

AMENDED IN ASSEMBLY APRIL 12, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2006

Introduced by Assembly Member Nunez

February 13, 2004

An act to add Article 17 (commencing with Section 400) to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 2006, as amended, Nunez. Electrical restructuring: Reliable Electric Service Act of 2004.

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 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. The existing Public Utilities Act requires the commission, pursuant to electrical restructuring, to authorize direct transactions between electricity suppliers and retail end-use customers. However, other existing law suspends the right of retail end-use customers to acquire service from certain electricity suppliers after a period of time to be determined by the commission, until the Department of Water Resources no longer supplies electricity under that law.

This bill would establish a core and noncore model under which the utility's ~~duty to serve would extend to core customers and those noncore~~

customers ~~that may~~ elect to receive ~~bundled~~ electric service from the electrical corporation *or from an electric service provider*. ~~The utility's duty to serve noncore customers that elect to purchase electricity through a direct transaction would exist for transmission and distribution electric service.~~ *An electrical corporation would have no obligation to procure electricity or otherwise meet resource adequacy requirements for noncore customers that elect to enter into a direct transaction for the purchase of electricity.* The bill would require electrical corporations to file, and for the commission to approve, ~~an~~ *integrated* a long-term resource investment plan, as specified, sufficient to fulfill the utility's duty to serve *while achieving best value for ratepayers*. The bill would provide for the recovery of costs and investments made pursuant to an approved ~~integrated~~ long-term resource investment plan. The bill would require that ~~a utility's bundled service customers be indifferent to~~ *no costs be shifted to the utility's core customers as a result of* the election by noncore customers to purchase electricity through direct transactions. The bill would require the commission, in consultation with the Independent System Operator, to establish resource adequacy requirements to ensure adequate ~~reserves~~ *of physical generating capacity are to meet peak demand plus requisite planning and operating reserves* is available to reliably serve all customers and would require the Independent System Operator, ~~consistent with federal law,~~ to implement and enforce these resource adequacy ~~and reserve~~ requirements in a nondiscriminatory manner on all load serving entities, *excluding a local publicly owned electric utility*. The bill would require the commission to adopt implementing rules and regulations.

A violation of the Public Utilities Act or an order of the commission is a crime under existing law.

Because a violation of the bill's provisions would be a violation of the act, the bill would impose a state-mandated local program by creating a new crime.

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. The Legislature finds and declares all of the
2 following:

3 (a) An adequate and reliable supply of electricity is essential to
4 the health, safety, and welfare of all California consumers.

5 (b) Safe, reliable, and affordable, ~~electric service that is~~
6 ~~environmentally sustainable~~; *electric service* is of utmost
7 importance to the consumers of this state and its economy.

8 (c) Electrical corporations have an obligation to ~~serve~~ *provide*
9 their customers with reliable electric service at just and reasonable
10 rates.

11 (d) In order to provide safe, reliable, and affordable electric
12 service to consumers, electrical corporations must ~~invest in~~
13 *provide* needed resources, including *cost-effective energy*
14 *efficiency and other demand reduction measures*, utility-owned
15 and procured generation, new and repowered generation,
16 ~~high-efficiency~~ cogeneration, renewable generation,
17 transmission, distribution, and ~~energy efficiency and other~~
18 ~~demand reduction measures~~ *an adequately sized, well trained*
19 *workforce*, in a manner that produces the best value for ratepayers.

20 (e) In order to ensure that investments in resources are made in
21 a manner that produces the best value for ratepayers, electrical
22 corporations should prepare ~~an integrated resource investment~~ *a*
23 *long-term resource* plan for commission review and approval, that
24 achieves a diversified, ~~reliable, and environmentally sustainable~~
25 portfolio of efficient, cost-effective supply and demand resources.

26 ~~(f) In order to ensure that an integrated resource investment~~

27 (f) *In order to ensure that the long-term resource plan achieves*
28 *a diversified portfolio of efficient, cost-effective supply and*
29 *demand resources, resource adequacy requirements shall be met*
30 *first through cost-effective energy efficiency and other demand*
31 *reduction measures.*

32 (g) *In order to ensure that a long-term resource plan will result*
33 *in investments in resources sufficient to provide reliable electric*
34 *service to customers of an electrical corporation without stranding*
35 *costs or shifting costs, a stable and predictable customer base is*
36 *necessary and essential.*

37 ~~(g)~~



1 (h) In order to attract sufficient capital to make investments in
2 needed resources, there must be assurance that reasonable costs
3 and investments, including a return of and on direct investments,
4 and ~~investments made by payments made to~~ third parties under
5 contract with an electrical corporation *for non-utility-owned*
6 *generation*, are recovered in rates.

7 ~~(h)~~

8 (i) California consumers will not receive reliable and
9 affordable electric service, nor will consumers avoid repetition of
10 past problems with ~~volatile~~ *excessive* wholesale electricity prices,
11 rolling blackouts, and long-term supply contracts that threaten
12 consumers with billions of dollars in above-market electricity
13 costs, unless a durable framework is enacted to support investment
14 in needed resources, ~~as soon as possible~~.

15 SEC. 2. Article 17 (commencing with Section 400) is added
16 to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code,
17 to read:

18

19 Article 17. Reliable Electric Service Act of 2004

20

21 400. This article shall be known, and may be cited, as the
22 Reliable Electric Service Act of 2004.

23 400.1. (a) An electrical corporation has an obligation to
24 ~~serve~~ *provide* the utility's ~~bundled~~ customers with reliable electric
25 service at just and reasonable rates, pursuant to Section 451. ~~For~~
26 ~~purposes of this article, the utility's "bundled customers" means~~
27 ~~core customers and those noncore customers that commit to~~
28 ~~bundled service pursuant to this article.~~

29 ~~(b) The obligation to serve the utility's bundled customers~~
30 ~~includes the obligation to plan for, invest in, and provide adequate,~~
31 ~~efficient, and environmentally sustainable resources, including~~

32 (b) *For purposes of this article, "electric service" includes*
33 *providing adequate and efficient resources, including*
34 *cost-effective energy efficiency and other demand response*
35 *resources, utility-owned and procured generation resources, new*
36 *and repowered generation resources, ~~high-efficiency~~*
37 *cogeneration, renewable generation resources, transmission and*
38 *distribution resources, ~~energy efficiency and demand response~~*
39 *resources, and to employ an adequately sized, well trained utility*
40 *workforce to provide these resources.*



1 ~~(c) An electrical corporation has an obligation to serve noncore~~
2 ~~customers that elect to enter into direct transactions, with electric~~
3 ~~transmission and distribution service at just and reasonable rates,~~
4 ~~pursuant to Section 451, metering, billing, and employing an~~
5 ~~adequately sized, well trained utility workforce.~~

6 (c) Notwithstanding subdivisions (a) and (b), an electrical
7 corporation has no obligation to procure electricity or otherwise
8 meet resource adequacy requirements for any customer that elects
9 to enter a direct transaction. No costs incurred by the electrical
10 corporation to serve ~~noncore customers with electric transmission~~
11 ~~and distribution service~~ customers that have entered into a direct
12 transaction, shall be shifted to the utility's bundled customers.

13 400.5. (a) To ensure that adequate investments are made in
14 resources necessary to provide ~~consumers~~ customers with reliable
15 electric service, the commission shall authorize an electrical
16 corporation to ~~make investments in~~ provide efficient,
17 cost-effective resources, including *cost-effective energy efficiency*
18 *and demand response resources*, utility-owned and procured
19 generation resources, new and repowered generation resources,
20 ~~high efficiency cogeneration, renewable generation resources,~~
21 ~~transmission resources, and cost-effective energy efficiency and~~
22 ~~demand response resources, consistent with the electrical~~
23 ~~corporation's approved integrated resource investment plan.~~
24 *cogeneration, and renewable generation resources, consistent*
25 *with the electrical corporation's procurement plan adopted*
26 *pursuant to Section 454.4.*

27 (b) The commission shall, after public hearing, approve and
28 thereafter maintain just and reasonable rates sufficient to ensure
29 that ~~reasonable investments~~ *the electrical corporation fully*
30 *recovers the cost of investments found reasonable by the*
31 *commission* in the resources necessary to provide ~~consumers~~
32 *customers* with reliable electric service, including a reasonable
33 ~~return of and on investment, are fully recovered~~ *opportunity to*
34 *fully recover a reasonable return on investment* over the life of the
35 resource, ~~and that in addition to~~ costs reasonably incurred to
36 operate and maintain those resources ~~are fully recovered~~, on a
37 timely basis.

38 (c) The cost recovery assurance for investments in resources
39 applies to both of the following:

- 40 (1) Direct investments made by an electrical corporation.



1 (2) The electrical corporation's full costs of contracting for
2 *generation resources* with another entity, including the cost of any
3 collateral requirements and debt equivalence.

4 (d) *Nothing in this article alters the requirements of Section*
5 *455.5, 463, or 1005.5.*

6 400.10. (a) To ensure that adequate investments necessary to
7 meet the electrical corporation's obligation to ~~serve bundled~~
8 ~~customers are made, each electrical corporation shall, no later than~~
9 ~~July 1, 2005, and at least every three years thereafter, prepare an~~
10 ~~integrated resource investment plan to achieve a diversified,~~
11 ~~environmentally sustainable~~ *provide reliable electric service are*
12 *made, every electrical corporation shall prepare a long-term*
13 *resource plan in accordance with Section 454.5 to achieve a*
14 *diversified portfolio of efficient cost-effective supply and demand*
15 *resources to serve the utility's bundled customers. The integrated*
16 ~~resource investment~~ *customers. The plan shall include demand*
17 *and supply forecasts for 5-, 10-, and 15-year periods, and shall*
18 *ensure that adequate resources are available to reliably serve the*
19 *utility's bundled customers. The process for utility selection and*
20 ~~commission approval of these resources shall be designed to~~
21 ~~achieve best value for the utility's bundled customers, by~~
22 ~~considering reliability, efficiency, cost-effectiveness, system~~
23 ~~impacts, resource diversity, and risk. The commission shall review~~
24 ~~and approve, with such revisions as the commission deems~~
25 ~~necessary to implement the provisions of this article, an electrical~~
26 ~~corporation's integrated resource investment plan within 120 days~~
27 ~~of receipt.~~

28 (b) ~~The integrated resource investment plan shall provide for~~
29 ~~customers. The demand forecasts shall reflect energy efficiency~~
30 ~~programs approved by the commission. The commission shall,~~
31 ~~after public hearing, review and approve a long-term resource~~
32 ~~plan for every electrical corporation consistent with Section~~
33 ~~454.5, including those revisions to the utility filed plan that the~~
34 ~~commission determines are necessary.~~

35 (b) *The plan shall provide for investments in all practicable and*
36 *cost-effective energy efficiency and demand response resources,*
37 *including load management, that offer equivalent or better system*
38 *reliability, equivalent or better environmental improvements, and*
39 *equivalent or lower costs to ratepayers than supply alternatives.*



1 ~~(c) The integrated resource investment plan shall provide for~~
2 ~~investments in renewable generation consistent with Article 16~~
3 ~~(commencing with Section 399.11), provided that investments in~~
4 ~~renewable generation are made in furtherance of the goal of~~
5 ~~supplying 20 percent of an electrical corporation's retail sales from~~
6 ~~eligible renewable energy resources, no later than December 31,~~
7 ~~2010.~~

8 ~~(d) (1) The integrated resource investment plan shall provide~~
9 ~~for investments, including extensions, renewals, or renegotiations~~
10 ~~of existing contracts, in new or repowered generation and~~
11 ~~high-efficiency cogeneration projects. These resources may be~~
12 ~~obtained through investment by independent generators under~~
13 ~~contract with the electrical corporation, through a competitive~~
14 ~~procurement process or other process approved by the~~
15 ~~commission, consistent with Section 454.5, or from direct utility~~
16 ~~investment. To the maximum extent permissible under law,~~
17 ~~repowering and high-efficiency cogeneration projects that offer~~
18 ~~equivalent or better system reliability, equivalent or better~~
19 ~~environmental benefits, and equivalent or lower costs to~~
20 ~~ratepayers than new generation, shall be given first consideration.~~

21 ~~(2) For purposes of this chapter, "high-efficiency cogeneration~~
22 ~~projects" means a cogeneration project that can achieve thermal~~
23 ~~efficiencies greater than 75 percent and are used to meet the~~
24 ~~thermal requirements of continuous industrial or commercial~~
25 ~~processes.~~

26 ~~(3) For purposes of this chapter, "repowered generation"~~
27 ~~means a project for the modification of an existing generation unit~~
28 ~~of a thermal powerplant that meets all of the following criteria:~~

29 ~~(A) The project complies with all applicable requirements of~~
30 ~~federal, state, and local laws.~~

31 ~~(B) The project is located on the site of, and within the existing~~
32 ~~boundaries of, an existing thermal facility.~~

33 ~~(C) The project will not require significant additional~~
34 ~~rights-of-way for electrical or fuel-related transmission facilities.~~

35 ~~(D) The project will result in significant and substantial~~
36 ~~increases in the efficiency of the production of electricity,~~
37 ~~including, but not limited to, reducing the heat rate, reducing the~~
38 ~~use of natural gas, reducing the use and discharge of water, and~~
39 ~~reducing air pollutants emitted by the project, as measured on a per~~
40 ~~kilowatthour basis.~~



1 ~~(c) The integrated resource investment plan shall provide for~~
2 ~~investments in new or expanded transmission facilities and control~~
3 ~~systems that are needed to ensure efficient use and reliable~~
4 ~~operation of the electric grid for core and noncore customers, to~~
5 ~~facilitate the development of new, repowered, or renewable~~
6 ~~generation facilities, or to accommodate load growth. With respect~~
7 ~~to any new or expanded electrical transmission facility for which~~
8 ~~the Independent System Operator has made a determination that~~
9 ~~the project is needed to meet applicable reliability standards or to~~
10 ~~promote economic efficiency, that determination shall be~~
11 ~~conclusive for purposes of determining whether to issue a~~
12 ~~certificate of public convenience and necessity pursuant to~~
13 ~~Chapter 5 (commencing with Section 1001), and shall be included~~
14 ~~in the approved integrated resource investment plan.~~

15 ~~(f) (1) The integrated resource investment plan may provide~~
16 ~~(c) The plan shall provide for investments in necessary~~
17 ~~generation resources, including extensions, renewal, or~~
18 ~~renegotiations of contracts for existing generation resources, new~~
19 ~~or repowered generation and cogeneration projects.~~

20 ~~(d) (1) The plan may provide for investments in distributed~~
21 ~~generation ~~to~~ that would improve system reliability, thereby~~
22 ~~deferring or eliminating investments in distribution facilities that~~
23 ~~are otherwise would otherwise be needed to improve system~~
24 ~~reliability, by either direct investment by the electrical corporation~~
25 ~~or under contract with a third party, provided the electrical~~
26 ~~corporation finds that the investment in distributed generation~~
27 ~~would accomplish each of the following:~~

28 ~~(A) Result in overall cost savings for ratepayers due to deferral~~
29 ~~or elimination of electric distribution projects.~~

30 ~~(B) Provide the required reliability and operational~~
31 ~~characteristics to support adequate service reliability to customers~~
32 ~~in the affected area.~~

33 ~~(2) In cases where the distributed generation is provided under~~
34 ~~contract with a third party to reduce distribution system loads, the~~
35 ~~third party must maintain physical assurance that the contracted~~
36 ~~load reduction will be available during all required time periods.~~

37 ~~(g) The integrated resource investment~~

38 ~~(e) The plan shall provide for the continuation of the~~
39 ~~self-generation incentive program authorized pursuant to Section~~



1 ~~379.5~~ 379.6 for ultraclean distributed generation, as defined in
2 Section 353.2.

3 ~~(h) The integrated resource investment~~

4 (f) *The plan shall provide that an electrical corporation shall*
5 *meet the resource adequacy requirements, ~~owning or procuring~~*
6 *sufficient electric by owning or contracting for sufficient physical*
7 *generating capacity to meet 100 percent of annual peak demand,*
8 *plus requisite operating and planning reserve margins as*
9 *determined by the commission, for the electric load served by the*
10 *electrical corporation. For purposes of this article, 'electric load*
11 *served by the electrical corporation' does not include the*
12 *electrical load of customers who elect to enter into a direct*
13 *transaction.*

14 400.15. (a) *An electrical corporation's procurement plan*
15 *approved by the commission pursuant to Section 454.5, shall*
16 *ensure that the resource selection process for generation resources*
17 *necessary to meet resource adequacy requirements achieves best*
18 *value for ratepayers by considering price, reliability, stability,*
19 *efficiency, cost-effectiveness, system impacts, resource diversity,*
20 *and risk.*

21 (b) *In accordance with an electrical corporation's procurement*
22 *plan approved pursuant to Section 454.5, to meet resource*
23 *adequacy requirements each electrical corporation shall manage*
24 *a diversified portfolio of non-utility-owned generation under*
25 *contract with the utility, and utility-owned generation, combining*
26 *the potential benefits of a competitive wholesale market, including*
27 *operating efficiencies and lower prices, with the stability of*
28 *cost-of-service generation resources, to achieve best value for*
29 *ratepayers.*

30 (c) *In order to meet resource adequacy requirements, each*
31 *electrical corporation shall recommend for commission approval*
32 *generation resources that provide the best value for ratepayers,*
33 *consistent with all the following:*

34 (1) *The electrical corporation shall conduct competitive*
35 *solicitations for nonutility generation, consistent with the*
36 *electrical corporation's procurement plan approved pursuant to*
37 *Section 454.5.*

38 (2) *The electrical corporation may enter into a bilateral*
39 *contract for nonutility generation, consistent with the electrical*
40 *corporation's procurement plan approved pursuant to Section*



1 454.5. Prior to approving a bilateral contract for nonutility
2 generation, the commission shall find that the contract is
3 reasonably priced relative to a market-based benchmark.

4 (3) The electrical corporation may file for a certificate of
5 public convenience and necessity for utility-owned generation,
6 consistent with the electrical corporation's procurement plan
7 approved pursuant to Section 454.5. Prior to approving the
8 certificate of public convenience and necessity, the commission
9 shall find that the utility-owned generation is reasonably priced
10 relative to a market-based benchmark.

11 (d) For purposes of this article, "nonutility generation" means
12 facilities for the generation of electricity, owned and operated by
13 an entity other than an electrical corporation or an affiliate of an
14 electrical corporation.

15 400.18. An electrical corporation shall invest in new or
16 expanded transmission facilities and control systems that are
17 needed to ensure efficient use and reliable operation of the
18 electrical grid for customers. With respect to any new or expanded
19 electrical transmission facility for which the Independent System
20 Operator has made a determination that the project is needed to
21 meet reliability standards or to promote economic efficiency, that
22 determination shall be conclusive for purposes of determining
23 whether to issue a certificate of public convenience and necessity
24 pursuant to Chapter 5 (commencing with Section 1001).

25 400.20. (a) The Legislature finds and declares all of the
26 following:

27 (1) To ensure that an electrical corporation can properly plan
28 for and ~~invest in~~ provide resources to reliably serve its customers
29 without stranding costs or shifting costs among customers, a stable
30 and predictable customer base is necessary and essential.

31 (2) A core and noncore electric service model, under which an
32 electrical corporation is required to provide ~~bundled~~ electric
33 service to all core customers with a maximum peak demand of less
34 than 500 kilowatts on a cost-of-service basis, while noncore
35 customers with a maximum peak demand of at least 500 kilowatts,
36 can elect to enter into a direct transaction to purchase electricity
37 from a nonutility electric service provider, will, if properly
38 structured, provide this stability.

39 (3) Under a properly structured core and noncore electric
40 service model, a utility's ~~bundled-service~~ core customers are



1 indifferent to whether or not a noncore customer elects to purchase
2 electricity from an electrical corporation or through a direct
3 transaction.

4 (4) To ensure indifference, the commission is required to
5 prevent any shifting of costs to a utility's ~~customers receiving~~
6 ~~bundled service~~ *core customers*, from noncore customers that elect
7 to purchase electricity through direct transactions.

8 (5) It is in the public interest to allow noncore customers that
9 elect to purchase electricity through direct transactions, a safe
10 harbor of limited duration during which they can receive
11 electricity from an electrical corporation, provided the utility's
12 ~~bundled service~~ *core* customers are indifferent to whether a
13 noncore customer purchases electricity from an electrical
14 corporation during the safe harbor period. To ensure indifference,
15 a noncore customer should pay the higher of the incremental costs
16 of additional short-term spot electricity procured or generated to
17 serve them or the otherwise applicable tariff rate.

18 400.21. On or before December 31, 2005, the commission
19 shall adopt rules and regulations to implement a core and noncore
20 model that accomplish all of the following:

21 ~~(a) An electrical corporation shall remain obligated to provide~~
22 ~~reliable bundled electric service to core customers that have a~~
23 ~~maximum peak demand of less than 500 kilowatts on a~~
24 ~~cost-of-service basis.~~

25 *(a) Core customers, and noncore customers that do not elect to*
26 *enter into a direct transaction pursuant to this section, shall*
27 *receive reliable electric service from an electrical corporation on*
28 *a cost-of-service basis.*

29 ~~(b) Noncore customers with a maximum peak demand of at~~
30 ~~least 500 kilowatts may elect to enter into a direct transaction with~~
31 ~~a nonutility electric service provider. The electric service provider~~
32 ~~shall be fully responsible for meeting the resource adequacy~~
33 ~~requirements of the electricity load of established by the~~
34 ~~commission for the customers it serves, and the integrated resource~~
35 ~~investment long-term resource plan of the electrical corporation~~
36 ~~shall exclude the resource adequacy requirements of the electricity~~
37 ~~load serviced by an electric service provider.~~

38 ~~(c) A noncore customer that elect to take bundled service from~~
39 ~~the electrical corporation does not elect to enter into a direct~~
40 ~~transaction with a nonutility electric service provider shall be~~



1 subject to a five-year rolling commitment to the electrical
2 corporation.

3 (d) A noncore customer that elects to ~~purchase electricity~~
4 ~~through~~ *enter into* a direct transaction may thereafter receive
5 default electric commodity service from the electrical corporation
6 under terms established by the commission to ensure that ~~the~~
7 ~~utility's bundled service customers are indifferent to whether the~~
8 ~~noncore customer purchases electricity from the electrical~~
9 ~~corporation during this safe harbor period. To ensure indifference,~~
10 a noncore customer shall pay the higher of the incremental costs
11 of additional short-term spot electricity procured or generated to
12 serve the noncore customer or the otherwise applicable tariff rate.

13 ~~(e) To ensure indifference, the commission shall adopt rules~~
14 ~~sufficient to avoid a shifting of costs to the utility's bundled~~

15 *(e) The commission shall adopt rules sufficient to avoid any*
16 *shifting of costs to the electrical corporation's core* customers that
17 would result from noncore customers electing to purchase
18 electricity through direct transactions. Noncore customers shall
19 continue to pay those costs recoverable pursuant to subdivisions
20 (d), (e), (f), and (g) of Section 366.2.

21 (f) The commission shall adopt rules that defer new elections
22 to enter into direct transactions for the purchase of electricity by
23 noncore customers until the commission has approved a cost
24 recovery mechanism that ensures that new elections by noncore
25 customers to purchase electricity through direct transactions will
26 not result in the under recovery of any costs attributable to those
27 noncore customers.

28 (g) Customers that are purchasing electricity pursuant to a
29 direct transaction as of January 1, 2005, including customers that
30 qualify as core customers, ~~pursuant to rules adopted by the~~
31 ~~commission,~~ may choose to continue to purchase electricity
32 pursuant to ~~direct transaction or to return to bundled~~ *a direct*
33 *transaction or to return to* service provided by the electrical
34 corporation.

35 (h) *For purposes of this article, "core customer" means any*
36 *customer with a maximum peak demand of less than 500 kilowatts.*

37 (i) *For purposes of this article, "non-core customer" means*
38 *any customer with a single meter with a maximum peak demand*
39 *of at least 500 kilowatts.*



1 (j) In designating the earliest possible date for implementation
2 of a community choice aggregation program, the commission
3 shall ensure that there will be no cost-shifting or stranding of
4 investments made pursuant to ~~an integrated resource investment~~
5 *a long-term resource plan* of the electrical corporation that has
6 been approved by the commission *pursuant to Section 454.5*.

7 400.22. (a) All electrical load serving entities, including
8 nonutility electric service providers and community choice
9 aggregators, shall be subject to the same requirements for resource
10 adequacy, resource diversity, *and* the renewable portfolio
11 standard, ~~and demand response resources~~ *as* applicable to
12 electrical corporations.

13 (b) The commission, in consultation with the Independent
14 System Operator, shall establish resource adequacy requirements
15 to ensure adequate ~~reserves of physical generating capacity~~ *are*
16 *physical generating capacity to meet peak demand and planning*
17 *and operating reserves*, is available to serve all customers reliably.
18 ~~Consistent with federal law, the~~ *The* Independent System Operator
19 shall implement and enforce these resource adequacy ~~and reserve~~
20 requirements in a nondiscriminatory manner on all load serving
21 entities. *Load serving entities may procure physical generating*
22 *capacity through a market-based mechanism. For purposes of this*
23 *article, "load serving entity" does not include a local publicly*
24 *owned electrical utility as defined in Section 9604.*

25 400.30. To ensure that the utility's obligation to ~~serve bundled~~
26 *provide* customers with reliable electric service at just and
27 reasonable rates is met by an electrical corporation, the
28 commission shall adopt rules and regulations consistent with the
29 policies and provisions of this article. ~~Subject to judicial review~~
30 ~~as provided in this act, those actions undertaken by the commission~~
31 ~~pursuant to the provisions of this article are binding upon the~~
32 ~~commission, and modify, amend and supercede any other~~
33 ~~provisions of law, including Section 1708.~~

34 400.40. Nothing in this chapter shall alter or affect any
35 outcome of a competitive procurement process conducted by an
36 electrical corporation pursuant to any other law, including Section
37 454.5, prior to January 1, 2005.

38 SEC. 3. No reimbursement is required by this act pursuant to
39 Section 6 of Article XIII B of the California Constitution because
40 the only costs that may be incurred by a local agency or school



1 district will be incurred because this act creates a new crime or
2 infraction, eliminates a crime or infraction, or changes the penalty
3 for a crime or infraction, within the meaning of Section 17556 of
4 the Government Code, or changes the definition of a crime within
5 the meaning of Section 6 of Article XIII B of the California
6 Constitution.

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