



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
CG

For the meeting of: April 3, 2018

Date: March 26, 2018
To: Board of Supervisors
From: Supervisor Rex Bohn
Subject: Letter of Support for AB 2208 (Aquiari-Curry/Garcia) relating to the procurement of minimum percentage baseload renewable resources such as biomass

RECOMMENDATION(S): That the Board of Supervisors authorize the Chair to sign the letter of support.

SOURCE OF FUNDING:

DISCUSSION: AB 2208 will ensure California's utilities procure a minimum percentage of baseload renewable resources such as biomass, and help meet California's climate goals and clean energy needs by encouraging the use and development of baseload renewable energy as part of a diverse portfolio of renewable energy resources.

FINANCIAL IMPACT:

OTHER AGENCY INVOLVEMENT:

ALTERNATIVES TO STAFF RECOMMENDATIONS: Board discretion.

ATTACHMENTS: Letter of support and bill text.

Prepared by Kathy Hayes

Signature 

REVIEW: Auditor _____ County Counsel _____ Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor _____
Seconded by Supervisor _____

Ayes
Nays
Abstain
Absent

SEE ACTION SUMMARY

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: _____

By: _____

Kathy Hayes, Clerk of the Board



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

825 5TH STREET, ROOM 111
EUREKA, CALIFORNIA 95501 PHONE: (707) 476-2390

April 3, 2018

Honorable Chris Holden, Chair
Assembly Utilities and Energy Committee
State Capitol Building Room 5136
Sacramento CA 95814

The Honorable Al Muratsuchi, Chair
Assembly Natural Resources Committee
State Capitol Building Room 2079
Sacramento, CA 95814

Dear Chairman Holden and Chairman Muratsuchi:

On behalf of the Humboldt County Board of Supervisors, I am writing today in support of AB 2208 (Aguiar-Curry), if amended. Our Board supports AB 2208 if modified to not specify a requirement for Salton Sea Geothermal Resource Area. We suggest that the text be modified as follows:

Of the renewable grid-balancing generation required to satisfy the incremental procurement requirement in clause (i), not less than 40 percent of the renewable grid-balancing generation shall be procured from baseload renewable energy sources.

If amended, AB 2208 will help meet California's climate goals and clean energy needs by encouraging the use and development of baseload renewable energy as part of a diverse portfolio of renewable energy resources.

California remains a leader in the fight against climate change. At the heart of this fight is California's Renewable Portfolio Standard (RPS), which established the framework for increasing the use of renewable energy by requiring the state's load-serving entities (LSEs) to obtain a percentage threshold of their energy from defined renewable sources.

The RPS has been successful in encouraging wind and solar power production, but has resulted in little to no development of the baseload renewable sources, such as biomass, necessary to

complement the variable output of wind and solar. The result is a shortfall of reliable renewable energy that is projected to grow in future years as the RPS requirements increase. Several studies have also shown that a diverse energy portfolio that includes a significant amount of baseload renewables is more cost-effective than a narrow portfolio that does not.

Development of additional baseload resources such as biomass in the region where Humboldt County is located has additional environmental and economic benefits, particularly for economically and environmentally disadvantaged communities in the state, where many baseload facilities are or would be located. These benefits include improved air and water quality, helping the state meet its organics diversion goals, healthier forests, high-paying jobs, and tax revenue for mostly rural local governments.

Once again, our Board supports AB 2208, if amended. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Sundberg", with a long horizontal flourish extending to the right.

Ryan Sundberg, Chair
Humboldt County Board of Supervisors

RS:kh

cc: The Honorable Cecilia Aguiar-Curry
The Honorable Edwardo Garcia
RCEA, Matthew Marshall, Executive Director
Shaw, Yoder, Antwih Consulting
Cal-CCA (Community Choice Association)



AB-2208 California Renewables Portfolio Standard Program: local publicly owned electric and gas utilities: electrical and gas corporations. (2017-2018)

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Date Published: 03/23/2018 09:00 PM

AMENDED IN ASSEMBLY MARCH 23, 2018

CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

ASSEMBLY BILL

No. 2208

Introduced by Assembly ~~Member~~ **Members Aguiar-Curry and Eduardo Garcia**
(Coauthors: Assembly Members Bigelow, Burke, Eggman, and Wood)

February 12, 2018

~~An act to amend Section 399.13 of the Public Utilities Code, relating to energy. An act to amend Section 44258.5 of the Health and Safety Code, and to amend Sections 399.12, 399.15, and 399.30 of the Public Utilities Code, relating to energy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2208, as amended, Aguiar-Curry. ~~Electrical corporations: California Renewables Portfolio Standard Program: procurement plans. California Renewables Portfolio Standard Program: local publicly owned electric and gas utilities: electrical and gas corporations.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, while local publicly owned electric and gas utilities are under the direction of their governing boards. The California Renewables Portfolio Standard Program requires the commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total number of kilowatthours of those products sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, then incrementally increases for specified compliance periods to 33% of retail sales by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The program additionally requires each local publicly owned electric utility to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program.

This bill would require that not less than 25% of the incremental procurement requirements for each compliance period be satisfied with renewable grid-balancing generation, as defined subject to certain unspecified parameters, procured on or after July 1, 2017, until either 20% of the total electricity products procured to satisfy the overall procurement requirements are from renewable grid-balancing generation or December 31, 2030, whichever occurs first. The bill would require a specified portion of this increment to be procured from the Salton Sea Known Geothermal Resources Area.

Under existing law, a violation of the California Renewables Portfolio Standard Program is a crime.

Because the provisions of this bill would expand that program, a violation of these provisions would impose a state-mandated local program by expanding the definition of a crime.

By placing additional requirements upon local publicly owned electric utilities, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Salton Sea Known Geothermal Resource Area.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The California Renewables Portfolio Standard Program requires the commission to establish a renewables portfolio standard requiring all retail sellers, defined as including an electrical corporation, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, at specified percentages of the total kilowatthours sold to their retail end-use customers during specified compliance periods. The program requires the commission to direct each electrical corporation to annually prepare a renewable energy procurement plan to satisfy its procurement requirements pursuant to the program. As part of the renewable energy procurement plan process, the commission is required to adopt rules establishing a process that provides criteria for the rank ordering and selection of least cost and best fit eligible renewable energy resources to comply with the program's procurement obligations and requires that the criteria take specified matters into account, including workforce recruitment, training, and retention efforts, as specified.~~

~~This bill would require that the criteria take into account jobs retained associated with contracting for existing eligible renewable energy resources.~~

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: ~~no~~yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. *Section 44258.5 of the Health and Safety Code is amended to read:*

44258.5. (a) For the purposes of this section, the following terms mean the following:

- (1) "Local publicly owned electric utility" has the same meaning as defined in Section 224.3 of the Public Utilities Code.
- (2) "Retail seller" has the same meaning as set forth in ~~subdivision (j)~~ of Section 399.12 of the Public Utilities Code.
- (3) "Transportation electrification" has the same meaning as set forth in Section 237.5 of the Public Utilities Code.

(b) The state board shall identify and adopt appropriate policies, rules, or regulations to remove regulatory disincentives preventing retail sellers and local publicly owned electric utilities from facilitating the achievement of greenhouse gas emission reductions in other sectors through increased investments in transportation electrification. Policies to be considered shall include, but are not limited to, an allocation of greenhouse gas emissions allowances to retail sellers and local publicly owned electric utilities, or other regulatory mechanisms, to account for increased greenhouse gas emissions in the electric sector from transportation electrification.

SEC. 2. *Section 399.12 of the Public Utilities Code is amended to read:*

399.12. For purposes of this article, the following terms have the following meanings:

- (a) "Conduit hydroelectric facility" means a facility for the generation of electricity that uses only the hydroelectric potential of an existing pipe, ditch, flume, siphon, tunnel, canal, or other manmade conduit that is operated to distribute water for a beneficial use.
- (b) "Balancing authority" means the responsible entity that integrates resource plans ahead of time, maintains load-interchange generation balance within a balancing authority area, and supports interconnection frequency in real time.

(c) "Balancing authority area" means the collection of generation, transmission, and loads within the metered boundaries of the area within which the balancing authority maintains the electrical load-resource balance.

(d) "California balancing authority" is a balancing authority with control over a balancing authority area primarily located in this state and operating for retail sellers and local publicly owned electric utilities subject to the requirements of this article and includes the Independent System Operator (ISO) and a local publicly owned electric utility operating a transmission grid that is not under the operational control of the ISO. A California balancing authority is responsible for the operation of the transmission grid within its metered boundaries which is not limited by the political boundaries of the State of California.

(e) "Eligible renewable energy resource" means an electrical generating facility that meets the definition of a "renewable electrical generation facility" in Section 25741 of the Public Resources Code, subject to the following:

(1) (A) An existing small hydroelectric generation facility of 30 megawatts or less shall be eligible only if a retail seller or local publicly owned electric utility procured the electricity from the facility as of December 31, 2005. A new hydroelectric facility that commences generation of electricity after December 31, 2005, is not an eligible renewable energy resource if it will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

(B) Notwithstanding subparagraph (A), a conduit hydroelectric facility of 30 megawatts or less that commenced operation before January 1, 2006, is an eligible renewable energy resource. A conduit hydroelectric facility of 30 megawatts or less that commences operation after December 31, 2005, is an eligible renewable energy resource so long as it does not cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

(C) A facility approved by the governing board of a local publicly owned electric utility prior to June 1, 2010, for procurement to satisfy renewable energy procurement obligations adopted pursuant to former Section 387, shall be certified as an eligible renewable energy resource by the Energy Commission pursuant to this article, if the facility is a "renewable electrical generation facility" as defined in Section 25741 of the Public Resources Code.

(D) (i) A small hydroelectric generation unit with a nameplate capacity not exceeding 40 megawatts that is operated as part of a water supply or conveyance system is an eligible renewable energy resource only for the retail seller or local publicly owned electric utility that procured the electricity from the unit as of December 31, 2005. No unit shall be eligible pursuant to this subparagraph if an application for certification is submitted to the Energy Commission after January 1, 2013. Only one retail seller or local publicly owned electric utility shall be deemed to have procured electricity from a given unit as of December 31, 2005.

(ii) Notwithstanding clause (i), a local publicly owned electric utility that meets the criteria of subdivision (j) of Section 399.30 may sell to another local publicly owned electric utility electricity from small hydroelectric generation units that qualify as eligible renewable energy resources under clause (i), and that electricity may be used by the local publicly owned electric utility that purchased the electricity to meet its renewables portfolio standard procurement requirements. The total of all those sales from the utility shall be no greater than 100,000 megawatt-hours of electricity.

(iii) The amendments made to this subdivision by the act adding this subparagraph are intended to clarify existing law and apply from December 10, 2011.

(2) (A) A facility engaged in the combustion of municipal solid waste shall not be considered an eligible renewable energy resource.

(B) Subparagraph (A) does not apply to generation before January 1, 2017, from a facility located in Stanislaus County that was operational prior to September 26, 1996.

(f) "Procure" means to acquire through ownership or contract.

(g) "Procurement entity" means any person or corporation authorized by the commission to enter into contracts to procure eligible renewable energy resources on behalf of customers of a retail seller pursuant to subdivision (f) of Section 399.13.

(h) "Renewable baseload generation" means generation from an eligible renewable energy resource that is capable of generating electricity at a capacity factor greater than, or equal to, 80 percent, relative to its capacity, on an annual average basis.

(i) "Renewable flexible generation" means generation from an eligible renewable energy resource that both is capable of reducing its electrical output to ____ percent or less of its rated capacity, or to ____ percent or less of its contracted-for electrical capacity, within ____ minutes of its operator receiving a dispatch order from an

operating authority, and is capable of increasing its electrical output to its maximum rated capacity, or to a requested electrical output capacity, within ____ minutes of its operator receiving a dispatch order from an operating authority to buffer rapid changes in electrical grid demand or to maintain ongoing balance between the supply and demand for electricity.

(j) "Renewable grid-balancing generation" means generation from a low-carbon or zero-carbon renewable energy resource that provides either renewable baseload generation or renewable flexible generation.

~~(h)~~

(k) (1) "Renewable energy credit" means a certificate of proof associated with the generation of electricity from an eligible renewable energy resource, issued through the accounting system established by the Energy Commission pursuant to Section 399.25, that one unit of electricity was generated and delivered by an eligible renewable energy resource.

(2) "Renewable energy credit" includes all renewable and environmental attributes associated with the production of electricity from the eligible renewable energy resource, except for an emissions reduction credit issued pursuant to Section 40709 of the Health and Safety Code and any credits or payments associated with the reduction of solid waste and treatment benefits created by the utilization of biomass or biogas fuels.

(3) (A) Electricity generated by an eligible renewable energy resource attributable to the use of nonrenewable fuels, beyond a de minimis quantity used to generate electricity in the same process through which the facility converts renewable fuel to electricity, shall not result in the creation of a renewable energy credit. The Energy Commission shall set the de minimis quantity of nonrenewable fuels for each renewable energy technology at a level of no more than 2 percent of the total quantity of fuel used by the technology to generate electricity. The Energy Commission may adjust the de minimis quantity for an individual facility, up to a maximum of 5 percent, if it finds that all of the following conditions are met:

(i) The facility demonstrates that the higher quantity of nonrenewable fuel will lead to an increase in generation from the eligible renewable energy facility that is significantly greater than generation from the nonrenewable fuel alone.

(ii) The facility demonstrates that the higher quantity of nonrenewable fuels will reduce the variability of its electrical output in a manner that results in net environmental benefits to the state.

(iii) The higher quantity of nonrenewable fuel is limited to either natural gas or hydrogen derived by reformation of a fossil fuel.

(B) Electricity generated by a small hydroelectric generation facility shall not result in the creation of a renewable energy credit unless the facility meets the requirements of subparagraph (A) or (D) of paragraph (1) of subdivision (e).

(C) Electricity generated by a conduit hydroelectric generation facility shall not result in the creation of a renewable energy credit unless the facility meets the requirements of subparagraph (B) of paragraph (1) of subdivision (e).

(D) Electricity generated by a facility engaged in the combustion of municipal solid waste shall not result in the creation of a renewable energy credit. This subparagraph does not apply to renewable energy credits that were generated before January 1, 2017, by a facility engaged in the combustion of municipal solid waste located in Stanislaus County that was operational prior to September 26, 1996, and sold pursuant to contacts entered into before January 1, 2017.

~~(i)~~

(l) "Renewables portfolio standard" means the specified percentage of electricity generated by eligible renewable energy resources that a retail seller or a local publicly owned electric utility is required to procure pursuant to this article.

~~(j)~~

(m) "Retail seller" means an entity engaged in the retail sale of electricity to end-use customers located within the state, including any of the following:

(1) An electrical corporation, as defined in Section 218.

(2) A community choice aggregator. A community choice aggregator shall participate in the renewables portfolio standard program subject to the same terms and conditions applicable to an electrical corporation.

(3) An electric service provider, as defined in Section 218.3. The electric service provider shall be subject to the same terms and conditions applicable to an electrical corporation pursuant to this article. This paragraph does not impair a contract entered into between an electric service provider and a retail customer prior to the suspension of direct access by the commission pursuant to Section 80110 of the Water Code.

(4) "Retail seller" does not include any of the following:

(A) A corporation or person employing cogeneration technology or producing electricity consistent with subdivision (b) of Section 218.

(B) The Department of Water Resources acting in its capacity pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(C) A local publicly owned electric utility.

~~(*)~~

(n) "WECC" means the Western Electricity Coordinating Council of the North American Electric Reliability Corporation, or a successor to the corporation.

SEC. 3. *Section 399.15 of the Public Utilities Code is amended to read:*

399.15. (a) In order to fulfill unmet long-term resource needs, the commission shall establish a renewables portfolio standard requiring all retail sellers to procure a minimum quantity of electricity products from eligible renewable energy resources as a specified percentage of total kilowatthours sold to their retail end-use customers each compliance period to achieve the targets established under this article. For any retail seller procuring at least 14 percent of retail sales from eligible renewable energy resources in 2010, the deficits associated with any previous renewables portfolio standard shall not be added to any procurement requirement pursuant to this article.

(b) The commission shall implement renewables portfolio standard procurement requirements only as follows:

(1) Each retail seller shall procure a minimum quantity of eligible renewable energy resources for each of the following compliance periods:

(A) January 1, 2011, to December 31, 2013, inclusive.

(B) January 1, 2014, to December 31, 2016, inclusive.

(C) January 1, 2017, to December 31, 2020, inclusive.

(D) January 1, 2021, to December 31, 2024, inclusive.

(E) January 1, 2025, to December 31, 2027, inclusive.

(F) January 1, 2028, to December 31, 2030, inclusive.

(2) (A) No later than January 1, 2017, the commission shall establish the quantity of electricity products from eligible renewable energy resources to be procured by the retail seller for each compliance period. These quantities shall be established in the same manner for all retail sellers and result in the same percentages used to establish compliance period quantities for all retail sellers.

(B) In establishing quantities for the compliance period from January 1, 2011, to December 31, 2013, inclusive, the commission shall require procurement for each retail seller equal to an average of 20 percent of retail sales. For the following compliance periods, the quantities shall reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, 33 percent by December 31, 2020, 40 percent by December 31, 2024, 45 percent by December 31, 2027, and 50 percent by December 31, 2030. The commission shall establish appropriate three-year compliance periods for all subsequent years that require retail sellers to procure not less than 50 percent of retail sales of electricity products from eligible renewable energy resources.

(C) Retail sellers shall be obligated to procure no less than the quantities associated with all intervening years by the end of each compliance period. Retail sellers shall not be required to demonstrate a specific quantity of procurement for any individual intervening year.

(D) (i) *For each retail seller, not less than 25 percent of the incremental procurement requirements for each compliance period shall be satisfied with renewable grid-balancing generation procured on or after July 1, 2017,*

until either 20 percent of the total electricity products procured by the retail seller to satisfy the procurement requirements are from renewable grid-balancing generation or December 31, 2030, whichever occurs first. If a retail seller reaches that 20 percent renewable grid-balancing generation threshold before December 31, 2030, the retail seller shall continue to procure electricity products from renewable grid-balancing generation at or above that threshold during each subsequent compliance period. If a retail seller fails to reach that 20 percent threshold by December 31, 2030, the retail seller shall continue to procure electricity products from renewable grid-balancing generation at no less than the percentage it achieves as of December 31, 2030, during each subsequent compliance period.

(ii) Of the renewable grid-balancing generation required to satisfy the incremental procurement requirement in clause (i), not less than 40 percent of that renewable grid-balancing generation shall be procured from the Salton Sea Known Geothermal Resource Area.

(iii) For the purposes of this subparagraph, any contracts that are extended or renewed by a retail seller through exercise of a contractual right of extension or otherwise on or after July 1, 2017, shall be counted as incremental procurement.

(3) The commission may require the procurement of eligible renewable energy resources in excess of the quantities specified in paragraph (2).

(4) Only for purposes of establishing the renewables portfolio standard procurement requirements of paragraph (1) and determining the quantities pursuant to paragraph (2), the commission shall include all electricity sold to retail customers by the Department of Water Resources pursuant to Division 27 (commencing with Section 80000) of the Water Code in the calculation of retail sales by an electrical corporation.

(5) The commission shall waive enforcement of this section if it finds that the retail seller has demonstrated any of the following conditions are beyond the control of the retail seller and will prevent compliance:

(A) There is inadequate transmission capacity to allow for sufficient electricity to be delivered from proposed eligible renewable energy resource projects using the current operational protocols of the Independent System Operator. In making its findings relative to the existence of this condition with respect to a retail seller that owns transmission lines, the commission shall consider both of the following:

(i) Whether the retail seller has undertaken, in a timely fashion, reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources. In determining the reasonableness of a retail seller's actions, the commission shall consider the retail seller's expectations for full-cost recovery for these transmission lines and upgrades.

(ii) Whether the retail seller has taken all reasonable operational measures to maximize cost-effective deliveries of electricity from eligible renewable energy resources in advance of transmission availability.

(B) Permitting, interconnection, or other circumstances that delay procured eligible renewable energy resource projects, or there is an insufficient supply of eligible renewable energy resources available to the retail seller. In making a finding that this condition prevents timely compliance, the commission shall consider whether the retail seller has done all of the following:

(i) Prudently managed portfolio risks, including relying on a sufficient number of viable projects.

(ii) Sought to develop one of the following: its own eligible renewable energy resources, transmission to interconnect to eligible renewable energy resources, or energy storage used to integrate eligible renewable energy resources. This clause shall not require an electrical corporation to pursue development of eligible renewable energy resources pursuant to Section 399.14.

(iii) Procured an appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewables portfolio standard to compensate for foreseeable delays or insufficient supply.

(iv) Taken reasonable measures, under the control of the retail seller, to procure cost-effective distributed generation and allowable unbundled renewable energy credits.

(C) Unanticipated curtailment of eligible renewable energy resources if the waiver would not result in an increase in greenhouse gas emissions.

(D) Unanticipated increase in retail sales due to transportation electrification. In making a finding that this condition prevents timely compliance, the commission shall consider all of the following:

(i) Whether transportation electrification significantly exceeded forecasts in that retail seller's service territory based on the best and most recently available information filed with the State Air Resources Board, the Energy Commission, or other state agency.

(ii) Whether the retail seller has taken reasonable measures to procure sufficient resources to account for unanticipated increases in retail sales due to transportation electrification.

(6) If the commission waives the compliance requirements of this section, the commission shall establish additional reporting requirements on the retail seller to demonstrate that all reasonable actions under the control of the retail seller are taken in each of the intervening years sufficient to satisfy future procurement requirements.

(7) The commission shall not waive enforcement pursuant to this section, unless the retail seller demonstrates that it has taken all reasonable actions under its control, as set forth in paragraph (5), to achieve full compliance.

(8) If a retail seller fails to procure sufficient eligible renewable energy resources to comply with a procurement requirement pursuant to paragraphs (1) and (2) and fails to obtain an order from the commission waiving enforcement pursuant to paragraph (5), the commission shall assess penalties for noncompliance. A schedule of penalties shall be adopted by the commission that shall be comparable for electrical corporations and other retail sellers. For electrical corporations, the cost of any penalties shall not be collected in rates. Any penalties collected under this article shall be deposited into the Electric Program Investment Charge Fund and used for the purposes described in Chapter 8.1 (commencing with Section 25710) of Division 15 of the Public Resources Code.

(9) Deficits associated with the compliance period shall not be added to a future compliance period.

(c) The commission shall establish a limitation for each electrical corporation on the procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard. This limitation shall be set at a level that prevents disproportionate rate impacts.

(d) If the cost limitation for an electrical corporation is insufficient to support the projected costs of meeting the renewables portfolio standard procurement requirements, the electrical corporation may refrain from entering into new contracts or constructing facilities beyond the quantity that can be procured within the limitation, unless eligible renewable energy resources can be procured without exceeding a de minimis increase in rates, consistent with the long-term procurement plan established for the electrical corporation pursuant to Section 454.5.

(e) (1) The commission shall monitor the status of the cost limitation for each electrical corporation in order to ensure compliance with this article.

(2) If the commission determines that an electrical corporation may exceed its cost limitation prior to achieving the renewables portfolio standard procurement requirements, the commission shall do both of the following within 60 days of making that determination:

(A) Investigate and identify the reasons why the electrical corporation may exceed its annual cost limitation.

(B) Notify the appropriate policy and fiscal committees of the Legislature that the electrical corporation may exceed its cost limitation, and include the reasons why the electrical corporation may exceed its cost limitation.

(f) The establishment of a renewables portfolio standard shall not constitute implementation by the commission of the federal Public Utility Regulatory Policies Act of 1978 (Public Law 95-617).

SEC. 4. *Section 399.30 of the Public Utilities Code is amended to read:*

399.30. (a) (1) To fulfill unmet long-term generation resource needs, each local publicly owned electric utility shall adopt and implement a renewable energy resources procurement plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of total kilowatthours sold to the utility's retail end-use customers, each compliance period, to achieve the targets of subdivision (c).

(2) Beginning January 1, 2019, a local publicly owned electric utility subject to Section 9621 shall incorporate the renewable energy resources procurement plan required by this section as part of a broader integrated resource plan developed and adopted pursuant to Section 9621.

(b) The governing board shall implement procurement targets for a local publicly owned electric utility that require the utility to procure a minimum quantity of eligible renewable energy resources for each of the following compliance periods:

(1) January 1, 2011, to December 31, 2013, inclusive.

(2) January 1, 2014, to December 31, 2016, inclusive.

(3) January 1, 2017, to December 31, 2020, inclusive.

(4) January 1, 2021, to December 31, 2024, inclusive.

(5) January 1, 2025, to December 31, 2027, inclusive.

(6) January 1, 2028, to December 31, 2030, inclusive.

(c) The governing board of a local publicly owned electric utility shall ensure all of the following:

(1) The quantities of eligible renewable energy resources to be procured for the compliance period from January 1, 2011, to December 31, 2013, inclusive, are equal to an average of 20 percent of retail sales.

(2) The quantities of eligible renewable energy resources to be procured for all other compliance periods reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, 33 percent by December 31, 2020, 40 percent by December 31, 2024, 45 percent by December 31, 2027, and 50 percent by December 31, 2030. The Energy Commission shall establish appropriate multiyear compliance periods for all subsequent years that require the local publicly owned electric utility to procure not less than 50 percent of retail sales of electricity products from eligible renewable energy resources.

(3) A local publicly owned electric utility shall adopt procurement requirements consistent with Section 399.16.

(4) Beginning January 1, 2014, in calculating the procurement requirements under this article, a local publicly owned electric utility may exclude from its total retail sales the kilowatthours generated by an eligible renewable energy resource that is credited to a participating customer pursuant to a voluntary green pricing or shared renewable generation program. Any exclusion shall be limited to electricity products that do not meet the portfolio content criteria set forth in paragraph (2) or (3) of subdivision (b) of Section 399.16. Any renewable energy credits associated with electricity credited to a participating customer shall not be used for compliance with procurement requirements under this article, shall be retired on behalf of the participating customer, and shall not be further sold, transferred, or otherwise monetized for any purpose. To the extent possible for generation that is excluded from retail sales under this subdivision, a local publicly owned electric utility shall seek to procure those eligible renewable energy resources that are located in reasonable proximity to program participants.

(5) (A) For each local publicly owned electric utility, not less than 25 percent of its incremental procurement requirements for each compliance period shall be satisfied with renewable grid-balancing generation procured on or after July 1, 2017, until 20 percent of the total electricity products procured by the local publicly owned electric utility to satisfy the procurement requirements are from renewable grid-balancing generation or December 31, 2030, whichever occurs first. If a local publicly owned electric utility reaches that 20 percent renewable grid-balancing generation threshold before December 31, 2030, the local publicly owned electric utility shall continue to procure electricity products from renewable grid-balancing generation at or above that threshold during each subsequent compliance period. If a local publicly owned electric utility fails to reach that 20 percent threshold by December 31, 2030, the local publicly owned electric utility shall continue to procure electricity products from renewable grid-balancing generation at no less than the percentage it achieves as of December 31, 2030, during each subsequent compliance period.

(B) Of the renewable grid-balancing generation required to satisfy the incremental procurement requirement in subparagraph (A), not less than 40 percent of that renewable grid-balancing generation shall be procured from the Salton Sea Known Geothermal Resource Area, as identified by the Energy Commission.

(C) For the purposes of this paragraph, any contracts that are extended or renewed by a local publicly owned electric utility through exercise of a contractual right of extension or otherwise on or after July 1, 2017, shall be counted as incremental procurement.

(d) (1) The governing board of a local publicly owned electric utility shall adopt procurement requirements consistent with subparagraph (B) of paragraph (4) of subdivision (a) of, and subdivision (b) of, Section 399.13.

(2) The governing board of a local publicly owned electric utility may adopt the following measures:

(A) Conditions that allow for delaying timely compliance consistent with subdivision (b) of Section 399.15.

(B) Cost limitations for procurement expenditures consistent with subdivision (c) of Section 399.15.

(e) The governing board of the local publicly owned electric utility shall adopt a program for the enforcement of this article. The program shall be adopted at a publicly noticed meeting offering all interested parties an opportunity to comment. Not less than 30 days' notice shall be given to the public of any meeting held for purposes of adopting the program. Not less than 10 days' notice shall be given to the public before any meeting is held to make a substantive change to the program.

(f) Each local publicly owned electric utility shall annually post notice, in accordance with Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code, whenever its governing body will deliberate in public on its renewable energy resources procurement plan.

(g) A public utility district that receives all of its electricity pursuant to a preference right adopted and authorized by the United States Congress pursuant to Section 4 of the Trinity River Division Act of August 12, 1955 (Public Law 84-386) shall be in compliance with the renewable energy procurement requirements of this article.

(h) For a local publicly owned electric utility that was in existence on or before January 1, 2009, that provides retail electric service to 15,000 or fewer customer accounts in California, and is interconnected to a balancing authority located outside this state but within the WECC, an eligible renewable energy resource includes a facility that is located outside California that is connected to the WECC transmission system, if all of the following conditions are met:

(1) The electricity generated by the facility is procured by the local publicly owned electric utility, is delivered to the balancing authority area in which the local publicly owned electric utility is located, and is not used to fulfill renewable energy procurement requirements of other states.

(2) The local publicly owned electric utility participates in, and complies with, the accounting system administered by the Energy Commission pursuant to this article.

(3) The Energy Commission verifies that the electricity generated by the facility is eligible to meet the renewables portfolio standard procurement requirements.

(i) Notwithstanding subdivision (a), for a local publicly owned electric utility that is a joint powers authority of districts established pursuant to state law on or before January 1, 2005, that furnish electric services other than to residential customers, and is formed pursuant to the Irrigation District Law (Division 11 (commencing with Section 20500) of the Water Code), the percentage of total kilowatthours sold to the district's retail end-use customers, upon which the renewables portfolio standard procurement requirements in subdivision (b) are calculated, shall be based on the authority's average retail sales over the previous seven years. If the authority has not furnished electric service for seven years, then the calculation shall be based on average retail sales over the number of completed years during which the authority has provided electric service.

(j) A local publicly owned electric utility in a city and county that only receives greater than 67 percent of its electricity sources from hydroelectric generation located within the state that it owns and operates, and that does not meet the definition of a "renewable electrical generation facility" pursuant to Section 25741 of the Public Resources Code, shall be required to procure eligible renewable energy resources, including renewable energy credits, to meet only the electricity demands unsatisfied by its hydroelectric generation in any given year, in order to satisfy its renewable energy procurement requirements.

(k) (1) For the purposes of this subdivision, "hydroelectric generation" means electricity generated from a hydroelectric facility that satisfies all of the following:

(A) Is owned solely and operated by the local publicly owned electric utility as of 1967.

(B) Serves a local publicly owned electric utility with a distribution system demand of less than 150 megawatts.

(C) Involves a contract in which an electrical corporation receives the benefit of the electric generation through June of 2014, at which time the benefit reverts back to the ownership and control of the local publicly owned electric utility.

(D) Has a maximum penstock flow capacity of no more than 3,200 cubic feet per second and includes a regulating reservoir with a small hydroelectric generation facility producing fewer than 20 megawatts with a maximum penstock flow capacity of no more than 3,000 cubic feet per second.

(2) If, during a year within a compliance period set forth in subdivision (b), a local publicly owned electric utility receives greater than 50 percent of its retail sales from its own hydroelectric generation, it is not required to procure eligible renewable energy resources that exceed the lesser of the following for that year:

(A) The portion of the local publicly owned electric utility's retail sales unsatisfied by the local publicly owned electric utility's hydroelectric generation. For these purposes, retail sales supplied by an increase in hydroelectric generation resulting from an increase in the amount of water stored by a dam because the dam is enlarged or otherwise modified after December 31, 2012, shall not count as being retail sales supplied by the utility's own hydroelectric generation.

(B) The soft target adopted by the Energy Commission for the intervening years of the relevant compliance period.

(C) The cost limitation adopted pursuant to this section.

(3) This subdivision does not reduce or eliminate any renewable procurement requirement for any compliance period ending prior to January 1, 2014.

(4) This subdivision does not require a local publicly owned electric utility to purchase additional eligible renewable energy resources in excess of the procurement requirements of subdivision (c).

(5) The Energy Commission shall adjust the total quantities of eligible renewable energy resources to be procured by a local publicly owned electric utility for a compliance period to reflect any reductions required pursuant to paragraph (2).

(l) (1) For purposes of this subdivision, "large hydroelectric generation" means electricity generated from a hydroelectric facility that is not an eligible renewable energy resource and provides electricity to a local publicly owned electric utility from facilities owned by the federal government as a part of the federal Central Valley Project or a joint powers agency formed and created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(2) If, during a year within a compliance period set forth in subdivision (b), a local publicly owned electric utility receives greater than 50 percent of its retail sales from large hydroelectric generation, it is not required to procure eligible renewable energy resources that exceed the lesser of the following for that year:

(A) The portion of the local publicly owned electric utility's retail sales unsatisfied by the local publicly owned electric utility's large hydroelectric generation.

(B) The soft target adopted by the Energy Commission for the intervening years of the relevant compliance period.

(3) Except for an existing agreement effective as of January 1, 2015, or extension or renewal of that agreement, any new procurement commitment shall not be eligible to count towards the determination that the local publicly owned electric utility receives more than 50 percent of its retail sales from large hydroelectric generation in any year.

(4) The Energy Commission shall adjust the total quantities of eligible renewable energy resources to be procured by a local publicly owned electric utility for a compliance period to reflect any reductions required pursuant to paragraph (2).

(5) This subdivision does not modify the compliance obligation of a local publicly owned electric utility to satisfy the requirements of subdivision (c) of Section 399.16.

(m) (1) (A) For purposes of this subdivision, "unavoidable long-term contracts and ownership agreements" means commitments for electricity from a coal-fired powerplant, located outside the state, originally entered into by a local publicly owned electric utility before June 1, 2010, that is not subsequently modified to result in an extension of the duration of the agreement or result in an increase in total quantities of energy delivered during any compliance period set forth in subdivision (b).

(B) The governing board of a local publicly owned electric utility shall demonstrate in its renewable energy resources procurement plan required pursuant to subdivision (f) that any cancellation or divestment of the commitment would result in significant economic harm to its retail customers that cannot be substantially mitigated through resale, transfer to another entity, early closure of the facility, or other feasible measures.

(2) For the compliance period set forth in paragraph (4) of subdivision (b), a local publicly owned electric utility meeting the requirement of subparagraph (B) of paragraph (1) may adjust its renewable energy procurement targets to ensure that the procurement of additional electricity from eligible renewable energy resources, in combination with the procurement of electricity from unavoidable long-term contracts and ownership agreements, does not exceed the total retail sales of the local publicly owned electric utility during that compliance period. The

local publicly owned electric utility may limit its procurement of eligible renewable energy resources for that compliance period to no less than an average of 33 percent of its retail sales.

(3) The Energy Commission shall approve any reductions in procurement targets proposed by a local publicly owned electric utility if it determines that the requirements of this subdivision are satisfied.

(n) A local publicly owned electric utility shall retain discretion over both of the following:

(1) The mix of eligible renewable energy resources procured by the utility and those additional generation resources procured by the utility for purposes of ensuring resource adequacy and reliability.

(2) The reasonable costs incurred by the utility for eligible renewable energy resources owned by the utility.

(o) The Energy Commission shall adopt regulations specifying procedures for enforcement of this article. The regulations shall include a public process under which the Energy Commission may issue a notice of violation and correction against a local publicly owned electric utility for failure to comply with this article, and for referral of violations to the State Air Resources Board for penalties pursuant to subdivision (n).

(p) (1) Upon a determination by the Energy Commission that a local publicly owned electric utility has failed to comply with this article, the Energy Commission shall refer the failure to comply with this article to the State Air Resources Board, which may impose penalties to enforce this article consistent with Part 6 (commencing with Section 38580) of Division 25.5 of the Health and Safety Code. Any penalties imposed shall be comparable to those adopted by the commission for noncompliance by retail sellers.

(2) Any penalties collected by the State Air Resources Board pursuant to this article shall be deposited in the Air Pollution Control Fund and, upon appropriation by the Legislature, shall be expended for reducing emissions of air pollution or greenhouse gases within the same geographic area as the local publicly owned electric utility.

SEC. 5. *The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.*

SEC. 6. *The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique environmental and other attributes available from the development of geothermal resources in the Salton Sea Known Geothermal Resource Area.*

SEC. 7. *No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.*

~~SECTION 1. Section 399.13 of the Public Utilities Code is amended to read:~~

~~399.13.(a)(1) The commission shall direct each electrical corporation to annually prepare a renewable energy procurement plan that includes the elements specified in paragraph (5), to satisfy its obligations under the renewables portfolio standard. To the extent feasible, this procurement plan shall be proposed, reviewed, and adopted by the commission as part of, and pursuant to, a general procurement plan process. The commission shall require each electrical corporation to review and update its renewable energy procurement plan as it determines to be necessary. The commission shall require all other retail sellers to prepare and submit renewable energy procurement plans that address the requirements identified in paragraph (5).~~

~~(2) Every electrical corporation that owns electrical transmission facilities shall annually prepare, as part of the Federal Energy Regulatory Commission Order 890 process, and submit to the commission, a report identifying any electrical transmission facility, upgrade, or enhancement that is reasonably necessary to achieve the renewables portfolio standard procurement requirements of this article. Each report shall look forward at least five years and, to ensure that adequate investments are made in a timely manner, shall include a preliminary schedule when an application for a certificate of public convenience and necessity will be made, pursuant to Chapter 5 (commencing with Section 1001), for any electrical transmission facility identified as being reasonably necessary to achieve the renewable energy resources procurement requirements of this article. Each electrical corporation that owns electrical transmission facilities shall ensure that project-specific interconnection studies are completed in a timely manner.~~

~~(3)The commission shall direct each retail seller to prepare and submit an annual compliance report that includes all of the following:~~

~~(A)The current status and progress made during the prior year toward procurement of eligible renewable energy resources as a percentage of retail sales, including, if applicable, the status of any necessary siting and permitting approvals from federal, state, and local agencies for those eligible renewable energy resources procured by the retail seller, and the current status of compliance with the portfolio content requirements of subdivision (c) of Section 399.16, including procurement of eligible renewable energy resources located outside the state and within the WECC and unbundled renewable energy credits.~~

~~(B)If the retail seller is an electrical corporation, the current status and progress made during the prior year toward construction of, and upgrades to, transmission and distribution facilities and other electrical system components it owns to interconnect eligible renewable energy resources and to supply the electricity generated by those resources to load, including the status of planning, siting, and permitting transmission facilities by federal, state, and local agencies.~~

~~(C)Recommendations to remove impediments to making progress toward achieving the renewable energy resources procurement requirements established pursuant to this article.~~

~~(4)The commission shall adopt, by rulemaking, all of the following:~~

~~(A)A process that provides criteria for the rank ordering and selection of least cost and best fit eligible renewable energy resources to comply with the California Renewables Portfolio Standard Program obligations on a total cost and best fit basis. This process shall take into account all of the following:~~

~~(i)Estimates of indirect costs associated with needed transmission investments.~~

~~(ii)The cost impact of procuring the eligible renewable energy resources on the electrical corporation's electricity portfolio.~~

~~(iii)The viability of the project to construct and reliably operate the eligible renewable energy resource, including the developer's experience, the feasibility of the technology used to generate electricity, and the risk that the facility will not be built, or that construction will be delayed, with the result that electricity will not be supplied as required by the contract.~~

~~(iv)Workforce recruitment, training, and retention efforts, including jobs retained associated with contracting for existing eligible renewable energy resources, the employment growth associated with the construction and operation of eligible renewable energy resources, and goals for recruitment and training of women, minorities, and disabled veterans.~~

~~(v)(I)Estimates of electrical corporation expenses resulting from integrating and operating eligible renewable energy resources, including, but not limited to, any additional wholesale energy and capacity costs associated with integrating each eligible renewable resource.~~

~~(II)No later than December 31, 2015, the commission shall approve a methodology for determining the integration costs described in subclause (I).~~

~~(vi)Consideration of any statewide greenhouse gas emissions limit established pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code).~~

~~(vii)Consideration of capacity and system reliability of the eligible renewable energy resource to ensure grid reliability.~~

~~(B)Rules permitting retail sellers to accumulate, beginning January 1, 2011, excess procurement in one compliance period to be applied to any subsequent compliance period. The rules shall apply equally to all retail sellers. In determining the quantity of excess procurement for the applicable compliance period, the commission shall retain the rules adopted by the commission and in effect as of January 1, 2015, for the compliance period specified in subparagraphs (A) to (C), inclusive, of paragraph (1) of subdivision (b) of Section 399.15. For any subsequent compliance period, the rules shall allow the following:~~

~~(i)For electricity products meeting the portfolio content requirements of paragraph (1) of subdivision (b) of Section 399.16, contracts of any duration may count as excess procurement.~~

~~(ii)Electricity products meeting the portfolio content requirements of paragraph (2) or (3) of subdivision (b) of Section 399.16 shall not be counted as excess procurement. Contracts of any duration for electricity products meeting the portfolio content requirements of paragraph (2) or (3) of subdivision (b) of Section 399.16 that are~~

~~credited towards a compliance period shall not be deducted from a retail seller's procurement for purposes of calculating excess procurement.~~

~~(iii) If a retail seller notifies the commission that it will comply with the provisions of subdivision (b) for the compliance period beginning January 1, 2017, the provisions of clauses (i) and (ii) shall take effect for that retail seller for that compliance period.~~

~~(C) Standard terms and conditions to be used by all electrical corporations in contracting for eligible renewable energy resources, including performance requirements for renewable generators. A contract for the purchase of electricity generated by an eligible renewable energy resource, at a minimum, shall include the renewable energy credits associated with all electricity generation specified under the contract. The standard terms and conditions shall include the requirement that, no later than six months after the commission's approval of an electricity purchase agreement entered into pursuant to this article, the following information about the agreement shall be disclosed by the commission: party names, resource type, project location, and project capacity.~~

~~(D) An appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewables portfolio standard to mitigate the risk that renewable projects planned or under contract are delayed or canceled. This paragraph does not preclude an electrical corporation from voluntarily proposing a margin of procurement above the appropriate minimum margin established by the commission.~~

~~(5) Consistent with the goal of increasing California's reliance on eligible renewable energy resources, the renewable energy procurement plan shall include all of the following:~~

~~(A) An assessment of annual or multiyear portfolio supplies and demand to determine the optimal mix of eligible renewable energy resources with deliverability characteristics that may include peaking, dispatchable, baseload, firm, and as-available capacity.~~

~~(B) Potential compliance delays related to the conditions described in paragraph (5) of subdivision (b) of Section 399.15.~~

~~(C) A bid solicitation setting forth the need for eligible renewable energy resources of each deliverability characteristic, required online dates, and locational preferences, if any.~~

~~(D) A status update on the development schedule of all eligible renewable energy resources currently under contract.~~

~~(E) Consideration of mechanisms for price adjustments associated with the costs of key components for eligible renewable energy resource projects with online dates more than 24 months after the date of contract execution.~~

~~(F) An assessment of the risk that an eligible renewable energy resource will not be built, or that construction will be delayed, with the result that electricity will not be delivered as required by the contract.~~

~~(6) In soliciting and procuring eligible renewable energy resources, each electrical corporation shall offer contracts of no less than 10 years duration, unless the commission approves of a contract of shorter duration.~~

~~(7)(A) In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.~~

~~(B) Subparagraph (A) applies to all procurement of eligible renewable energy resources for California-based projects, whether the procurement occurs through all-source requests for offers, eligible renewable resources only requests for offers, or other procurement mechanisms. This subparagraph is declaratory of existing law.~~

~~(8) In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.~~

~~(b) A retail seller may enter into a combination of long and short term contracts for electricity and associated renewable energy credits. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.~~

~~(c) The commission shall review and accept, modify, or reject each electrical corporation's renewable energy resource procurement plan prior to the commencement of renewable energy procurement pursuant to this article~~

~~by an electrical corporation. The commission shall assess adherence to the approved renewable energy resource procurement plans in determining compliance with the obligations of this article.~~

~~(d) Unless previously preapproved by the commission, an electrical corporation shall submit a contract for the generation of an eligible renewable energy resource to the commission for review and approval consistent with an approved renewable energy resource procurement plan. If the commission determines that the bid prices are elevated due to a lack of effective competition among the bidders, the commission shall direct the electrical corporation to renegotiate the contracts or conduct a new solicitation.~~

~~(e) If an electrical corporation fails to comply with a commission order adopting a renewable energy resource procurement plan, the commission shall exercise its authority to require compliance.~~

~~(f)(1) The commission may authorize a procurement entity to enter into contracts on behalf of customers of a retail seller for electricity products from eligible renewable energy resources to satisfy the retail seller's renewables portfolio standard procurement requirements. The commission shall not require any person or corporation to act as a procurement entity or require any party to purchase eligible renewable energy resources from a procurement entity.~~

~~(2) Subject to review and approval by the commission, the procurement entity shall be permitted to recover reasonable administrative and procurement costs through the retail rates of end-use customers that are served by the procurement entity and are directly benefiting from the procurement of eligible renewable energy resources.~~

~~(g) Procurement and administrative costs associated with contracts entered into by an electrical corporation for eligible renewable energy resources pursuant to this article and approved by the commission are reasonable and prudent and shall be recoverable in rates.~~

~~(h) Construction, alteration, demolition, installation, and repair work on an eligible renewable energy resource that receives production incentives pursuant to Section 25742 of the Public Resources Code, including work performed to qualify, receive, or maintain production incentives, are "public works" for the purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.~~