

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2868

Introduced by Assembly Member Gatto

February 19, 2016

~~An act to amend Section 180110 of the Public Utilities Code, relating to transportation.~~ *An act to add and repeal Section 2838.2 of the Public Utilities Code, relating to energy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2868, as amended, Gatto. ~~Local transportation authorities: priority regional highways.~~ *Energy storage.*

Existing law requires the Public Utilities Commission (PUC) to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2020.

This bill would, until January 1, 2020, require the PUC, in consultation with the State Air Resources Board and the State Energy Resources Conservation and Development Commission, to direct electrical corporations to file applications for programs and investments to accelerate widespread deployment of distributed energy storage systems, as defined. The bill would require the PUC to first approve programs and investments that provide distributed energy storage systems to industrial, commercial, and low-income customers and, beginning January 1, 2019, would authorize the PUC to approve programs and investments for residential customers who enroll in time-variant pricing. Because a violation of any order, decision, rule, direction, demand, or requirement of the commission implementing

these requirements would be a crime, this bill would impose a state-mandated local program.

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.

~~Existing law requires a local transportation authority to consult and coordinate its actions to secure funding for the completion and improvement of the priority regional highways with the cities in the county, the board of supervisors, and the Department of Transportation, for the purpose of integrating its planned highway improvements with the highway and other transportation improvement plans and operations of other transportation agencies impacting the county.~~

~~This bill would make nonsubstantive changes to these provisions.~~

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

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

- 1 SECTION 1. (a) *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (1) *The state, through the Public Utilities Commission, has*
- 4 *taken action to promote energy storage, including setting energy*
- 5 *storage procurement targets applicable for certain load-serving*
- 6 *entities, totaling 1,325 megawatts, and for all other load-serving*
- 7 *entities, to be met by 2020, with installations of the energy storage*
- 8 *systems meeting the procurement targets by no later than the end*
- 9 *of 2024.*
- 10 (2) *Ratepayer funding is currently allowed to provide incentives*
- 11 *to customers who purchase energy storage for permanent load*
- 12 *shifting.*
- 13 (3) *The Legislature reauthorized the self-generation incentive*
- 14 *program to provide incentives to customers who achieve reductions*
- 15 *in the emissions of greenhouse gases using technologies like energy*
- 16 *storage.*
- 17 (4) *The Energy Commission funds research and demonstration*
- 18 *programs to further the effectiveness of energy storage as an*

1 *important resource to the electric grid through the Electric*
2 *Program Investment Charge.*

3 *(5) Federal Energy Regulatory Commission Order No. 792*
4 *directs transmission providers to define energy storage devices as*
5 *generating facilities, thereby enabling these resources to take*
6 *advantage of generator interconnection procedures.*

7 *(6) Industrial and commercial customers are subject to the*
8 *time-of-use tariffs of the load-serving entity providing electric*
9 *services, some of which also include demand charges. Industrial*
10 *and commercial customers have challenges modifying their*
11 *businesses to manage their electricity consumption and costs.*

12 *(7) Section 745 of the Public Utilities Code authorizes the*
13 *commission to require or authorize an electrical corporation to*
14 *employ default time-of-use pricing for residential customers.*

15 *(8) Changes in customer electricity usage will modify the peak*
16 *time for electricity demand and effect demand charges in rate*
17 *design.*

18 *(9) Properly designed and dispatched energy storage systems*
19 *will help customers manage energy costs, help reduce overall*
20 *system peak energy demands, improve public health, and assist in*
21 *achieving greenhouse gas emissions goals.*

22 *(10) Increased demand for energy storage technologies will*
23 *drive new business opportunities and create jobs.*

24 *(11) Easing energy costs for large energy users will help keep*
25 *manufacturing and industrial jobs in California.*

26 *(b) It is the policy of the state and the intent of the Legislature*
27 *to encourage energy storage as a means to achieve ratepayer*
28 *benefits, ambient air quality standards, and the state's climate*
29 *change goals.*

30 *SEC. 2. Section 2838.2 is added to the Public Utilities Code,*
31 *to read:*

32 *2838.2. (a) The following definitions apply to this section:*

33 *(1) "Distributed energy storage system" means an energy*
34 *storage system with a useful life of at least 10 years that is located*
35 *on the customer side of the meter.*

36 *(2) "Energy storage management system" means a system by*
37 *which an electrical corporation can manage the charging and*
38 *discharging of the distributed energy storage system in a manner*
39 *that provides benefits to ratepayers.*

1 (b) *The commission, in consultation with the State Air Resources*
2 *Board, and the Energy Commission, shall direct electrical*
3 *corporations to file applications for programs and investments to*
4 *accelerate widespread deployment of distributed energy storage*
5 *systems to achieve ratepayer benefits, reduce dependence on*
6 *petroleum, meet air quality standards, and reduce emissions of*
7 *greenhouse gases. Programs and investments proposed by*
8 *electrical corporations shall seek to minimize overall costs and*
9 *maximize overall benefits.*

10 (c) (1) *The commission shall approve, or modify and approve,*
11 *programs and investments in distributed energy storage systems*
12 *with appropriate energy storage management systems and*
13 *reasonable mechanisms for cost recovery from all distribution*
14 *customers for distribution level distributed energy storage systems,*
15 *and from transmission customers for transmission level distributed*
16 *energy storage systems, if they are consistent with the section and*
17 *are in the interest of the ratepayers.*

18 (2) *The commission shall first approve those programs and*
19 *investments that provide distributed energy storage systems to*
20 *industrial, commercial, and low-income customers. Beginning*
21 *January 1, 2019, the commission may approve programs and*
22 *investments offered to residential customers who enroll in*
23 *time-variant pricing pursuant to Section 745.*

24 (d) *This section shall remain in effect only until January 1,*
25 *2020, and as of that date is repealed, unless a later enacted statute,*
26 *that is enacted before January 1, 2020, deletes or extends that*
27 *date.*

28 *SEC. 3. No reimbursement is required by this act pursuant to*
29 *Section 6 of Article XIII B of the California Constitution because*
30 *the only costs that may be incurred by a local agency or school*
31 *district will be incurred because this act creates a new crime or*
32 *infraction, eliminates a crime or infraction, or changes the penalty*
33 *for a crime or infraction, within the meaning of Section 17556 of*
34 *the Government Code, or changes the definition of a crime within*
35 *the meaning of Section 6 of Article XIII B of the California*
36 *Constitution.*

37 ~~SECTION 1. Section 180110 of the Public Utilities Code is~~
38 ~~amended to read:~~

39 ~~180110. The authority shall consult and coordinate its actions~~
40 ~~to secure funding for the completion and improvement of the~~

1 ~~priority regional highways with the cities in the county, the board~~
2 ~~of supervisors, and the Department of Transportation, for the~~
3 ~~purpose of integrating its planned highway improvements with the~~
4 ~~highway and other transportation improvement plans and~~
5 ~~operations of other transportation agencies impacting the county.~~

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