



The current of the Valley

Connections

Summarizing Regional Energy Issues and News

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Energy Watch

Long-term Procurement Plans Approved

The updated long-term procurement plans of San Diego Gas & Electric, Pacific Gas & Electric and Southern California Edison have received California Public Utility Commission approval. The long-term procurement plans for the utilities were originally approved in December 2004. Updated plans were filed this spring and included revised energy-efficiency and demand-response targets, updated natural gas price forecasts, and adjusted resource additions.

Unprecedented Energy Efficiency Funding Approved

The California Public Utility Commission has approved \$1.9 billion in energy-efficiency program funding over three years. The money went to Pacific Gas & Electric, Southern California Edison, San Diego Gas & Electric and Southern California Gas for 2006-2008 programs. Total costs to implement the measures would be about \$2.7 billion. The electricity savings from the programs would reduce greenhouse-gas emissions by an estimated 3.4 million tons of carbon dioxide by 2008. The decision also lets utilities shift funds among programs and allows independent experts overseen by CPUC staff to evaluate and measure the programs. The commission will review the results of the utilities' competitive bid solicitations and resulting final program offerings in the next step of the proceeding, and after that will examine crafting

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Feasibility Study Positive For Implementing Regional Community Choice Program

A feasibility report financed by KRCOD and 12 other local communities has concluded that the potential benefits of a regional Community Choice Program appear to be significant from a cost savings, improved reliability and local control perspective. It further recommends that KRCOD and the communities move forward with the development of an implementation plan.

Earlier this year, twelve local entities including the cities of Clovis, Corcoran, Dinuba, Fresno, Hanford, Kerman, Kingsburg, Lemoore, Parlier, Reedley, Selma and Kings County along with KRCOD signed a Memorandum of Understanding to finance a feasibility analysis of implementing a regional Community Choice Program. The study, conducted by Navigant Consulting Inc. with a peer review by MRW & Associates, includes several findings and conclusions stating that the proposed KRCOD Regional Community Choice Program will:

- Produce a conservative potential savings of four to six percent of generation costs, totaling \$779 million for the region during the 25-year study period;

- Increase generation reliability;
- Offer stable rates to customers;
- Offer benefits of scale not available to cities and counties acting individually;
- Provide local communities with control over their energy choices.

The report acknowledges that the ability to provide these benefits and the financial viability of the Program is contingent upon the availability of cost-based electricity from the planned KRCOD base-load generating facility. The Report also identifies a number of risks that must be addressed, including natural gas price volatility, exposure to rate-setting by the investor-owned utilities (PG&E and SCE) and exposure to volatile market energy costs.

The KRCOD Board of Directors received the Navigant and MRW Reports at a special Board workshop on September 13, 2005. The Board remains enthusiastic about the opportunities the Program presents and is confident that the risks identified can be properly addressed in the development of an implementation plan.

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Community Choice

Draft Decision on Rulemaking Looks Encouraging

A draft decision on the rules for implementing Community Choice Aggregation is out for review. The California Public Utilities Commission's Administrative Law Judge Malcolm released the decision on November 2. At first glance, the decision looks extremely encouraging for KRCOD's Regional Community Choice Program. KRCOD and other rulemaking intervenors will carefully review the decision and provide input if necessary. A final decision is expected by the end of the year.

Energy Watch, continued

incentive mechanisms for the utilities that administer the energy efficiency programs.

Draft Energy Report Issued

The California Energy Commission released the initial draft of its 2005 Integrated Energy Policy Report on September 15. The committee, headed by Commissioner John Geesman with the participation of Commissioner Jim Boyd, will hold public hearings on the draft in October and present a final draft to the CEC for a vote on November 16.

State Legislative Developments

Governor Arnold Schwarzenegger signed eight energy bills into law on September 29:

AB 380, by Assembly Speaker Fabian Núñez (D-Los Angeles), extends the California Public Utilities Commission's (CPUC) authority to enforce resource-adequacy requirements against all load-serving entities.

AB 1576, another Núñez bill, requires the CPUC to approve a rate adjustment for investor-owned utilities that contract with a repowered facility. The bill will allow utilities to recover the costs of contracts with 23 repowered plants in rates.

AB 515, by Assembly Member Keith Richman (R-Northridge), allows private companies to lease space for solar photovoltaic panels above or adjacent to the State Water Project, a major irrigation canal that runs the length of the state. The bill requires the Department of Water Resources (DWR) to evaluate and approve proposals for solar panels. DWR would use the money generated by the leases to pay off the canal's construction bonds.

AB 1307, by Senator Christine Kehoe (D-San Diego), requires investor-owned utilities, municipal utilities and the CPUC

to make energy-efficiency programs a priority before acquiring other sources of electricity or building new transmission lines. The bill essentially codifies the Energy Action Plan, and extends its loading order to apply to municipal utilities.

AB 728, by Assembly Member Gloria Negrete McLeod (D-Chino) extends the existing pilot metering program for biogas-to-energy generators.

AB 736, by Assembly Member Jerome E. Horton (D-Inglewood), will streamline utilities' ability to sell, lease or transfer property valued at less than \$5 million. The bill modifies the CPUC's processes for property transactions, allowing those under \$5 million to move through an accelerated review process using an advice letter.

AB 1182, by Assembly Member Ronald Calderon (D-Montebello) requires the CPUC to post its annual work plan on its web site. The bill also requires the CPUC to determine whether or not it is feasible to have advice letters submitted electronically.

AB 1348, by Assembly Member Sharon Runner (R-Lancaster), establishes the Antelope Valley Fairgrounds Energy Efficiency and PV Synergy demonstration project. The project will generate clean solar power while reducing demand on the energy grid, especially during times of peak demand.

Renewable Acceleration Bill Dies

SB 107, which would have accelerated the deadline for meeting the state's 20 percent renewables portfolio standard (RPS) from 2017 to 2010, was bogged down in the Assembly Committee on Appropriations by amendments that author Joe Simitian (D-Palo Alto) did not want. The amendments changed language that specified what would happen if an electric

service provider could not meet the RPS deadline. The bill has already been adopted by the California Public Utilities Commission.

Infrastructure for Renewables

The CPUC has opened an investigation into transmission infrastructure for renewable resources. The investigation will assess how the current planning, development and cost-recovery processes can be modified to accommodate building renewable-energy transmission even in advance of generation. Many renewable resources are located in areas that are far from the existing transmission grid. The investigation will analyze short-term and long-term opportunities and issues that include transmission projects that are feasible by 2010 for renewable resources; renewable power that can be developed without transmission; whether the California Independent System Operator (CAISO) tariff should be changed to allow transmission planning on the basis of renewable resource potential; the development of the Tehachapi region; and how to allocate transmission costs among utilities, ratepayers and developers.

Renewable Report Released

The Western Governors' Association (WGA) has released the task force reports from its Clean and Diversified Energy Initiative. The initiative proposes that Western states develop 30,000 megawatts of "clean energy" by 2015 and increase energy efficiency by 20 percent by 2020. Draft reports on wind, geothermal, biomass, "advance natural gas," clean coal, energy efficiency, solar power and transmission were issued, addressing how to achieve these goals. The complete reports can be found on line at www.westgov.org. The final reports will be used to prepare recommendations the governors will consider at the annual meeting in June 2006.

KRCD Power Connections

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Kings River Conservation District (559) 237-5567
4886 E. Jensen Ave., Fresno, CA 93725
www.krccd.org

Report on Community Choice, continued

KRCD staff has to date presented the findings of the report to the governing boards of Kings County and the cities of Lemoore and Parlier. All three communities have decided to move forward with the preparation of a Community Choice Implementation Plan.

The remaining nine MOU partners have scheduled presentations for their governing boards in November through mid-December.