

AMENDED IN ASSEMBLY JUNE 19, 2002

AMENDED IN SENATE APRIL 30, 2002

**SENATE BILL**

**No. 1976**

---

---

**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 amended, 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 March 31, 2003, 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: <sup>2</sup>/<sub>3</sub>. 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:

1 (a) Californians can significantly increase the reliability of the  
2 electricity system and reduce the level of wholesale electricity  
3 prices by reducing electricity usage at peak times *through a variety*  
4 *of measures designed to reduce electricity consumption during*  
5 *those periods.*

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

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

16 (e) *Electricity consumption for air conditioning purposes*  
17 *during peak demand periods significantly contributes to*  
18 *California's electricity shortage vulnerability during summer*  
19 *periods.*

20 (f) It is the intent of the Legislature to promote energy  
21 conservation and demand reduction in the State of California.

22 SEC. 2. (a) On or before March 31, 2003, the State Energy  
23 Resources Conservation and Development Commission, in  
24 consultation with the Public Utilities Commission, shall report to  
25 the Legislature and the Governor regarding the feasibility of  
26 implementing real-time pricing tariffs for electricity in California.

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

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

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

31 (3) Options for facilitating customer response to real-time  
32 prices and managing total customer costs, including, but not  
33 limited to, real-time metering and communication systems,  
34 consumer-side of the meter notification, and automatic response  
35 equipment.

36 (4) Estimates of potential peak load reductions, *including the*  
37 *shifting of peak load demand to off-peak periods.*

38 (5) Options for incorporating demand responsiveness into the  
39 wholesale competitive market and operations of the California  
40 Independent System Operator.



1 (6) Options for ensuring customer protection under a real-time  
2 pricing scenario, including identifying potentially disadvantaged  
3 groups who may be disproportionately vulnerable to the impact of  
4 volatile prices and suggestions for effective safeguards for those  
5 customers.

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

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

