

Introduced by Senator Alarcon

February 23, 2001

An act to amend Sections 366 and 9601 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1126, as introduced, Alarcon. Electric power: retail sales.

(1) Existing law requires the Public Utilities Commission to take necessary action to facilitate direct transactions between electricity suppliers and end-use customers. Existing law requires the commission to authorize all customer classes to voluntarily aggregate their electrical loads. Existing law requires a public agency that seeks to serve as a community aggregator on behalf of residential customers to offer the opportunity to purchase electricity to all residential customers within its jurisdiction.

This bill would permit a public agency that seeks to serve as a community aggregator for direct access customers to provide aggregation service to all of the customers within its jurisdiction after a majority vote of its elected governing body. If a customer of the public agency desires to receive service from a different service provider, it may do so upon written notice to the public agency and pursuant to the opt-out rules established by the public agency.

(2) The Public Utilities Act prohibits a local publicly owned electric utility or electrical corporation from selling electric power to the retail customers of another local publicly owned electric utility or electrical corporation unless the first utility has agreed to let the second utility make sales of electric power to the retail customers of the first utility.

This bill would exempt from that prohibition a local publicly owned electric utility that proposes to sell electric power to the current retail

customers of an electrical corporation if certain criteria are satisfied. The bill would require a local publicly owned electric utility that proposes to sell electricity to the retail customers of an electrical corporation in accordance with that exemption, to give priority to new service areas that have a higher percentage of low-income residential and small business customers as compared with other potential service areas. Since a violation of the act is a crime, this bill would impose a state-mandated local program by creating a new crime.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 366 of the Public Utilities Code is
2 amended to read:
3 366. (a) The commission shall take actions as needed to
4 facilitate direct transactions between electricity suppliers and end
5 use customers. Customers shall be entitled to aggregate their
6 electric loads on a voluntary basis, provided that each customer
7 does so by a positive written declaration. If no positive declaration
8 is made by a customer, that customer shall continue to be served
9 by the existing electrical corporation or its successor in interest.
10 (b) Aggregation of customer electrical load shall be authorized
11 by the commission for all customer classes, including, but not
12 limited to small commercial or residential customers. Aggregation
13 may be accomplished by private market aggregators, cities,
14 counties, special districts or on any other basis made available by
15 market opportunities and agreeable by positive written declaration
16 by individual consumers.
17 (c) ~~Notwithstanding any other provision of law, including,~~
18 ~~but not limited to, this chapter, a public agency that seeks to serve~~
19 ~~as a community aggregator on behalf of residential customers, it~~
20 ~~shall be obligated to offer the opportunity to purchase electricity~~
21 ~~to all residential customers within its jurisdiction for direct access~~



customers of the electrical corporation may, after a majority vote of its elected governing body, provide aggregation service to all of the customers within its jurisdiction. If a customer of the public agency desires to receive service from a different service provider, it may do so upon written notice to the public agency and pursuant to the opt-out rules established by the public agency. Chapter 3 (commencing with Section 56100) of Part 1 of Division 3 of the Government Code does not apply to aggregation service provided by a public agency under this section.

SEC. 2. Section 9601 of the Public Utilities Code is amended to read:

9601. (a) Except with respect to supply options of the nature specified in Section 218, with the exception of paragraph (3) of subdivision (b) of that section, as it existed on December 20, 1995, no person, corporation, electrical corporation, or local publicly owned electric utility or other governmental entity other than a retail customer's existing electric service provider as of December 20, 1995, shall provide partial or full electric service to a retail customer of a local publicly owned electric utility unless the customer first confirms in writing an obligation to pay, through tariff or otherwise, to the utility currently providing electric service, a nonbypassable generation-related severance fee or transition charge established by the regulatory body for that utility. The severance fee or transition charge shall be paid directly to the local publicly owned utility providing electricity service in the service area in which the consumer is located.

(b) Except as provided in subdivision (a) of Section 374, no local publicly owned electric utility or other governmental entity shall provide partial or full electric service to a retail customer of an electrical corporation unless the customer of that electrical corporation first confirms in writing an obligation to pay, through tariff or otherwise, to the electrical corporation currently providing electric service, a nonbypassable generation-related transition charge established by the regulatory body for that electrical corporation. The charge shall be paid directly to the electrical corporation providing electricity in the service area in which the consumer is located.

(c) ~~No~~ (1) *Except as specified in paragraph (2), no local publicly owned electric utility or electrical corporation shall sell electric power to the retail customers of another local publicly*

1 owned electric utility or electrical corporation unless the first
2 utility has agreed to let the second utility make sales of electric
3 power to the retail customers of the first utility.

4 *(2) Paragraph (1) does not apply to a local publicly owned*
5 *electric utility that proposes to sell electric power to the current*
6 *retail customers of an electrical corporation, if both of the*
7 *following criteria are satisfied:*

8 *(A) The retail customers in the service area of the electrical*
9 *corporation agree to switch to the local publicly owned electric*
10 *utility.*

11 *(B) The local publicly owned electric utility that proposes to*
12 *sell electric power to the retail customers of an electrical*
13 *corporation provides low-income public benefit programs that*
14 *provide benefits that are equal to or greater than those provided*
15 *by the electrical corporation.*

16 *(3) A local publicly owned electric utility that proposes to sell*
17 *electricity to the retail customers of an electrical corporation in*
18 *accordance with paragraph (2) shall give priority to new service*
19 *areas that have a higher percentage of low-income residential and*
20 *small business customers as compared with other potential service*
21 *areas.*

22 SEC. 3. No reimbursement is required by this act pursuant to
23 Section 6 of Article XIII B of the California Constitution because
24 the only costs that may be incurred by a local agency or school
25 district will be incurred because this act creates a new crime or
26 infraction, eliminates a crime or infraction, or changes the penalty
27 for a crime or infraction, within the meaning of Section 17556 of
28 the Government Code, or changes the definition of a crime within
29 the meaning of Section 6 of Article XIII B of the California
30 Constitution.

