



CALIFORNIA BRACES FOR THE COMPLEX WORLD OF CARBON MARKETS

When its nascent cap-and-trade program ramps up later this year, California will be the first state in the nation to reduce greenhouse gases by making a broad spectrum of big polluters buy permits to exceed their allotted emissions. Other governments, industry and scientists will be watching, but there's still a lot to sort out. That much has been evident at this week's carbon market and policy conference in San Francisco, "Navigating the American Carbon World."

The long and winding road to carbon trading was highlighted by Mary Nichols, chair of the California Air Resources Board, in a little prank she played on the gathering. Obviously reading from a script, she stumbled over words, looked up at the audience, then back down at the page, plodding through her replies to moderator Diane Wittenberg.

"I see the clean air debate and

the global warming debate as a great opportunity to deepen our commitment as a people to values that benefit us all and that benefits generations that follow," Nichols said. Then she went on reading. Eventually, Wittenberg interrupted, Nichols giggled, and they explained themselves: Nichols had gotten her hands on a speech Governor Jerry Brown had delivered in 1981. She said she was there at that speech, when Brown was supposed to talk specifically about the Clean Air Act, but went off on a tangent, speaking about global leadership instead.

"I wanted to take advantage of this opportunity which you have given me to insert some of these words here," Nichols said, returning to her own persona. "Because I know that many people are always asking the question, and some of them ask me. Is the Governor really committed?"

Nichols says he is. But Brown

has not been as proactive as his predecessor. Meanwhile, California's emerging cap-and-trade program plan is still fraught with questions, not least of which is how to spend the revenue that the state expects to raise from the sales of pollution permits. At a hearing last month that was intended to hash out some of those details, the biggest news was that the first carbon permit auction would be delayed, pushed from August back to November.

The conference is meant to help the academics, policy-makers and business people in attendance navigate the changing landscape of carbon markets. As California's top air regulator, the job has fallen to Nichols to make carbon trading a reality. In her remarks to the carbon conference, she gave a nod to the complexities ahead.

To read this article in its entirety please go to:
<http://blogs.kqed.org/climatewatch/2012/04/11/california-braces-for-the-complex-world-of-carbon->

April 2012
Volume 3, Issue 3

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CapitolTrack: Tip-of-the-Week Deadlines

The following deadlines are coming up during the next couple of months:

- **April 27** - Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house
- **May 11** - Last day for policy committees to hear and report to the floor nonfiscal bills introduced in their house
- **May 25** - Last day for fiscal committees to hear and report to the floor bills introduced in their house
- **June 1** - Last day to pass bills out of the house of origin

AB 864 **(Huffman D) Electricity: self-generation incentive program.**

Current Text: Amended: 4/28/2011

Status: 8/26/2011-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 7/6/2011)

Location: 8/26/2011-S. 2 YEAR

Summary: Under current law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Current law requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to administer, until January 1, 2016, a self-generation incentive program (SGIP) for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative. Current law limits eligibility for SGIP incentives to distributed energy resources that the PUC, in consultation with the State Air Resources Board (state board), determines will achieve reductions in emissions of greenhouse gases pursuant to the California Global Warming Solutions Act of 2006. This bill would require that distributed energy resources with a nameplate generating capacity of up to 10 megawatts are eligible for incentives, but would limit the award of incentives to not more than 5 megawatts of that capacity. The bill would limit incentives being made available for distributed energy resources with a nameplate generating capacity above 3 megawatts to those technologies that meet cost-effectiveness rules established by the commission. The bill would require that incentives made available for distributed energy resources with a nameplate generating capacity greater than 3 megawatts be based on a declining schedule determined by the commission. This bill contains other related provisions and other current laws.

AB 1755 **(Perea D) Electricity: rates.**

Current Text: Amended: 4/23/2012

Status: 4/24/2012-Re-referred to Com. on APPR.

Location: 4/24/2012-A. APPR.

Summary: (1) Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Current law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Current law requires the commission to designate a baseline quantity of electricity and gas necessary to supply a significant portion of the reasonable energy needs of the average residential customer and requires that electrical and gas corporations file rates and charges, to be approved by the commission, providing baseline rates. Current law requires the commission, in establishing the baseline rates, to avoid excessive rate increases for residential customers. Current law requires the commission to establish a program of assistance to specified low-income electric and gas customers, referred to as the California Alternate Rates for Energy (CARE) program. This bill would authorize the commission to approve a fixed per-customer charge not based upon usage that applies to all residential customers of an electrical corporation, including CARE program participants, to recover fixed costs of providing service, if the commission finds that the charge is just and reasonable and is necessary to provide rate relief to upper tier residential customers of the electrical corporation. The bill would require the commission to ensure that electricity rates are affordable for qualified low-income ratepayers and would require electrical corporations to offer discounts or other ratepayer subsidies to ensure safe, reliable, and affordable electricity to these customers so that these customers are not at risk of service disconnections that would cause them to sacrifice electricity service. This bill contains other related provisions and other current laws.

AB 2165 **(Hill D) Net energy metering: eligible fuel cell customer-generators.**

Current Text: Amended: 4/23/2012

Status: 4/24/2012-Re-referred to Com. on APPR.

Location: 4/24/2012-A. APPR.

Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Current law, relative to private energy producers, requires every electrical corporation to make available to an eligible fuel cell customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the total cumulative rated generating capacity used by the eligible fuel cell customer-generators equals 45 megawatts within the service territory of the

electrical corporation, for an electrical corporation with a peak demand above 10,000 megawatts, or equals 22.5 megawatts within the service territory of the electrical corporation, for an electrical corporation with a peak demand of 10,000 megawatts or below. Current law additionally limits the combined statewide cumulative rated generating capacity used by the eligible fuel cell customer-generators in the service territories of all electrical corporations in the state to not more than 112.5 megawatts. This bill would revise the definition of an eligible fuel-cell customer-generator to require that the customer be physically located within the service territory of the electrical corporation and receive bundled service, distribution service, or transmission service from the electrical corporation. In place of the current maximum megawatt limitations upon an electrical corporation's obligation to offer the tariff, the bill would require the electrical corporation to make the tariff available until the total cumulative rated generating capacity of the eligible fuel cell electrical generating facilities receiving service pursuant to the tariff reaches 1 percent of the aggregate customer peak demand for the electrical corporation's service territory. The bill would authorize the commission, in order to continue the growth of the market for onsite electric generation using fuel cells, to review and incrementally raise this 1- percent cap on the total cumulative rated generating capacity of the eligible fuel cell electrical generating facilities receiving service pursuant to the tariff. The bill would require the commission to authorize an electrical corporation to charge a customer a fee based on the cost to the utility associated with providing interconnection inspection services for that customer. This bill contains other related provisions and other current laws.

AB 2187 **(Bradford D) Renewable energy resources.**

Current Text: Amended: 4/17/2012

Status: 4/23/2012-Do pass as amended and be re-referred to the Committee on Appropriations.

Location: 4/23/2012-A. APPR.

Summary: The California renewables portfolio standard program (RPS program) requires the Public Utilities Commission to establish the quantity of electricity products from eligible renewable energy resources, as defined, to be procured by each retail seller, as defined, for specified compliance periods, sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 20% of retail sales for the period January 1, 2011, to December 31, 2013, inclusive, 25% of retail sales by December 31, 2016, and 33% of retail sales by December 31, 2020, and in all subsequent years. The RPS program, consistent with the goals of procuring the least-cost and best-fit eligible renewable energy resources that meet project viability principles, requires that all retail sellers procure a balanced portfolio of electricity products from eligible renewable energy resources, as specified (portfolio content requirements). The RPS program conditions certain eligibility requirements upon whether the contract for electricity products from eligible renewable energy resources was executed after June 1, 2010. This bill would instead condition those eligibility requirements upon whether the contract is executed after January 13, 2011.

AB 2234 **(Hill D) Electricity net energy metering.**

Current Text: Amended: 4/18/2012

Status: 4/23/2012-In committee: Set, second hearing. Hearing canceled at the request of author.

Location: 4/19/2012-A. U. & C.

Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Current law, relative to private energy producers, requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. This bill would specify that an electric utility is also not obligated to provide net energy metering to additional eligible customer-generators that are public agencies whose facilities have a total capacity of more than one megawatt if the collective state-wide capacity of these customers exceeds 100 megawatts. This bill contains other related provisions and other current laws.

AB 2340 **(Williams D) Distribution grid: distributed generation.**

Current Text: Introduced: 2/24/2012

Status: 4/23/2012-Action From U. & C.: Failed passage.

Location: 4/23/2012-A. U. & C.

Summary: Under current law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Current law requires the PUC to administer, until January 1, 2016, a self-generation incentive program for distributed generation resources to facilitate the integration of those resources into the electrical grid, improve efficiency and reliability of the distribution and transmission system, and reduce emissions of greenhouse gases, peak demand, and ratepayer costs. This bill would require the PUC to convene a proceeding on or before July 1, 2013, to develop rules, as prescribed, for the reimbursement of distribution grid upgrade costs to developers of wholesale distribution generation facilities constructed subsequent to the completion of interconnection studies. The bill would require those costs to be included in each electrical corporation's rate base.

AB 2450 (Hall D) Electric Program Investment Charge: Clean Vehicle Rebate Project program.

Current Text: Amended: 3/29/2012

Status: 4/24/2012-From committee: Do pass and re-refer to Com. on APPR. (Ayes 10. Noes 2.) (April 23). Re-referred to Com. on APPR.

Location: 4/24/2012-A. APPR.

Summary: Under current law, the Public Utilities Commission (PUT) has regulatory authority over public utilities, including electrical corporations, as defined. The Reliable Electric Service Investments Act required the PUC to require the state's 3 largest electrical corporations, until January 1, 2012, to identify a separate electrical rate component, commonly referred to as the "public goods charge," to collect specified amounts to fund energy efficiency, renewable energy, and research, development, and demonstration programs that enhance system reliability and provide in-state benefits. An current decision of the PUC institutes an Electric Program Investment Charge (EPIC), subject to refund, to fund renewable energy and research, development, and demonstration programs. This bill would establish the Clean Vehicle Rebate Project Fund in the State Treasury and require the PUC to allocate not less than \$15,000,000 from the moneys collected pursuant to the EPIC to the fund. The bill would authorize the State Air Resources Board, upon appropriation by the Legislature, to use moneys in the fund for distribution as rebates pursuant to the program criteria established pursuant to the state board's Clean Vehicle Rebate Project program .

AB 2514 (Bradford D) Net energy metering.

Current Text: Introduced: 2/24/2012

Status: 4/16/2012-Do pass as amended and be re-referred to the Committee on Appropriations.

Location: 4/16/2012-A. APPR.

Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Current law, relative to private energy producers, requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. Electrical corporations are an electric utility for these purposes. This bill would require the commission to complete a study by June 30, 2013, to determine the extent to which each class of ratepayers receiving service under the net energy metering tariff is paying the full cost of the services provided to them by electrical corporations and the extent to which those customers pay their share of the costs of public purpose programs. The bill would require the commission to report the results of the study to the Legislature within 30 days of its completion.

AB 2696 (Committee on Utilities and Commerce) Energy.

Current Text: Introduced: 3/19/2012

Status: 3/26/2012-Referred to Com. on U. & C.

Location: 3/26/2012-A. U. & C.

Calendar: 5/7/2012 2 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND COMMERCE, BRADFORD, Chair

Summary: Under current law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Decisions of the PUC adopted the California Solar Initiative. Current law requires the PUC to undertake certain steps in implementing the California Solar Initiative. Current law

requires the governing body of a local publicly owned electric utility that sells electricity at retail to adopt, implement, and finance a solar initiative program for the purpose of investing in, and encouraging the increased installation of, residential and commercial solar energy systems. This bill would move the above-described requirements for local publicly owned electric utilities from an area of the Public Utilities Code pertaining to electrical restructuring, to the area of the code pertaining to the implementation of the California Solar Initiative. This bill contains other related provisions and other current laws.

SB 594

(Wolk D) Energy: net energy metering.

Current Text: Amended: 3/1/2012

Status: 3/22/2012-Re-referred to Com. on RLS.

Location: 3/22/2012-A. RLS.

Summary: Current law relative to private energy producers requires every electric utility, as defined, to make available to an eligible customer-generator, as defined, a standard contract or tariff for net energy metering on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. Current law requires the electric utility, upon an affirmative election by the eligible customer-generator to receive service pursuant to this contract or tariff, to either: (1) provide net surplus electricity compensation for any net surplus electricity generated in the 12-month period, or (2) allow the eligible customer-generator to apply the net surplus electricity as a credit for kilowatthours subsequently supplied by the electric utility to the surplus customer-generator. This bill would authorize an eligible customer-generator with multiple meters to elect to aggregate the electrical load of the meters located on the property where the generation facility is located and on all property adjacent or contiguous to the property on which the generation facility is located, if those properties are solely owned by the eligible customer-generator, as provided. This bill would prohibit an eligible customer-generator that chooses to aggregate from receiving net surplus electricity compensation and require the electric utility to retain kilowatthours, as prescribed.

SB 1207

(Fuller R) California Alternate Rates for Energy program.

Current Text: Amended: 4/16/2012

Status: 4/16/2012-From committee with author's amendments. Read second time and amended. Re-referred to Com. on E., U. & C.

Location: 4/16/2012-S. E. U., & C.

Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Current law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The Public Utilities Act requires the commission, in establishing residential electric and gas rates, to assure that the rates are sufficient to enable the electrical or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable while observing that conservation is desirable. The act requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy or CARE program. This bill would authorize an electrical or gas corporation to require proof of income eligibility for those CARE program participants whose electricity or gas usage exceeds 400% of baseline usage and to remove a CARE program participant from the program if the program participant's monthly electricity or gas usage exceeds 600% of baseline usage for a period exceeding 120 days. The bill would authorize an electrical or gas corporation to require a CARE program participant whose electricity or gas usage exceeds 400% of baseline usage to participate in an energy savings assistance program that includes a residential energy audit and would make participation in an energy savings assistance program mandatory if a CARE program participant's electricity or gas usage exceeds 600% of baseline usage. The bill would authorize an electrical or gas corporation to back bill a CARE program participant for the difference between the CARE rates they paid and the rate they would have paid if they were not participating in the CARE program when the utility determines the customer does not meet the income eligibility requirements for program participation and the participant fails to provide proof of income eligibility within 90 days after receiving notice of the determination of ineligibility from the utility. The bill would authorize the commission to establish reasonable limitations on an electrical or gas corporation's authority to require back payment pursuant to this authorization. The bill would require that if a CARE program participant is found to be defrauding a utility program by bypassing the meter, diversion, altered, imitation, or counterfeit documentation, or misrepresentation of eligibility, that participation in the program be immediately terminated and the person would not be eligible for reinstatement of eligibility for 2 years.

SB 1537 **(Kehoe D) Energy: rates: net energy metering.**

Current Text: Amended: 4/9/2012

Status: 4/13/2012-Set for hearing April 24.

Location: 4/12/2012-S. E. U., & C.

Summary: Under current 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 board. Current law, relative to private energy producers, requires every electric utility, as defined, to develop a standard contract or tariff providing for net energy metering, as defined, and to make this contract or tariff available to eligible customer generators, as defined, upon request for generation by a renewable electrical generation facility, as defined. An electric utility, upon request, is required to make the contract or tariff for net energy metering available to eligible customer-generators on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5% of the electric utility's aggregate customer peak demand. With one exception, current law requires that each net energy metering contract or tariff be identical with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if the customer did not use a renewable electrical generation facility, except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of a renewable electrical generation facility. This bill would prohibit an electric utility, on a percentage basis, from increasing rates and charges for eligible customer-generators by an amount that is greater than those applied to customers in the same rate class that are not eligible customer-generators and require that an electric utility's rate design be consistent with the policy of the state to ensure ongoing, sustainable, and robust growth of distributed customer-generation .