

AMENDED IN SENATE MAY 4, 2000
AMENDED IN SENATE APRIL 24, 2000
AMENDED IN SENATE APRIL 12, 2000

SENATE BILL

No. 1388

Introduced by Senator Peace

January 24, 2000

An act to amend Sections 25519 and 25523 of, and to repeal Section 25524 of, the Public Resources Code, and to add ~~Section 393~~ *Sections 393 and 454.1* to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1388, as amended, Peace. Electrical power facilities.

(1) The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to certify sufficient sites and related facilities that are required to provide a supply of electric power sufficient to accommodate projected demand for power statewide. The act requires that the commission forward an application for certification of a power facility to local governmental agencies having land use and related jurisdiction in the area of the proposed site and related facility, and requires those local agencies to review the application and submit comments, as prescribed. The act requires the commission to transmit a copy of the application to each federal and state agency having jurisdiction or special interest in matters pertinent to

the proposed site and related facilities and to the Attorney General.

This bill would require local and state agencies having jurisdiction or special interest in matters pertinent to the proposed site and related facilities to provide their comments and recommendations on the project within 180 days of the date of filing of an application.

(2) The act requires that the commission prepare a written decision after a public hearing on an application for certification, containing specified information, including, with respect to a geothermal site and related facility, findings on whether there are sufficient commercial quantities of geothermal resources available to operate the proposed facility for its planned life. The act prohibits the commission from certifying any geothermal site and related facility unless it finds that the geothermal field dedicated to the proposed powerplant is reasonably capable of providing geothermal resources in sufficient commercial quantities to supply the powerplant over its planned life.

This bill would delete the above provisions relating to certifying geothermal sites and related facilities.

(3) The Public Utilities Act requires the Public Utilities Commission to implement specified provisions of the restructuring of the electrical industry in the state.

~~This bill would require electrical corporations and local publicly owned electrical utilities to replace or retrofit electric meters to provide usage information to the customer in a specified format. This bill would require the commission to adopt rules and orders to implement the replacement or retrofit, as prescribed the commission to conduct a pilot study to determine the relative value to ratepayers of information, rate design, and metering innovations using specified approaches. The commission would be required to report initial results of the study to the Legislature on or before March 31, 2002, and results for a specified electrical corporation 15 months after a certain rate level is no longer in effect. This bill would also provide for the recovery of certain expenses of electrical corporations related to reconfiguration, replacement, or expansion of transmission~~



facilities. Because a violation of the act is a crime, this bill would imposed a state-mandated local program.

(4) The bill would make legislative findings and declarations with regard to the reliability and cost of electricity service and the need for an electricity consumer infrastructure that will provide electricity consumption information to customers.

(5) 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:

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
13 new transmission capacity was planned for and
14 constructed.

15 (c) Prior to electric industry restructuring, California
16 had experienced a decade-long hiatus in powerplant
17 construction that, in conjunction with strong,
18 population-driven electricity demand growth, had begun
19 to jeopardize electric system reliability.

20 (d) The passage of AB 1890 ended this construction
21 hiatus and stimulated private developers to file an
22 unprecedented number of applications to build new,

1 environmentally superior merchant powerplants in
2 California.

3 (e) However, because these new powerplants will not
4 be completed until 2002 or 2003, the state's electric system
5 reliability will remain vulnerable during the next few
6 years during periods when California and its neighboring
7 states simultaneously experience very hot weather.

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

12 (g) Adequate generation, transmission, and
13 consumer-demand responsiveness alternatives are
14 critical to managing the vulnerability of the state's
15 electric system and ensuring reliable, reasonably priced,
16 electricity.

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

18 (1) Timely and efficient public processes for siting,
19 licensing, and interconnecting new generation and
20 transmission facilities.

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

24 (3) Equipping public and private institutions that
25 protect the interests of California's citizens with the tools
26 and authority they need to facilitate the timely
27 development of required physical and policy
28 infrastructure.

29 (i) This act is intended to ensure that needed processes
30 and institutional capabilities are in place so California's
31 citizens and businesses will continue to be assured
32 reliable, reasonably priced, electricity service.
33 Specifically, this bill is intended to do all of the following:

34 (1) Expedite the deployment of new in-state electric
35 generation capacity.

36 (2) Expedite the development of necessary
37 transmission capacity identified by the Independent
38 System Operator.

1 (3) Expedite the development of necessary
2 distribution capacity identified by the Public Utilities
3 Commission.

4 (4) Maximize the potential benefits of energy
5 conservation by facilitating the deployment of
6 appropriate metering and communication and control
7 technologies through the distribution system.

8 (j) The Legislature further finds and declares all of the
9 following:

10 (1) There is a need to establish an electricity consumer
11 information infrastructure that will provide electricity
12 consumption information to residential and small
13 commercial customers to help them better manage their
14 electricity use and costs and improve the demand
15 responsiveness of the electricity market.

16 (2) A fundamental tool residential and small
17 electricity consumers require to better manage their
18 electricity use is real-time information about their
19 electricity consumption. Currently, the only electricity
20 usage information consumers have is a monthly bill that
21 summarizes historical electricity consumption. Real-time
22 electricity usage information is required for consumers to
23 understand the relationship between their current
24 activities and the amount of electricity they are
25 consuming. However, at present, *few* consumers have ~~no~~
26 ~~way~~ *technology installed* to monitor their electricity
27 consumption on a real-time basis.

28 (3) Technology exists that could help consumers
29 acquire the real-time information they would need to
30 understand and manage their electricity consumption.
31 However, the current stock of installed electricity meters
32 is ~~not configured to allow~~ *capable of allowing* ready
33 access to this information.

34 (4) It is possible to economically retrofit or, in certain
35 cases, replace the current stock of electricity meters to
36 allow real-time usage information to be made available to
37 consumers through a standard output interface. A
38 standard output interface would allow consumers to
39 purchase a variety of energy information and

1 management technologies that would meet their
2 individual energy management objectives.

3 (5) Today, no energy information and management
4 technologies are commercially available to the small
5 consumer market *at a cost low enough to encourage*
6 *participation*. However, the ubiquitous availability of
7 standard electricity usage information at a standard
8 output interface, *along with rates that reward customers*
9 *for managing their electricity usage and costs*, will
10 provide an incentive to *customers to change their usage*
11 *patterns and to third party providers to develop*
12 *value-added technological solutions to help consumers*
13 *use their electricity usage information to manage their*
14 *electricity consumption and meet their individual energy*
15 *management objectives and improve the demand*
16 *responsiveness of the electricity market.*

17 (k) *The Legislature further finds and declares that:*

18 (1) *The electric facilities owned by electrical*
19 *corporations that are used in California for the*
20 *transmission of electric energy at high voltages, whether*
21 *or not in interstate commerce, are facilities essential to*
22 *the well-being of California residents and businesses.*

23 (2) *It is in the public interest to reconfigure and add*
24 *transfer and replacement capacity to electric*
25 *transmission facilities to facilitate competition in electric*
26 *generation markets, ensure open, nondiscriminatory*
27 *access to all buyers and sellers of electricity, to ensure all*
28 *buyers and sellers of electricity that they will receive*
29 *comparable service, or to ensure continued reliability of*
30 *the transmission grid.*

31 (3) *Expenditures by electrical corporations to plan,*
32 *design, and engineer reconfigurations, replacements or*
33 *expansions of transmission facilities are in the public*
34 *interest, reasonable, and prudent if made for the purpose*
35 *of facilitating competition in electric generation markets,*
36 *assuring open access and comparable service or*
37 *maintaining or enhancing reliability, whether or not*
38 *expenditures are for transmission facilities that become*
39 *operational.*

SEC. 2. Section 25519 of the Public Resources Code is amended to read:

25519. (a) In order to obtain certification for a site and related facility, an application for certification of the site and related facility shall be filed with the commission. The application shall be in a form prescribed by the commission and shall be for a site and related facility that has been found to be acceptable by the commission pursuant to Section 25516, or for an additional facility at a site that has been designated a potential multiple-facility site pursuant to Section 25514.5 and found to be acceptable pursuant to Sections 25516 and 25516.5. An application for an additional facility at a potential multiple-facility site shall be subject to the conditions and review specified in Section 25520.5. An application may not be filed for a site and related facility, if there is no suitable alternative for the site and related facility that was previously found to be acceptable by the commission, unless the commission has approved the notice based on the one site as specified in Section 25516.

(b) The commission, upon its own motion or in response to the request of any party, may require the applicant to submit any information, document, or data, in addition to the attachments required by subdivision (i), that it determines is reasonably necessary to make any decision on the application.

(c) The commission shall be the lead agency as provided in Section 21165 for all projects that require certification pursuant to this chapter and for projects that are exempted from such certification pursuant to Section 25541. Unless the commission's regulatory program governing site and facility certification and related proceedings are certified by the Resources Agency pursuant to Section 21080.5, an environmental impact report shall be completed within one year after receipt of the application. If the commission prepares a document or documents in the place of an environmental impact report or negative declaration under a regulatory program certified pursuant to Section 21080.5, any other public agency that must make a decision that is subject to

1 the California Environmental Quality Act, Division 13
2 (commencing with Section 21000), on a site or related
3 facility, shall use the document or documents prepared
4 by the commission in the same manner as they would use
5 an environmental impact report or negative declaration
6 prepared by a lead agency.

7 (d) If the site and related facility specified in the
8 application is proposed to be located in the coastal zone,
9 the commission shall transmit a copy of the application to
10 the California Coastal Commission for its review and
11 comments.

12 (e) If the site and related facility specified in the
13 application is proposed to be located in the Suisun Marsh
14 or the jurisdiction of the San Francisco Bay Conservation
15 and Development Commission, the commission shall
16 transmit a copy of the application to the San Francisco
17 Bay Conservation and Development Commission for its
18 review and comments.

19 (f) Upon receipt of an application, the commission
20 shall forward the application to local governmental
21 agencies having land use and related jurisdiction in the
22 area of the proposed site and related facility. Those local
23 agencies shall review the application and submit
24 comments on, among other things, the design of the
25 facility, architectural and aesthetic features of the facility,
26 access to highways, landscaping and grading, public use
27 of lands in the area of the facility, and other appropriate
28 aspects of the design, construction, or operation of the
29 proposed site and related facility.

30 (g) Upon receipt of an application, the commission
31 shall cause a summary of the application to be published
32 in a newspaper of general circulation in the county in
33 which the site and related facilities, or any part thereof,
34 designated in the application, is proposed to be located.
35 The commission shall transmit a copy of the application
36 to each federal and state agency having jurisdiction or
37 special interest in matters pertinent to the proposed site
38 and related facilities and to the Attorney General.

39 (h) Local and state agencies having jurisdiction or
40 special interest in matters pertinent to the proposed site

1 and related facilities shall provide their comments and
2 recommendations on the project within 180 days of the
3 date of filing of an application.

4 (i) The adviser shall require that adequate notice is
5 given to the public and that the procedures specified by
6 this division are complied with.

7 (j) For any proposed site and related facility requiring
8 a certificate of public convenience and necessity, the
9 commission shall transmit a copy of the application to the
10 Public Utilities Commission and request the comments
11 and recommendations of the Public Utilities Commission
12 on the economic, financial, rate, system reliability, and
13 service implications of the proposed site and related
14 facility. If the commission requires modification of the
15 proposed facility, the commission shall consult with the
16 Public Utilities Commission regarding the economic,
17 financial, rate, system reliability, and service implications
18 of those modifications.

19 (k) The commission shall transmit a copy of the
20 application to any governmental agency not specifically
21 mentioned in this act, but which it finds has any
22 information or interest in the proposed site and related
23 facilities, and shall invite the comments and
24 recommendations of each agency. The commission shall
25 request any relevant laws, ordinances, or regulations that
26 an agency has promulgated or administered.

27 (l) An application for certification of any site and
28 related facilities shall contain a listing of every federal
29 agency from which any approval or authorization
30 concerning the proposed site is required, specifying the
31 approvals or authorizations obtained at the time of the
32 application and the schedule for obtaining any approvals
33 or authorizations pending.

34 SEC. 3. Section 25523 of the Public Resources Code is
35 amended to read:

36 25523. The commission shall prepare a written
37 decision after the public hearing on an application, which
38 includes all of the following:

39 (a) Specific provisions relating to the manner in which
40 the proposed facility is to be designed, sited, and operated

1 in order to protect environmental quality and assure
2 public health and safety.

3 (b) In the case of a site to be located in the coastal zone,
4 specific provisions to meet the objectives of Division 20
5 (commencing with Section 30000) as may be specified in
6 the report submitted by the California Coastal
7 Commission pursuant to subdivision (d) of Section 30413,
8 unless the commission specifically finds that the adoption
9 of the provisions specified in the report would result in
10 greater adverse effect on the environment or that the
11 provisions proposed in the report would not be feasible.

12 (c) In the case of a site to be located in the Suisun
13 Marsh or in the jurisdiction of the San Francisco Bay
14 Conservation and Development Commission, specific
15 provisions to meet the requirements of Division 19
16 (commencing with Section 29000) of this code or Title 7.2
17 (commencing with Section 66600) of the Government
18 Code as may be specified in the report submitted by the
19 San Francisco Bay Conservation and Development
20 Commission pursuant to subdivision (d) of Section 66645
21 of the Government Code, unless the commission
22 specifically finds that the adoption of the provisions
23 specified in the report would result in greater adverse
24 effect on the environment or the provisions proposed in
25 the report would not be feasible.

26 (d) (1) Findings regarding the conformity of the
27 proposed site and related facilities with standards
28 adopted by the commission pursuant to Section 25216.3
29 and subdivision (d) of Section 25402, with public safety
30 standards and the applicable air and water quality
31 standards, and with other relevant local, regional, state,
32 and federal standards, ordinances, or laws. If the
33 commission finds that there is noncompliance with any
34 state, local, or regional ordinance or regulation in the
35 application, it shall consult and meet with the state, local,
36 or regional governmental agency concerned to attempt
37 to correct or eliminate the noncompliance. If the
38 noncompliance cannot be corrected or eliminated, the
39 commission shall inform the state, local, or regional



1 governmental agency if it makes the findings required by
2 Section 25525.

3 (2) The commission may not find that the proposed
4 facility conforms with applicable air quality standards
5 pursuant to paragraph (1) unless the applicable air
6 pollution control district or air quality management
7 district certifies that complete emissions offsets for the
8 proposed facility have been identified and will be
9 obtained by the applicant prior to the commission's
10 licensing of the project, to the extent that the proposed
11 facility requires emission offsets to comply with local,
12 regional, state, or federal air quality standards.

13 (e) Provision for restoring the site as necessary to
14 protect the environment, if the commission denies
15 approval of the application.

16 (f) In the case of a site and related facility using
17 resource recovery (waste-to-energy) technology,
18 specific conditions requiring that the facility be
19 monitored to ensure compliance with paragraphs (1),
20 (2), (3), and (6) of subdivision (a) of Section 42315 of the
21 Health and Safety Code.

22 (g) In the case of a facility, other than a resource
23 recovery facility subject to subdivision (f), specific
24 conditions requiring the facility to be monitored to
25 ensure compliance with toxic air contaminant control
26 measures adopted by an air pollution control district or air
27 quality management district pursuant to subdivision (d)
28 of Section 39666 or Section 41700 of the Health and Safety
29 Code, whether the measures were adopted before or
30 after issuance of a determination of compliance by the
31 district.

32 SEC. 4. Section 25524 of the Public Resources Code is
33 repealed.

34 ~~SEC. 5. Section 393 is added to the Public Utilities~~

35 *SEC. 5. Section 393 is added to the Public Utilities*
36 *Code, to read:*

37 393. (a) *The commission shall conduct a pilot study*
38 *on no more than 3 percent of the residential and small*
39 *commercial customers of each electrical corporation,*
40 *where the rate level established in subdivision (c) of*

1 Section 368 is no longer in effect, to determine the
2 relative value to rate payers of various information, rate
3 design, and metering innovations for helping residential
4 and small commercial customers better manage their
5 electricity use. The commission shall compare the net
6 benefits, including, but not limited to, all of the following
7 approaches:

8 (1) The retrofit or replacement of residential and
9 small commercial meters to provide real-time usage
10 information to a standard output interface that is
11 connected to a visual display module within the
12 customer's home or business that presents information, at
13 minimum, on current usage and historic usage. The
14 commission may also test the effects of providing greater
15 amounts of information display capability including, but
16 not limited to, historic usage and estimated aggregated
17 costs for the billing period, associated with the customer's
18 bundled rate structure. The standard output interface of
19 the meter must be multiply accessible to allow the
20 installation by the customer or a registered energy
21 service provider of energy information-based energy
22 management applications.

23 (2) The replacement of residential and small
24 commercial meters with time-of-use meters that
25 distinguish and measure peak and off-peak energy use.
26 Electrical corporations shall offer a rate schedule to
27 customers that differentially price seasonal on-peak,
28 mid-peak, and off-peak energy use. The meters used shall
29 have the same standard usage information output
30 interface as in paragraph (1), but without the visual
31 display module.

32 (3) The replacement of residential and small
33 commercial meters with meters that facilitate the
34 offering of hourly real-time pricing. Electrical
35 corporations shall offer a rate schedule to customers that
36 prices electricity usage at the electrical corporation's net
37 hourly cost, including, but not limited to, purchases
38 through the Power Exchange. The meters used shall have
39 the same standard usage information output interface as
40 in paragraph (1) but without the visual display module.



1 (b) The commission shall ensure that sufficient valid
2 randomized customer use data, normalized for weather,
3 occupancy, energy cost differences and other potentially
4 confounding factors, are collected to respond to, but are
5 not limited to, the following questions:

6 (1) To what extent is the real-time availability of
7 customer usage information to customers sufficient to
8 bring about a significant change in customer energy
9 consumption behavior?

10 (2) To what extent is the availability of customer usage
11 information to customers sufficient to stimulate
12 innovation in energy information-based energy
13 management applications?

14 (3) What is the difference in energy consumption
15 behavior between customers that have enhanced access
16 to energy consumption information and those who have
17 time-of-use rates?

18 (4) Do the differences in usage and net cost savings, if
19 any, between customers who have enhanced energy
20 information and those who have time-of-use rates justify
21 the broader offering of time-of-use metering capability?

22 (5) What is the difference in energy consumption
23 behavior between customers who consume electricity
24 under hourly real-time pricing and customers who either
25 have enhanced information access or time-of-use pricing?
26 Does the value of these differences justify the broader
27 offering of hourly real-time pricing?

28 (6) What issues should be addressed prior to
29 systemwide deployment?

30 (c) In conducting the pilot study, the commission shall
31 ensure that all of the following study conditions are
32 observed:

33 (1) No more than the minimum number of customers
34 required to provide a statistically valid sample for the
35 pilot groups set forth in paragraphs (2) and (3) of
36 subdivision (a) are included.

37 (2) Customers are selected from comparable
38 geographic areas and a range of socioeconomic
39 circumstances.

(3) The offerings for the three pilot groups in subdivision (a) are identical among electrical corporations to allow the comparison of data and results. However, electrical corporations may test different technological solutions, other than those relating to the standard usage information output interface specified in subdivision (e), to offer hourly real-time pricing for the pilot study in paragraph (3) of subdivision (a).

(4) All interested energy service providers and equipment manufacturers are included in the design and implementation of the pilot study to ensure that its results may be used to guide the subsequent deployment of the appropriate customer usage information infrastructure.

(d) The commission shall report to the Legislature on the initial results of the pilot study by March 31, 2002. The commission shall report on the results of the study for electrical corporations that continue to be under the rate level established in subdivision (c) of Section 368 at the effective date of this act within 15 months from the time when that rate level is no longer in effect.

(e) The standard usage information output interface used in pilot study elements set forth in paragraphs (1) to (3), inclusive, of subdivision (a) shall meet all of the following specifications:

(1) All electrical corporation retrofits or meter replacements shall conform to the same American National Standards Institute, Institute of Electrical and Electronics Engineers or other standard, as appropriate, and provide the same standard output interface.

(2) The technology selected shall be the most cost-effective, including its use of electricity on a life-cycle basis.

(3) The standard output interface selected shall allow a customer's data to be multiply accessed in a secure and protected manner.

(4) The standard output interface shall be installed in a way that does not compromise customer or worker safety or the integrity or accuracy of the meter.

(5) Because some older vintage meters cannot be readily retrofitted, the decision regarding whether to

1 retrofit or replace a meter must be made on the basis of
2 cost-effectiveness.

3 (6) Access by electrical corporations and third-party
4 providers to the usage information output interface shall
5 be at the sole discretion of the customer, except to the
6 extent that the customer enters into a billing relationship
7 with an electrical corporation or energy service provider.

8 (7) To ensure customer privacy, unless specifically
9 authorized by the customer, information based upon
10 customer data may not be used for any commercial
11 purpose.

12 (8) Customers receiving service under the California
13 Alternative Rates for Energy program under Section
14 739.1 do not pay a higher distribution rate attributable to
15 participating in any of the pilot studies in subdivision (a).

16 (f) Electrical corporations shall be allowed to include
17 in their distribution rate base the reasonable investment
18 and operating costs of installing, accounting, maintaining,
19 conducting and evaluating the pilot study.

20 Code, to read:

21 ~~393. (a) Electrical corporations shall retrofit or~~
22 ~~replace all current residential and small commercial~~
23 ~~electric meters to provide usage information in the form~~
24 ~~of a kyz pulse to a standard output interface.~~

25 ~~(b) The commission shall adopt appropriate rules and~~
26 ~~orders to ensure that all of the following occur:~~

27 ~~(1) All electrical corporation retrofits or meter~~
28 ~~replacements conform to the same American National~~
29 ~~Standards Institute or Institute of Electrical and~~
30 ~~Electronics Engineers kyz pulse standard, as appropriate,~~
31 ~~and provide the same standard output interface.~~

32 ~~(2) The technology selected to provide the kyz pulse~~
33 ~~is the most cost-effective, including its use of electricity~~
34 ~~on a life-cycle basis.~~

35 ~~(3) The standard pulse output interface selected~~
36 ~~allows the customer's data to be multiply accessed.~~

37 ~~(4) The standard pulse output interface is installed in~~
38 ~~a way that does not compromise customer or worker~~
39 ~~safety or the integrity or accuracy of the meter.~~

~~(5) Deployment is accomplished as expeditiously as possible, with priority given to deployments in areas with the greatest local reliability concerns, where summer electricity usage is high or in service territories where the rate level established in subdivision (c) of Section 368 is no longer in effect.~~

~~(6) Since some older vintage meters cannot be readily retrofitted, the decision regarding whether to retrofit or replace a meter is made on the basis of cost effectiveness.~~

~~(7) Access by electrical corporations and third party providers to the customer pulse output interface shall be at the sole discretion of the customer.~~

~~(8) To ensure customer privacy, unless specifically authorized by the customer, information based upon customer pulse data may not be used for any commercial purpose.~~

~~(9) Customers receiving service under the California Alternative Rates for Energy program under Section 739.1 or any equivalent low-income program not pay a higher distribution rate attributable to the retrofit or replacement.~~

~~(c) Electrical corporations shall be allowed to include in their distribution rate base the reasonable costs of the retrofitting or replacing of meters.~~

~~(d) Electrical corporations and local publicly owned electric utilities shall install meters that provide a kyz pulse to the same standard output interface in all new residential and commercial construction.~~

~~(e) (1) Local publicly owned electric utilities shall, under the direction of their respective governing bodies, provide the same kyz pulse capability to their customers. This capability shall conform to the same standards specified in paragraphs (1) to (9), inclusive, of subdivision (b).~~

~~(2) Local publicly owned electric utilities shall, as expeditiously as possible, deploy the technology to their residential and small commercial customers, giving appropriate priority to local reliability issues and summer electricity usage.~~

1 SEC. 6. Section 454.1 is added to the Public Utilities
2 Code, to read:

3 454.1. (a) Reasonable expenditures by transmission
4 owners that are electrical corporations to plan, design,
5 and engineer reconfiguration, replacement, or expansion
6 of transmission facilities are in the public interest and are
7 deemed prudent if made for the purpose of facilitating
8 competition in electric generation markets, assuring
9 open access and comparable service or maintaining or
10 enhancing reliability, whether or not such these
11 expenditures are for transmission facilities that become
12 operational.

13 (b) The commission shall allow recovery in rates of
14 expenditures made for the purposes stated in subdivision
15 (a) to the extent permissible under the Federal Power
16 Act (41 Stat. 1063; 16 U.S.C Secs. 791a, et seq) or to the
17 extent required to meet system reliability standards
18 pursuant to Sections 345, 348, or 364. The commission and
19 the Electricity Oversight Board shall jointly facilitate the
20 efforts of the state's transmission owning electrical
21 corporations to obtain authorization and recovery from
22 the Federal Energy Regulatory Commission of
23 expenditures made for the purposes stated in subdivision
24 (a).

25 (c) Nothing in this section alters or affects the
26 recovery of the reasonable costs of other electric facilities
27 in rates pursuant to the commission's existing ratemaking
28 authority under the Public Utilities Code or pursuant to
29 the Federal Power Act (41 Stat. 1063; 16 U.S.C. Secs. 791a,
30 et seq).

31 ~~SEC. 6.~~

32 SEC. 7. No reimbursement is required by this act
33 pursuant to Section 6 of Article XIII B of the California
34 Constitution because the only costs that may be incurred
35 by a local agency or school district will be incurred
36 because this act creates a new crime or infraction,
37 eliminates a crime or infraction, or changes the penalty
38 for a crime or infraction, within the meaning of Section
39 17556 of the Government Code, or changes the definition

- 1 of a crime within the meaning of Section 6 of Article
- 2 XIII B of the California Constitution.

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