

AMENDED IN SENATE SEPTEMBER 8, 2003

AMENDED IN SENATE AUGUST 18, 2003

AMENDED IN SENATE JULY 9, 2003

AMENDED IN ASSEMBLY MARCH 24, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 653

Introduced by Assembly Member Nunez

~~(Coauthors: Assembly Members Calderon, Hancock, Jackson,
Koretz, Laird, Lieber, Montanez, Pavley, and Yee)~~

~~(Coauthors: Senators Bowen, Chesbro, Ducheny, Romero, and Soto)~~

~~(Coauthors: Assembly Members Calderon, Chu, Correa, Montanez,
Ridley-Thomas, and Strickland)~~

~~(Coauthors: Senators Cedillo and Murray)~~

February 19, 2003

An act to ~~amend Section 15814.15 of the Government Code, relating to energy efficiency~~ *add Section 454.6 to the Public Utilities Code, relating to energy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 653, as amended, Nunez. ~~Energy efficiency: public buildings: electricity generation facilities: rates.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, and authorizes the commission to fix just and reasonable rates and charges. Under existing law, a public utility has a duty to serve, including furnishing and maintaining such adequate, efficient, just and

reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons and the public.

This bill would require the commission, upon application by an electrical corporation, and subject to public hearing, to approve and maintain rates that ensure a return of, and on, reasonable investment in facilities for the generation of electricity, that meet certain criteria.

The bill would make these provisions applicable to an application filed by an electrical corporation on or before December 31, 2008.

~~Existing law authorizes the State Public Works Board, until January 1, 2005, to issue revenue bonds, notes, and bond anticipation notes to finance the cost of cogeneration equipment, alternative energy equipment, and conservation measures in public buildings.~~

~~This bill would delete the repeal date of these provisions, thus making this authority permanent and would make projects that combine conservation measures and alternative energy equipment eligible for funding under these provisions. This bill also would require the board, in determining whether to issue funding for projects under these provisions, to evaluate each project in its entirety and analyze the costs and financial and energy savings over the full life of the project. It would authorize the board, when analyzing a project, to consider any additional value added by product warranties associated with the project.~~

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

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

- 1 ~~SECTION 1. Section 15814.15 of the Government Code is~~
- 2 *SECTION 1. The Legislature finds and declares all of the*
- 3 *following:*
- 4 *(a) Investment in new and repowered efficient and*
- 5 *cost-effective facilities for the generation of electricity that meet*
- 6 *all applicable environmental requirements is necessary and*
- 7 *essential to ensure that adequate generating capacity is available*
- 8 *to reliably meet the needs of California consumers.*
- 9 *(b) Investment in new and repowered efficient and*
- 10 *cost-effective facilities for the generation of electricity, dedicated*
- 11 *to the benefit of California consumers, for the life of the facility,*
- 12 *at just and reasonable rates, is in the public interest.*



1 (c) *It is the intent of the Legislature to facilitate investment in*
2 *the construction and operation of new and repowered facilities for*
3 *the generation of electricity, licensed by the State Energy*
4 *Resources Conservation and Development Commission, that meet*
5 *the long-term resource needs of public utilities and are dedicated*
6 *to the benefit of California consumers for the life of the facility on*
7 *a cost-of-service basis.*

8 SEC. 2. *Section 454.6 is added to the Public Utilities Code, to*
9 *read:*

10 454.6. (a) *In order to ensure that adequate generating*
11 *capacity is available to meet the electricity needs of California*
12 *consumers in a reliable, efficient, and cost-effective manner, the*
13 *commission may authorize an electrical corporation to recover in*
14 *rates pursuant to subdivision (b), investments in new and*
15 *repowered facilities for the generation of electricity, that meet all*
16 *of the following criteria at the time the investments are proposed*
17 *to the commission:*

18 (1) *The electricity generated by the facility is dedicated to*
19 *servicing ratepayers of the electrical corporation for the depreciable*
20 *life of the facility or the term of the contract on a cost-of-service*
21 *basis.*

22 (2) *The electricity generated by the facility meets the long-term*
23 *resource adequacy needs of the electrical corporation.*

24 (3) *The electricity generated by the facility is fully dispatchable*
25 *by the electrical corporation for the benefit of the ratepayers of the*
26 *electrical corporation.*

27 (4) *The facility is licensed by the State Energy Resources*
28 *Conservation and Development Commission and meets all*
29 *currently applicable environmental and transmission*
30 *interconnection requirements.*

31 (5) *The investment in the facility and the ratemaking treatment*
32 *is in the public interest.*

33 (b) *In order to ensure that adequate investment in electricity*
34 *generating capacity is made as expeditiously as possible, upon*
35 *application by the electrical corporation, and subject to public*
36 *hearing, the commission shall approve and maintain rates that*
37 *ensure that the reasonable costs of owning and operating new and*
38 *repowered electricity generation facilities that meet the criteria of*
39 *subdivision (a), including a return of, and on, reasonable*
40 *investment in new and repowered electricity generating facilities,*



1 is fully recovered for the life of the facility. This cost recovery
 2 assurance for new and repowered electricity generation facilities
 3 shall apply on a nondiscriminatory basis to either of the following:

- 4 (1) Investments by the electrical corporation.
- 5 (2) The electrical corporation's full cost of contracting for the
 6 portion of electricity produced by a facility that is owned and
 7 operated by another entity, that meets the criteria of subdivision
 8 (a).
- 9 (c) As used in this section, the term "repowered" means a
 10 facility that undergoes "repowering," as defined in Section
 11 25550.5 of the Public Resources Code.
- 12 (d) This section applies to an application filed by an electrical
 13 corporation on or before December 31, 2008.

14 ~~amended to read:~~

15 ~~15814.15. (a) The board may issue revenue bonds, notes,~~
 16 ~~including commercial paper notes and other forms of negotiable~~
 17 ~~short-term indebtedness, and bond anticipation notes pursuant to~~
 18 ~~Chapter 5 (commencing with Section 15830) to finance the cost~~
 19 ~~of cogeneration equipment, alternative energy equipment,~~
 20 ~~projects that combine conservation measures and alternative~~
 21 ~~energy equipment, and conservation measures constituting the~~
 22 ~~public buildings authorized by this chapter. The total amount of~~
 23 ~~revenue bonds, notes, including commercial paper notes and other~~
 24 ~~forms of negotiable short-term indebtedness, and bond~~
 25 ~~anticipation notes authorized to be issued pursuant to this section~~
 26 ~~in each of the 10 fiscal years beginning with the 1982-83 fiscal~~
 27 ~~year is fifty million dollars (\$50,000,000), for a total of five~~
 28 ~~hundred million dollars (\$500,000,000). Any portion of the~~
 29 ~~authorization not used in any fiscal year may be used in any future~~
 30 ~~fiscal year.~~

31 ~~(b) The board, in determining whether to issue funding under~~
 32 ~~subdivision (a) for projects proposed by the Department of~~
 33 ~~General Services, shall evaluate each project in its entirety and~~
 34 ~~analyze the costs and financial and energy savings over the full life~~
 35 ~~of the project. In analyzing a project, the board also may consider~~
 36 ~~any additional value added by product warranties associated with~~
 37 ~~the project.~~



- 1 _____
- 2 CORRECTIONS
- 3 **Heading — Authors lines 2, 3, 4, and 6.**
- 4 _____
- 5

O

