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Docket Nos. EL10-64-001 and EL10-66-001

FERC Clarifies California Feed-in Tariff Procedures

The Federal Energy Regulatory Commission (FERC) today clarified for California how the state can encourage development of new electricity generation resources in a way that does not conflict with federal laws and regulations.

In today's action, FERC further clarified for the California Public Utilities Commission (CPUC) and the state's three investor-owned utilities its July 2010 order that outlined how the state could implement its feed-in tariff. Feed-in tariffs typically are designed to encourage certain types of generation resources by offering a guaranteed purchase price for electricity generated from those resources under a long-term contract.

California adopted a feed-in tariff by enacting the California Waste Heat and Carbon Emissions Reduction Act (AB 1613). That state law requires investor-owned electric utilities to purchase, at a price set by the California Public Utilities Commission (CPUC), electricity generated by eligible combined heat and power (CHP) generators.

In today's action, FERC said a proposal to employ a multi-tiered resource approach for determining avoided costs, which would set different levels of avoided costs and thus different avoided cost rate caps for different types of resources, could comply with the Public Utility Regulatory Policies Act and FERC regulations.

R-11-02

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