LAO
70 YEARS OF SERVICE

March 29, 2011

The Renewable Resource Trust Fund

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Senate Committee on
Energy, Utilities and Communications
Hon. Alex Padilla, Chair

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Fund Condition History

Renewable Resource Trust Fund—Fund Condition History

(In Millions)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Beginning Balance	—	$54.9	$78.0	$107.4	$57.1	$144.1	$90.2	$89.2
Revenue/Transfers								
Revenues	$66.6	101.5	113.9	131.4	188.4	179.3	140.6	145.8
Loans/transfers out	—	—	—	—	—	-170.5	—	—
Loan repayments in	—	—	—	—	—	1.0	3.3	4.7
Subtotals	($66.6)	($101.5)	($113.9)	($131.4)	($188.4)	($9.8)	($143.8)	($150.5)
Expenditures	$11.6	$78.5	$84.4	$181.7	$101.4	$63.6	$144.8	$93.3
Ending Balances	**$54.9**	**$78.0**	**$107.4**	**$57.1**	**$144.1**	**$90.2**	**$89.2**	**$146.5**

Renewable Resource Trust Fund—Fund Condition History

(In Millions)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Beginning Balance	$146.5	$205.8	$430.8	$138.3	$157.6	$138.5	$93.7
Revenue/Transfers							
Revenues	154.7	180.0	129.8	75.8	74.1	73.9	37.0
Loans/transfers out	—	—	—	-10.9	-45.0	-46.4	-16.2
Loan repayments in	—	131.8	—	—	—	—	—
Subtotals	($154.7)	($311.8)	($129.8)	($64.9)	($29.1)	($27.5)	($20.8)
Expenditures	$95.4	$86.7	$422.3	$45.7	$48.1	$72.4	$69.8
Ending Balances	**$205.8**	**$430.8**	**$138.3**	**$157.6**	**$138.5**	**$93.7**	**$44.6**

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Issues for Legislative Consideration

☑ ***Continual Buildup of Large Fund Balances.*** The Renewable Resource Trust Fund (RRTF) has consistently ended each fiscal year since its inception with a substantial fund balance. From a budgeting perspective, this raises a red flag and the possibility of "over-budgeting." The committee should explore with the California Energy Commission the reasons for this situation. For example, has there been insufficient demand for RRTF monies from program participants, perhaps due to a disconnect between the program's statutory parameters and current renewable industry needs? Have there been process-related hurdles that have impeded the commission's ability to get the monies out the door in a timely way? What other factors are in play?

☑ ***Going Forward.*** In evaluating the reauthorization of the funding mechanism that has supported the RRTF, the committee should explore with the commission how well the statutory parameters for the current RRTF-funded programs fit within the context of the state's current renewable energy goals. The committee should ask the commission how these programs could be improved to better advance the state's energy goals.