

Date of Hearing: April 11, 2011

ASSEMBLY COMMITTEE ON UTILITIES AND COMMERCE

Steven Bradford, Chair

AB 1186 (Skinner) – As Amended: March 25, 2011

SUBJECT: Generation: energy source disclosures.

SUMMARY: This bill would require that usage of natural gas be separately disclosed when it is used for conventional powerplant and peaker plant generation, and when it is used for combined heat and power system generation.

EXISTING LAW:

- 1) Establishes a program under which retail suppliers of electricity disclose accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services.
- 2) Requires every retail supplier that makes an offering to sell electricity that is consumed in California shall disclose, annually, its electricity sources for the previous calendar year.
- 3) Specifies that the disclosures shall be made to potential end-use consumers in all product-specific written promotional materials that are distributed to consumers by either printed or electronic means.

FISCAL EFFECT: Unknown.

COMMENTS: According to the author, "AB 1186 requires that retail suppliers report their utilization of cogeneration/CHP by adding a line under the "natural gas" section of the Power Content label. This will further educate the consumer and policymakers about CHP technology and help the state to determine where it is with respect to the ambitious CHP targets that have been set by the Air Resources Board and Governor Brown."

Pursuant to Senate Bill 1305 (Sher), Chapter 796, Statutes of 1997, the Power Content Label requires that retail suppliers list the amount of eligible renewable (biomass and waste, geothermal, solar, small hydroelectric, and wind energy), coal, large hydroelectric, natural gas and "other" resources that is being used in their product. However, nothing in current law requires retail suppliers to list the amount of cogeneration or combined heat and power (CHP) being used.

Background: SB 1305 (Sher) was enacted to ensure that retail suppliers of electricity disclose to consumers "accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services." As such, the current law requires retail suppliers of electricity to disclose fuel source information to consumers about the electricity being sold, using a format developed by the California Energy Commission (CEC). The format adopted for retail electricity source disclosure to consumers is called the "power content label" and Using this label, consumers can compare the power "content" or resource mix of a given electricity product against that of the California Power Mix (i.e. net system power). The power content

label allows retail suppliers of electricity to distinguish their products from other electricity products in the market on the basis of power content.

Why Cogeneration: All powerplants and many industrial processes emit a certain amount of heat during electricity generation. This heat by-product can be released into the natural environment through cooling towers, flue gas, or by other means. Cogeneration is the process of harnessing that heat that would otherwise be wasted in the fuel combustion process, producing two useful outputs: heat and power. Cogeneration produces a given amount of electric power and process heat with 10% to 30% less fuel than it takes to produce the electricity and process heat separately.

Because of these efficiencies and the lack of transmission constraints, Governor Brown has set goals to develop more cogeneration projects to increase CHP production by 6,500 megawatts. Furthermore, the scoping plan developed by the California Air Resources Board called for an additional 4,000 megawatts of CHP by 2020.

REGISTERED SUPPORT / OPPOSITION:

Support

BP America, Inc.
Western States Petroleum Association (WSPA)

Opposition

None on file.

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