

Introduced by Senator Torlakson

February 22, 2002

An act relating to energy resources, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1976, as introduced, Torlakson. State Energy Resources Conservation and Development Commission: report: real-time pricing.

Existing law requires the State Energy Resources Conservation and Development Commission to conduct an ongoing assessment of the opportunities and constraints presented by all forms of energy.

This bill would require the commission, in consultation with the Public Utilities Commission, to report to the Legislature and the Governor, by November 1, 2002, regarding the feasibility of implementing real-time pricing tariffs for electricity in California.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Californians can significantly increase the reliability of the
- 4 electricity system and reduce the level of wholesale electricity
- 5 prices by reducing electricity usage at peak times.

1 (b) Real-time pricing provides incentives to reduce electricity
2 consumption in precisely those hours when supplies are tight and
3 provides lower prices when wholesale prices are low.

4 (c) Real-time pricing is the fastest and most cost-effective way
5 to achieve large amounts of demand reduction.

6 (d) Real-time pricing helps mitigate the market power of
7 generators by allowing loads to participate in the wholesale
8 market.

9 (e) The State of California, through Assembly Bill 29 of the
10 2001–02 First Extraordinary Session, has already invested
11 thirty-five million dollars (\$35,000,000) in real-time meters for
12 customers who consume greater than 200 kilowatts.

13 (f) Real-time pricing integrates information technology into
14 the energy business, and creates new markets for communications,
15 microelectronic controls, and information.

16 (g) It is the intent of the Legislature to promote energy
17 conservation and demand reduction in the State of California.

18 SEC. 2. (a) On or before November 1, 2002, the State Energy
19 Resources Conservation and Development Commission, in
20 consultation with the Public Utilities Commission, shall report to
21 the Legislature and the Governor regarding the feasibility of
22 implementing real-time pricing tariffs for electricity in California.

23 (b) The report shall consider all of the following:

24 (1) How wholesale real-time prices would be calculated and
25 made available to customers.

26 (2) Options for day-ahead and hour-ahead retail prices.

27 (3) Options for facilitating customer response to real-time
28 prices and managing their utility costs support, such as real-time
29 metering and communication systems, consumer-side of the meter
30 notification, and automatic response equipment.

31 (4) Estimates of potential peak load reductions.

32 (5) Options for incorporating demand responsiveness into the
33 wholesale competitive market and operations of the California
34 Independent System Operator.

35 SEC. 3. This act is an urgency statute necessary for the
36 immediate preservation of the public peace, health, or safety
37 within the meaning of Article IV of the Constitution and shall go
38 into immediate effect. The facts constituting the necessity are:



- 1 In order to determine the feasibility of real-time pricing as soon
- 2 as possible, it is necessary that this act take effect immediately.

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