2000-2013
California State Biomass Policies and Instruments

- Renewable Energy Portfolio Standard (Regulatory)
- Public Benefits Funds for Renewables & Efficiency (Tax Policy)
- Renewable Fuels Program (R&D)
- Biofuels Production Mandate & Alternative Fuel Use (R&D)
- State Biofuels Development Plan (R&D)
- California Feed-in Tariff (Market Activity)
- Personal Income & Corporation Tax Law (Tax Policy)
- California Bioenergy Feed-in Tariff (Market Activity)
- Sales & Use Tax Exclusion for Advanced Transport and Alternative Energy Mfg (Tax Policy)
- Loans for Energy Efficient Projects (Disbursement)
- Renewable Energy Credits (Regulatory)
- Renewable Energy Resources (Government Services)
- Biomass Standard Contract (Tax Policy)
- Renewable Energy Resources Program (R&D)
- Sales & Use Tax (Tax Policy)
- Renewable Fuels Program (R&D)
- Renewable Energy Portfolio (Regulatory)
- Public Benefits Funds for Renewables & Efficiency (Tax Policy)
- California Feed-in Tariff (Market Activity)
Tax Policy:

**Public Benefits Funds for Renewables & Efficiency** – Accelerated equitable, non-by-passable recovery of transition costs associated with uneconomic utility investments and contractual obligation; immediate rate reduction utility investment and contractual obligations; and the financing of the rate reduction through the issuance of liabilities for the State of California. Moreover, the Existing Renewable Facilities Program provides production incentives, based on kilowatt-hours generated, to support existing renewable energy facilities. All existing Renewable Facilities Program funds are available for eligible existing solid-fuel biomass facilities and solar thermal electric facilities. The Consumer Education Program provides funds to promote renewable energy and help build the market for emerging renewable technologies. Public goods surcharge – allows utility companies to charge a fee to rate payers in order to support renewable energy production; allows the utility to be competitive with non-renewable energy sources.

**Personal Income Tax Law and the Corporation Tax Law** – California conforms to IRC section 468B, relating to designated settlement funds, as that section read on January 1, 2005, except that the rate of tax on the gross income of the fund is equal to the corporate franchise rate and is in lieu of any other tax imposed under the Personal Income Tax Law or the Corporate Tax Law.

**Biomass Standard Contract** - During the 2007-2011 investment cycles, a 10% of funds collected shall be used for programs designed and facilities operating within California that desire to generate their electricity from renewable resources. In addition, Southern California Edison Company (SCE), an investor-owned electric utility, offers a production incentive to customers who generate electricity with eligible biomass-energy systems, including landfill gas, municipal solid waste, wood and wood waste, fuel cells, digester gas, and sewer gas. The production incentive payment is tied to the Market Price Referent, which increases annually. Participants will receive the rate that is available when their project comes on-line for the duration of their contract period. The Market Price Referent for 2008 varies from $92.71 per megawatt-hour (MWh) to $95.72 per MWh, depending on the length of the contract, Southern California Edison Company: In response to Executive Order S-06-06 Renewables Portfolio Standard requirements.

**Sales and Use Tax Law** – Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, as measured by sales price. Those laws provide various exemptions from those taxes. This bill would, on and after July 1, 2014, exempt from those taxes the gross receipts and the sales price that do not exceed $750 from the sale of, and the storage, use, or other consumption in this state of, a qualified efficient clothes washer purchased for installation and use in this state. The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property, and provides various exemptions from that tax. This bill would additionally exempt from that tax for fuel that is used to transport biomass, as defined.
**California Feed-In Tariff** – Tariff shall provide for payment for every kWh of electricity purchased for a period of 10, 15, or 20 years as authorized by the commission. The payment shall be the price based on the market place. It should include current and anticipated environmental compliance costs, including, but not limited to, mitigation of emissions of greenhouse gases and air pollution offsets associated with the operation of new generating facilities in the local air pollution control or air quality management district where the electric generation facility is located. Moreover, time-of-use adjustments will be applied by each utility and will reflect the increased value of the electricity to the utility during peak periods and its lesser value during off-peak periods. A special, higher-level rate is provided for solar electricity generated between 8 a.m. and 6 p.m.

**Sales and Use Tax Exclusion for Advanced Transportation and Alternative Energy Manufacturing** – To encourage the development of California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, and reduction in air and water pollution. Furthermore, the Sales and Use Tax (SUT) Exclusion was approved in 2010. Chapter 10, Statutes of 2010 (SB 71, Padilla), authorizes an exclusion from the state and local SUT for equipment used in manufacturing eligible advanced transportation or alternative energy products, such as solar panels. This law expires at the end of 2020. Our office is required to report to the Legislature on the effectiveness of this program at the end of 2018.

**Rules and Regulations:**

**Renewable Portfolio Standard** – In order to attain a target of generating 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, and 33 percent by December 31, 2020, it is the intent of the Legislature that the commission and the Energy Commission implement the California Renewables Portfolio Standard Program described in this article. (b) Achieving the renewables portfolio standard through the procurement of various electricity products from eligible renewable energy resources is intended to provide unique benefits to California, including all of the following, each of which independently justifies the program: (1) Displacing fossil fuel consumption within the state. (2) Adding new electrical generating facilities in the transmission network within the Western Electricity Coordinating Council service area. (3) Reducing air pollution in the state. (4) Meeting the state's climate change goals by reducing emissions of greenhouse gases associated with electrical generation. (5) Promoting stable retail rates for electric service and more.

**Renewable Energy Resources** – The Public Utilities Commission in consultation with the State Energy Resources Conservation and Development Commission shall review the impact of allowing supplemental energy payments to be applied toward contracts for the procurement of eligible renewable energy resources that are of a duration of less than 10 years, and to report to the Legislature with the results of the review. Furthermore, incentives for reducing fuel costs that are confirmed to the satisfaction of the commission, at solid fuel biomass energy facilities in order to provide demonstrable environmental and public benefits, including improved air quality. "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 issue 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.
Renewable Energy Portfolio – Mandates to reduce California’s near total reliance on petroleum derived fuels for transportation, raised new vehicle fuel economy standards, increased the use of alternative fuels and promote advanced vehicle technologies. Moreover, legislative mandate requiring electric corporations to increase the percentage of renewable retail sales by at least 1% per year to reach at least 20% by end of 2010; goal of 33% by end of 2020. Tradable RECs may be allowed after the CPUC and Energy Commission conclude that the Western Renewable Energy Generation Information System (WREGIS) is operational and when other criteria are met.

Renewable Energy Credits – Mandates a contract to be 10 years or longer, consumers to show proof that one unit of electricity was generated and delivered by an eligible renewable energy resource. Renewable energy credit shall be awarded to all renewable and environmental attributes associated with the production of electricity from the eligible renewable energy (biomass or biofuels gas) resource produced within the state of California. In addition, this provision allows distributed generation (DG) owners to keep or sell the renewable energy credits (RECs) associated with their facilities. At this time in California, the sale of RECs is only allowed in voluntary markets. The CPUC is now reviewing whether unbundled RECs should be allowed for RPS compliance. If the CPUC allows unbundled RECs to be used towards the RPS then DG owners would be able to sell their RECs to utilities.

Market Activity:

Bioenergy Feed-in Tariff – Existing law mandates an electrical corporation to make the tariff available to the owner or operator of an electric generation facility within the service territory of the electrical corporation, as specified, until the electrical corporation meets its proportionate share of a statewide cap of 750 megawatts. The statute requires that each of California’s three large investor owned utilities (PG&E, SCE, and SDG&E) must procure a share of the statute’s 250 MW requirement based on the ratio of each utility’s peak demand to statewide peak demand. Additionally, the statute orders the CPUC to allocate the 250 MW procurement requirements among the following categories: (i) for biogas from wastewater treatment, municipal organic waste diversion, food processing, and co-digestion, 110 megawatts. (ii) For dairy and other agricultural bioenergy, 90 megawatts. (iii) For bioenergy using byproducts of sustainable forest management, 50 megawatts.

Disbursements:

Loans for Energy Efficient Projects – Funds are available on a reimbursement basis. For each reimbursement request, receipts and invoices for incurred expenses must be submitted along with payment verification by your organization 10% of the funds are retained and disbursed until project is fully completed. Additionally, the California Energy Commission has $24 million in loan funds available for energy efficiency projects at a low fixed interest rate of 3.95 percent. The maximum amount per project is $3 million and the timeframe for repayment is 15 years.
Research and Development:

**Renewable Fuels Program** – Supplemental energy payments or production incentives to encourage the construction, alteration, demolition, installation and repair work on an eligible renewable energy resource.

**Biofuels Production Mandate and Alternative Fuel Use Study** – The State of California plans to use biomass resources from agriculture, forestry, and urban wastes to provide transportation fuels and electricity to satisfy California’s fuel and energy needs. To increase the use of biomass in fuel production, the state will produce its own biofuels at a minimum of 20% by 2010, 40% by 2020, and 75% by 2050. The Bioenergy Action Plan includes: research and development of commercially viable biofuels production and advanced biomass conversion technologies; evaluation of the potential for biofuels to provide a clean, renewable source for hydrogen fuel; and increases the purchase of flexible-fuel vehicles to 50% of total new vehicles purchased by state agencies by 2010.

**State Biofuels Development Plan** – Produce 20% of state’s bio-fuels within California by 2010, 40% by 2020 and 75% by 2050. In addition, to attain 20% of electricity production from biomass derived sources within the established state goals for renewable generation for 2010 and 2020. In addition, the California Air Resources Board and the California Energy Commission, in conjunction with other agencies, prepared the Bioenergy Action Plan for California, which recommended: research and development of commercially viable biofuels production and advanced biomass conversion technologies; evaluation of the potential for biofuels to provide a clean, renewable source for hydrogen fuel; and increases the purchase of flexible fuel vehicles to 50% of total new vehicles purchased by state agencies by 2010, a provision within California EO S-06-06.

Government Services:

**Funding for Alternative Fuel Feedstock Production** - During the 2007-2011 investment cycle, 10% of funds collected shall be used for programs designed and facilities operating within California that desire to generate their electricity from renewable resources. In addition, Southern California Edison Company (SCE), an investor-owned electric utility, offers a production incentive to customers who generate electricity with eligible biomass-energy systems, including landfill gas, municipal solid waste, wood and wood waste, fuel cells, digester gas, and sewer gas. The production incentive payment is tied to the Market Price Referent, which increases annually. Participants will receive the rate that is available when their project comes on-line for the duration of their contract period. The Market Price Referent for 2008 varies from $92.71 per megawatt-hour (MWh) to $95.72 per MWh, depending on the length of the contract, Southern California Edison Company: In response to Executive Order S-06-06 Renewables Portfolio Standard requirements.