



## ANALYSIS

## CALIFORNIA PUBLIC UTILITIES COMMISSION

### AB 1031 (Blumenfield) As Amended June 1, 2009

#### SUMMARY

This bill would expand the “Local government renewable energy self-generation program” created by AB 2466 (Laird, 2008), which allows certain local government entities, as defined, to generate renewable electricity at one location and apply the bill credits to a different location within the same local government. This bill would clarify the existing definition of local government by including, joint powers authorities, community college districts, and the University of California or the California State University. Additionally, the bill clarifies the definition of “eligible renewable generating facility”, and allows local government self-generation facilities participating in this program to be eligible for incentives from the California Solar Initiative.

#### CPUC POSITION

**OPPOSE.**

#### ANALYSIS

- AB 2466 expansion should wait until after the program gains some experience. There may be other modifications warranted once some experience with the program is obtained.
- During the 2008 legislative process, AB 2466 was specifically amended to eliminate joint powers authorities from being able to participate in the program. One concern raised by stakeholders then was the fact that joint powers authorities often cover a widely dispersed geographic area, whereas local governments are generally confined to just one area.
- The CPUC has not yet received the initial tariffs that will allow the AB 2466 program to go into effect. The Commission hosted a workshop on January 9, 2009, where the utility staff working on AB 2466 presented key aspects of their tariff plans. The audience raised several minor concerns with the utility plans. The utilities have informally agreed with Energy Division to file the AB 2466 tariffs in June.
- The impact on the CPUC would be minimal. The utilities would need to refile their AB 2466 compliance tariffs to account for the change in "eligible program participant". The CPUC Energy Division would review the revised tariffs.

**SUMMARY OF AMENDMENTS AND IMPACT:**

The most recent amendments to this bill clarify the definition of “eligible renewable generating facility” and allow local government self-generation facilities participating in this program to be eligible for incentives from the California Solar Initiative.

- **Clarifies definition of “eligible renewable generating facility” for purposes of this program by referencing PUC Section 399.12, which refers to the list of technologies eligible for the RPS program.** Prior to this amendment, the bill defined an “eligible renewable generating facility” by referencing eligibility for California’s RPS program more generally. There was some confusion about this, since RPS program eligibility, as detailed in the CEC’s RPS Eligibility Handbook, explicitly excludes customer generation that serves customer load. Since the generation pursuant to this program serves customer load, and therefore does not count toward the utilities’ RPS procurement, this definition was contradictory. The amended language, which references a list of specific eligible renewable technologies, is more appropriate for this customer generation program.
- **Enables participating local government self-generation facilities to be eligible to receive incentives from the California Solar Initiative.** Prior to this amendment, this statute did not discuss eligibility for ratepayer funded incentives, such as the California Solar Initiative (CSI) or Self-Generation Incentive Program (SGIP). There were differing opinions among parties at the CPUC’s workshop in January 2009 about whether participating facilities would be eligible for CSI or SGIP funds. Staff concluded that incentives would be allowed to be given up to “onsite” load only, consistent with current CSI and SGIP program rules. The most recent amendments to AB 1031 go one step further and allow these facilities to be eligible for CSI incentives for system capacity sized to offset onsite load *and* benefiting account (off-site) load. This change is problematic for several reasons:
  - This change would be a significant departure from current CSI rules and would mean that local governments would enjoy a CSI incentive for system capacity serving loads at remote sites that no other class of customer enjoys.
  - As written the amendment only applies to CSI incentives. Since the bill does not amend the underlying CSI statute, it does not appear to extend CSI incentives to the other renewable technologies eligible for the local government program. It appears limited to solar only. However, the amendment curiously does not mention these other technologies or other ratepayer funded programs such as SGIP, which provide incentives for these technologies.

**LEGISLATIVE HISTORY**

AB 2466 (Laird, 2008) which is an amendment to Section 2830 of the Public Utilities Code was supported by the Commission. It creates a very narrow and limited applicability program for local governments.

**LEGISLATIVE STAFF CONTACT**

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