

Introduced by Senator CorbettFebruary 21, 2014

An act to amend Section 740.5 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 1286, as introduced, Corbett. 21st Century Energy System Decision.

The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities, as defined, and authorizes the commission to fix the rates and charges for every public utility. Existing law authorizes certain public utilities, including electrical corporations, as defined, to propose research and development programs and authorizes the commission to allow inclusion of expenses for research and development in rates. Existing law requires the commission to consider specified guidelines in evaluating the research, development, and demonstration programs proposed by electrical corporations and gas corporations.

Existing law prohibits the commission, in implementing the 21st Century Energy System Decision, as defined, from authorizing recovery from ratepayers of any expense for research and development projects that are not for purposes of cyber security and grid integration and limits total funding for research and development projects for the purposes of cyber security and grid integration from exceeding \$35,000,000.

This bill would limit total funding for research and development projects for the purposes of cyber security and grid integration from exceeding \$60,000,000.

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 740.5 of the Public Utilities Code is
2 amended to read:

3 740.5. (a) For purposes of this section, “21st Century Energy
4 System Decision” means commission Decision 12-12-031
5 (December 20, 2012), Decision Granting Authority to Enter Into
6 a Research and Development Agreement with Lawrence Livermore
7 National Laboratory for 21st Century Energy Systems and for
8 costs up to \$152.19 million, or any subsequent decision in
9 Application 11-07-008 (July 18, 2011), Application of Pacific Gas
10 and Electric Company (U39M), San Diego Gas and Electric
11 Company (U902E), and Southern California Edison Company
12 (U338E) for Authority to Increase Electric Rates and Charges to
13 Recover Costs of Research and Development Agreement with
14 Lawrence Livermore National Laboratory for 21st Century Energy
15 Systems.

16 (b) In implementing the 21st Century Energy System Decision,
17 the commission shall not authorize recovery from ratepayers of
18 any expense for research and development projects that are not
19 for purposes of cyber security and grid integration. Total funding
20 for research and development projects for the purposes of cyber
21 security and grid integration pursuant to the 21st Century Energy
22 System Decision shall not exceed ~~thirty-five~~ *sixty* million dollars
23 ~~(\$35,000,000)~~. *(\$60,000,000)*. All cyber security and grid
24 integration research and development projects shall be concluded
25 by the fifth anniversary of their start date.

26 (c) The commission shall not approve for recovery from
27 ratepayers, those program management expenditures proposed,
28 commencing with page seven, in the joint advice letter filed by
29 the state’s three largest electrical corporations, Advice
30 3379-G/4215-E (Pacific Gas and Electric Company), Advice
31 2887-E (Southern California Edison Company), and Advice 2473-E
32 (San Diego Gas and Electric Company), dated April 19, 2013.
33 Project managers for the 21st Century Energy System Decision
34 shall be limited to three representatives, one representative each
35 from Pacific Gas and Electric Company, Southern California
36 Edison Company, and San Diego Gas and Electric Company.

37 (d) The commission shall require the Lawrence Livermore
38 National Laboratory, as a condition for entering into any contract

1 pursuant to the 21st Century Energy System Decision, and Pacific
2 Gas and Electric Company, Southern California Edison Company,
3 and San Diego Gas and Electric Company to ensure that research
4 parameters reflect a new contribution to cyber security and that
5 there not be a duplication of research being done by other private
6 and governmental entities.

7 (e) (1) The commission shall require each participating
8 electrical corporation to prepare and submit to the commission by
9 December 1, 2013, a joint report on the scope of all proposed
10 research projects, how the proposed project may lead to
11 technological advancement and potential breakthroughs in cyber
12 security and grid integration, and the expected timelines for
13 concluding the projects. The commission shall, within 30 days of
14 receiving the joint report, determine whether the report is sufficient
15 or requires revision, and upon determining that the report is
16 sufficient submit the report to the Legislature in compliance with
17 Section 9795 of the Government Code.

18 (2) The commission shall require each participating electrical
19 corporation to prepare and submit to the commission by 60 days
20 following the conclusion of all research and development projects,
21 a joint report summarizing the outcome of all funded projects,
22 including an accounting of expenditures by the project managers
23 and grant recipients on administrative and overhead costs and
24 whether the project resulted in any technological advancements
25 or breakthroughs in promoting cyber security and grid integration.
26 The commission shall, within 30 days of receiving the joint report,
27 determine whether the report is sufficient or requires revision, and
28 upon determining that the report is sufficient, submit the report to
29 the Legislature in compliance with Section 9795 of the Government
30 Code.

31 (3) This subdivision shall become inoperable January 1, 2023,
32 pursuant to Section 10231.5 of the Government Code.