

AMENDED IN SENATE APRIL 26, 2016
AMENDED IN SENATE APRIL 12, 2016
AMENDED IN SENATE MARCH 17, 2016

SENATE BILL

No. 886

Introduced by Senator Pavley

January 20, 2016

An act to add Sections 454.53, 455.6, 2836.1, and 9620.5 to the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

SB 886, as amended, Pavley. Electricity: energy storage systems.

Existing law requires the Public Utilities Commission to determine appropriate targets for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2015, and December 31, 2020. Existing law requires the governing board of each local publicly owned electric utility to initiate a process to determine appropriate targets for the utility to procure viable cost-effective energy storage systems to be achieved by December 31, 2015, and December 31, 2020. Existing law requires the commission to adopt a process for each load-serving entity to file an integrated resource plan and a schedule for periodic updates to the plan to meet certain objectives. Existing law requires each publicly owned electric utility to prudently plan for and procure resources, including energy storage systems adequate to meet the 2015 and 2020 targets, to provide reliable electric service to its customers.

This bill would require load-serving entities, in developing and updating their integrated resource plans, to consider the full benefits of procuring energy storage systems and would require the commission,

in approving the plans, to require the procurement of energy storage systems before fossil-fuel-based generation in specified circumstances. The bill would require electrical corporations, by October 1, 2017, to develop appropriate tariffs or programs to provide incentives to customers to install grid-connected energy storage systems on the customer side of the electrical meter. The bill would require the commission to ~~adopt~~ *determine* appropriate ~~targets~~ *targets, if any*, for each load-serving entity to procure viable and cost-effective energy storage systems to be achieved by December 31, 2030, as specified. Because a violation of an order, decision, rule, direction, demand, or requirements of a commission is a crime, this bill would impose a state-mandated local program. The bill would require the governing board of each local publicly owned electric utility, in planning for future procurement of resources, to consider the benefits of procuring energy storage systems and to procure energy storage systems before fossil-fuel-based generation in specified circumstances. The bill would require the governing boards, by July 1, 2018, to ~~adopt~~ *determine* appropriate ~~targets~~ *targets, if any*, for the utility to procure viable and cost-effective energy storage systems to be achieved by December 31, 2030. Because this bill would impose additional requirements on the governing board of a local publicly owned electric utility, 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 specified reasons.

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. Section 454.53 is added to the Public Utilities
- 2 Code, to read:
- 3 454.53. The commission shall require load-serving entities, in
- 4 developing and updating their integrated resource plans pursuant
- 5 to Section 454.52, to consider the ~~full~~ benefits of procuring energy
- 6 storage systems, as defined in Section 2835. In approving an
- 7 integrated resource plan, the commission shall require that, to the
- 8 extent energy storage systems can meet resource needs as well as

1 or better than fossil-fuel-based generation at reasonably equivalent
2 or lower costs, the plans provide for the procurement of energy
3 storage systems before fossil-fuel-based generation.

4 SEC. 2. Section 455.6 is added to the Public Utilities Code, to
5 read:

6 455.6. The commission shall, in a new or existing proceeding,
7 require each electrical corporation, by October 1, 2017, to propose
8 new tariffs or programs to provide incentives to customers of the
9 electrical corporation for installing energy storage systems on the
10 customer side of an electric meter that is connected to the electrical
11 grid.

12 SEC. 3. Section 2836.1 is added to the Public Utilities Code,
13 to read:

14 2836.1. (a) (1) On or before January 1, 2018, the commission
15 shall ~~adopt~~ *determine* appropriate ~~targets~~ *targets, if any*, for each
16 load-serving entity to procure viable and cost-effective energy
17 storage systems to be achieved by December 31, 2030. Energy
18 storage systems procured pursuant to the targets shall be limited
19 to those that reduce the need for fossil-fuel-based generation,
20 provide benefits to the electrical grid, or support the integration
21 of eligible renewable energy resources procured pursuant to the
22 California Renewables Portfolio Standard Program (Article 16
23 (commencing with Section 399.11) of Chapter 2.3 of Part 1).

24 (2) This subdivision does not prohibit the commission's
25 evaluation and approval of any application for funding or recovery
26 for costs of any ongoing or new development, trial, or testing of
27 energy storage projects or technologies outside the targets required
28 by this chapter.

29 (b) On or before July 1, 2018, the governing board of each local
30 publicly owned electric utility shall ~~adopt~~ *determine* appropriate
31 ~~targets~~ *targets, if any*, for the utility to procure viable and
32 cost-effective energy storage systems to be achieved by December
33 31, 2030. The governing board may consider a variety of policies
34 to encourage the cost-effective deployment of energy storage
35 systems to reach the targets, including refinement of existing
36 procurement methods to properly value energy storage systems.

37 SEC. 4. Section 9620.5 is added to the Public Utilities Code,
38 to read:

39 9620.5. The governing board of each local publicly owned
40 electric utility, in planning for future procurement of resources,

1 shall consider the benefits of procuring energy storage systems,
2 as defined in Section 2835, and, to the extent energy storage
3 systems can meet resource needs as well as or better than
4 fossil-fuel-based generation at reasonably equivalent or lower
5 costs, procure energy storage systems before fossil-fuel-based
6 generation.

7 SEC. 5. No reimbursement is required by this act pursuant to
8 Section 6 of Article XIII B of the California Constitution because
9 a local agency or school district has the authority to levy service
10 charges, fees, or assessments sufficient to pay for the program or
11 level of service mandated by this act or because costs that may be
12 incurred by a local agency or school district will be incurred
13 because this act creates a new crime or infraction, eliminates a
14 crime or infraction, or changes the penalty for a crime or infraction,
15 within the meaning of Section 17556 of the Government Code, or
16 changes the definition of a crime within the meaning of Section 6
17 of Article XIII B of the California Constitution.