

PUBLIC UTILITIES COMMISSION

Office of Governmental Affairs

770 L Street, Suite 1050
Sacramento, CA 95814
(916) 327-3277

July 2, 2009

The Honorable Alex Padilla, Chair
Senate Energy, Utilities and Communications Committee
State Capitol, Room 2195
Sacramento, CA 95814

RE: AB 1106 (Fuentes) – As Amended June 25, 2009 – Support if Amended
Status: July 7th hearing in Senate Energy, Utilities and Communications Committee

Dear Chairman Padilla:

On May 21, 2009, the California Public Utilities Commission (Commission) voted unanimously to support if amended AB 1106 (as amended May 6). This bill amends and expands the current feed-in tariff (FIT) program, creating two programs, or tiers, based on project size. The electricity generated by these projects would count toward the utility's RPS requirements.

The Commission supports Assemblyman Fuentes' intent to expand the existing FIT program in order to attract more renewable generation in the state by lowering transaction costs for generators. However, the bill should be amended to allow the Commission full flexibility to determine the price paid for projects under the feed-in tariff. Although the Commission supports AB 1106 with amendments, it must be noted that other pricing structures should be considered. There may be more simplistic and faster to implement structures than the two-tier program suggested in AB 1106. The Commission is currently considering changes to feed-in tariff policy in a Commission proceeding, which is a stakeholder driven process. The results of the proceeding will provide feedback and input from stakeholders and likely help shape constructive policy changes.

We look forward to working with the author and committee staff on these amendments in order for the Commission to fully support this bill. Please see the attached analysis for an explanation of the Commission's position.

If you have any questions or wish to discuss this matter further, please do not hesitate to call me at (916) 445-1430.

Sincerely,

A handwritten signature in black ink, appearing to read "Erin Grizard".

Erin Grizard
Legislative Liaison

Attachment

cc: The Honorable Felipe Fuentes, California State Assembly
Members, Senate Energy, Utilities and Communications Committee
Kellie Smith, Consultant, Senate Energy, Utilities and Communications Committee
Wade Teasdale, Senate/Republican Caucus
John Moffatt, Chief Deputy Legislative Secretary, Office of Governor Arnold Schwarzenegger