

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN SENATE MAY 31, 2016

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 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 for customers to install grid-connected energy storage systems on the customer side of the electrical meter. The bill would require the commission 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, 2030, as specified. *The bill would require the commission to require electrical corporations to offer time-of-use pricing or dynamic pricing to customers using energy storage at their premises.* Because a violation of an order, decision, rule, direction, demand, or requirement of the commission ~~is~~ *would be* a crime, this bill would impose a state-mandated local program. The bill would require the governing board of each community choice aggregator, *aggregator and each publicly owned electric utility*, by July 1, 2018, to determine appropriate targets, if any, for the community choice aggregator *or electric utility, as applicable*, to procure viable and cost-effective energy storage systems to be achieved by December 31, 2030. 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 each of those governing boards, by July 1, 2018, or during its next open integrated resource plan process, to determine appropriate 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 boards of local publicly owned electric utilities and community choice aggregators, 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. (a) The commission shall require load-serving entities,~~
4 ~~in developing and updating their integrated resource plans pursuant~~
5 ~~to Section 454.52, to consider the benefits of procuring energy~~
6 ~~storage systems, as defined in Section 2835.~~

7 ~~(b) Except as provided in subdivision (c), the commission, in~~
8 ~~approving an integrated resource plan for a load-serving entity~~
9 ~~shall require that, to the extent energy storage systems can meet~~
10 ~~resource needs as well as or better than fossil-fuel-based generation~~
11 ~~at reasonably equivalent or lower cost, the plan provide for the~~
12 ~~procurement of energy storage systems before fossil-fuel-based~~
13 ~~generation.~~

14 ~~(c) In certifying an integrated resource plan for a community~~
15 ~~choice aggregator, the commission shall act in accordance with~~
16 ~~paragraph (3) of subdivision (b) of Section 454.52 and paragraph~~
17 ~~(5) of subdivision (a) of Section 366.2.~~

18 ~~SEC. 2.~~

19 ~~SECTION 1. Section 455.6 is added to the Public Utilities~~
20 ~~Code, to read:~~

21 ~~455.6. The commission shall, in a new or existing proceeding,~~
22 ~~shall require each electrical corporation, by October 1, 2017, to~~
23 ~~propose new tariffs or programs to provide incentives to customers~~
24 ~~of the electrical corporation for installing corporation to offer~~
25 ~~time-of-use pricing or dynamic pricing to customers using energy~~
26 ~~storage systems on the customer side of an electric meter that is~~
27 ~~connected to the electrical grid. at their premises.~~

28 ~~SEC. 3.~~

29 ~~SEC. 2. Section 2836.1 is added to the Public Utilities Code,~~
30 ~~to read:~~

31 ~~2836.1. (a) (1) Except as provided in subdivision (b), on or~~
32 ~~before January 1, 2018, the commission shall determine appropriate~~
33 ~~targets, if any, for each load-serving entity to procure viable and~~
34 ~~cost-effective energy storage systems to be achieved by December~~
35 ~~31, 2030. Energy storage systems procured pursuant to the targets~~

1 shall be limited to those that reduce the need for fossil-fuel-based
2 generation, provide benefits to the electrical grid, or support the
3 integration of eligible renewable energy resources procured
4 pursuant to the California Renewables Portfolio Standard Program
5 (Article 16 (commencing with Section 399.11) of Chapter 2.3 of
6 Part 1).

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

12 (b) On or before July 1, 2018, the governing board of each
13 community choice aggregator shall determine appropriate targets,
14 if any, for the community choice aggregator to procure viable and
15 cost-effective energy storage systems to be achieved by December
16 31, 2030. The governing board may consider a variety of policies
17 to encourage cost-effective deployment of energy storage systems
18 to reach the targets, including refinement of existing procurement
19 methods to properly value energy storage systems.

20 (c) On or before July 1, 2018, ~~or during its next open integrated~~
21 ~~resource plan process~~, the governing board of each local publicly
22 owned electric utility shall determine appropriate targets, if any,
23 for the utility to procure viable and cost-effective energy storage
24 systems to be achieved by December 31, 2030. The governing
25 board may consider a variety of policies to encourage the
26 cost-effective deployment of energy storage systems to reach the
27 targets, including refinement of existing procurement methods to
28 properly value energy storage systems.

29 ~~SEC. 4.~~

30 *SEC. 3.* Section 9620.5 is added to the Public Utilities Code,
31 to read:

32 9620.5. The governing board of each local publicly owned
33 electric utility, in planning for future procurement of resources,
34 shall consider the benefits of procuring energy storage systems,
35 as defined in Section 2835, and, to the extent energy storage
36 systems can meet resource needs as well as or better than
37 fossil-fuel-based generation at reasonably equivalent or lower
38 costs, procure energy storage systems before fossil-fuel-based
39 generation.

1 ~~SEC. 5.~~

2 *SEC. 4.* No reimbursement is required by this act pursuant to
3 Section 6 of Article XIII B of the California Constitution because
4 a local agency or school district has the authority to levy service
5 charges, fees, or assessments sufficient to pay for the program or
6 level of service mandated by this act or because costs that may be
7 incurred by a local agency or school district will be incurred
8 because this act creates a new crime or infraction, eliminates a
9 crime or infraction, or changes the penalty for a crime or infraction,
10 within the meaning of Section 17556 of the Government Code, or
11 changes the definition of a crime within the meaning of Section 6
12 of Article XIII B of the California Constitution.

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