

ASSEMBLY BILL

No. 380

Introduced by Assembly Member Nunez

February 11, 2005

An act to add Section 380 to the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 380, as introduced, Nunez. Electricity: electrical restructuring: resource adequacy.

The California Constitution establishes the Public Utilities Commission, and provides it with jurisdiction over all public utilities. The Constitution grants the commission certain general powers over all public utilities, subject to control by the Legislature, and authorizes the Legislature, unlimited by the other provisions of the Constitution, to confer additional authority and jurisdiction upon the commission, that is cognate and germane to the regulation of public utilities.

The existing Public Utilities Act imposes various duties and responsibilities on the commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program. Existing law relative to electrical restructuring, authorizes electrical service to be provided, in certain circumstances, by electric service providers, as defined, and community choice aggregators, as defined.

This bill would require the commission, in consultation with the Independent System Operator, to establish resource adequacy requirements to ensure that adequate physical generating capacity, dedicated to serving all load requirements, is available to meet peak

demand plus requisite planning and operating reserves, and would require the commission to implement and enforce these resource adequacy requirements in a nondiscriminatory manner on all load serving entities. The bill would require that the cost of meeting resource adequacy requirements, including the costs associated with system reliability and local area reliability found reasonable by the commission, be fully recoverable from all customers taking service from an electrical corporation on a nonbypassable basis at the time the commitment to incur the cost is made or thereafter. The bill would require that all load serving entities, including electric service providers and community choice aggregators, are subject to the same requirements for resource adequacy, resource diversity, cost-effective energy efficiency, and the renewables portfolio standard, as are applicable to an electrical corporation.

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

Because the provisions of this bill would be part of the act and an order or other action of the commission would be required to implement certain of the provisions, this bill would impose a state-mandated local program by creating new crimes.

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 380 is added to the Public Utilities
- 2 Code, to read:
- 3 380. (a) The commission, in consultation with the
- 4 Independent System Operator, shall establish resource adequacy
- 5 requirements to ensure that adequate physical generating capacity
- 6 dedicated to serving all load requirements is available to meet
- 7 peak demand and planning and operating reserves, at or
- 8 deliverable to locations and at times as may be necessary to

1 ensure local area reliability and system reliability, at just and
2 reasonable rates.

3 (b) All electrical load serving entities, including nonutility
4 electric service providers and community choice aggregators,
5 shall be subject to the same requirements for resource adequacy,
6 resource diversity, cost-effective energy efficiency, and the
7 renewables portfolio standard program, that are applicable to
8 electrical corporations pursuant to this section, or otherwise as
9 required by law, or by order or decision of the commission.

10 (c) The commission shall implement and enforce these
11 resource adequacy requirements in a nondiscriminatory manner
12 as to all load serving entities. The electrical corporation's costs of
13 meeting those resource adequacy requirements, including the
14 costs associated with system reliability and local area reliability,
15 that are found reasonable by the commission, shall be fully
16 recoverable from those customers taking service from the
17 electrical corporation, at the time the commitment to incur the
18 cost is made or thereafter, on a fully nonbypassable basis
19 pursuant to rates that are just and reasonable, as determined by
20 the commission.

21 SEC. 2. No reimbursement is required by this act pursuant to
22 Section 6 of Article XIII B of the California Constitution because
23 the only costs that may be incurred by a local agency or school
24 district will be incurred because this act creates a new crime or
25 infraction, eliminates a crime or infraction, or changes the
26 penalty for a crime or infraction, within the meaning of Section
27 17556 of the Government Code, or changes the definition of a
28 crime within the meaning of Section 6 of Article XIII B of the
29 California Constitution.