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**Introduced by Senator Peace**

January 24, 2000

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An act relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1388, as introduced, Peace. Electrical restructuring.

The Public Utilities Act provides for the restructuring of the electrical industry in this state, including specific provisions with regard to the reliability and cost of electric transmission and distribution services.

This bill would make legislative findings and declarations with regard to the reliability and cost of electricity service.

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

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

1 SECTION 1. The Legislature finds and declares all of  
2 the following:

3 (a) Reliable, reasonably priced electricity service is  
4 and always has been essential for California's economic  
5 growth and for the health and welfare of its citizens.

6 (b) To improve the reliability and cost of electricity  
7 service in California, Chapter 854 of the Statutes of 1996  
8 (hereafter AB 1890) restructured the state's electricity  
9 industry to allow market-based competition in the supply  
10 of electric power and created the Independent System  
11 Operator to ensure reliability, efficiently operate the  
12 statewide transmission system, and ensure that necessary

1 new transmission capacity was planned for and  
2 constructed.

3 (c) Prior to electric industry restructuring, California  
4 had experienced a decade-long hiatus in power plant  
5 construction that, in conjunction with strong,  
6 population-driven electricity demand growth, had begun  
7 to jeopardize electric system reliability.

8 (d) The passage of AB 1890 ended this construction  
9 hiatus and stimulated private developers to file an  
10 unprecedented number of applications to build new,  
11 environmentally superior merchant power plants in  
12 California.

13 (e) However, because these new power plants will not  
14 be completed until 2002 or 2003, the state's electric system  
15 reliability will remain vulnerable during the next few  
16 years during periods when California and its neighboring  
17 states simultaneously experience very hot weather.

18 (f) This vulnerability will be exacerbated, in the event  
19 of a drought, by California's dependence on  
20 rainfall-driven hydroelectric power for over 20 percent of  
21 its annual electricity requirements.

22 (g) Adequate generation, transmission, and  
23 consumer-demand responsiveness alternatives are  
24 critical to managing the vulnerability of the state's  
25 electric system and ensuring reliable, reasonably priced,  
26 electricity.

27 (h) Therefore all of the following are necessary:

28 (1) Timely and efficient public processes for siting,  
29 licensing, and interconnecting new generation and  
30 transmission facilities.

31 (2) Providing tools and information to the state's  
32 electricity consumers to enable them to manage their  
33 energy use during periods when electricity is most costly.

34 (3) Equipping public and private institutions that  
35 protect the interests of California's citizens with the tools  
36 and authority they need to facilitate the timely  
37 development of required physical and policy  
38 infrastructure.

39 (i) This act is intended to ensure that needed processes  
40 and institutional capabilities are in place so California's

1 citizens and businesses will continue to be assured  
2 reliable, reasonably priced, electricity service.  
3 Specifically, this bill is intended to do all of the following:

4 (1) Expedite the deployment of new in-state electric  
5 generation capacity.

6 (2) Expedite the development of necessary  
7 transmission capacity identified by the Independent  
8 System Operator.

9 (3) Expedite the development of necessary  
10 distribution capacity identified by the Public Utilities  
11 Commission.

12 (4) Maximize the potential benefits of energy  
13 conservation by facilitating the deployment of  
14 appropriate metering and communication and control  
15 technologies through the distribution system.

