

AMENDED IN SENATE APRIL 18, 2001
AMENDED IN ASSEMBLY MARCH 22, 2001
AMENDED IN ASSEMBLY MARCH 19, 2001
AMENDED IN ASSEMBLY FEBRUARY 27, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 37

**Introduced by Assembly Members ~~Frommer, Alquist, Calderon, Cohn, Jackson, Keeley, Koretz, Migden, Thomson, and Wiggins~~
*Simitian and Frommer***

February 9, 2001

~~An act relating to energy resources, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~
An act to add and repeal Section 2774.7 of the Public Utilities Code, relating to public utilities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 37, as amended, ~~Frommer~~ *Simitian*. ~~Energy resources~~
Rotating service outages: conservation: priorities.

(1) Existing law requires the Public Utilities Commission, if an electrical or gas corporation experiences any shortage of capacity or capability in the generation, production, or transmission of electricity or gas and is unable to obtain electricity or gas from any other source so that the corporation is unable to meet all demands by its customers, to order that service be temporarily reduced by an amount that reflects specified priorities for the duration of the shortage.



This bill, until January 1, 2003, would require the commission to require an electrical corporation to exempt a circuit subblock, as defined, from rotating service outages in any month that the circuit subblock achieves a 10% or greater reduction in electricity use from the same month in calendar year 2000. The bill, notwithstanding that provision, would require an electrical corporation, if a rotating service outage is implemented, to prioritize circuit subblocks that achieve such a reduction, based on the amount of savings achieved by qualifying subblocks, with those subblocks achieving the highest amount of savings being subjected to a rotating service outage last. Because a violation of a rule or order of the commission is a crime, this bill would impose a state-mandated local program by creating a new crime.

(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.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law imposes various requirements on various entities with regard to energy conservation, generation, and development in the state.~~

~~Under existing law, the Emerging Renewable Resources Account is created in the Renewable Resource Trust Fund and specified portions of revenues collected by electrical corporations for the benefit of in-state operation and development of existing and new and emerging renewable resource technologies are required to be transmitted to the State Energy Resources Conservation and Development Commission for deposit in the Renewable Resource Trust Fund. The money in the fund and the account is continuously appropriated to the energy commission for specified purposes, including a multiyear, consumer-based program to foster the development of emerging renewable technologies in distributed generation applications. Existing law requires this program to provide monetary rebates, buydowns, or equivalent incentives to purchasers, lessees, lessors, or sellers of eligible electricity generating systems and limits the incentives to a maximum percentage of the system price, as defined by the energy commission.~~

~~This bill would require the commission to expand existing programs to promote clean distribution generation technologies. The bill would~~



~~transfer \$30,000,000 from the Renewable Resource Trust Fund to the Emerging Renewable Resources Account in the Renewable Trust Fund. The bill would continuously appropriate the money so transferred to that account to the commission, of which \$22,000,000 would be authorized to be expended for an increase in the rebate amount for small distributed emerging technologies meeting specified requirements and \$8,000,000 for rebates for small distributed emerging technologies that meet those requirements and are located at a customer site receiving distribution services from a local publicly owned electric utility.~~

~~The bill would authorize the commission to increase the maximum rebate levels for certain distributed emerging technologies that have a peak capacity greater than 10 kilowatts, if the commission makes a specified determination.~~

~~The bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: ²/₃. Appropriation: ~~yes~~—no. Fiscal committee: yes. State-mandated local program: ~~no~~—yes.

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

- 1 ~~SECTION 1.—The Legislature finds and declares all of the~~
- 2 ~~SECTION 1. (a) The Legislature finds and declares that~~
- 3 ~~California is in the midst of an energy crisis that requires both an~~
- 4 ~~increase in the supply of energy and a reduction in demand.~~
- 5 ~~(b) It is the intent of the Legislature to immediately encourage~~
- 6 ~~businesses and residents to reduce their energy consumption, in~~
- 7 ~~order to help make it possible for more electricity to be available~~
- 8 ~~for critical summer months when peak demand for electricity is~~
- 9 ~~expected to be substantially more than will be available for use.~~
- 10 ~~SEC. 2. Section 2774.7 is added to the Public Utilities Code,~~
- 11 ~~to read:~~
- 12 ~~2774.7. (a) The commission shall require an electrical~~
- 13 ~~corporation to exempt a circuit subblock from rotating service~~
- 14 ~~outages in any month that the circuit subblock achieves a 10~~
- 15 ~~percent or greater reduction in electricity use from the same month~~
- 16 ~~in calendar year 2000. As used in this section ‘circuit subblock’~~
- 17 ~~means the smallest unit on the state transmission system that can~~
- 18 ~~be controlled by an electrical corporation to implement this~~
- 19 ~~section.~~



1 (b) Notwithstanding subdivision (a), if a rotating service
2 outage is implemented, an electrical corporation shall prioritize
3 circuit subblocks that comply with subdivision (a), based on the
4 amount of savings achieved by qualifying subblocks, with those
5 subblocks achieving the highest amount of savings being subjected
6 to a rotating service outage last.

7 (c) This section shall remain in effect only until January 1,
8 2003, and as of that date is repealed, unless a later enacted statute,
9 that is enacted before January 1, 2003, deletes or extends that date.

10 SEC. 3. No reimbursement is required by this act pursuant to
11 Section 6 of Article XIII B of the California Constitution because
12 the only costs that may be incurred by a local agency or school
13 district will be incurred because this act creates a new crime or
14 infraction, eliminates a crime or infraction, or changes the penalty
15 for a crime or infraction, within the meaning of Section 17556 of
16 the Government Code, or changes the definition of a crime within
17 the meaning of Section 6 of Article XIII B of the California
18 Constitution.

19 SEC. 4. This act is an urgency statute necessary for the
20 immediate preservation of the public peace, health, or safety
21 within the meaning of Article IV of the Constitution and shall go
22 into immediate effect. The facts constituting the necessity are:

23 In order to encourage businesses and residents to reduce their
24 energy consumption as soon as possible, thereby preserving the
25 public peace, health, and safety in order to help make it possible
26 for more electricity to be available for critical summer months
27 when peak demand for electricity is expected to be substantially
28 more than will be available for use, it is necessary for this act to
29 take effect immediately.

30 following:

31 ~~(a) California is currently experiencing an energy crisis that~~
32 ~~threatens the public health and safety and environmental~~
33 ~~well-being of the state.~~

34 ~~(b) The shortage of electrical supply and inadequacies in the~~
35 ~~electric transmission and distribution systems is a detriment to the~~
36 ~~economy. The installation of clean distributed generation can~~
37 ~~increase the supply of electricity, increase self-sufficiency of~~
38 ~~consumers, and improve system reliability.~~

39 ~~(c) To encourage consumers to install renewable energy~~
40 ~~systems that help reduce the state's energy use and enhance~~



1 ~~electricity reliability, this act authorizes the State Energy~~
2 ~~Resources Conservation and Development Commission to~~
3 ~~increase financial assistance for small renewable energy systems~~
4 ~~under the commission's existing programs.~~

5 ~~SEC. 2. (a) The State Energy Resources Conservation and~~
6 ~~Development Commission shall expand programs to promote~~
7 ~~clean distributed generation technologies neither owned nor~~
8 ~~controlled by electrical corporations. Pursuant to subdivisions (c)~~
9 ~~and (d), the incentives that the commission shall develop pursuant~~
10 ~~to this section shall address existing barriers to the increased use~~
11 ~~of these technologies, including, but not limited to, incentives to~~
12 ~~help reduce the initial system purchase price, develop low-cost~~
13 ~~financing mechanisms, offset interconnection fees charged by~~
14 ~~electrical corporations, and streamline the utility interconnection~~
15 ~~process by reducing administrative delay.~~

16 ~~(b) The sum of thirty million dollars (\$30,000,000) is hereby~~
17 ~~transferred from the Renewable Resource Trust Fund to the~~
18 ~~Emerging Renewable Resources Account in the Renewable~~
19 ~~Resource Trust Fund established pursuant to Section 445 of the~~
20 ~~Public Utilities Code. Notwithstanding Section 13340 of the~~
21 ~~Government Code, the money transferred from the Renewable~~
22 ~~Resource Trust Fund to the Emerging Renewable Resources~~
23 ~~Account by this subdivision is hereby continuously appropriated~~
24 ~~to the State Energy Resources Conservation and Development~~
25 ~~Commission, without regard to fiscal year, for the purposes~~
26 ~~specified in subdivision (c).~~

27 ~~(c) The money appropriated pursuant to subdivision (b) may be~~
28 ~~expended by the commission only for the following purposes:~~

29 ~~(1) Twenty-two million dollars (\$22,000,000) for an increase~~
30 ~~in the rebate amount available for small distributed emerging~~
31 ~~technologies that are eligible for funding pursuant to subdivision~~
32 ~~(d) of Section 383.5 of the Public Utilities Code that have a peak~~
33 ~~generating capacity of 10 kilowatts or less. The commission shall~~
34 ~~determine the maximum rebate level for small systems to be~~
35 ~~awarded pursuant to this paragraph. Within the maximum rebate~~
36 ~~level, the commission may provide for different rebate levels, such~~
37 ~~as higher rebate levels for systems installed and operational within~~
38 ~~a specified timeframe, or for targeted end-use customers that need~~
39 ~~additional financial support, such as for public schools and state~~
40 ~~and local governmental facilities.~~



1 ~~(2) Eight million dollars (\$8,000,000) for rebates for small~~
 2 ~~distributed emerging technologies that are eligible for funding~~
 3 ~~pursuant to subdivision (d) of Section 383.5 of the Public Utilities~~
 4 ~~Code that have a peak generating capacity of 10 kilowatts or less~~
 5 ~~and that are located at a customer site receiving distribution service~~
 6 ~~from a local publicly owned electric utility, as defined in Section~~
 7 ~~9604 of the Public Utilities Code. The commission shall determine~~
 8 ~~the maximum rebate level for small systems to be awarded~~
 9 ~~pursuant to this paragraph. Within the maximum rebate level, the~~
 10 ~~commission may provide for different rebate levels, such as higher~~
 11 ~~rebate levels for systems installed and operational within a~~
 12 ~~specified timeframe, or for targeted end-use customers that need~~
 13 ~~additional financial support, such as for public schools and state~~
 14 ~~and local governmental facilities.~~

15 ~~(d) Notwithstanding subdivision (d) of Section 383.5 of the~~
 16 ~~Public Utilities Code, the commission may increase the maximum~~
 17 ~~rebate levels for distributed emerging technologies eligible for~~
 18 ~~funding under subdivision (d) of Section 383.5 of the Public~~
 19 ~~Utilities Code that have a peak generating capacity greater than 10~~
 20 ~~kilowatts, if the commission determines that an increase is~~
 21 ~~appropriate to further stimulate the installation of emerging~~
 22 ~~renewable technologies in general or for targeted end-use~~
 23 ~~customers that need additional financial support, such as public~~
 24 ~~schools and state and local governmental facilities. The maximum~~
 25 ~~incentive levels established by the commission may vary based on~~
 26 ~~system size and type of end-use consumer.~~

27 ~~(e) For purposes of this section, “commission” means the State~~
 28 ~~Energy Resources Conservation and Development Commission.~~

29 ~~SEC. 3. This act is an urgency statute necessary for the~~
 30 ~~immediate preservation of the public peace, health, or safety~~
 31 ~~within the meaning of Article IV of the Constitution and shall go~~
 32 ~~into immediate effect. The facts constituting the necessity are:~~

33 ~~In order to address the rapid, unforeseen shortage of electric~~
 34 ~~power and energy available in the state and rapid and substantial~~
 35 ~~increases in wholesale energy costs and retail energy rates, which~~
 36 ~~endanger the health, welfare, and safety of the people of this state,~~
 37 ~~it is necessary for this act to take effect immediately.~~

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