

PUBLIC UTILITIES COMMISSION

Office of Governmental Affairs
770 L Street, Suite 1050
Sacramento, CA 95814
(916) 327-3277



June 11, 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 May 6, 2009 – Support if Amended
Status: Awaiting assignment in Senate Rules Committee

Dear Chairman Padilla:

On May 21, 2009, the California Public Utilities Commission (Commission) voted unanimously to support AB 1106 if amended. This bill would create a new feed-in tariff (FIT) program for projects up to 20 MW and keeps the price at the market price referent (MPR). It also allows an existing project on net energy metering to switch to a FIT. Instead of a hard program cap, the bill allows an unlimited amount of must-take fixed-price energy. Lastly, it requires a FIT project to be located on property owned or under the control of the customer.

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 establish the facility size pursuant to its open proceeding, and to also determine the price paid for projects under the feed-in tariff. The Commission is also concerned that this bill, as currently written, proposes an unlimited amount of must-take fixed-price energy until the electrical corporation meets its RPS requirement. We recommend deleting this language and allowing the Commission to determine the capacity cap through our long-term procurement planning.

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) 324-5945.

Sincerely,


DAVINA FLEMINGS
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