

AMENDED IN SENATE APRIL 26, 1999

AMENDED IN SENATE APRIL 5, 1999

**SENATE BILL**

**No. 418**

---

---

**Introduced by Senator Bowen**

February 12, 1999

---

---

An act to amend Section 381 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 418, as amended, Bowen. Electrical restructuring: funding of programs.

Existing law governing electrical restructuring requires the Public Utilities Commission to require that each electrical corporation identify a separate rate component to collect revenues used to fund programs that enhance system reliability and provide in-state benefits, as specified, and low-income electricity customer programs. ~~That provision, for specified funding purposes, defines "emerging renewable technology" to mean 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.~~

~~This bill would modify the defined term to "emerging renewable resource technology" and would also include within the definition solar thermal electric technology, fuel cells that use renewable fuels, and wind turbines of not more~~

~~than 10 kilowatts rated electrical capacity per customer site make technical, nonsubstantive changes in those provisions. The bill would make a related statement of legislative intent state the intent of the Legislature to provide, in 2002 and thereafter, for the appropriate funding and administration of programs that enhance electrical system reliability and provide in-state benefits.~~

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. It is the intent of the Legislature in  
2 enacting this act to provide, in 2002 and thereafter, for the  
3 appropriate funding and administration of programs that  
4 enhance electrical system reliability and provide in-state  
5 benefits, as described in subdivision (b) of Section 381 of  
6 the Public Utilities Code.

7 SEC. 2. Section 381 of the Public Utilities Code is  
8 amended to read:

9 381. (a) To ensure that the funding for the programs  
10 described in subdivision (b) and Section 382 are not  
11 commingled with other revenues, the commission shall  
12 require each electrical corporation to identify a separate  
13 rate component to collect the revenues used to fund these  
14 programs. The rate component shall be a nonbypassable  
15 element of the local distribution service and collected on  
16 the basis of usage. This rate component shall fall within  
17 the rate levels identified in subdivision (a) of Section 368.

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

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

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

27 (3) In-state operation and development of existing  
28 and new and emerging renewable resource technologies

1 defined as electricity produced from other than a  
2 conventional power source within the meaning of Section  
3 2805, provided that a power source utilizing more than 25  
4 percent fossil fuel may not be included.

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

8 (1) Cost-effective energy efficiency and conservation  
9 activities shall be funded at not less than the following  
10 levels commencing January 1, 1998, through December  
11 31, 2001: for San Diego Gas and Electric Company a level  
12 of thirty-two million dollars (\$32,000,000) per year; for  
13 Southern California Edison Company a level of ninety  
14 million dollars (\$90,000,000) for each of the years 1998,  
15 1999, and 2000; fifty million dollars (\$50,000,000) for the  
16 year 2001; and for Pacific Gas and Electric Company a  
17 level of one hundred six million dollars (\$106,000,000) per  
18 year.

19 (2) Research, development, and demonstration  
20 programs to advance science or technology that are not  
21 adequately provided by competitive and regulated  
22 markets shall be funded at not less than the following  
23 levels commencing January 1, 1998, through December  
24 31, 2001: for San Diego Gas and Electric Company a level  
25 of four million dollars (\$4,000,000) per year; for Southern  
26 California Edison Company a level of twenty-eight  
27 million five hundred thousand dollars (\$28,500,000) per  
28 year; and for Pacific Gas and Electric Company a level of  
29 thirty million dollars (\$30,000,000) per year.

30 (3) In-state operation and development of existing  
31 and new and emerging renewable resource technologies  
32 shall be funded at not less than the following levels on a  
33 statewide basis: one hundred nine million five hundred  
34 thousand dollars (\$109,500,000) per year for each of the  
35 years 1998, 1999, and 2000, and one hundred thirty-six  
36 million five hundred thousand dollars (\$136,500,000) for  
37 the year 2001. To accomplish these funding levels over  
38 the period described in this section, the San Diego Gas  
39 and Electric Company shall spend twelve million dollars  
40 (\$12,000,000) per year, the Southern California Edison

1 Company shall expend no less than forty-nine million five  
2 hundred thousand dollars (\$49,500,000) for the years  
3 1998, 1999, and 2000, and no less than seventy-six million  
4 five hundred thousand dollars (\$76,500,000) for the year  
5 2001, and the Pacific Gas and Electric Company shall  
6 expend no less than forty-eight million dollars  
7 (\$48,000,000) per year through the year 2001. Additional  
8 funding not to exceed seventy-five million dollars  
9 (\$75,000,000) shall be allocated from moneys collected  
10 pursuant to subdivision (d) in order to provide a level of  
11 funding totaling five hundred forty million dollars  
12 (\$540,000,000).

13 (4) Up to fifty million dollars (\$50,000,000) of the  
14 amount collected pursuant to subdivision (d) may be  
15 used to resolve outstanding issues related to  
16 implementation of subdivision (a) of Section 374. Moneys  
17 remaining after fully funding the provisions of this  
18 paragraph shall be reallocated for purposes of paragraph  
19 (3).

20 (5) Up to ninety million dollars (\$90,000,000) of the  
21 amount collected pursuant to subdivision (d) may be  
22 used to resolve outstanding issues related to contractual  
23 arrangements in the Southern California Edison service  
24 territory stemming from the Biennial Resource Planning  
25 Update auction. Moneys remaining after fully funding  
26 the provisions of this paragraph shall be reallocated for  
27 purposes of paragraph (3).

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

39 (e) Each electrical corporation shall allow customers  
40 to make voluntary contributions through their utility bill

1 payments as either a fixed amount or a variable amount  
2 to support programs established pursuant to paragraph  
3 (3) of subdivision (b). Funds collected by electrical  
4 corporations for these purposes shall be forwarded in a  
5 timely manner to the appropriate fund as specified by the  
6 commission.

7 (f) The commission shall determine how to utilize  
8 funds for purposes of paragraphs (1) and (2) of  
9 subdivision (b), provided that only those research and  
10 development funds for transmission and distribution  
11 functions shall remain with the regulated public utilities  
12 under the supervision of the commission. The  
13 commission shall provide for the transfer of all research  
14 and development funds collected for purposes of  
15 paragraph (2) of subdivision (b) other than those for  
16 transmission and distribution functions and funds  
17 collected for purposes of paragraph (3) of subdivision (b)  
18 to the California Energy Resources Conservation and  
19 Development Commission pursuant to administration  
20 and expenditure criteria *to be* established by the  
21 Legislature.

22 (g) The commission's authority to collect funds  
23 pursuant to this section for purposes of paragraph (3) of  
24 subdivision (b) shall become inoperative on March 31,  
25 2002.

26 (h) For purposes of this article, "emerging renewable  
27 ~~resource~~ technology" is a new renewable technology,  
28 including, but not limited to, photovoltaic technology,  
29 ~~solar thermal electric technology, fuel cells that use~~  
30 ~~renewable fuels, and wind turbines of not more than 10~~  
31 ~~kilowatts rated electrical capacity per customer site, that~~  
32 *that* is determined by the California Energy Resources  
33 Conservation and Development Commission to be  
34 emerging from research and development and that has  
35 significant commercial potential.

