part 1 of Division  
34 2 of Title 5 of the Government ~~Code~~, *Code*), whenever its  
35 governing body will deliberate in public on its renewable energy  
36 resources procurement plan.

37 (g) A public utility district that receives all of its electricity  
38 pursuant to a preference right adopted and authorized by the United  
39 States Congress pursuant to Section 4 of the Trinity River Division  
40 Act of August 12, 1955 (Public Law ~~84-386~~ 84-386), shall be in

1 compliance with the renewable energy procurement requirements  
2 of this article.

3 (h) For a local publicly owned electric utility that was in  
4 existence on or before January 1, 2009, that provides retail electric  
5 service to 15,000 or fewer customer accounts in California, and is  
6 interconnected to a balancing authority located outside this state  
7 but within the WECC, an eligible renewable energy resource  
8 includes a facility that is located outside California that is  
9 connected to the WECC transmission system, if all of the following  
10 conditions are met:

11 (1) The electricity generated by the facility is procured by the  
12 local publicly owned electric utility, is delivered to the balancing  
13 authority area in which the local publicly owned electric utility is  
14 located, and is not used to fulfill renewable energy procurement  
15 requirements of other states.

16 (2) The local publicly owned electric utility participates in, and  
17 complies with, the accounting system administered by the Energy  
18 Commission pursuant to this article.

19 (3) The Energy Commission verifies that the electricity  
20 generated by the facility is eligible to meet the renewables portfolio  
21 standard procurement requirements.

22 (i) Notwithstanding subdivision (a), for a local publicly owned  
23 electric utility that is a joint powers authority of districts established  
24 pursuant to state law on or before January 1, 2005, that furnishes  
25 electric services other than to residential customers, and is formed  
26 pursuant to the Irrigation District Law (Division 11 (commencing  
27 with Section 20500) of the Water Code), the percentage of total  
28 kilowatthours sold to the district's retail end-use customers, upon  
29 which the renewables portfolio standard procurement requirements  
30 in subdivision (b) are calculated, shall be based on the authority's  
31 average retail sales over the previous seven years. If the authority  
32 has not furnished electric service for seven years, then the  
33 calculation shall be based on average retail sales over the number  
34 of completed years during which the authority has provided electric  
35 service.

36 (j) A local publicly owned electric utility in a city and county  
37 that only receives greater than 67 percent of its electricity sources  
38 from hydroelectric generation located within the state that it owns  
39 and operates, and that does not meet the definition of a "renewable  
40 electrical generation facility" pursuant to Section 25741 of the

1 Public Resources Code, shall be required to procure eligible  
2 renewable energy resources, including renewable energy credits,  
3 to meet only the electricity demands unsatisfied by its hydroelectric  
4 generation in any given year, in order to satisfy its renewable  
5 energy procurement requirements.

6 (k) (1) For purposes of this subdivision, “large hydroelectric  
7 generation” means electricity generated from an existing  
8 hydroelectric facility located within the state that does not qualify  
9 as an eligible renewable energy resource and, as of January 1,  
10 2018, was owned by a local publicly owned electric utility, the  
11 federal government as a part of the federal Central Valley Project,  
12 or a joint powers agency formed and created pursuant to ~~Chapter~~  
13 *the Joint Exercise of Powers Act (Chapter 5* (commencing with  
14 Section 6500) of Division 7 of Title 1 of the Government ~~Code~~.  
15 *Code*).

16 (2) If, during a year within a compliance period set forth in  
17 subdivision (b), a local publicly owned electric utility receives  
18 more than 40 percent of its retail sales from large hydroelectric  
19 generation under an ownership agreement or contract in effect as  
20 of January 1, 2018, it is not required to procure eligible renewable  
21 energy resources that exceed the lesser of the following for that  
22 year:

23 (A) The portion of the local publicly owned electric utility’s  
24 retail sales unsatisfied by the local publicly owned electric utility’s  
25 large hydroelectric generation.

26 (B) The soft target adopted by the Energy Commission for the  
27 intervening years of the relevant compliance period.

28 (3) An extension or renewal of a procurement agreement shall  
29 not be eligible to count towards the determination that the local  
30 publicly owned electric utility receives more than 40 percent of  
31 its retail sales from large hydroelectric generation in any year. *This*  
32 *paragraph shall not apply to any agreement in effect on January*  
33 *1, 2015, between a local publicly owned electric utility and the*  
34 *Western Area Power Administration or federal government as part*  
35 *of the federal Central Valley Project.*

36 (4) The Energy Commission shall adjust the total quantities of  
37 eligible renewable energy resources to be procured by a local  
38 publicly owned electric utility for a compliance period to reflect  
39 any reductions required pursuant to paragraph (2).

1 (5) This subdivision does not modify the compliance obligation  
2 of a local publicly owned electric utility to satisfy the requirements  
3 of subdivision (c) of Section 399.16.

4 (l) (1) (A) For purposes of this subdivision, “unavoidable  
5 long-term contracts and ownership agreements” means  
6 commitments for electricity from a coal-fired powerplant, located  
7 outside the state, originally entered into by a local publicly owned  
8 electric utility before June 1, 2010, that is not subsequently  
9 modified to result in an extension of the duration of the agreement  
10 or result in an increase in total quantities of energy delivered during  
11 any compliance period set forth in subdivision (b).

12 (B) The governing board of a local publicly owned electric  
13 utility shall demonstrate in its renewable energy resources  
14 procurement plan required pursuant to subdivision (f) that any  
15 cancellation or divestment of the commitment would result in  
16 significant economic harm to its retail customers that cannot be  
17 substantially mitigated through resale, transfer to another entity,  
18 early closure of the facility, or other feasible measures.

19 (2) For the compliance period set forth in paragraph (4) of  
20 subdivision (b), a local publicly owned electric utility meeting the  
21 requirement of subparagraph (B) of paragraph (1) may adjust its  
22 renewable energy procurement targets to ensure that the  
23 procurement of additional electricity from eligible renewable  
24 energy resources, in combination with the procurement of  
25 electricity from unavoidable long-term contracts and ownership  
26 agreements, does not exceed the total retail sales of the local  
27 publicly owned electric utility during that compliance period. The  
28 local publicly owned electric utility may limit its procurement of  
29 eligible renewable energy resources for that compliance period to  
30 no less than an average of 33 percent of its retail sales.

31 (3) The Energy Commission shall approve any reductions in  
32 procurement targets proposed by a local publicly owned electric  
33 utility if it determines that the requirements of this subdivision are  
34 satisfied.

35 (m) A local publicly owned electric utility shall retain discretion  
36 over both of the following:

37 (1) The mix of eligible renewable energy resources procured  
38 by the utility and those additional generation resources procured  
39 by the utility for purposes of ensuring resource adequacy and  
40 reliability.

1 (2) The reasonable costs incurred by the utility for eligible  
2 renewable energy resources owned by the utility.

3 (n) The Energy Commission shall adopt regulations specifying  
4 procedures for enforcement of this article. The regulations shall  
5 include a public process under which the Energy Commission may  
6 issue a notice of violation and correction against a local publicly  
7 owned electric utility for failure to comply with this article, and  
8 for referral of violations to the State Air Resources Board for  
9 penalties pursuant to subdivision ~~(m)~~: (o).

10 (o) (1) Upon a determination by the Energy Commission that  
11 a local publicly owned electric utility has failed to comply with  
12 this article, the Energy Commission shall refer the failure to comply  
13 with this article to the State Air Resources Board, which may  
14 impose penalties to enforce this article consistent with Part 6  
15 (commencing with Section 38580) of Division 25.5 of the Health  
16 and Safety Code. Any penalties imposed shall be comparable to  
17 those adopted by the commission for noncompliance by retail  
18 sellers.

19 (2) Any penalties collected by the State Air Resources Board  
20 pursuant to this article shall be deposited in the Air Pollution  
21 Control Fund and, upon appropriation by the Legislature, shall be  
22 expended for reducing emissions of air pollution or greenhouse  
23 gases within the same geographic area as the local publicly owned  
24 electric utility.

25 SEC. 5. Section 454.53 is added to the Public Utilities Code,  
26 to read:

27 454.53. (a) It is the policy of the state that eligible renewable  
28 energy resources and zero-carbon resources supply 100 percent  
29 of all retail sales of electricity to California end-use customers and  
30 *100 percent of* electricity procured to serve all state agencies by  
31 December 31, 2045. The achievement of this policy for California  
32 shall not increase carbon emissions elsewhere in the western grid  
33 and shall not allow resource shuffling. *The commission and Energy*  
34 *Commission, in consultation with the State Air Resources Board,*  
35 *shall take steps to ensure that a transition to a zero-carbon electric*  
36 *system for the State of California does not cause or contribute to*  
37 *greenhouse gas emissions increases elsewhere in the western grid,*  
38 *and is undertaken in a manner consistent with clause 3 of Section*  
39 *8 of Article I of the United States Constitution.* The commission,  
40 the Energy Commission, the State Air Resources Board, and all

1 other state agencies shall incorporate this policy into all relevant  
2 planning.

3 (b) The commission, Energy Commission, state board, and all  
4 other state agencies shall ensure that actions taken in furtherance  
5 of subdivision (a) do all of the following:

6 (1) Maintain and protect the safety, reliable operation, and  
7 balancing of the electric system.

8 (2) Prevent unreasonable impacts to electricity, gas, and water  
9 customer rates and bills resulting from implementation of this  
10 section, taking into full consideration the economic and  
11 environmental costs and benefits of renewable energy and  
12 zero-carbon resources.

13 (3) To the extent feasible and authorized under law, lead to the  
14 adoption of policies and taking of actions in other sectors to obtain  
15 greenhouse gas emission reductions that ensure equity between  
16 other sectors and the electricity sector.

17 (4) Not affect in any manner the rules and requirements for the  
18 oversight of, and enforcement against, retail sellers and local  
19 publicly owned utilities pursuant to the California Renewables  
20 Portfolio Standard Program (Article 16 (commencing with Section  
21 399.11) of Chapter 2.3) and Sections 454.51, 454.52, 9621, and  
22 9622.

23 (c) Nothing in this section shall affect a retail seller's obligation  
24 to comply with the federal Public Utility Regulatory Policies Act  
25 of 1978 (16 U.S.C. Sec. 2601 et seq.).

26 (d) The commission, Energy Commission, and state board shall  
27 do both of the following:

28 (1) Utilize programs authorized under existing statutes to achieve  
29 the policy described in subdivision (a).

30 (2) In consultation with all California balancing authorities, as  
31 defined in subdivision (d) of Section 399.12, as part of a public  
32 process, issue a joint report to the Legislature by January 1, 2021,  
33 and at least every four years thereafter. The joint report shall  
34 include all of the following:

35 (A) A review of the policy described in subdivision (a) focused  
36 on technologies, forecasts, then-existing transmission, and  
37 maintaining safety, environmental and public safety protection,  
38 affordability, and system and local reliability.

1 (B) An evaluation identifying the potential benefits and impacts  
2 on system and local reliability associated with achieving the policy  
3 described in subdivision (a).

4 (C) An evaluation identifying the nature of any anticipated  
5 financial costs and benefits to electric, gas, and water utilities,  
6 including customer rate impacts and benefits.

7 (D) The barriers to, and benefits of, achieving the policy  
8 described in subdivision (a).

9 (E) Alternative scenarios in which the policy described in  
10 subdivision (a) can be achieved and the estimated costs and benefits  
11 of each scenario.

12 (e) Nothing in this section authorizes the commission to establish  
13 any requirements on a nonmobile self-cogeneration or cogeneration  
14 facility that served onsite load, or that served load pursuant to an  
15 over-the-fence arrangement if that arrangement existed on or before  
16 December 20, 1995.

17 SEC. 6. No reimbursement is required by this act pursuant to  
18 Section 6 of Article XIII B of the California Constitution because  
19 a local agency or school district has the authority to levy service  
20 charges, fees, or assessments sufficient to pay for the program or  
21 level of service mandated by this act or because costs that may be  
22 incurred by a local agency or school district will be incurred  
23 because this act creates a new crime or infraction, eliminates a  
24 crime or infraction, or changes the penalty for a crime or infraction,  
25 within the meaning of Section 17556 of the Government Code, or  
26 changes the definition of a crime within the meaning of Section 6  
27 of Article XIII B of the California Constitution.