CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL No. 1393

Introduced by Assembly Member Wright

February 26, 1999

An act to amend Sections 381 and 382 of, and to add Section 381.5 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1393, as introduced, R. Wright. Electrical restructuring: programs: funding.

(1) The Public Utilities Act requires specified electrical corporations to allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established for the in-state operation and development of existing and new and emerging renewable resource technologies, as described. The act requires the Public Utilities Commission to order certain electrical corporations to collect and spend funds for, among other purposes, cost-effective energy efficiency and conservation activities, in accordance with a prescribed schedule. The act requires programs provided to low-income electricity customers, including, but not limited to, targeted energy-efficiency services and the California Alternative Rates for Energy Program to be funded at not less than 1996 authorized levels based on an assessment of customer need, and requires the commission to allocate funds necessary to meet those low-income objectives.

This bill would require those specified electrical corporations to also allow customers to make those voluntary contributions described above to support programs established for cost-effective energy efficiency and conservation activities. The bill would require the commission to allocate the funds collected to support those programs in accordance with administration and expenditure criteria, upon the establishment of those criteria by the Legislature. The bill would require the commission to order those certain electrical corporations required to collect and spend funds for cost-effective energy efficiency and conservation activities to allocate 35% of those to cost-effective energy efficiency and conservation activities that affect residential energy use. The bill would require the commission to order the electrical corporations to collect and expend funds for targeted energy efficiency programs for low-income electricity customers in accordance with a prescribed schedule. The bill would require the commission, with respect to those low-income objectives, to require the collection and allocation of funds necessary to meet the objectives. Because a violation of the act is a crime, this bill would impose state-mandated local programs by creating new crimes.

(2) 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:

SECTION 1. Section 381 of the Public Utilities Code is amended to read:

381. (a) To ensure that the funding for the programs described in subdivision (b) and Section 382 ~~are~~ *is* not commingled with other revenues, the commission shall require each electrical corporation to identify a separate rate component to collect the revenues used to fund these

programs. The rate component shall be a nonbypassable element of the local distribution service and collected on the basis of usage. This rate component shall fall within the rate levels identified in subdivision (a) of Section 368.

(b) The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to programs which enhance system reliability and provide in-state benefits as follows:

(1) Cost-effective energy efficiency and conservation activities.

(2) Public interest research and development not adequately provided by competitive and regulated markets.

(3) In-state operation and development of existing and new and emerging renewable resource technologies defined as electricity produced from other than a conventional power source within the meaning of Section 2805, provided that a power source utilizing more than 25 percent fossil fuel may not be included.

(c) The Public Utilities Commission shall order the respective electrical corporations to collect and spend these funds, as follows:

(1) Cost-effective energy efficiency and conservation activities shall be funded at not less than the following levels commencing January 1, 1998, through December 31, 2001: for San Diego Gas and Electric Company a level of thirty-two million dollars ($32,000,000) per year; for Southern California Edison Company a level of ninety million dollars ($90,000,000) for each of the years l998, 1999, and 2000; fifty million dollars ($50,000,000) for the year 2001; and for Pacific Gas and Electric Company a level of one hundred six million dollars ($106,000,000) per year.

(2) Research, development, and demonstration programs to advance science or technology that are not adequately provided by competitive and regulated markets shall be funded at not less than the following levels commencing January 1, 1998 through December 31, 2001: for San Diego Gas and Electric Company a level of four million dollars ($4,000,000) per year; for Southern

California Edison Company a level of twenty-eight million five hundred thousand dollars ($28,500,000) per year; and for Pacific Gas and Electric Company a level of thirty million dollars ($30,000,000) per year.

(3) In-state operation and development of existing and new and emerging renewable resource technologies shall be funded at not less than the following levels on a statewide basis: one hundred nine million five hundred thousand dollars ($109,500,000) per year for each of the years 1998, 1999, and 2000, and one hundred thirty-six million five hundred thousand dollars ($136,500,000) for the year 2001. To accomplish these funding levels over the period described herein the San Diego Gas and Electric Company shall spend twelve million dollars ($12,000,000) per year, the Southern California Edison Company shall expend no less than forty-nine million five hundred thousand dollars ($49,500,000) for the years 1998, 1999, and 2000, and no less than seventy-six million five hundred thousand dollars ($76,500,000) for the year 2001, and the Pacific Gas and Electric Company shall expend no less than forty-eight million dollars ($48,000,000) per year through the year 2001. Additional funding not to exceed seventy-five million dollars ($75,000,000) shall be allocated from moneys collected pursuant to subdivision (d) in order to provide a level of funding totaling five hundred forty million dollars ($540,000,000).

(4) Up to fifty million dollars ($50,000,000) of the amount collected pursuant to subdivision (d) may be used to resolve outstanding issues related to implementation of subdivision (a) of Section 374. Moneys remaining after fully funding the provisions of this paragraph shall be reallocated for purposes of paragraph (3).

(5) Up to ninety million dollars ($90,000,000) of the amount collected pursuant to subdivision (d) may be used to resolve outstanding issues related to contractual arrangements in the Southern California Edison service territory stemming from the Biennial Resource Planning Update auction. Moneys remaining after fully funding

the provisions of this paragraph shall be reallocated for purposes of paragraph (3).

(d) Notwithstanding any other provisions of this chapter, entities subject to the jurisdiction of the Public Utilities Commission shall extend the period for competition transition charge collection up to three months beyond its otherwise applicable termination of December 31, 2001, so as to ensure that the aggregate portion of the research, environmental, and low-income funds allocated to renewable resources shall equal five hundred forty million dollars ($540,000,000) and that the costs specified in paragraphs (3), (4), and (5) of subdivision (c) are collected.

(e) Each electrical corporation shall allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established pursuant to ~~paragraph~~ *paragraphs (1) and* (3) of subdivision (b). Funds collected by electrical corporations for these purposes shall be forwarded in a timely manner to the appropriate fund as specified by the commission.

(f) *The commission shall allocate the funds collected for the purposes of paragraph (1) of subdivision (b) in accordance with administration and expenditure criteria, upon the establishment of those criteria by the Legislature.*

(g) The commission shall determine how to utilize funds for purposes of ~~paragraphs (1) and~~ *paragraph* (2) of subdivision (b), provided that only those research and development funds for transmission and distribution functions shall remain with the regulated public utilities under the supervision of the commission. The commission shall provide for the transfer of all research and development funds collected for purposes of paragraph (2) of subdivision (b) other than those for transmission and distribution functions and funds collected for purposes of paragraph (3) of subdivision (b) to the California Energy Resources Conservation and Development Commission pursuant to administration

and expenditure criteria to be established by the Legislature.

~~(g)~~

(h) The commission's authority to collect funds pursuant to this section for purposes of paragraph (3) of subdivision (b) shall become inoperative on March 31, 2002.

~~(h)~~

(i) For purposes of this article, ''emerging renewable technology'' means a new renewable technology, including, but not limited to, photovoltaic technology, that is determined by the California Energy Resources Conservation and Development Commission to be emerging from research and development and that has significant commercial potential.

SEC. 2. Section 381.5 is added to the Public Utilities Code, to read:

381.5. (a) The commission shall order the respective electrical corporations specified in paragraph (1) of subdivision (c) of Section 381 to allocate 35 percent of the funds collected pursuant to that paragraph to cost-effective energy efficiency and conservation activities that affect residential energy use.

(b) The commission shall order the respective electrical corporations to collect and expend funds for targeted energy efficiency programs for low-income electricity customers, as described in Section 382, at the following levels, commencing January 1, 2000, through December 31, 2001: for San Diego Gas and Electric Company a level of five million dollars ($5,000,000) per year; for Southern California Edison Company a level of twelve million dollars ($12,000,000) for each year; and for Pacific Gas and Electric Company a level of fifteen million dollars ($15,000,000) per year. These funds are in addition to funds collected pursuant to paragraph (1) of subdivision (c) of Section 381.

SEC. 3. Section 382 of the Public Utilities Code is amended to read:

382. Programs provided to low-income electricity customers, including, but not limited to, targeted

energy-efficiency services and the California Alternative Rates for Energy Program shall be funded at not less than 1996 authorized levels based on an assessment of customer need. The commission shall ~~allocate~~ *require the collection and allocation of* funds necessary to meet the low-income objectives in this section.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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