

AMENDED IN SENATE MARCH 29, 2016

**SENATE BILL**

**No. 1222**

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**Introduced by Senator Hertzberg**

February 18, 2016

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An act to repeal Section 25403 of the Public Resources Code, and to amend Sections 353.13, 353.15, 454.1, 740.5, 910.4, 913.2, 913.4, 913.5, 913.10, 914.3, ~~914.7~~ 956, 2872.5, 2892.1, 5371.4, and 5381.5 of, and to repeal Sections 318, 350, 747.5, 910.5, 910.6, 913.3, 913.6, 913.8, 913.9, 913.11, ~~and 913.13~~ 913.13, 2714.5, 2827.3, 2845, and 2867.1 of, the Public Utilities Code, relating to the Public Utilities Commission.

LEGISLATIVE COUNSEL'S DIGEST

SB 1222, as amended, Hertzberg. Public Utilities Commission: reports.

The California Constitution establishes the Public Utilities Commission, *Commission (PUC)*, with jurisdiction over all public utilities. The California Constitution grants the ~~commission~~ *PUC* certain general powers over all public utilities, subject to control by the Legislature, and authorizes the Legislature to confer additional authority and jurisdiction upon the ~~commission~~ *PUC* that is cognate and germane to the regulation of public utilities. Existing law requires the ~~commission~~ *PUC* to submit various reports to the Legislature, legislative committees, and the Governor, as specified.

This bill would change the date by which the ~~commission~~ *PUC* must submit specified reports, change the contents of specified reports, and repeal the provisions requiring the ~~commission~~ *PUC* to submit specified reports. *The bill would repeal certain reporting requirements of electrical corporations and the PUC with respect to the 21st Century*

*Energy System Decision, as defined. The bill would repeal a requirement that the PUC conduct a zero-based budget for all of its programs by January 10, 2015.*

*Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to submit to the PUC and to any local publicly owned electric utility recommendations designed to reduce wasteful, unnecessary, or uneconomic energy consumption resulting from specified practices, including differential rate structures, cost-of-service allocations, the disallowance of a business expense of advertising or promotional activities that encourage the use of electricity, peakload pricing, and other pricing measures. Existing law requires the PUC or local publicly owned electric utility to review and consider the recommendations of the Energy Commission and, within 6 months after the date it receives them, to report to the Governor and the Legislature its actions and reasons therefor with respect to each recommendation.*

*This bill would repeal these requirements.*

*The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board (state board) as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. Existing law requires the state board to report to the Governor and the Legislature by December 31, 2011, on the reduction in emissions of greenhouse gases resulting from the increase of new electrical generation that utilizes excess waste heat through combined heat and power systems and recommend policies that further the goals of the Waste Heat and Carbon Emissions Reduction Act.*

*This bill would repeal this reporting requirement.*

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

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

- 1 *SECTION 1. This act shall be known, and may be cited, as the*
- 2 *Public Utilities Commission Accountability Act of 2016.*
- 3 *SEC. 2. Section 25403 of the Public Resources Code is*
- 4 *repealed.*
- 5 ~~25403. The commission shall submit to the Public Utilities~~
- 6 ~~Commission and to any publicly owned electric utility,~~
- 7 ~~recommendations designed to reduce wasteful, unnecessary, or~~
- 8 ~~uneconomic energy consumption resulting from practices~~

1 including, but not limited to, differential rate structures,  
2 cost-of-service allocations, the disallowance of a business expense  
3 of advertising or promotional activities which encourage the use  
4 of electrical power, peakload pricing, and other pricing measures.  
5 The Public Utilities Commission or publicly owned electric utility  
6 shall review and consider such recommendations and shall, within  
7 six months after the date it receives them, as prescribed by this  
8 section, report to the Governor and the Legislature its actions and  
9 reasons therefor with respect to such recommendations.

10 *SEC. 3. Section 318 of the Public Utilities Code is repealed.*

11 318. The commission shall conduct a zero-based budget for  
12 all of its programs by January 10, 2015. The zero-based budget  
13 shall be completed for the entire commission, rather than on a  
14 division-by-division basis.

15 *SEC. 4. Section 350 of the Public Utilities Code is repealed.*

16 350. The Independent System Operator, in consultation with  
17 the California Energy Resources Conservation and Development  
18 Commission, the Public Utilities Commission, the Western  
19 Electricity Coordinating Council, and concerned regulatory  
20 agencies in other western states, shall within six months after the  
21 Federal Energy Regulatory Commission approval of the  
22 Independent System Operator, provide a report to the Legislature  
23 and to the Oversight Board that does the following:

24 (a) Conducts an independent review and assessment of Western  
25 Electricity Coordinating Council operating reliability criteria.

26 (b) Quantifies the economic cost of major transmission outages  
27 relating to the Pacific Intertie, Southwest Power Link, DC link,  
28 and other important high voltage lines that carry power both into  
29 and from California.

30 (c) Identifies the range of cost-effective options that would  
31 prevent or mitigate the consequences of major transmission  
32 outages.

33 (d) Identifies communication protocols that may be needed to  
34 be established to provide advance warning of incipient problems.

35 (e) Identifies the need for additional generation reserves and  
36 other voltage support equipment, if any, or other resources that  
37 may be necessary to carry out its functions.

38 (f) Identifies transmission capacity additions that may be  
39 necessary at certain times of the year or under certain conditions.

1 ~~(g) Assesses the adequacy of current and prospective~~  
2 ~~institutional provisions for the maintenance of reliability.~~

3 ~~(h) Identifies mechanisms to enforce transmission right-of-way~~  
4 ~~maintenance.~~

5 ~~(i) Contains recommendations regarding cost-beneficial~~  
6 ~~improvements to electric system reliability for the citizens of~~  
7 ~~California.~~

8 *SEC. 5. Section 353.13 of the Public Utilities Code is amended*  
9 *to read:*

10 353.13. (a) The commission shall require each electrical  
11 corporation to establish new tariffs on or before January 1, 2003,  
12 for customers using distributed energy resources, including, but  
13 not limited to, those that do not meet all of the criteria described  
14 in Section 353.1. However, after January 1, 2003, distributed  
15 energy resources that meet all of the criteria described in Section  
16 353.1 shall continue to be subject only to those tariffs in existence  
17 pursuant to Section 353.3, until June 1, 2011, except that  
18 installations that do not operate in a combined heat and power  
19 application will be subject to those tariffs in existence pursuant to  
20 Section 353.3 only until June 1, 2006. Those tariffs required  
21 pursuant to this section shall ensure that all net distribution costs  
22 incurred to serve each customer class, taking into account the actual  
23 costs and benefits of distributed energy resources, proportional to  
24 each customer class, as determined by the commission, are fully  
25 recovered only from that class. The commission shall require each  
26 electrical corporation, in establishing those rates, to ensure that  
27 customers with similar load profiles within a customer class will,  
28 to the extent practicable, be subject to the same utility rates,  
29 regardless of their use of distributed energy resources to serve  
30 onsite loads or over-the-fence transactions allowed under Sections  
31 216 and 218. Customers with dedicated facilities shall remain  
32 responsible for their obligations regarding payment for those  
33 facilities.

34 ~~(b) The commission shall prepare and submit to the Legislature,~~  
35 ~~on or before June 1, 2002, a report describing its proposed~~  
36 ~~methodology for determining the new rates and the process by~~  
37 ~~which it will establish those rates.~~

38 ~~(e)~~

39 *(b)* In establishing the tariffs, the commission shall consider  
40 coincident peakload, and the reliability of the onsite generation,

1 as determined by the frequency and duration of outages, so that  
2 customers with more reliable onsite generation and those that  
3 reduce peak demand pay a lower cost-based rate.

4 *SEC. 6. Section 353.15 of the Public Utilities Code is amended*  
5 *to read:*

6 353.15. (a) In order to evaluate the efficiency, emissions, and  
7 reliability of distributed energy resources with a capacity greater  
8 than 10 kilowatts, customers that install those resources pursuant  
9 to this article shall report to the commission, on an annual basis,  
10 all of the following information, as recorded on a monthly basis:

- 11 (1) Heat rate for the resource.
- 12 (2) Total kilowatthours produced in the peak and off-peak  
13 periods, as determined by the ISO.
- 14 (3) Emissions data for the resource, as required by the State Air  
15 Resources Board or the appropriate air quality management district  
16 or air pollution control district.

17 (b) The commission shall release the information submitted  
18 pursuant to subdivision (a) in a manner that does not identify the  
19 individual user of the distributed energy resource.

20 ~~(c) The commission, in consultation with the State Air Resources~~  
21 ~~Board, air quality management districts, air pollution control~~  
22 ~~districts, and the State Energy Resources Conservation and~~  
23 ~~Development Commission, shall evaluate the information~~  
24 ~~submitted pursuant to subdivision (a) and, within two years of the~~  
25 ~~effective date of the act adding this article, prepare and submit to~~  
26 ~~the Governor and the Legislature a report recommending any~~  
27 ~~changes to this article it determines necessary based upon that~~  
28 ~~information.~~

29 *SEC. 7. Section 454.1 of the Public Utilities Code is amended*  
30 *to read:*

31 454.1. (a) Except as provided in subdivision (b), if a customer  
32 with a maximum peak electrical demand in excess of 20 kilowatts  
33 located or planning to locate within the service territory of an  
34 electrical corporation receives a bona fide offer for electric service  
35 from an irrigation district at rates less than the electrical  
36 corporation's tariffed rates, the electrical corporation may discount  
37 its noncommodity rates, but may not discount its noncommodity  
38 rates below its distribution marginal cost of serving that customer.  
39 For purposes of this subdivision, the costs of the electric  
40 commodity shall be excluded from both the irrigation district and

1 electric corporation's rates. The electrical corporation may recover  
2 any difference between its tariffed and discounted service from its  
3 remaining customers, allocated as determined by the commission.  
4 However, the reallocation may not increase rates to its remaining  
5 customers by any greater amount than the rates would be increased  
6 if the customer had taken electric distribution service from the  
7 irrigation district and the irrigation district had paid the charge  
8 established in subdivision (e) of Section 9607. Further, there shall  
9 be a firewall preventing the reallocation of such differences  
10 resulting from discounting to residential customers or to  
11 commercial customers with maximum peak demands not in excess  
12 of 20 kilowatts. ~~The commission shall review the discounts  
13 provided under this section by each electrical corporation and  
14 report to the Legislature not later than January 15, 2003. The  
15 review shall include an assessment of the effectiveness of the  
16 discount levels and the rate impacts to customers of the discounts.  
17 The commission shall include in its report a recommendation of  
18 any changes that should be made to the discount levels in light of  
19 other commission approved discount programs.~~

20 (b) Subdivision (a) does not apply to a cumulative 75 megawatts  
21 of load served by the Merced Irrigation District, determined as  
22 follows:

23 (1) The load is located within the boundaries of Merced  
24 Irrigation District, as those boundaries existed on December 20,  
25 1995, together with the territory of Castle Air Force Base which  
26 was located outside the district on that date.

27 (2) For purposes of this section, a megawatt of load shall be  
28 calculated in accordance with the methodology established by the  
29 California Energy Resource Conservation and Development  
30 Commission in its Docket No. 96-IRR-1890.

31 (c) Subdivision (a) applies to the load of customers that move  
32 to the areas described in paragraph (1) of subdivision (b) after  
33 December 31, 2000, and such load shall be excluded from the  
34 calculation of the 75 megawatts in subdivision (b).

35 (d) If an electrical corporation seeks to apply the discounts  
36 permitted under subdivision (a) within the geographic area  
37 described in subdivision (b) of Section 9610, the electrical  
38 corporation's resulting rate for distribution service may not be less  
39 than 120 percent of the electrical corporation's marginal  
40 distribution cost of serving that customer.

1     *SEC. 8. Section 740.5 of the Public Utilities Code is amended*  
2     *to read:*

3     740.5. (a) For purposes of this section, “21st Century Energy  
4     System Decision” means commission Decision 12-12-031  
5     (December 20, 2012), Decision Granting Authority to Enter Into  
6     a Research and Development Agreement with Lawrence Livermore  
7     National Laboratory for 21st Century Energy Systems and for  
8     costs up to \$152.19 million, or any subsequent decision in  
9     Application 11-07-008 (July 18, 2011), Application of Pacific Gas  
10    and Electric Company (U39M), San Diego Gas and Electric  
11    Company (U902E), and Southern California Edison Company  
12    (U338E) for Authority to Increase Electric Rates and Charges to  
13    Recover Costs of Research and Development Agreement with  
14    Lawrence Livermore National Laboratory for 21st Century Energy  
15    Systems.

16    (b) In implementing the 21st Century Energy System Decision,  
17    the commission shall not authorize recovery from ratepayers of  
18    any expense for research and development projects that are not  
19    for purposes of cyber security and grid integration. Total funding  
20    for research and development projects for purposes of cyber  
21    security and grid integration pursuant to the 21st Century Energy  
22    System Decision shall not exceed thirty-five million dollars  
23    (\$35,000,000). All cyber security and grid integration research  
24    and development projects shall be concluded by the fifth  
25    anniversary of their start date.

26    (c) The commission shall not approve for recovery from  
27    ratepayers those program management expenditures proposed,  
28    commencing with page seven, in the joint advice letter filed by  
29    the state’s three largest electrical corporations, Advice  
30    3379-G/4215-E (Pacific Gas and Electric Company), Advice  
31    2887-E (Southern California Edison Company), and Advice 2473-E  
32    (San Diego Gas and Electric Company), dated April 19, 2013.  
33    Project managers for the 21st Century Energy System Decision  
34    shall be limited to three representatives, one representative each  
35    from Pacific Gas and Electric Company, Southern California  
36    Edison Company, and San Diego Gas and Electric Company.

37    (d) The commission shall require the Lawrence Livermore  
38    National Laboratory, as a condition for entering into any contract  
39    pursuant to the 21st Century Energy System Decision, and Pacific  
40    Gas and Electric Company, Southern California Edison Company,

1 and San Diego Gas and Electric Company to ensure that research  
2 parameters reflect a new contribution to cyber security and that  
3 there not be a duplication of research being done by other private  
4 and governmental entities.

5 ~~(e) (1) The commission shall require each participating~~  
6 ~~electrical corporation to prepare and submit to the commission by~~  
7 ~~December 1, 2013, a joint report on the scope of all proposed~~  
8 ~~research projects, how the proposed project may lead to~~  
9 ~~technological advancement and potential breakthroughs in cyber~~  
10 ~~security and grid integration, and the expected timelines for~~  
11 ~~concluding the projects. The commission shall, within 30 days of~~  
12 ~~receiving the joint report, determine whether the report is sufficient~~  
13 ~~or requires revision and, upon determining that the report is~~  
14 ~~sufficient, submit the report to the Legislature in compliance with~~  
15 ~~Section 9795 of the Government Code.~~

16 ~~(2) The commission shall require each participating electrical~~  
17 ~~corporation to prepare and submit to the commission, by 60 days~~  
18 ~~following the conclusion of all research and development projects,~~  
19 ~~a joint report summarizing the outcome of all funded projects,~~  
20 ~~including an accounting of expenditures by the project managers~~  
21 ~~and grant recipients on administrative and overhead costs and~~  
22 ~~whether the project resulted in any technological advancements~~  
23 ~~or breakthroughs in promoting cyber security and grid integration.~~  
24 ~~The commission shall, within 30 days of receiving the joint report,~~  
25 ~~determine whether the report is sufficient or requires revision and,~~  
26 ~~upon determining that the report is sufficient, submit the report to~~  
27 ~~the Legislature in compliance with Section 9795 of the Government~~  
28 ~~Code.~~

29 ~~(3) This subdivision shall become inoperative on January 1,~~  
30 ~~2023, pursuant to Section 10231.5 of the Government Code.~~

31 *SEC. 9. Section 747.5 of the Public Utilities Code is repealed.*

32 ~~747.5. The commission shall review its policies concerning~~  
33 ~~pricing of utility service and shall assess whether the pricing~~  
34 ~~policies promote the pursuit of energy efficiency by customers,~~  
35 ~~and shall report its assessment to the Legislature as soon as~~  
36 ~~practicable.~~

37 **SECTION 1.**

38 *SEC. 10. Section 910.4 of the Public Utilities Code is amended*  
39 *to read:*

1 910.4. By February 1 of each year, the commission shall report  
2 to the Joint Legislative Budget Committee and appropriate fiscal  
3 and policy committees of the Legislature, on all sources and  
4 amounts of funding and actual and proposed expenditures, both  
5 in the two prior fiscal years and for the proposed fiscal year,  
6 including any costs to ratepayers, related to both of the following:

7 (a) Entities or programs established by the commission by order,  
8 decision, motion, settlement, or other action, including, but not  
9 limited to, the California Clean Energy Fund, the California  
10 Emerging Technology Fund, and the Pacific Forest and Watershed  
11 Lands Stewardship Council. The report shall contain descriptions  
12 of relevant issues, including, but not limited to, all of the following:

13 (1) Any governance structure established for an entity or  
14 program.

15 (2) Any staff or employees hired by or for the entity or program  
16 and their salaries and expenses.

17 (3) Any staff or employees transferred or loaned internally or  
18 interdepartmentally for the entity or program and their salaries and  
19 expenses.

20 (4) Any contracts entered into by the entity or program, the  
21 funding sources for those contracts, and the legislative authority  
22 under which the commission entered into the contract.

23 (5) The public process and oversight governing the entity or  
24 program's activities.

25 (b) Entities or programs established by the commission, other  
26 than those expressly authorized by statute, under the following  
27 sections:

28 (1) Section 379.6.

29 (2) Section 399.8.

30 (3) Section 739.1.

31 (4) Section 2790.

32 (5) Section 2851.

33 *SEC. 11. Section 910.5 of the Public Utilities Code is repealed.*

34 ~~910.5. (a) By January 10 of each year, the commission shall~~  
35 ~~report to the Joint Legislative Budget Committee and appropriate~~  
36 ~~fiscal and policy committees of the Legislature, on all sources and~~  
37 ~~amounts of funding and actual and proposed expenditures, both~~  
38 ~~in the two prior fiscal years and for the proposed fiscal year,~~  
39 ~~including any costs to ratepayers, related to interactions by the~~  
40 ~~commission, its officers, or its staff with the California Public~~

1 Utilities Commission Foundation, or any derivative, or successor,  
 2 or with any agent or director of the foundation, including all of  
 3 the following:

4 (1) Attendance at meetings, conferences, or events organized  
 5 or sponsored by the foundation.

6 (2) Any contract or other agreement between the commission,  
 7 its officers, or its staff and the foundation, including agreements  
 8 relating to attendance at any educational or training conference or  
 9 event.

10 (3) Any agenda item, order, decision, resolution, or motion,  
 11 referencing the foundation.

12 (4) Endorsements of the foundation or its activities.

13 (5) Any contribution made to the foundation at the behest of a  
 14 member of the commission, its officers, or its staff, and any direct  
 15 or indirect contribution made to the foundation by a member of  
 16 the commission, its officers, or its staff. For purposes of this  
 17 paragraph, “contribution” means any payment, a forgiveness of a  
 18 loan, a payment of a loan by a third party, or an enforceable  
 19 promise to make a payment, except to the extent that full and  
 20 adequate consideration is received.

21 (b) (1) Within eight weeks of any contribution to the foundation  
 22 made at the behest of a member of the commission, its officers,  
 23 or its staff, the commission shall report the contribution to the Joint  
 24 Legislative Budget Committee and appropriate fiscal and policy  
 25 committees of the Legislature, and include any documents  
 26 pertaining to the contribution.

27 (2) Each report shall include certification from the commission  
 28 that the contribution does not violate the Conflict of Interest Code  
 29 and Statement of Incompatible Activities adopted pursuant to  
 30 Section 303.

31 ~~SEC. 2.~~

32 ~~SEC. 12.~~ Section 910.6 of the Public Utilities Code is repealed.

33 ~~SEC. 3.~~

34 ~~SEC. 13.~~ Section 913.2 of the Public Utilities Code is amended  
 35 to read:

36 913.2. By February 1 of each year, the commission shall report  
 37 to the Governor and the Legislature on the commission’s  
 38 recommendations for a smart grid, the plans and deployment of  
 39 smart grid technologies by the state’s electrical corporations, and  
 40 the costs and benefits to ratepayers.

1 ~~SEC. 4.~~

2 *SEC. 14.* Section 913.3 of the Public Utilities Code is repealed.

3 ~~SEC. 5.~~

4 *SEC. 15.* Section 913.4 of the Public Utilities Code is amended  
5 to read:

6 913.4. (a) Notwithstanding subdivision (g) of Section 454.5  
7 and Section 583, no later than May 1 of each year, the commission  
8 shall release to the Legislature the costs of all electricity  
9 procurement contracts for eligible renewable energy resources,  
10 including unbundled renewable energy credits, and all costs for  
11 utility-owned generation approved by the commission. The first  
12 report shall include all costs commencing January 1, 2003.  
13 Subsequent reports shall include only costs for the preceding  
14 calendar year.

15 (1) For power purchase contracts, the commission shall release  
16 costs in an aggregated form categorized according to the year the  
17 procurement transaction was approved by the commission, the  
18 eligible renewable energy resource type, including bundled  
19 renewable energy credits, the average executed contract price, and  
20 average actual recorded costs for each kilowatthour of production.  
21 Within each renewable energy resource type, the commission shall  
22 provide aggregated costs for different project size thresholds.

23 (2) For each utility-owned renewable generation project, the  
24 commission shall release the costs forecast by the electrical  
25 corporation at the time of initial approval and the actual recorded  
26 costs for each kilowatthour of production during the preceding  
27 calendar year.

28 (b) The commission shall report all electrical corporation  
29 revenue requirement increases associated with meeting the  
30 renewables portfolio standard, as defined in Section 399.12,  
31 including direct procurement costs for eligible renewable energy  
32 resources and renewable energy credits.

33 (c) The commission shall report all cost savings experienced,  
34 or costs avoided, by electrical corporations as a result of meeting  
35 the renewables portfolio standard.

36 (d) This section does not require the release of the terms of any  
37 individual electricity procurement contracts for eligible renewable  
38 energy resources, including unbundled renewable energy credits,  
39 approved by the commission. The commission shall aggregate  
40 data to the extent required to ensure protection of the confidentiality

1 of individual contract costs even if this aggregation requires  
2 grouping contracts of different energy resource type. The  
3 commission shall not be required to release the data in any year  
4 when there are fewer than three contracts approved.

5 ~~SEC. 6.~~

6 *SEC. 16.* Section 913.5 of the Public Utilities Code is amended  
7 to read:

8 913.5. In order to evaluate the progress of the state's electrical  
9 corporations in complying with the California Renewables Portfolio  
10 Standard Program (Article 16 (commencing with Section 399.11)  
11 of Chapter 2.3), the commission shall report to the Legislature no  
12 later than November 1 of each year on all of the following:

13 (a) The progress and status of procurement activities by each  
14 retail seller pursuant to the California Renewables Portfolio  
15 Standard Program.

16 (b) For each electrical corporation, an implementation schedule  
17 to achieve the renewables portfolio standard procurement  
18 requirements, including all substantive actions that have been taken  
19 or will be taken to achieve the program procurement requirements.

20 (c) The projected ability of each electrical corporation to meet  
21 the renewables portfolio standard procurement requirements under  
22 the cost limitations in subdivisions (c) and (d) of Section 399.15  
23 and any recommendations for revisions of those cost limitations.

24 (d) Any renewable energy procurement plan approved by the  
25 commission pursuant to Section 399.13, schedule, and status report  
26 for all substantive procurement, transmission development, and  
27 other activities that the commission has approved to be undertaken  
28 by an electrical corporation to achieve the procurement  
29 requirements of the renewables portfolio standard.

30 (e) Any barriers to, and policy recommendations for, achieving  
31 the renewables portfolio standard pursuant to the California  
32 Renewables Portfolio Standard Program.

33 ~~SEC. 7.~~

34 *SEC. 17.* Section 913.6 of the Public Utilities Code is repealed.

35 ~~SEC. 8.~~

36 *SEC. 18.* Section 913.8 of the Public Utilities Code is repealed.

37 ~~SEC. 9.~~

38 *SEC. 19.* Section 913.9 of the Public Utilities Code is repealed.

1 ~~SEC. 10.~~

2 *SEC. 20.* Section 913.10 of the Public Utilities Code is amended  
3 to read:

4 913.10. (a) On or before February 1, 2010, and biennially  
5 thereafter, the commission, in consultation with the Independent  
6 System Operator and the State Energy Resources Conservation  
7 and Development Commission, shall study, and submit a report  
8 to the Legislature and the Governor, on the impacts of distributed  
9 energy generation on the state's distribution and transmission grid.

10 The study shall evaluate all of the following:

11 (1) Reliability and transmission issues related to connecting  
12 distributed energy generation to the local distribution networks  
13 and regional grid.

14 (2) Issues related to grid reliability and operation, including  
15 interconnection, and the position of federal and state regulators  
16 toward distributed energy accessibility.

17 (3) The effect on overall grid operation of various distributed  
18 energy generation sources.

19 (4) Barriers affecting the connection of distributed energy to  
20 the state's grid.

21 (5) Emerging technologies related to distributed energy  
22 generation interconnection.

23 (6) Interconnection issues that may arise for the Independent  
24 System Operator and local distribution companies.

25 (7) The effect on peak demand for electricity.

26 (b) In addition, the commission shall specifically assess the  
27 impacts of the California Solar Initiative program, specified in  
28 Section 2851 and Section 25783 of the Public Resources Code,  
29 the self-generation incentive program authorized by Section 379.6.

30 ~~SEC. 11.~~

31 *SEC. 21.* Section 913.11 of the Public Utilities Code is repealed.

32 ~~SEC. 12.~~

33 *SEC. 22.* Section 913.13 of the Public Utilities Code is repealed.

34 ~~SEC. 13.~~

35 *SEC. 23.* Section 914.3 of the Public Utilities Code is amended  
36 to read:

37 914.3. By December 31 of each year, the commission shall  
38 submit to the Governor and the Legislature a report that includes,  
39 based on yearend data, on an aggregated basis, the information  
40 submitted by holders pursuant to subdivision (b) of Section 5960.

1 All information reported by the commission pursuant to this section  
2 shall be disclosed to the public only as provided for pursuant to  
3 Section 583. No individually identifiable customer or subscriber  
4 information shall be subject to public disclosure.

5 ~~SEC. 14. Section 914.7 of the Public Utilities Code is amended~~  
6 ~~to read:~~

7 ~~914.7. (a) By April 1 of each year, the commission shall~~  
8 ~~provide a report to the Legislature that includes all of the following~~  
9 ~~information:~~

10 ~~(1) The amount of funds expended from the California Advanced~~  
11 ~~Services Fund in the prior year.~~

12 ~~(2) The recipients of funds expended from the California~~  
13 ~~Advanced Services Fund in the prior year.~~

14 ~~(3) The geographic regions of the state affected by funds~~  
15 ~~expended from the California Advanced Services Fund in the prior~~  
16 ~~year.~~

17 ~~(4) The expected benefits to be derived from the funds expended~~  
18 ~~from the California Advanced Services Fund in the prior year.~~

19 ~~(5) Actual broadband adoption levels from the funds expended~~  
20 ~~from the California Advanced Services Fund in the prior year.~~

21 ~~(6) The amount of funds expended from the California Advanced~~  
22 ~~Services Fund used to match federal funds.~~

23 ~~(7) An update on the expenditures from California Advanced~~  
24 ~~Services Fund and broadband adoption levels, and an accounting~~  
25 ~~of remaining unserved and underserved households and areas of~~  
26 ~~the state.~~

27 ~~(8) The status of the California Advanced Services Fund balance~~  
28 ~~and the projected amount to be collected in each year through 2020~~  
29 ~~to fund approved projects.~~

30 ~~(b) Pursuant to Section 10231.5 of the Government Code, this~~  
31 ~~section is repealed on January 1, 2021.~~

32 ~~SEC. 24. Section 956 of the Public Utilities Code is amended~~  
33 ~~to read:~~

34 956. (a) On or before July 1, 2012, the commission shall open  
35 an appropriate proceeding or expand the scope of an existing  
36 proceeding to establish compatible emergency response standards  
37 that owners or operators of commission-regulated gas pipeline  
38 facilities shall be required to follow for intrastate transmission and  
39 distribution lines. The commission shall establish the standards to  
40 ensure that intrastate transmission and distribution lines have

1 emergency response plans that adequately prepare them for a  
2 natural disaster or malfunction that could cause injury to human  
3 life or property, with the purpose of minimizing the occurrence of  
4 both.

5 (b) The commission shall establish the compatible emergency  
6 response standards in consultation with the California Emergency  
7 Management Agency, the State Fire Marshal, and members of  
8 California’s first responder community including, but not limited  
9 to, members of the California Fire Chiefs Association.

10 (c) The compatible emergency response standards shall require  
11 owners or operators of intrastate transmission and distribution lines  
12 to implement emergency response plans that are compatible with  
13 the United States Department of Transportation Pipeline and  
14 Hazardous Materials Safety Administration’s regulations  
15 concerning emergency plans contained in Section 192.615 of Title  
16 49 of the Code of Federal Regulations, and those plans shall  
17 include, but not be limited to, all of the following requirements:

18 (1) Emergency shutdown and pressure reduction shall be utilized  
19 whenever deemed necessary and appropriate by the owners or  
20 operators to minimize hazards to life or property. An owner or  
21 operator shall notify appropriate first responders of emergency  
22 shutdown and pressure reduction.

23 (2) During an emergency response effort, the incident  
24 commander may direct coordination between first responders and  
25 owners or operators to ensure timely and ongoing communication  
26 on decisions for emergency shutdown and pressure reduction.

27 (3) Owners or operators of intrastate transmission and  
28 distribution lines shall establish and maintain liaison with  
29 appropriate fire, police, and other public officials to do all of the  
30 following:

31 (A) Learn the responsibility and resources of each government  
32 organization that may respond to a gas pipeline emergency,  
33 including, but not limited to, the role of the incident commander  
34 in an emergency.

35 (B) Acquaint the officials with the owner’s or operator’s ability  
36 in responding to a gas pipeline emergency.

37 (C) Identify the types of gas pipeline emergencies of which the  
38 owner or operator notifies the officials.

39 (D) Plan how the owner or operator and officials can engage in  
40 mutual assistance to minimize hazards to life or property.

1 (E) Identify and update information on individual personnel  
2 responsible for the liaison with the appropriate first responder  
3 organizations.

4 (4) Owners and operators of intrastate transmission lines shall  
5 provide the State Fire Marshal and the chief fire official of the  
6 applicable city, county, city and county, or fire protection district  
7 with instructions on how to access and utilize the National Pipeline  
8 Mapping System developed by the United States Department of  
9 Transportation, Pipeline and Hazardous Materials Safety  
10 Administration, utilizing data submitted pursuant to Section 60132  
11 of Title 49 of the United States Code, to improve local response  
12 capabilities for pipeline emergencies.

13 ~~(d) (1) The commission shall report to the Legislature on the~~  
14 ~~status of establishing the compatible emergency response standards~~  
15 ~~on or before January 1, 2013.~~

16 ~~(2) A report to be submitted pursuant to paragraph (1) shall be~~  
17 ~~submitted in compliance with Section 9795 of the Government~~  
18 ~~Code.~~

19 *SEC. 25. Section 2714.5 of the Public Utilities Code is*  
20 *repealed.*

21 ~~2714.5. The commission shall, by June 30, 2008, prepare and~~  
22 ~~submit to the Legislature, a report that describes the progress~~  
23 ~~achieved toward implementing the policy objectives of the~~  
24 ~~commission's Water Action Plan, adopted December 15, 2005,~~  
25 ~~which includes all of the following:~~

26 ~~(a) The progress achieved toward development and~~  
27 ~~implementation of a ratemaking mechanism and rate design that~~  
28 ~~will encourage water conservation and efficient water use.~~

29 ~~(b) The progress achieved toward development and~~  
30 ~~implementation of rates that remove the financial disincentive for~~  
31 ~~water corporations to conserve water that exists in the current rate~~  
32 ~~structure, while preserving continued revenue stability for water~~  
33 ~~corporations as new rate structures are implemented.~~

34 ~~(c) The impacts of water conservation and efficiency programs~~  
35 ~~on future water, energy, and wastewater treatment costs to~~  
36 ~~customers of water corporations.~~

37 *SEC. 26. Section 2827.3 of the Public Utilities Code is*  
38 *repealed.*

39 ~~2827.3. (a) By October 1, 2013, the commission shall complete~~  
40 ~~a study to determine who benefits from, and who bears the~~

1 economic burden, if any, of, the net energy metering program  
2 authorized pursuant to Section 2827, and to determine the extent  
3 to which each class of ratepayers and each region of the state  
4 receiving service under the net energy metering program is paying  
5 the full cost of the services provided to them by electrical  
6 corporations, and the extent to which those customers pay their  
7 share of the costs of public purpose programs. In evaluating  
8 program costs and benefits for purposes of the study, the  
9 commission shall consider all electricity generated by renewable  
10 electric generating systems, including the electricity used onsite  
11 to reduce a customer's consumption of electricity that otherwise  
12 would be supplied through the electrical grid, as well as the  
13 electrical output that is being fed back to the electrical grid for  
14 which the customer receives credit or net surplus electricity  
15 compensation under net energy metering. The study shall quantify  
16 the costs and benefits of net energy metering to participants and  
17 nonparticipants and shall further disaggregate the results by utility,  
18 customer class, and household income groups within the residential  
19 class. The study shall further gather and present data on the income  
20 distribution of residential net energy metering participants. In order  
21 to assess the costs and benefits at various levels of net energy  
22 metering implementation, the study shall be conducted using  
23 multiple net energy metering penetration scenarios, including, at  
24 a minimum, the capacity needed to reach the solar photovoltaic  
25 goals of the California Solar Initiative pursuant to Section 25780  
26 of the Public Resources Code, and the estimated net energy  
27 metering capacity under the 5-percent minimum requirement of  
28 paragraphs (1) and (4) of subdivision (c) of Section 2827.

29 (b) (1) The commission shall report the results of the study to  
30 the Legislature within 30 days of its completion.

31 (2) The report shall be submitted in compliance with Section  
32 9795 of the Government Code.

33 (3) Pursuant to Section 10231.5 of the Government Code, this  
34 section is repealed on July 1, 2017.

35 *SEC. 27. Section 2845 of the Public Utilities Code is repealed.*

36 2845. The State Air Resources Board shall report to the  
37 Governor and the Legislature by December 31, 2011, on the  
38 reduction in emissions of greenhouse gases resulting from the  
39 increase of new electrical generation that utilizes excess waste

1 heat through combined heat and power systems and recommend  
2 policies that further the goals of this article.

3 *SEC. 28. Section 2867.1 of the Public Utilities Code is*  
4 *repealed.*

5 ~~2867.1. (a) Not later than July 1, 2010, the commission shall~~  
6 ~~report to the Legislature as to the effectiveness of the program and~~  
7 ~~make recommendations as to any changes that should be made to~~  
8 ~~the program. This report shall include justification for the size of~~  
9 ~~the rebate program in terms of total available incentive moneys as~~  
10 ~~well as the anticipated benefits of the program in its entirety. To~~  
11 ~~facilitate the understanding of how solar water heating systems~~  
12 ~~compare with other clean energy and energy efficiency~~  
13 ~~technologies, all documents related to and rebates provided by this~~  
14 ~~program shall be measured in both kWh<sub>th</sub> and therms of natural~~  
15 ~~gas saved.~~

16 ~~(b) Not later than February 1, 2014, the commission shall~~  
17 ~~complete a review of whether the rebate levels established by the~~  
18 ~~commission will be sufficient to spur investment to reach the~~  
19 ~~program goal of installing 200,000 solar water heating systems in~~  
20 ~~homes, businesses, and other buildings or facilities receiving~~  
21 ~~natural gas service throughout the state by 2017, and shall report~~  
22 ~~to the Legislature on the results of its review. The report submitted~~  
23 ~~pursuant to this subdivision shall be submitted in compliance with~~  
24 ~~Section 9795 of the Government Code.~~

25 *SEC. 29. Section 2872.5 of the Public Utilities Code is amended*  
26 *to read:*

27 ~~2872.5. (a) The commission, in consultation with the Office~~  
28 ~~of Emergency Services, shall open an investigative proceeding to~~  
29 ~~determine whether standardized notification systems and protocol~~  
30 ~~should be utilized by entities that are authorized to use automatic~~  
31 ~~dialing-announcing devices pursuant to subdivision (e) of Section~~  
32 ~~2872, to facilitate notification of affected members of the public~~  
33 ~~of local emergencies. The commission shall not establish standards~~  
34 ~~for notification systems or standard notification protocol unless it~~  
35 ~~determines that the benefits of the standards exceed the costs.~~

36 ~~(b) Before January 1, 2008, the commission shall prepare and~~  
37 ~~submit to the Legislature a report on the results of the proceeding,~~  
38 ~~including recommendations for funding notification systems and~~  
39 ~~any statutory modifications needed to facilitate notification of~~  
40 ~~affected members of the public of local emergencies.~~

1     *SEC. 30. Section 2892.1 of the Public Utilities Code is amended*  
2 *to read:*

3     2892.1. (a) For purposes of this section, “telecommunications  
4 service” means voice communication provided by a telephone  
5 corporation as defined in Section 234, voice communication  
6 provided by a provider of satellite telephone services, voice  
7 communication provided by a provider of mobile telephony service,  
8 as defined in Section 2890.2, and voice communication provided  
9 by a commercially available facilities-based provider of voice  
10 communication services utilizing voice over Internet Protocol or  
11 any successor protocol.

12     (b) The commission, in consultation with the Office of  
13 Emergency Services, shall open an investigative or other  
14 appropriate proceeding to identify the need for telecommunications  
15 service systems not on the customer’s premises to have backup  
16 electricity to enable telecommunications networks to function and  
17 to enable the customer to contact a public safety answering point  
18 operator during an electrical outage, to determine performance  
19 criteria for backup systems, and to determine whether the best  
20 practices recommended by the Network Reliability and  
21 Interoperability Council in December 2005, for backup systems  
22 have been implemented by telecommunications service providers  
23 operating in California. If the commission determines it is in the  
24 public interest, the commission shall, consistent with subdivisions  
25 (c) and (d), develop and implement performance reliability  
26 standards.

27     (c) The commission, in developing any standards pursuant to  
28 the proceeding required by subdivision (b), shall consider current  
29 best practices and technical feasibility for establishing battery  
30 backup requirements.

31     (d) The commission shall not implement standards pursuant to  
32 the proceeding required by subdivision (b) unless it determines  
33 that the benefits of the standards exceed the costs.

34     (e) The commission shall determine the feasibility of the use of  
35 zero greenhouse gas emission fuel cell systems to replace diesel  
36 backup power systems.

37     ~~(f) Before January 1, 2008, the commission shall prepare and~~  
38 ~~submit to the Legislature a report on the results of the proceeding.~~

39     *SEC. 31. Section 5371.4 of the Public Utilities Code is amended*  
40 *to read:*

1 5371.4. (a) The governing body of any city, county, or city  
2 and county may not impose a fee on charter-party carriers operating  
3 limousines. However, the governing body of any city, county, or  
4 city and county may impose a business license fee on, and may  
5 adopt and enforce any reasonable rules and regulations pertaining  
6 to operations within its boundaries for, any charter-party carrier  
7 domiciled or maintaining a business office within that city, county,  
8 or city and county.

9 (b) The governing body of any airport may not impose vehicle  
10 safety, vehicle licensing, or insurance requirements on charter-party  
11 carriers operating limousines that are more burdensome than those  
12 imposed by the commission. However, the governing board of any  
13 airport may require a charter-party carrier operating limousines to  
14 obtain an airport permit for operating authority at the airport.

15 (c) Notwithstanding subdivisions (a) and (b), the governing  
16 body of any airport may adopt and enforce reasonable and  
17 nondiscriminatory local airport rules, regulations, and ordinances  
18 pertaining to access, use of streets and roads, parking, traffic  
19 control, passenger transfers, trip fees, and occupancy, and the use  
20 of buildings and facilities, that are applicable to charter-party  
21 carriers operating limousines on airport property.

22 (d) This section does not apply to any agreement entered into  
23 pursuant to Sections 21690.5 to 21690.9, inclusive, between the  
24 governing body of an airport and charter-party carriers operating  
25 limousines.

26 ~~(e) The commission shall conduct an audit and review of the~~  
27 ~~annual gross revenues earned by charter-party carriers operating~~  
28 ~~limousines for the purpose of ascertaining whether the imposition~~  
29 ~~of additional fees based on a charter-party carrier's gross annual~~  
30 ~~revenues would place an undue administrative or financial burden~~  
31 ~~on the charter-party carrier industry. The commission shall report~~  
32 ~~its findings to the Legislature on or before June 30, 1992.~~

33 ~~(f)~~

34 (e) The governing body of any airport shall not impose a fee  
35 based on gross receipts of charter-party carriers operating  
36 limousines.

37 ~~(g)~~

38 (f) Notwithstanding subdivisions (a) to ~~(f)~~, (e), inclusive, nothing  
39 in this section prohibits a city, county, city and county, or the  
40 governing body of any airport, from adopting and enforcing

1 reasonable permit requirements, fees, rules, and regulations  
2 applicable to charter-party carriers of passengers other than those  
3 operating limousines.

4 ~~(h)~~

5 (g) Notwithstanding subdivisions (a) to ~~(f)~~, (e), inclusive, a city,  
6 county, or city and county may impose reasonable rules for the  
7 inspection of waybills of charter-party carriers of passengers  
8 operating within the jurisdiction of the city, county, or city and  
9 county, for purposes of verifying valid prearranged travel.

10 ~~(i)~~

11 (h) For the purposes of this section, “limousine” includes any  
12 sedan or sport utility vehicle, of either standard or extended length,  
13 with a seating capacity of not more than 10 passengers including  
14 the driver, used in the transportation of passengers for hire on a  
15 prearranged basis within this state.

16 *SEC. 32. Section 5381.5 of the Public Utilities Code is amended*  
17 *to read:*

18 5381.5. (a) The commission shall, by rule or other appropriate  
19 procedure, ensure that every charter-party carrier of passengers  
20 operates on a prearranged basis within the state, consistent with  
21 Section 5360.5. The commission shall require every charter-party  
22 carrier of passengers to include on a waybill or trip report at least  
23 all of the following:

24 (1) The name of at least one passenger in the traveling party,  
25 or identifying information of the traveling party’s affiliation, along  
26 with the point of origin and destination of the passenger or traveling  
27 party.

28 (2) Information as to whether the transportation was arranged  
29 by telephone, written contract, or electronic communication.

30 (b) A waybill or trip report may be kept in electronic or hardcopy  
31 format. When requested by any commission or airport enforcement  
32 officer or any official of a city, county, or city and county  
33 authorized to inspect a waybill or trip report pursuant to subdivision  
34 ~~(h)~~ (g) of Section 5371.4, the waybill or trip report may be provided  
35 in either electronic or hardcopy format.

36 (c) A charter-party carrier of passengers shall produce in its  
37 office a hardcopy of any waybill or trip report when requested by  
38 the commission or one of its authorized representatives pursuant  
39 to Section 5389.

- 1 (d) This section shall become operative on January 1, 2014.

O