

DOCKETED

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Project Title:	Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
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Description:	Notice of Proposed Action (NOPA) for Modification of Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
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NOTICE OF PROPOSED ACTION

MODIFICATION OF REGULATIONS SPECIFYING ENFORCEMENT PROCEDURES FOR THE RENEWABLES PORTFOLIO STANDARD FOR LOCAL PUBLICLY OWNED ELECTRIC UTILITIES

California Energy Commission
Docket No. 16-RPS-03
May 2020

INTRODUCTION

The California Energy Commission (CEC) proposes to modify existing regulations establishing enforcement rules and procedures for the Renewables Portfolio Standard (RPS) for local publicly owned electric utilities (POUs) under Article 16 (commencing with section 399.11) of Chapter 2.3 of Part 1 of the Public Utilities Code. The proposed action is taken under the authority of sections 25213 and 25218 (e) of the Public Resources Code and section 399.30 of the Public Utilities Code. The proposed regulations will implement, interpret, and make specific several provisions of Public Utilities Code sections 399.13, 399.15, 399.16, 399.18, 399.30, and 399.33.

This rulemaking will update the RPS program for POUs to implement changes to RPS procurement requirements, optional compliance measures, reporting requirements, and special exemptions and exclusions. The rulemaking also updates other aspects of the program to facilitate implementation and improve clarity.

PUBLIC HEARINGS

Lead Commissioner Workshop/Hearing

The CEC's Lead Commissioner for Renewable Energy, Karen Douglas, will hold a workshop/hearing on the proposed regulations. At this time, the workshop/hearing is expected to be held remotely, consistent with Executive Orders N-25-20 and N-29-20 and the recommendations from the California Department of Public Health to encourage physical distancing to slow the spread of COVID-19. Unless the order is lifted, the public is able to participate and observe the workshop/hearing consistent with the direction in these Executive Orders. If anything changes and in-person attendance is allowed, an update to the meeting instructions will be provided. Instructions for remote participation are below.

**June 8, 2020
10:00 a.m.**

Anticipated Remote Access Only

Remote access is available by computer or phone via [WebEx](#).™
For details, go to <https://energy.webex.com/>.

At this workshop/hearing, any person may present oral and written comments on the proposed regulations. Persons may submit written comments as specified below. If possible, please submit written comments to be considered at the workshop/hearing by June 1, 2020. The CEC appreciates receiving written comments at the earliest possible date.

WebEx is the CEC's online meeting service. When attending remotely, presentations will appear on your computer/laptop/mobile device screen, and audio may be heard via the device or telephone. Please be aware that the WebEx meeting will be recorded. WebEx technical support is available at 1-866-229-3239, or you may contact the CEC's Public Advisor's Office at publicadvisor@energy.ca.gov, or 800-822-6228.

Participation Via Computer:

Go to the [CEC WebEx page](#) at <https://energy.webex.com/ec>. If this event is listed, click "Join." If not, click "Unlisted Events" on the left of the screen and enter event number **927 788 433**. When prompted, enter your name and email address. A password has been added to this event. The password is: **RPSregs@10**.

The "Join Conference" menu will offer you a choice of audio connections:

1. To call into the meeting, select "I will call in" and follow the on-screen directions.
2. International attendees, select "Global call-in number."
3. To have WebEx call you, enter your phone number and click "Call Me."
4. For Internet audio: If you have a broadband connection, a headset, or a computer microphone and speakers, you may use VoIP (Internet audio). Go to the audio menu and click "Use Computer Headset," then "Call Using Computer."

Participation Via Telephone Only:

Dial **1-866-469-3239** (toll-free in the U.S. and Canada) and when prompted, enter event number **927 788 433**. International callers may select a number from the [WebEx International Call Number List](#) at <https://energy.webex.com/energy/globalcallin.php>.

Participation Via Mobile Device:

Download the application from the [WebEx Mobile site](http://www.webex.com/products/web-conferencing/mobile.html),
www.webex.com/products/web-conferencing/mobile.html.

Adoption Hearing

The CEC will hold a public hearing for consideration and possible adoption of the proposed regulations on the following date and time unless the CEC decides to consider changes to the Express Terms of the proposed regulations.

CEC Business Meeting
August 12, 2020
10:00 a.m.
Warren-Alquist State Energy Building
1516 Ninth Street
Art Rosenfeld Hearing Room
Sacramento, California 95814
(Wheelchair Accessible)

At this adoption hearing, any person may present oral or written comments on the proposed regulations. Persons may submit written comments as specified below.

Audio for the August 12, 2020, adoption hearing will be available by telephone and will be broadcast over the internet via WebEx. The adoption hearing may be held entirely remotely, consistent with Executives Orders N-25-20 and N-29-20, and the recommendations from the California Department of Public Health to encourage physical distancing to slow the spread of COVID-19, if the orders are not yet lifted. Further information regarding telephone and WebEx participation for the adoption hearing will be included in the agenda for the [CEC Business Meeting](#), which will be available at the link below on or about July 31, 2020:

<https://www.energy.ca.gov/proceedings/business-meetings>

Public Advisor:

The CEC's Public Advisor's Office provides the public with assistance in participating in CEC proceedings. For information on how to participate in this proceeding, or to request language services or other reasonable accommodations, please contact the CEC's Public Advisor Noemí O. Gallardo, at publicadvisor@energy.ca.gov, by phone at (916) 654-4489 or toll free at (800) 822-6228. Requests for language services and

reasonable accommodations should be made at least five days in advance. The CEC will work diligently to accommodate late requests.

WebEx: If you experience difficulties with the WebEx system, please contact the Public Advisor's Office via email or phone. See contact information above.

News Media Inquiries:

News media inquiries should be directed to the Media and Public Communications Office at (916) 654-4989, or by e-mail at mediaoffice@energy.ca.gov.

ORAL STATEMENTS AND WRITTEN COMMENT PERIOD (Government Code section 11346.5 (a)(15))

The public comment period for the proposed regulations as written in the 45-day language Express Terms is May 8, 2020, through and including June 22, 2020. Any person may present oral and written statements, arguments, or contentions regarding the proposed regulations at the Lead Commissioner Workshop/Hearing or the CEC adoption hearing. Both oral and written comments will be accepted at the August 12, 2020, adoption hearing. The CEC appreciates receiving written comments at the earliest possible date.

Please submit written comments to the CEC using the CEC's e-commenting feature by going to the [CEC's RPS Rulemaking webpage](https://www.energy.ca.gov/portfolio/pou_rulemaking/) at https://www.energy.ca.gov/portfolio/pou_rulemaking/, then select the link for "Submit e-Comments for 16-RPS-03." A full name, e-mail address, comment title, and either a comment or an attached document (.doc, .docx, or .pdf format) is mandatory. After a challenge-response test used by the system to ensure that responses are generated by a human user and not a computer, click on the "Agree & Submit Your Comment" button to submit the comment to the CEC's Docket Unit.

Please note that written comments, attachments, and associated contact information included within the written comments and attachments (e.g., your address, phone, email, etc.) become part of the viewable public record.

You are encouraged to use the electronic filing system, described above, to submit comments. All written comments submitted prior to the hearing must be submitted to the Docket Unit. If you are unable to submit electronically, a paper copy of your comments may be sent to:

Docket Unit
California Energy Commission
Docket No. 16-RPS-03
1516 9th Street, MS-4
Sacramento, CA 95814
Telephone: (916) 654-5076

Or by e-mail to: DOCKET@energy.ca.gov
Or faxing them to Dockets at (916) 654-4354

STATUTORY AUTHORITY AND REFERENCE (Government Code section 11346.5 (a)(2) and California Code of Regulations, title 1, section 14)

Public Resources Code sections 25213 and 25218 (e) and Public Utilities Code section 399.30 authorize the CEC to adopt the proposed regulations. The proposed regulations would implement, interpret, and make specific several provisions of Public Utilities Code sections 399.13, 399.15, 399.16, 399.18, 399.30, and 399.33.

The proposed regulations will be codified in the California Code of Regulations, Title 20, Division 2, Chapter 13, sections 3201, 3202, 3204, 3205, 3206, 3207, and 3208, and in Title 20, Division 2, Chapter 2, Article 5, section 1240.

INFORMATIVE DIGEST (Government Code section 11346.5 (a)(3))

A. Existing laws and regulations related directly to the proposed action and effect of the proposed action. (Government Code section 11346.5 (a)(3)(A))

Established in 2002, California's RPS establishes increasingly progressive renewable energy procurement requirements for the state's electricity load-serving entities, which include retail sellers of electricity and POU's. To meet the RPS procurement requirements, load-serving entities must generally demonstrate that they procured specified types and quantities of electricity products from eligible renewable energy resources. The requirement on the quantity of electricity products to be procured is referred to as the procurement target and is set as a percentage of the load-serving entity's retail sales of electricity as specified in the RPS. The requirement on the type of electricity products to be procured is referred to as the portfolio balance requirement and is based on the percentage of specified types of electricity products, which are differentiated based on product content, electricity delivery characteristics, and contractual arrangements as specified in the law. Compliance with the RPS procurement requirements is evaluated over multiyear compliance periods, where the procurement in each of the intervening years of the compliance period reflects reasonable progress in meeting the specified procurement target by the end of the

compliance period. The RPS includes specific exemptions and exclusions for certain types of procurement, and also establishes optional measures through which a load-serving entity's procurement deficits may be excused.

The CEC's responsibilities under the RPS include adopting regulations specifying enforcement procedures (enforcement regulations) for the RPS for POU's.

The CEC's enforcement regulations for the RPS for POU's were adopted in 2013 pursuant to Public Utilities Code section 399.30, as enacted by Senate Bill (SB) X1-2 (Stats. 2011, 1st Ex Sess., ch. 1). Public Utilities Code section 399.30 (n)¹ directs the CEC to adopt regulations specifying procedures for the enforcement of the RPS for POU's and requires that the regulations include a public process under which the CEC may issue a notice of violation and correction against a POU for failure to comply with the RPS, and for referral of violations to the California Air Resources Board (CARB) for penalties. The regulations establish the rules and procedures the CEC will use to assess a POU's procurement actions and determine whether those actions meet the RPS procurement requirements. The regulations require POU's to submit various information and reports to the CEC so the CEC may verify and determine compliance with the RPS, and, if appropriate, issue a notice of violation and correction for a POU's failure to comply and refer the violation to the CARB for potential penalties.

In 2015, the CEC adopted amendments to the enforcement regulations to implement statutory changes required by SB 591 (Stats. 2013, ch. 520) and to make clarifications to existing provisions in the regulations. Since the adoption of these amendments in 2015, four separate bills have been enacted that make statutory changes to the RPS affecting POU's. These bills are SB 350 (Stats. 2015, ch. 547), SB 1393 (Stats. 2016, ch. 677), SB 100 (Stats. 2018, ch. 312), and SB 1110 (Stats. 2018, ch. 605). The proposed regulations implement the statutory changes required by these bills.

The statutory changes from each of these bills affecting the RPS program for POU's are summarized below:

- *SB 350*: Establishes new multiyear compliance periods beginning on and after January 1, 2021, and new procurement targets for the final year of each compliance period, culminating in 50 percent of retail sales by 2030; establishes a new RPS procurement requirement, referred to as the long-term procurement requirement, which requires at least 65 percent of procurement counted toward

¹ This subdivision was enacted as (l) under SB X1-2, subsequently renumbered to (m) under SB 591 (Stats. 2013, ch. 520, sec. 1), amended and renumbered to (o) under SB 350 (Stats. 2015, ch. 547, sec. 24), and again renumbered to (n) under SB 100 (Stats. 2018, ch. 312, sec. 4).

the RPS requirements to come from contracts of 10 years or more in duration, ownership, or ownership agreements, beginning January 1, 2021; revises requirements for accruing and applying excess procurement beginning in 2021; establishes requirements through which POU's with voluntary green pricing programs or shared renewable generation programs may reduce their RPS retail sales by the amount of qualifying generation served to participating customers; revises requirements for establishing cost limitations and conditions for delaying timely compliance; establishes partial procurement target exemptions for POU's with qualifying large hydroelectric generation and unavoidable coal-fired contracts, respectively, by allowing a qualifying POU to reduce its RPS procurement requirements by a specified amount under certain conditions; and modifies existing criteria in Public Utilities Code section 399.18 by which an electrical corporation or its successor may be exempt from an RPS procurement requirement.

- *SB 1393*: Modifies requirements for the partial procurement target exemption established for large hydroelectric generation by SB 591 and revises POU reporting requirements related to the public goods charge and to RPS procurement plans.
- *SB 100*: Accelerates and increases the final-year RPS procurement requirements to 60 percent of retail sales by 2030, and requires no less than an average of 60 percent for each subsequent multiyear compliance period; modifies the requirements for the partial procurement target exemption established by SB 350 for qualifying large hydroelectric generation; and repeals the partial procurement target exemption for hydroelectric generation established by SB 591 and amended by SB 1393.
- *SB 1110*: Establishes a special exemption for generation from a qualifying gas-fired power plant that is owned by and serves only one POU, is associated with the POU's outstanding public indebtedness, and satisfies other specified requirements and conditions.

The proposed regulations would implement the new RPS procurement targets for the compliance periods between 2021 and 2030, establish the soft targets for the intervening years of the compliance periods to demonstrate reasonable progress in meeting the RPS procurement target for the compliance periods, and establish three-year compliance periods beginning after 2030. The proposed regulations would also define requirements for 10-year contracts for purposes of satisfying the long-term procurement requirement and specify how the CEC will enforce compliance with the long-term procurement requirement. In addition, the proposed regulations would

implement the statutory changes to requirements for excess procurement, the retail sales reduction for qualifying generation from voluntary green pricing or shared renewable generation programs, cost limitation and delay of timely compliance optional compliance measures, the special exemptions for large hydroelectric generation, coal-fired generation, and gas-fired generation, respectively, and reporting requirements.

In addition to implementing these statutory changes, the proposed regulations would include revisions to clarify existing regulatory provisions based on implementation experience and to streamline reporting. These clarifications would address: (i) the calculations of the RPS procurement target and portfolio balance requirement; (ii) the reporting requirements and reporting process; (iii) the definitions of procurement contract and ownership agreement execution, start, and end dates; (iv) how additional procurement resulting from amendments to certain contracts is classified for purposes of the portfolio balance requirement; (v) the requirements for a POU to determine that specific conditions delayed timely compliance; (vi) the service of any Notice of Violation to CARB and the affected POU.

Difference from existing comparable federal regulation or statute

(Government Code section 11346.5 (a)(3)(B))

There are no comparable federal regulations or statutes.

Policy statement overview regarding broad objectives of the regulations and the specific benefits anticipated by the proposed amendments

(Government Code section 11346.5 (a)(3)(C))

The broad objective of this rulemaking is to amend modify the regulations to implement new and revised statutory requirements under SB 350, SB 1393, SB 100, and SB 1110, which made changes to RPS procurement requirements, excess procurement, optional compliance measures, special exemptions and exclusions, and reporting, as described previously, and to revise references to Public Utilities Code sections that were renumbered by SB 350, SB 1393, and SB 100. The rulemaking also will clarify existing regulatory provisions and reporting requirements to ensure clarity and streamline the reporting process. Finally, the CEC proposes non-substantive grammatical and numbering changes for clarity.

The benefits anticipated from this regulatory action are improved direction and guidance on how the CEC will interpret, apply and enforce the RPS, so the POUs can plan accordingly in procuring renewable electricity to meet their RPS procurement requirements.

Specifically, POUs will now better understand how compliance with the new RPS

requirements in the law will be enforced. This includes the new requirements for: long-term procurement; the accrual and use of excess procurement; the option for offsetting retail sales using a qualifying green pricing or shared renewable generation program; and the requirements for optional compliance measures to delay timely compliance and establish cost limitations for RPS procurement expenditures. In addition, POUs that meet the requirements to qualify for the new RPS procurement exemptions based their large hydroelectric generation, unavoidable long-term coal contracts, or qualifying gas-fired generation, will better understand how to qualify and apply these exemptions to their RPS procurement requirements.

Clarifying the requirements in the regulations will also result in a more uniform and consistent application of the RPS, which in turn will help promote the underlying benefits of the RPS enumerated in Public Utilities Code section 399.11 (b), including reducing air pollution associated with fossil fuel-based electrical generation and helping the state meet its climate change goals by reducing greenhouse gas emissions associated with electrical generation.

Consistency or compatibility with existing state regulations (Government Code section 11346.5 (a)(3)(D))

During the process of developing the proposed regulations, the CEC conducted a search of similar regulations on the topic and concluded that the proposed regulations are neither inconsistent nor incompatible with existing state regulations.

Consistency with RPS Requirements for Retail Sellers

The CEC and the California Public Utilities Commission (CPUC) work collaboratively to implement the RPS; however, the CEC and the CPUC maintain separate roles in administering their respective responsibilities under the RPS. The CPUC is responsible for establishing the RPS procurement requirements for retail sellers, determining compliance for retail sellers, and imposing penalties for non-compliance of retail sellers.

In implementing the RPS requirements for POUs, the CEC generally seeks to maintain consistency between the requirements for retail sellers and POUs. The RPS is a statewide program, and the CEC supports a uniform implementation for POUs and retail sellers to the extent appropriate and practicable. However, the RPS recognizes the local authority of POU governing boards and does not subject POUs to the oversight of the CPUC, although the statutory provisions applicable to POUs often require consistency with the statutory provisions applicable to retail sellers.

To the extent that there are differences between the CPUC's implementation of RPS

requirements for retail sellers and the CEC's proposed implementation of requirements for POU's, these differences are generally based on the differences in the statutory treatment of POU's and retail sellers and/or the difference in operations of POU's as utilities owned or operated by local governments.

Consistency with Renewables Portfolio Standard Eligibility Guidebook

The CEC's statutory responsibilities under the RPS also include certifying eligible renewable energy resources that may be used to satisfy the RPS procurement requirements of retail sellers and POU's and with developing an accounting system to verify the RPS compliance of retail sellers and POU's. (Public Utilities Code section 399.25.)

The CEC implements its responsibilities for certifying eligible renewable energy resources and verifying RPS compliance through guidelines that were originally adopted in April 2004, with subsequent revisions adopted, including, most recently, the revised ninth edition in 2017. The adoption of these guidelines is expressly exempt from the formal rulemaking requirements of the Administrative Procedures Act pursuant to Public Resources Code section 25747 (a). These guidelines are set forth in the CEC's *Renewables Portfolio Standard Eligibility Guidebook*, which explains the requirements and process for certifying eligible renewable energy resources for the RPS. The *Renewables Portfolio Standard Eligibility Guidebook* also describes how the CEC tracks and verifies RPS-eligible generation for the RPS.

The CEC recognizes the need to revise the guidebook periodically to reflect changes in the law and market and regulatory developments, and to incorporate the lessons learned from experience implementing the RPS. The guidebook works in tandem with the CEC's enforcement regulations for the RPS for POU's.

The proposed regulations are consistent with the *Renewables Portfolio Standard Eligibility Guidebook*. In developing the proposed regulations, the CEC considered the effects of the proposed regulations on the *Renewables Portfolio Standard Eligibility Guidebook* to ensure the two were consistent and will be used in tandem to implement the RPS.

Consistency with Cap-and-Trade Voluntary Renewable Energy Program

CARB's Voluntary Renewable Electricity (VRE) Program allows purchasers of eligible voluntary renewable electricity to request retirement of allowances on their behalf under the Cap-and-Trade Program. The voluntary renewable energy is separate from any eligible renewable energy generation used by a POU for RPS compliance. CEC staff has confirmed with VRE Program staff at CARB that there are no conflicts between the proposed regulations and the VRE regulations, as they currently exist, with regard to the treatment of voluntary green pricing or shared renewable generation programs.

Consistency with Low Carbon Fuel Standard

CARB's Low Carbon Fuel Standard (LCFS) is designed to decrease the carbon intensity of California's transportation fuels and provide an increasing range of low-carbon and renewable alternatives. Options for demonstrating low-carbon electricity as a transportation fuel include participation in a green pricing program offered by a POU or retail seller. CEC staff has confirmed with LCFS program staff at CARB that there are no conflicts between the proposed regulations and the LCFS regulations, as they currently exist, with regard to the treatment of voluntary green pricing programs.

DOCUMENTS INCORPORATED BY REFERENCE (California Code of Regulations, title 1, section 20(c)(3))

The proposed regulations do not incorporate any documents by reference.

MANDATED BY FEDERAL LAW OR REGULATIONS (Government Code section 11346.2 (c))

The proposed regulations are not mandated by federal law or regulations.

OTHER STATUTORY REQUIREMENTS (Government Code section 11346.5 (a)(4))

Not applicable.

LOCAL MANDATE DETERMINATION (Government Code section 11346.5 (a)(5))

If adopted, the proposed regulations would impose a mandate on local agencies. POU's are local agencies. Pursuant to Government Code section 17556 (d), the costs would not be required to be reimbursed because the POU's, as local agencies, have the authority to levy service charges, fees, or assessments sufficient to pay for the

mandated program or increased level of service. Public Utilities Code sections 10001, et seq., 11501, et seq., and 15501 et seq., and Water Code section 20500, et seq. provide revenue sources for the affected POU's to recoup any costs incurred through compliance with the proposed regulations.

FISCAL IMPACTS (Government Code section 11346.5 (a)(6))

A. Costs or Savings for State Agencies

Implementation of the proposed regulations would result in minor costs to the CEC associated with activities conducted to verify procurement filings and determine RPS compliance for POU's. Implementing the proposed regulatory changes are estimated to result in an additional cost of \$136,707 for fiscal year 2024/25.

B. Costs or Savings for Local Agencies or School Districts Requiring Reimbursement Pursuant to Government Code section 17500, et seq.

Implementation of the proposed regulations would result in minor costs to POU's, which are local agencies. Costs for local agencies are estimated to be \$20,364 in fiscal year 2024/25. These costs primarily include new and amended reporting requirements. None of these costs would be reimbursable because POU's, as local agencies, have the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

Additionally, local agencies are estimated to save \$1,760,596 in fiscal year 2024/25 due to the impact on obligations from proposed modifications to soft targets and opportunities for some agencies to use large hydroelectric exemptions.

C. Other Non-Discretionary Costs or Savings on Local Agencies

Implementation of the proposed regulations would not result in other non-discretionary costs or savings on local agencies.

D. Costs or Savings in Federal Funding to the State

Implementation of the proposed regulations would not result in any costs or savings in federal funding to the state. The proposed regulations are not associated with or do not influence any source of funding or contribute to any savings for any federally funded state activities.

HOUSING COSTS (Government Code section 11346.5 (a)(12))

The proposed regulations will not have an impact on housing costs.

INITIAL DETERMINATION RE: SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT DIRECTLY AFFECTING BUSINESS, INCLUDING ABILITY TO COMPETE (Government Code sections 11346.3 (a), 11346.5 (a)(7), and 11346.5 (a)(8))

The CEC finds that the proposed regulations will not have a significant statewide adverse economic, fiscal, or environmental impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This initial determination also applies to small businesses, which, as defined in Government Code section 11342.610, are limited to business activities that are “independently owned and operated” and “not dominant in its field of operation.” (Government Code section 11342.610 (a)(1) and (2).)

The proposed regulations would apply to a POU, which is a local agency and not an independently owned and operated business. The CEC is unaware of any cause and effect relationship between the proposed regulations and a significant statewide adverse economic impact directly affecting businesses. No business, including a small business, is legally required to comply with or enforce the proposed regulations. Nor will any business derive a direct benefit or detriment from the implementation of the proposed regulations.

STATEMENT OF THE RESULTS OF THE ECONOMIC IMPACT ASSESSMENT
(Government Code section 11346.5 (a)(10))

The overall estimated costs of implementing the proposed regulations, over the fiscal year 2024/25 – 2026/27 evaluation period, is \$157,071 in the first fiscal year evaluated, \$163,785 in the second fiscal year, and \$1,795,285 in the third fiscal year. The largest costs occur in fiscal year 2026/27 and result from the requirement to procure additional resources to meet the 50 percent soft target in 2026. Nearly all of the remaining estimated costs are attributed to the state, reflecting the need to implement the proposed regulatory changes including additional compliance and verification activities. Reporting of new data and clarification of existing data required to implement the POU regulations will be needed to ensure RPS objectives are met.

There are significant savings to POU's from utilization of the large hydroelectric exemption defined in Section 3204 (b)(8) and discretionary implementation of statutory requirements including soft targets. These savings are estimated to be \$1,760,596 in fiscal year 2024/25 and are primarily caused by modifying the 2025 and 2026 soft

targets which reduces the soft target obligation in 2025.

None of the proposed regulations will result in the creation or elimination of any jobs within California as all obligated parties are performing state reporting already required under current and proposed RPS program regulations. CEC updated forms and reporting systems will provide the structure for reporting new data identified in the proposed regulations. No new businesses will be created, and neither will any existing business be eliminated by the proposed regulations. There will be no expansion of business currently doing business within the state. If existing consulting businesses provide services to POUs for compliance reporting, such businesses may have additional work associated with increased POU reporting requirements as a result of the proposed regulations. Because the proposed regulations impose only minimal new reporting requirements, the CEC does not anticipate existing consulting businesses will need to hire new staff. There will be no direct benefits from the discretionary portions of the proposed regulations to the health and welfare of California residents, to worker safety, or to the state's environment. However, the proposed regulations will promote the procurement of lower carbon emitting resources, potentially influencing some local communities in positive ways depending on the operation of the electrical system. Broadly, the objectives of the RPS include reducing climate impacts of the electricity sources serving California.

COST IMPACTS ON REPRESENTATIVE PERSON OR BUSINESS (Government Code section 11346.5 (a)(9))

The CEC is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed regulations. The proposed regulations would not directly apply to private individuals or businesses. The proposed regulations apply only to POUs, which are local agencies and not independently owned and operated businesses.

BUSINESS REPORT (Government Code sections 11346.5 (a)(11) and 11346.3 (d))

The proposed regulations would not require businesses, including small businesses, to submit any new reports.

EFFECT ON SMALL BUSINESS (California Code of Regulations, title 1, section 4 (a) and (b))

The CEC finds that the proposed regulations will not negatively impact small businesses. As discussed above, the proposed regulations apply only to POUs, which are local agencies and not independently owned and operated small businesses. No small business is legally required to comply with or enforce the proposed regulations, nor has the CEC identified any direct benefit or detriment to a small business from the

implementation of the proposed regulations.

ALTERNATIVES STATEMENT (Government Code section 11346.5 (a)(13))

The CEC must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the CEC would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The CEC invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations at the scheduled Lead Commissioner Workshop/Hearing, the adoption hearing at the CEC Business Meeting, or during the written comment period.

CONTACT PERSON (Government Code section 11346.5 (a)(14))

Inquiries concerning all aspects of the rulemaking process, including the substance of the proposed regulations or any other information upon which the rulemaking is based, should be directed to Katharine Larson at katharine.larson@energy.ca.gov or (916) 651-1231. The designated backup contact person is Gina Barkalow, who can be reached at gina.barkalow@energy.ca.gov or (916) 654-4765.

COPIES OF THE INITIAL STATEMENT OF REASONS, THE EXPRESS TERMS, AND RULEMAKING FILE (Government Code section 11346.5 (a)(16))

The CEC has prepared an Initial Statement of Reasons for the proposed regulations and Express Terms, which identify the text of the proposed regulations and show this text in an underline and strike-out format relative to the CEC's existing regulations. To obtain a copy of the Initial Statement of Reasons, the Express Terms of the proposed regulations, and all the information upon which the proposed rulemaking is based, please visit the [CEC's RPS program website](https://www.energy.ca.gov/portfolio/pou_rulemaking/) at: https://www.energy.ca.gov/portfolio/pou_rulemaking/ or contact the contact person listed above.

AVAILABILITY OF SUBSTANTIAL CHANGES TO ORIGINAL PROPOSAL FOR AT LEAST 15 DAYS PRIOR TO AGENCY ADOPTION/REPEAL/AMENDMENT OF RESULTING REGULATIONS (Government Code section 11346.5 (a)(18))

The CEC may adopt the proposed regulations as described in this notice and shown in the Express Terms. The proposed regulations could be substantively changed as a result of public comment, staff recommendation, or recommendations from the CEC

commissioners. Moreover, changes to the proposed regulations not indicated in the Express Terms could be considered if they improve the clarity or effectiveness of the regulations. If the CEC considers changes to the proposed regulations pursuant to Government Code section 11346.8, a full copy of the text will be available for review at least 15 days prior to the date on which the CEC adopts or amends the resulting regulations.

COPY OF THE FINAL STATEMENT OF REASONS (Government Code section 11346.5 (a)(19))

At the conclusion of the rulemaking, persons may obtain a copy of the Final Statement of Reasons once it has been prepared by visiting the [CEC's website](https://www.energy.ca.gov/energy/cecsite/) at: https://www.energy.ca.gov/portfolio/pou_rulemaking/ or contacting the contact person listed above.

AVAILABILITY OF DOCUMENTS ON THE INTERNET (Government Code sections 11346.4 (a)(6) and 11346.5 (a)(20))

The CEC maintains a website in order to facilitate public access to documents prepared and considered as part of this rulemaking proceeding. Documents prepared by the CEC for this rulemaking, including this Notice of Proposed Action, the Express Terms, the Initial Statement of Reasons, and the Economic and Fiscal Impact Statements, as well as many other documents in the [rulemaking file](#) have been posted at: <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=16-RPS-03>