

AMENDED IN SENATE MARCH 11, 1999

SENATE BILL

No. 96

Introduced by ~~Senator Peace~~ *Senators Peace and Baca*
*(Coauthors: Assembly Members House, Leach, Leonard,
and Longville)*

December 8, 1998

~~An act to add Sections 344 and 354 to, and to repeal Section 340 of, An act to repeal and add Section 359 of the Public Utilities Code, relating to public utilities.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 96, as amended, Peace. Electrical restructuring: Independent System Operator: Power Exchange.

Existing law governing electrical restructuring states the intent of the Legislature that California enter into a compact with western region states, and that the compact should require the publicly and investor-owned utilities located in those states that sell energy to California retail customers to adhere to enforceable standards and protocols to protect the reliability of the interconnected regional transmission and distribution systems. Existing law provides for the creation of an Independent System Operator and Power Exchange, with powers and duties as prescribed.

This bill would repeal that intent provision, and, instead, state the intent of the Legislature to provide for the evolution of the Independent System Operator and the Power Exchange into regional organizations to promote the development of regional electricity transmission markets in the western states and to improve the access of consumers

served by the Independent System Operator and the Power Exchange to those markets. The bill would state that the preferred means by which that voluntary evolution should occur is through the adoption of a regional compact or other comparable agreement, as described.

~~Existing law requires the Oversight Board to take the steps that are necessary to ensure the earliest possible incorporation of the Independent System Operator and the Power Exchange as separately incorporated public benefit, nonprofit corporations under the Corporations Code.~~

~~This bill would repeal that provision and, instead, create the Independent System Operator and the Power Exchange as state agencies, with powers as prescribed.~~

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

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

1 ~~SECTION 1. Section 340 of the Public Utilities Code~~

2 *SECTION 1. Section 359 of the Public Utilities Code*
3 *is repealed.*

4 ~~359. It is the intent of the Legislature that California~~
5 ~~enter into a compact with western region states. That~~
6 ~~compact should require the publicly and investor-owned~~
7 ~~utilities located in those states that sell energy to~~
8 ~~California retail customers, to adhere to enforceable~~
9 ~~standards and protocols to protect the reliability of the~~
10 ~~interconnected regional transmission and distribution~~
11 ~~systems.~~

12 *SEC. 2. Section 359 is added to the Public Utilities*
13 *Code, to read:*

14 *359. (a) It is the intent of the Legislature to provide*
15 *for the evolution of the Independent System Operator*
16 *and the Power Exchange into regional organizations to*
17 *promote the development of regional electricity*
18 *transmission markets in the western states and to*
19 *improve the access of consumers served by the*
20 *Independent System Operator and the Power Exchange*
21 *to those markets.*

(b) The preferred means by which the voluntary evolution described in subdivision (a) should occur is through the adoption of a regional compact or other comparable agreement among cooperating party states, the retail customers of which states would reside within the geographic territories served by the Independent System Operator and the Power Exchange.

(c) The agreement described in subdivision (b) should provide for all of the following:

(1) An equitable process for the appointment or confirmation by party states of members of the governing boards of the Independent System Operator and the Power Exchange.

(2) A respecification of the size, structure, representation, eligible membership, nominating procedures, and member terms of service of the governing boards of the Independent System Operator and the Power Exchange.

(3) Mechanisms by which each party state, jointly or separately, can oversee effectively the actions of the Independent System Operator and the Power Exchange as those actions relate to the assurance of electricity system reliability within the party state and to matters that affect electricity sales to the retail customers of the party state or otherwise affect the general welfare of the electricity consumers and the general public of the party state.

(4) The adherence by publicly owned and investor-owned utilities located in party states to enforceable standards and protocols to protect the reliability of the interconnected regional transmission and distribution systems.

~~is repealed.~~

~~SEC. 2. Section 344 is added immediately following the article heading of Article 3 (commencing with Section 345) of Chapter 2.3 of Division 1 of the Public Utilities Code, to read:~~

~~344. (a) The Independent System Operator is a state agency. The Independent System Operator has perpetual succession and it may sue and be sued. The~~

~~Independent System Operator, to carry into effect and promote its objectives, may do all of the following:~~

~~(1) Make contracts.~~

~~(2) Borrow money, contract debts, issue bonds, notes, and debentures, and secure the payment of performance of its obligations.~~

~~(3) Own, hold, use, manage, and deal in and with real and personal property.~~

~~(4) Construct, alter, maintain, and repair buildings and other improvements to real property.~~

~~(5) Purchase, lease, obtain options upon, or acquire by gift, bequest, devise or otherwise, any real or personal property or any interest therein.~~

~~(6) Sell, lease, exchange, convey, transfer, assign, encumber, pledge, or dispose of any of its real or personal property or any interest therein, including without limitation all or any portion of its income or revenues from membership fees paid or payable by members.~~

~~(7) Do all other acts incidental to the foregoing or necessary or expedient for the administration of its affairs and the attainment of its purposes.~~

~~(b) Pursuant to those powers enumerated in paragraphs (1) to (7), inclusive, of subdivision (a), the Independent System Operator may raise revenue by any lawful means.~~

~~(c) No law of this state restricting, or prescribing a mode of procedure for the exercise of powers of state public bodies or state agencies, or classes thereof, including, but not limited to, Division 3 (commencing with Section 11000), Division 4 (commencing with Section 16100), and Part 1 (commencing with Section 18000) and Part 2 (commencing with Section 18500) of Division 5, of Title 2 of the Government Code, is applicable to the Independent System Operator.~~

~~SEC. 3. Section 344 is added immediately following the article heading of Article 4 (commencing with Section 355) of Chapter 2.3 of Division 1 of the Public Utilities Code, to read:~~

~~344. (a) The Power Exchange is a state agency. The Power Exchange has perpetual succession and it may sue~~

1 and be sued. The Power Exchange, to carry into effect
2 and promote its objectives, may do all of the following:

3 (1) Make contracts.

4 (2) Borrow money, contract debts, issue bonds, notes,
5 and debentures, and secure the payment of performance
6 of its obligations.

7 (3) Own, hold, use, manage, and deal in and with real
8 and personal property.

9 (4) Construct, alter, maintain, and repair buildings
10 and other improvements to real property.

11 (5) Purchase, lease, obtain options upon, or acquire by
12 gift, bequest, devise or otherwise, any real or personal
13 property or any interest therein.

14 (6) Sell, lease, exchange, convey, transfer, assign,
15 encumber, pledge, or dispose of any of its real or personal
16 property or any interest therein, including without
17 limitation all or any portion of its income or revenues
18 from membership fees paid or payable by members.

19 (7) Do all other acts incidental to the foregoing or
20 necessary or expedient for the administration of its affairs
21 and the attainment of its purposes.

22 (b) Pursuant to those powers enumerated in
23 paragraphs (1) to (7), inclusive, of subdivision (a), the
24 Power Exchange may raise revenue by any lawful means.

25 (c) No law of this state restricting, or prescribing a
26 mode of procedure for the exercise of powers of state
27 public bodies or state agencies, or classes thereof,
28 including, but not limited to, Division 3 (commencing
29 with Section 11000), Division 4 (commencing with
30 Section 16100), and Part 1 (commencing with Section
31 18000) and Part 2 (commencing with Section 18500) of
32 Division 5, of Title 2 of the Government Code, is
33 applicable to the Power Exchange.