

AB 2196, Chesbro. Renewable energy resources.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. The existing California Renewables Portfolio Standard Program (RPS program) requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods. The specified minimum quantities of electricity products are based upon a percentage of the utility's total retail sales of electricity in California. Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to (1) certify eligible renewable energy resources, (2) design and implement an accounting system to verify compliance with the renewables portfolio standard by retail sellers, (3) establish a system for tracking and verifying renewable energy credits (RECs) that verifies the generation and delivery of electricity associated with RECs, and (4) certify the eligibility of RECs associated with deliveries of electricity to a local publicly owned electric utility.

Under existing law the Energy Commission administers the Renewable Energy Resources Program (RER program) with the near-term objective of increasing the quantity of electricity generated by renewable electrical generation facilities, as defined, while protecting system reliability, fostering resource diversity, and obtaining the greatest environmental benefits for California residents, and with the long-term goal of obtaining a fully competitive and self-sustaining supply of electricity generated from renewable resources.

Under existing law, the RPS program's definition of an eligible renewable energy resource incorporates, by reference, the RER program's definition of a renewable electrical generation facility.

This bill would amend the RER program's definition of a renewable electrical generation facility to provide that if the RPS program eligibility of a facility is based on the use of landfill gas, digester gas, or another renewable fuel delivered to the facility through a common carrier pipeline, the transaction for the procurement of that fuel, including the source of the fuel and delivery method, shall meet certain conditions, as specified.

This bill would impose certain requirements with respect to the eligibility of biomethane under the RPS program. The bill would specify that certain biomethane procurement contracts executed by a retail seller or local publicly owned electric utility prior to March 29, 2012, count in full toward the RPS program's procurement requirements under the rules applicable to eligible renewable energy resources contracts at the time the procurement contracts were executed, if specified conditions are met. The bill would, with respect to contracts executed prior to March 29, 2012, but subsequently extended or modified, as specified, and with respect to contracts executed after that date, impose certain requirements on the RPS eligibility of biomethane, as specified. With respect to biomethane that is used by an onsite generating facility, and biomethane that is used offsite and delivered to the generating facility through a dedicated pipeline, the bill would specify that the use of that biomethane counts towards the RPS program's procurement requirements if that use satisfies all applicable requirements established by the Energy Commission. With respect to biomethane that is delivered to a generating facility through a common carrier pipeline, the bill would, among other things, require:

(1) the biomethane to be injected into a common carrier pipeline that physically flows within California or toward the generating facility for which the biomethane was procured under the original contract; (2) that the source of biomethane did not inject biomethane into a common carrier pipeline prior to March 29, 2012, or the source commenced injection of sufficient incremental quantities of biomethane after March 29, 2012, to satisfy the contract requirements; and (3) that the seller or purchaser of the biomethane demonstrates that the capture and injection of biomethane into a common carrier pipeline directly results in at least one of 3 specified environmental benefits to California.

The bill would also prohibit specified parties to a biomethane procurement contract from making representations asserting that the procurement contract results in greenhouse gas reductions, as specified, unless the environmental attributes associated with the biomethane are transferred to the purchaser, as specified.

This bill would become operative only if this bill and AB 1900 of the 2011-12 Regular Session are both enacted and become effective on or before January 1, 2013.