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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**  
**Senator Ben Hueso, Chair**  
**2021 - 2022 Regular**

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**Bill No:** SB 479 **Hearing Date:** 3/15/2021  
**Author:** Laird  
**Version:** 3/5/2021 Amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Nidia Bautista

**SUBJECT:** Local Government Renewable Energy Self-Generation Program

**DIGEST:** This bill expands the provisions of an existing renewable energy self-generation program to include Native American tribes and require compensation to participating entities for electricity generated in excess of this bill credits applied by the program.

**ANALYSIS:**

Existing law:

- 1) Establishes the California Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations. (California Constitution Article XII)
- 2) Authorizes the CPUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. (Public Utilities Code §451)
- 3) Defines “California Native American tribe” to mean a Native American tribe located in California that is on the contact list maintained by the Native American Heritage Commission (NAHC) for the purposes of Chapter 905 of the Statutes of 2004. (Public Resources Code §21073)
- 4) Establishes the local government renewable energy self-generation program which authorizes a local government, as defined, to elect to have a bill credit applied to a designated benefiting account, as defined, for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the CPUC to adopt a rate tariff for the benefiting account. Exempts electrical corporations with 60,000 or fewer customer accounts in California from the requirements of the local government renewable energy self-generation program. (Public Utilities Code §2830)

- 5) The local government renewable energy self-generation program provides that an electrical corporation is not required to compensate a local government for electricity generated from an eligible renewable facility in excess of the bill credits applied to the designated benefiting account.

This bill:

- 1) Expands the local government renewable energy self-generation program definition of benefiting accounts to include accounts on land owned or under the jurisdiction of a California Native American tribe and meeting specified requirements.
- 2) Requires the CPUC to determine whether an electrical corporation is required to compensate a local government or tribe with net surplus electricity compensation, as defined, for electricity generated from an eligible renewable facility in excess of this bill credits applied to the designated benefiting account.

## Background

*Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT).* RES-BCT was originally established by AB 2466 (Laird, Chapter 540, Statutes of 2008) and implemented via CPUC Resolution E-4243. The program is designed to allow local government entities and state-operated college and university campuses that could not fit or site solar photovoltaic systems on their side of the meter to site them in a nearby location but still receive credit for the generation across their multiple accounts. Specifically, a RES-BCT program participant is allowed to share electricity generation credits from a qualifying renewable energy system located on one government-owned property with billing accounts for the same entity at other government-owned properties. The generating system size limit under RES-BCT is five megawatts (MW), and bill credits are applied at the generation-only portion of a customer's retail rate. The RES-BCT, like the Net-Energy Metering (NEM) Program, involves customers installing small-scale renewable energy power on the customer's side of the meter to offset their load and in some instances generate excess power to send back to the electric grid. However, since the generation is not on the customer's side of the meter (and therefore not offsetting the customer's own load) customers are not eligible for full retail NEM, which is compensated at the retail rate. Instead, RES-BCT compensates participating customers with bill credits at the wholesale generation rate, which is less generous than the retail compensation provided by NEM.

*RES-BCT customer participation.* The RES-BCT program is capped at 250 MW by statute and allocated proportionally among the State's three largest electric

investor-owned utilities (IOUs). The proportionate share of the 250 MW is allocated as follows: 105.25 MW for Pacific Gas & Electric (PG&E), 124.59 MW for Southern California Edison (SCE), and 20.25 MW for San Diego Gas & Electric (SDG&E). Energy exported by the renewable generating facility to the grid is calculated into bill credits and applied monthly to the designated benefiting account(s). Credits are determined based on the Time-of-Use (TOU) Utility Generation (UG) energy rate components applicable under the generating account’s otherwise applicable tariff (OAT). Both the generating account and benefiting account(s) are billed monthly for all metered usage at their OAT rates; however, the “generation component” of the benefiting account(s) will be reduced by any generation bill credits.

<b>RES-BCT CURRENT PARTICPATION</b>				
<b>Electric Utility</b>	<b>RES-BCT Capacity Cap</b>	<b>Number of Projects Approved*</b>	<b>Total Capacity of Projects Approved*</b>	<b>RES-BCT Remaining Capacity</b>
Pacific Gas & Electric (PG&E)	105.25 MW	57	50.318 MW <i>(as of January 31, 2021)</i>	54.932 MW
Southern California Edison (SCE)	124.591 MW	45	70.6867 MW <i>(as of March 2, 2021)</i>	53.9043 MW
San Diego Gas & Electric (SDG&E)	20.25 MW	6	15.68 MW <i>(as of November 2020)</i>	4.57 MW
<b>TOTAL</b>	<b>250.4 MW</b>	<b>108</b>	<b>136.6847 MW</b>	<b>113.7153 MW</b>
<i>*Information collected from each electrical corporation’s website as of the timing of this analysis, with specific dates of the data as noted on each respective electrical corporation’s website.</i>				

*Net surplus credits.* Unlike many existing customer-sited solar and electric energy tariffs, RES-BCT does not allow customers to received compensation for the energy they produce but do not use, known as net surplus compensation. Instead, participating customers’ accounts are zeroed out at the end of each 12-month period for any unused generation credits earned by the local government that were not applied to their own load. As a result, participating customers do not receive compensation for their excess solar generation, leaving them to provide what may be considered “free” power to electric grid.

*SB 479.* This bill proposes to expand the RES-BCT program to include Native American tribes, as identified by the NAHC. This bill would also authorize compensation for net energy surplus credits for energy exported back to the electric grid above energy credits applied to the participating entity’s accounts.

*Expanding the program to Native American tribes.* Since the establishment of the RES-BCT program in 2008, the program has been expanded to include additional eligible entities, including community colleges, universities (specifically University of California and California State Universities), and specified Joint Powers Authorities. Additionally, previous legislation increased the size limit of the generating facility from 1 MW to 5 MW which increased participation in the program, as the program initially had no participation. This bill proposes to expand eligibility to California Native American tribes. Currently, the NAHC maintains a list of California Indian tribes which are either federally recognized tribes or a tribe not recognized by the federal government but is a Native American tribe located in California. This list is required to be utilized for purposes of project impacts to cultural and sacred sites as part of the California Environmental Quality Act (CEQA). According to a 2016 NAHC report, there are 164 Native American tribes in California, 109 federally recognized tribes and 55 non-federally recognized tribes. According to the 2010 census data, California is home to more people of Native American/Alaska Native heritage than any other state. Tribes in California currently have nearly 100 separate reservations or Rancherias. There are also a number of individual Indian trust allotments. This bill would apply the same limitations placed on entities in previous bills that expand eligibility, including: (1) requiring eligible renewable generating facility and electricity account(s) are wholly located within a single county, and (2) electrical service is provided by a single electrical corporation, with a requirement for a mutual agreement between the entity and the electrical corporation.

*Net surplus compensation.* The second provision of this bill would authorize a participating entity to receive compensation for the credits generated from their eligible generating facility that are surplus to those applied to the entity's billing account(s). As with the credits applied to the account, the surplus credits would be applied at a wholesale generation value. The CPUC notes such an arrangement would only benefit a handful of customers whose generating facility may be sized just over the entity's electricity demand. The CPUC roughly estimates the changes to allow for compensation of net surplus credits may be about \$500,000 annually in total for the handful of entities whose surplus is exported back to the grid at no compensation. However, the CPUC cautions this is a preliminary and rough estimate as further analysis would be needed to attain a more accurate value.

*Comments.* Given the available capacity of the RES-BCT program to just under half the authorized cap (113 MWs), expanding the program to allow Native American tribes to participate seems reasonable and consistent with state efforts to support Native American tribes. Should this bill move forward, this bill may require additional work to refine the eligibility for Native American tribes in the

event the current language does not fully address the unique circumstances some tribes may face.

*Amendments.* Given the lack of clarity on the potential impacts of the proposed changes to the net surplus compensation, the author has requested to remove this provision of this bill. *Therefore, the author and committee may wish to strike the language in this bill referencing changes to net surplus compensation.*

### **Prior/Related Legislation**

AB 2466 (Laird, Chapter 540, Statutes of 2008) established a program for local governments who are customers of electrical corporations to produce renewable energy and sell that energy to the electric utility at the same rate as the generation portion of the electricity. The program is known as the RES-BCT.

AB 1031 (Blumenfield, Chapter 380, Statutes of 2009) expanded the RES-BCT program by authorizing a “campus,” defined as an individual community college campus, University of California campus, or California State University campus, to receive a bill credit to be applied to a designated benefiting account with an electrical corporation for electricity exported to the electrical grid by an eligible renewable generating facility.

AB 512 (Gordon, Chapter 478, Statutes of 2011) expanded the RES-BCT program by increasing the capacity of a powerplant from 1 MW to 5 MW that would be eligible for the program at one location to offset electricity usage at another location. Limited the application of the program to electrical corporations with 60,001 or greater customer accounts.

AB 1773 (Oberholte, Chapter 659, Statutes of 2016) expanded the RES-BCT program to allow participation by specified joint powers authority that are public agencies located within the same county and within same electrical corporation service territory.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

### **SUPPORT:**

California Tribal Business Alliance  
Elders Climate Action NorCal Chapter  
Elders Climate Action SoCal Chapter

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

Tribal governments are of a similar geographic size relative to currently eligible local governments and fulfill similar, and sometimes expanded, roles for local residents. The systematic disenfranchisement of tribal governments necessitates their inclusion in the RES-BCT program. SB 479 will include tribal governments as eligible local governments under the RES-BCT program.

**-- END --**