

SB 237 (Hertzberg): Electricity: Direct Transactions

Status: On suspense in Assembly Appropriations

Background

In 2000 and 2001, the state experienced an energy crisis that led to several reforms. One of those actions was to suspend the ability of customers to Directly Access (DA) electricity through Electricity Service Providers (ESPs).

In 2009, SB 659 (Kehoe) allowed the CPUC to reopen DA for non-residential customers in a limited way. Customers could only sign-up during a four year period and there was a statewide cap of 9,520 GWh. The cap was quickly reached and today there are 42,000 DA customers, which represent about 13% of Investor Owned Utility (IOU) load.

SB 237 would direct the CPUC open a second phase of DA by July 1, 2019. The current bill language says this new phase would be for no more than three years. Furthermore, the bill states that at the end of this second phase, there would no longer be an annual limit on the number of kilowatt hours that can be supplied through DA. This would allow any non-residential customer to get energy from Electricity Service Providers (ESPs) directly.

Analysis

The purpose of the bill is to allow non-residential customers to have access to cheaper electricity. The bill proponents have also argued that CCAs have entered the market to encourage competition, but that true competition would be to remove the restrictions on ESPs.

On the other hand, there are concerns from the environmental community and TURN about unlimited DA. Some environmental groups have expressed concerns that ESPs do not get as much of their energy from renewable sources. For example, the November 2017 CPUC Annual Renewable Portfolio Standards (RPS) report stated that some ESPs have not yet met the RPS requirements, unlike CCAs and IOUs. Additionally, TURN had concerns with the lack of long-term contracting for ESPs and the need for long-term contracting for renewable development.

We have heard that the author has agreed to amendments to extend the phase-in to six years and a cap of 25 million GWh, but these amendments are not yet in print.

AB 813 (Holden): Multistate Regional Transmission System Organization:

Membership

Status: Senate Appropriations hearing 8/13

Background

AB 813 would establish a process for the California Independent System Operator (CAISO) to transition to a multistate regional transmission organization (RTO) with other western states. The bill will allow the CAISO Board to develop a new governance proposal that allows for regionalization, which would then be approved by the California Energy Commission (CEC). The Federal Energy Regulatory Commission (FERC) would also have to approve a revised tariff for any transmission owner outside of California that would like to join the new regional ISO.

AB 813 would require the establishment of a western states' committee that would have three representatives from each state that has a transmission owner participating in the Independent System Operator (ISO). The representatives from California would be appointed by the Governor.

AB 813 would not force any California utility to join or remain in a multistate regional transmission system organization.

Analysis

The proponents of the bill say that establishing a multistate RTO may provide cheaper and more reliable energy for California. There are also other benefits of having a larger regional grid with a greater diversity in both sources of energy and demand. These benefits include a smaller reserve requirement, better regional transmission planning and trading, increased reliability of renewable resources, and more information on what kinds of renewable energy come from outside of California. The current governance structure of CAISO with the members appointed by the Governor is a significant barrier to other states who might want to join, since the governance is not set up for other states to have a seat/vote.

One of the key concerns of opponents to the bill is ceding California control in the governance of CAISO. Regionalization might also increase the likelihood of federal preemption in cases where state procurement and resource planning policies impact multi-state RTO wholesale markets.

SB 100 (De Leon): California Renewables Portfolio Standard Program: emissions of greenhouse gases

Status: Assembly Floor

Background

SB 100 would increase the Renewable Portfolio Standards (RPS) from 50% by 2030 to 60%. The bill accelerates current RPS obligation timelines in the following way:

- 40% to 44% by 2024

- 45% to 52% by 2027, and
- 50% to 60% by 2030.

SB 100 also requires the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), the California Air Resources Board (CARB), and other state agencies to develop a plan to meet 100% of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045.

RPS-eligible sources include biomass, solar thermal, photovoltaic, wind, geothermal, small hydroelectric generation, ocean wave, etc. Zero-carbon resources could include large hydro and nuclear power plants

Analysis

The RPS was first adopted by the legislature in 2002 and has been modified by subsequent bills to set more ambitious targets and timelines. Most recently, SB 350 (De Leon) in 2015 set an obligation of 50% renewables by 2030. Most retail sellers are on target to meet the RPS target of 33% by 2020.

Last year this bill had some additions that were not favorable to CCA's including that the IOU's would control Distributed Energy Resources.