

AMENDED IN SENATE APRIL 27, 2016
AMENDED IN SENATE APRIL 12, 2016
AMENDED IN SENATE MARCH 29, 2016

SENATE BILL

No. 1222

Introduced by Senator Hertzberg

February 18, 2016

An act to amend Section 830.11 of the Penal Code, to repeal Section 25403 of the Public Resources Code, and to amend Sections 308.5, 309.7, 353.13, 353.15, 454.1, 740.5, 910.4, 913.2, 913.4, 913.5, 913.9, 913.10, 914.3, 918.1, 956, 958.5, 2870, 2872.5, 2892.1, 3368, 5371.4, 5381.5, and 7661 of, to add Section 913.14 to, to add and repeal Section 913.15 of, and to repeal Sections 318, 350, 747.5, 910.5, 910.6, 913.3, 913.6, 913.8, ~~913.9~~, 913.11, 913.13, 918.2, 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 (PUC), with jurisdiction over all public utilities. The California Constitution grants the 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 PUC that is cognate and germane to the regulation of public utilities. Existing law requires the PUC to submit various reports to the Legislature, legislative committees, and the Governor, as specified.

This bill would change the date by which the PUC must submit specified reports, change the contents of specified reports, *reassign to the Energy Commission the PUC's duty to prepare a specified report*, and repeal the provisions requiring the PUC to submit specified reports. The bill would repeal a reporting requirement 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~~ *and* local publicly owned electric ~~utility~~ *utilities* to review and consider the recommendations of the Energy Commission and, within 6 months after the date ~~it receives~~ *they receive* them, to report to the Governor and the Legislature ~~its~~ *their* 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.

This bill would also make various technical changes, including, but not limited to, changes to the responsibilities of various divisions of the PUC.

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 830.11 of the Penal Code is amended to read:

4 830.11. (a) The following persons are not peace officers but
5 may exercise the powers of arrest of a peace officer as specified
6 in Section 836 and the power to serve warrants as specified in
7 Sections 1523 and 1530 during the course and within the scope of
8 their employment, if they receive a course in the exercise of those
9 powers pursuant to Section 832. The authority and powers of the
10 persons designated under this section shall extend to any place in
11 the state:

12 (1) Persons employed by the Department of Business Oversight
13 designated by the Commissioner of Business Oversight, provided
14 that the primary duty of these persons shall be the enforcement of,
15 and investigations relating to, the provisions of law administered
16 by the Commissioner of Business Oversight.

17 (2) Persons employed by the Bureau of Real Estate designated
18 by the Real Estate Commissioner, provided that the primary duty
19 of these persons shall be the enforcement of the laws set forth in
20 Part 1 (commencing with Section 10000) and Part 2 (commencing
21 with Section 11000) of Division 4 of the Business and Professions
22 Code. The Real Estate Commissioner may designate persons under
23 this section, who at the time of their designation, are assigned to
24 the Special Investigations Unit, internally known as the Crisis
25 Response Team.

26 (3) Persons employed by the State Lands Commission
27 designated by the executive officer, provided that the primary duty
28 of these persons shall be the enforcement of the law relating to the
29 duties of the State Lands Commission.

30 (4) Persons employed as investigators of the Investigations
31 Bureau of the Department of Insurance, who are designated by the
32 Chief of the Investigations Bureau, provided that the primary duty
33 of these persons shall be the enforcement of the Insurance Code
34 and other laws relating to persons and businesses, licensed and
35 unlicensed by the Department of Insurance, who are engaged in
36 the business of insurance.

37 (5) Persons employed as investigators by the Public Utilities
38 Commission, who are designated by the commission's executive

1 director and approved by the commission, and their supervisors
2 up to the director level, provided that the primary duty of these
3 persons shall be the enforcement of the law as that duty is set forth
4 in Section 308.5 of the Public Utilities Code.

5 (6) (A) Persons employed by the State Board of Equalization,
6 Investigations Division, who are designated by the board's
7 executive director, provided that the primary duty of these persons
8 shall be the enforcement of laws administered by the State Board
9 of Equalization.

10 (B) Persons designated pursuant to this paragraph are not entitled
11 to peace officer retirement benefits.

12 (7) Persons employed by the Department of Food and
13 Agriculture and designated by the Secretary of Food and
14 Agriculture as investigators, investigator supervisors, and
15 investigator managers, provided that the primary duty of these
16 persons shall be enforcement of, and investigations relating to, the
17 Food and Agricultural Code or Division 5 (commencing with
18 Section 12001) of the Business and Professions Code.

19 (8) The Inspector General and those employees of the Office
20 of the Inspector General as designated by the Inspector General,
21 provided that the primary duty of those persons shall be the
22 enforcement of the law relating to the duties of the Office of the
23 Inspector General.

24 (b) Notwithstanding any other provision of law, persons
25 designated pursuant to this section may not carry firearms.

26 (c) Persons designated pursuant to this section shall be included
27 as "peace officers of the state" under paragraph (2) of subdivision
28 (c) of Section 11105 for the purpose of receiving state summary
29 criminal history information and shall be furnished that information
30 on the same basis as peace officers of the state designated in
31 paragraph (2) of subdivision (c) of Section 11105.

32 SEC. 3. Section 25403 of the Public Resources Code is
33 repealed.

34 SEC. 4. Section 308.5 of the Public Utilities Code is amended
35 to read:

36 308.5. Persons employed as investigators by the commission,
37 who are designated by the commission's executive director and
38 approved by the commission, and their supervisors up to the
39 director level, have the authority of peace officers, as specified in
40 paragraph (5) of subdivision (a) of Section 830.11 of the Penal

1 Code, while engaged in exercising the powers granted to or
2 performing the duties imposed upon them in investigating the laws,
3 orders, or regulations administered by the commission or
4 commencing directly or indirectly any criminal prosecution arising
5 from any investigation conducted under these laws. All persons
6 herein referred to shall be deemed to be acting within the scope
7 of employment with respect to all acts and matters set forth in this
8 section.

9 SEC. 5. Section 309.7 of the Public Utilities Code is amended
10 to read:

11 309.7. (a) The division of the commission responsible for
12 railroad safety shall be responsible for inspection, surveillance,
13 and investigation of the rights-of-way, facilities, equipment, and
14 operations of railroads and public mass transit guideways, and for
15 enforcing state and federal laws, regulations, orders, and directives
16 relating to transportation of persons or commodities, or both, of
17 any nature or description by rail. The division of the commission
18 responsible for railroad safety shall advise the commission on all
19 matters relating to rail safety, and shall propose to the commission
20 rules, regulations, orders, and other measures necessary to reduce
21 the dangers caused by unsafe conditions on the railroads of the
22 state. The delegation of enforcement responsibility to the division
23 of the commission responsible for railroad safety shall not diminish
24 the power of other agencies of state government to enforce laws
25 relating to employee or environmental safety, pollution prevention,
26 or public health and safety.

27 (b) In performing its duties, the division of the commission
28 responsible for railroad safety shall exercise all powers of
29 investigation granted to the commission, including rights to enter
30 upon land or facilities, inspect books and records, and compel
31 testimony. The commission shall employ sufficient federally
32 certified inspectors to ensure at the time of inspection that railroad
33 locomotives and equipment and facilities located in class I railroad
34 yards in California are inspected not less frequently than every
35 180 days, and all main and branch line tracks are inspected not
36 less frequently than every 12 months. In performing its duties, the
37 division of the commission responsible for railroad safety shall
38 consult with representatives of railroad corporations, labor
39 organizations representing railroad employees, and the Federal
40 Railroad Administration.

1 (c) The general counsel shall assign to the division of the
2 commission responsible for railroad safety the personnel and
3 attorneys necessary to fully utilize the powers granted to the
4 commission by any state law, and by any federal law relating to
5 rail transportation, to enforce safety laws, rules, regulations, and
6 orders, and to collect fines and penalties resulting from the
7 violation of any safety rule or regulation.

8 (d) The activities of the division of the commission responsible
9 for railroad safety that relate to safe operation of common carriers
10 by rail, other than those relating to grade crossing protection, shall
11 also be supported by the fees paid by railroad corporations, if any,
12 pursuant to Sections 421 to 424, inclusive. The activities of the
13 division of the commission responsible for railroad safety that
14 relate to grade crossing protection shall be supported by funds
15 appropriated therefor from the State Highway Account in the State
16 Transportation Fund.

17 SEC. 6. Section 318 of the Public Utilities Code is repealed.

18 SEC. 7. Section 350 of the Public Utilities Code is repealed.

19 SEC. 8. Section 353.13 of the Public Utilities Code is amended
20 to read:

21 353.13. (a) The commission shall require each electrical
22 corporation to establish new tariffs on or before January 1, 2003,
23 for customers using distributed energy resources, including, but
24 not limited to, those that do not meet all of the criteria described
25 in Section 353.1. However, after January 1, 2003, distributed
26 energy resources that meet all of the criteria described in Section
27 353.1 shall continue to be subject only to those tariffs in existence
28 pursuant to Section 353.3, until June 1, 2011, except that
29 installations that do not operate in a combined heat and power
30 application will be subject to those tariffs in existence pursuant to
31 Section 353.3 only until June 1, 2006. Those tariffs required
32 pursuant to this section shall ensure that all net distribution costs
33 incurred to serve each customer class, taking into account the actual
34 costs and benefits of distributed energy resources, proportional to
35 each customer class, as determined by the commission, are fully
36 recovered only from that class. The commission shall require each
37 electrical corporation, in establishing those rates, to ensure that
38 customers with similar load profiles within a customer class will,
39 to the extent practicable, be subject to the same utility rates,
40 regardless of their use of distributed energy resources to serve

1 onsite loads or over-the-fence transactions allowed under Sections
2 216 and 218. Customers with dedicated facilities shall remain
3 responsible for their obligations regarding payment for those
4 facilities.

5 (b) In establishing the tariffs, the commission shall consider
6 coincident peakload, and the reliability of the onsite generation,
7 as determined by the frequency and duration of outages, so that
8 customers with more reliable onsite generation and those that
9 reduce peak demand pay a lower cost-based rate.

10 SEC. 9. Section 353.15 of the Public Utilities Code is amended
11 to read:

12 353.15. (a) In order to evaluate the efficiency, emissions, and
13 reliability of distributed energy resources with a capacity greater
14 than 10 kilowatts, customers that install those resources pursuant
15 to this article shall report to the commission, on an annual basis,
16 all of the following information, as recorded on a monthly basis:

17 (1) Heat rate for the resource.

18 (2) Total kilowatthours produced in the peak and off-peak
19 periods, as determined by the ISO.

20 (3) Emissions data for the resource, as required by the State Air
21 Resources Board or the appropriate air quality management district
22 or air pollution control district.

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

26 SEC. 10. Section 454.1 of the Public Utilities Code is amended
27 to read:

28 454.1. (a) Except as provided in subdivision (b), if a customer
29 with a maximum peak electrical demand in excess of 20 kilowatts
30 located or planning to locate within the service territory of an
31 electrical corporation receives a bona fide offer for electric service
32 from an irrigation district at rates less than the electrical
33 corporation's tariffed rates, the electrical corporation may discount
34 its noncommodity rates, but may not discount its noncommodity
35 rates below its distribution marginal cost of serving that customer.
36 For purposes of this subdivision, the costs of the electric
37 commodity shall be excluded from both the irrigation district and
38 electric corporation's rates. The electrical corporation may recover
39 any difference between its tariffed and discounted service from its
40 remaining customers, allocated as determined by the commission.

1 However, the reallocation may not increase rates to its remaining
2 customers by any greater amount than the rates would be increased
3 if the customer had taken electric distribution service from the
4 irrigation district and the irrigation district had paid the charge
5 established in subdivision (e) of Section 9607. Further, there shall
6 be a firewall preventing the reallocation of such differences
7 resulting from discounting to residential customers or to
8 commercial customers with maximum peak demands not in excess
9 of 20 kilowatts.

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

13 (1) The load is located within the boundaries of Merced
14 Irrigation District, as those boundaries existed on December 20,
15 1995, together with the territory of Castle Air Force Base which
16 was located outside the district on that date.

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

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

25 (d) If an electrical corporation seeks to apply the discounts
26 permitted under subdivision (a) within the geographic area
27 described in subdivision (b) of Section 9610, the electrical
28 corporation's resulting rate for distribution service may not be less
29 than 120 percent of the electrical corporation's marginal
30 distribution cost of serving that customer.

31 SEC. 11. Section 740.5 of the Public Utilities Code is amended
32 to read:

33 740.5. (a) For purposes of this section, "21st Century Energy
34 System Decision" means commission Decision 12-12-031
35 (December 20, 2012), Decision Granting Authority to Enter Into
36 a Research and Development Agreement with Lawrence Livermore
37 National Laboratory for 21st Century Energy Systems and for
38 costs up to \$152.19 million, or any subsequent decision in
39 Application 11-07-008 (July 18, 2011), Application of Pacific Gas
40 and Electric Company (U39M), San Diego Gas and Electric

1 Company (U902E), and Southern California Edison Company
2 (U338E) for Authority to Increase Electric Rates and Charges to
3 Recover Costs of Research and Development Agreement with
4 Lawrence Livermore National Laboratory for 21st Century Energy
5 Systems.

6 (b) In implementing the 21st Century Energy System Decision,
7 the commission shall not authorize recovery from ratepayers of
8 any expense for research and development projects that are not
9 for purposes of cyber security and grid integration. Total funding
10 for research and development projects for purposes of cyber
11 security and grid integration pursuant to the 21st Century Energy
12 System Decision shall not exceed thirty-five million dollars
13 (\$35,000,000). All cyber security and grid integration research
14 and development projects shall be concluded by the fifth
15 anniversary of their start date.

16 (c) The commission shall not approve for recovery from
17 ratepayers those program management expenditures proposed,
18 commencing with page seven, in the joint advice letter filed by
19 the state's three largest electrical corporations, Advice
20 3379-G/4215-E (Pacific Gas and Electric Company), Advice
21 2887-E (Southern California Edison Company), and Advice 2473-E
22 (San Diego Gas and Electric Company), dated April 19, 2013.
23 Project managers for the 21st Century Energy System Decision
24 shall be limited to three representatives, one representative each
25 from Pacific Gas and Electric Company, Southern California
26 Edison Company, and San Diego Gas and Electric Company.

27 (d) The commission shall require the Lawrence Livermore
28 National Laboratory, as a condition for entering into any contract
29 pursuant to the 21st Century Energy System Decision, and Pacific
30 Gas and Electric Company, Southern California Edison Company,
31 and San Diego Gas and Electric Company to ensure that research
32 parameters reflect a new contribution to cyber security and that
33 there not be a duplication of research being done by other private
34 and governmental entities.

35 SEC. 12. Section 747.5 of the Public Utilities Code is repealed.

36 SEC. 13. Section 910.4 of the Public Utilities Code is amended
37 to read:

38 910.4. By February 1 of each year, the commission shall report
39 to the Joint Legislative Budget Committee and appropriate fiscal
40 and policy committees of the Legislature, on all sources and

1 amounts of funding and actual and proposed expenditures, both
2 in the two prior fiscal years and for the proposed fiscal year,
3 including any costs to ratepayers, related to both of the following:

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

10 (1) Any governance structure established for an entity or
11 program.

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

14 (3) Any staff or employees transferred or loaned internally or
15 interdepartmentally for the entity or program and their salaries and
16 expenses.

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

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

22 (b) Entities or programs established by the commission, other
23 than those expressly authorized by statute, under the following
24 sections:

25 (1) Section 379.6.

26 (2) Section 399.8.

27 (3) Section 739.1.

28 (4) Section 2790.

29 (5) Section 2851.

30 SEC. 14. Section 910.5 of the Public Utilities Code is repealed.

31 SEC. 15. Section 910.6 of the Public Utilities Code is repealed.

32 SEC. 16. Section 913.2 of the Public Utilities Code is amended
33 to read:

34 913.2. By February 1 of each year, the commission shall report
35 to the Governor and the Legislature on the commission's
36 recommendations for a smart grid, the plans and deployment of
37 smart grid technologies by the state's electrical corporations, and
38 the costs and benefits to ratepayers.

39 SEC. 17. Section 913.3 of the Public Utilities Code is repealed.

1 SEC. 18. Section 913.4 of the Public Utilities Code is amended
2 to read:

3 913.4. (a) Notwithstanding subdivision (g) of Section 454.5
4 and Section 583, no later than May 1 of each year, the commission
5 shall release to the Legislature for the preceding calendar year the
6 costs of all electricity procurement contracts for eligible renewable
7 energy resources, including unbundled renewable energy credits,
8 and all costs for utility-owned generation approved by the
9 commission.

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

18 (2) For each utility-owned renewable generation project, the
19 commission shall release the costs forecast by the electrical
20 corporation at the time of initial approval and the actual recorded
21 costs for each kilowatthour of production during the preceding
22 calendar year.

23 (b) The commission shall report all electrical corporation
24 revenue requirement increases associated with meeting the
25 renewables portfolio standard, as defined in Section 399.12,
26 including direct procurement costs for eligible renewable energy
27 resources and renewable energy credits.

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

31 (d) This section does not require the release of the terms of any
32 individual electricity procurement contracts for eligible renewable
33 energy resources, including unbundled renewable energy credits,
34 approved by the commission. The commission shall aggregate
35 data to the extent required to ensure protection of the confidentiality
36 of individual contract costs even if this aggregation requires
37 grouping contracts of different energy resource type. The
38 commission shall not be required to release the data in any year
39 when there are fewer than three contracts approved.

1 SEC. 19. Section 913.5 of the Public Utilities Code is amended
2 to read:

3 913.5. In order to evaluate the progress of the state's electrical
4 corporations in complying with the California Renewables Portfolio
5 Standard Program (Article 16 (commencing with Section 399.11)
6 of Chapter 2.3), the commission shall report to the Legislature no
7 later than November 1 of each year on all of the following:

8 (a) The progress and status of procurement activities by each
9 retail seller pursuant to the California Renewables Portfolio
10 Standard Program.

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

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

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

25 (e) Any barriers to, and policy recommendations for, achieving
26 the renewables portfolio standard pursuant to the California
27 Renewables Portfolio Standard Program.

28 (f) *The efforts each electrical corporation is taking to recruit
29 and train employees to ensure an adequately trained and available
30 workforce, including the number of new employees hired by the
31 electrical corporation for purposes of implementing the
32 requirements of Article 16 (commencing with Section 399.11) of
33 Chapter 2.3, the goals adopted by the electrical corporation for
34 increasing women, minority, and disabled veterans trained or
35 hired for purposes of implementing the requirements of Article 16
36 (commencing with Section 399.11) of Chapter 2.3, and, to the
37 extent information is available, the number of new employees hired
38 and the number of women, minority, and disabled veterans trained
39 or hired by persons or corporations owning or operating eligible
40 renewable energy resources under contract with an electrical*

1 *corporation. This subdivision does not provide the commission*
2 *with authority to engage in, regulate, or expand its authority to*
3 *include, workforce recruitment or training.*

4 SEC. 20. Section 913.6 of the Public Utilities Code is repealed.

5 SEC. 21. Section 913.8 of the Public Utilities Code is repealed.

6 ~~SEC. 22. Section 913.9 of the Public Utilities Code is repealed.~~

7 *SEC. 22. Section 913.9 of the Public Utilities Code is amended*
8 *to read:*

9 913.9. (a) ~~The commission~~ *Energy Commission* shall report
10 annually on ~~its~~ *the state's* efforts to ~~identify ratepayer-funded fund~~
11 ~~energy efficiency programs that are similar to programs, including~~
12 ~~identifying programs similar to one another that are administered~~
13 ~~by the Energy Public Utilities Commission, the State Air Resources~~
14 ~~Board, and the California Alternative Energy and Advanced~~
15 ~~Transportation Financing Authority in its annual report prepared~~
16 ~~pursuant to Section 913 and to require revisions to ratepayer-funded~~
17 ~~programs as necessary~~ *Authority, and other agencies. The Energy*
18 *Commission shall make recommendations to revise programs, as*
19 *necessary, to ensure that the* ~~ratepayer-funded~~ *programs*
20 *complement one another and do not duplicate programs of other*
21 *state agencies' efforts.*

22 (b) *The Public Utilities Commission shall consider the Energy*
23 *Commission's recommendations made pursuant to subdivision (a)*
24 *in determining whether to revise its ratepayer-funded energy*
25 *efficiency programs.*

26 SEC. 23. Section 913.10 of the Public Utilities Code is
27 amended to read:

28 913.10. (a) On or before February 1, 2010, and biennially
29 thereafter, the commission, in consultation with the Independent
30 System Operator and the Energy Commission, shall study and
31 submit a report to the Legislature and the Governor on the impacts
32 of distributed energy generation on the state's distribution and
33 transmission grid. The study shall evaluate all of the following:

34 (1) Reliability and transmission issues related to connecting
35 distributed energy generation to the local distribution networks
36 and regional grid.

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

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

3 (4) Barriers affecting the connection of distributed energy to
4 the state’s grid.

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

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

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

10 (b) In addition, the commission shall specifically assess the
11 impacts of the California Solar Initiative program, specified in
12 Section 2851 and Section 25783 of the Public Resources Code,
13 the self-generation incentive program authorized by Section ~~379.6-~~
14 ~~379.6,~~ and the net energy metering program specified in Sections
15 2827 and 2827.1.

16 SEC. 24. Section 913.11 of the Public Utilities Code is
17 repealed.

18 SEC. 25. Section 913.13 of the Public Utilities Code is
19 repealed.

20 SEC. 26. Section 913.14 is added to the Public Utilities Code,
21 to read:

22 913.14. On or before July 30, 2020, and by July 30 of every
23 third year thereafter through 2029, the commission shall submit
24 to the Legislature an assessment of the Multifamily Affordable
25 Housing Solar Roofs Program. That assessment shall include the
26 number of qualified multifamily affordable housing property sites
27 that have a qualifying solar energy system for which an award was
28 made pursuant to Chapter 9.5 (commencing with Section 2870)
29 of Part 2 and the dollar value of the award, the electrical generating
30 capacity of the qualifying renewable energy system, the bill
31 reduction outcomes of the program for the participants, the cost
32 of the program, the total electrical system benefits, the
33 environmental benefits, the progress made toward reaching the
34 goals of the program, the program’s impact on the CARE program
35 budget, and the recommendations for improving the program to
36 meet its goals. The report shall include an analysis of pending
37 program commitments, reservations, obligations, and projected
38 demands for the program to determine whether future ongoing
39 funding allocations for the program are substantiated. The report
40 shall also include a summary of the other programs intended to

1 benefit disadvantaged communities, including, but not limited to,
2 the Single-Family Affordable Solar Homes Program, the
3 Multifamily Affordable Solar Housing Program, and the Green
4 Tariff Shared Renewables Program (Chapter 7.6 (commencing
5 with Section 2831) of Part 2).

6 SEC. 27. Section 913.15 is added to the Public Utilities Code,
7 to read:

8 913.15. (a) The commission shall require each participating
9 electrical corporation to prepare and submit to the commission,
10 by 60 days following the conclusion of all research and
11 development projects, a joint report summarizing the outcome of
12 all funded projects, including an accounting of expenditures by
13 the project managers and grant recipients on administrative and
14 overhead costs and whether the project resulted in any
15 technological advancements or breakthroughs in promoting cyber
16 security and grid integration. The commission shall, within 30
17 days of receiving the joint report, determine whether the report is
18 sufficient or requires revision and, upon determining that the report
19 is sufficient, submit the report to the Legislature in compliance
20 with Section 9795 of the Government Code.

21 (b) This section shall remain in effect only until January 1, 2023,
22 and as of that date is repealed, unless a later enacted statute, that
23 is enacted before January 1, 2023, deletes or extends that date.

24 SEC. 28. Section 914.3 of the Public Utilities Code is amended
25 to read:

26 914.3. By December 31 of each year, the commission shall
27 submit to the Governor and the Legislature a report that includes,
28 based on yearend data, on an aggregated basis, the information
29 submitted by holders pursuant to subdivision (b) of Section 5960.
30 All information reported by the commission pursuant to this section
31 shall be disclosed to the public only as provided for pursuant to
32 Section 583. No individually identifiable customer or subscriber
33 information shall be subject to public disclosure.

34 SEC. 29. Section 918.1 of the Public Utilities Code is amended
35 to read:

36 918.1. (a) The commission shall hire an independent entity
37 for not more than two hundred fifty thousand dollars (\$250,000)
38 to, in consultation with carrier trade associations for industries
39 under the jurisdiction of the commission, assess the capabilities
40 of the commission's Transportation Enforcement Branch to carry

1 out the activities specified in subdivision (b) of Section 5102 and
2 subdivision (b) of Section 5352. The commission shall report to
3 the Legislature no later than February 1, 2017, on licensing matters
4 and no later than July 1, 2017, on enforcement matters. The report
5 shall contain an analysis of current capabilities and deficiencies,
6 and recommendations to overcome any deficiencies identified.

7 (b) The report shall be submitted in compliance with Section
8 9795 of the Government Code.

9 (c) Pursuant to Section 10231.5 of the Government Code, this
10 section shall remain in effect only until January 1, 2021, and as of
11 that date is repealed, unless a later enacted statute, that is enacted
12 before January 1, 2021, deletes or extends that date.

13 SEC. 30. Section 918.2 of the Public Utilities Code is repealed.

14 SEC. 31. Section 956 of the Public Utilities Code is amended
15 to read:

16 956. (a) On or before July 1, 2012, the commission shall open
17 an appropriate proceeding or expand the scope of an existing
18 proceeding to establish compatible emergency response standards
19 that owners or operators of commission-regulated gas pipeline
20 facilities shall be required to follow for intrastate transmission and
21 distribution lines. The commission shall establish the standards to
22 ensure that intrastate transmission and distribution lines have
23 emergency response plans that adequately prepare them for a
24 natural disaster or malfunction that could cause injury to human
25 life or property, with the purpose of minimizing the occurrence of
26 both.

27 (b) The commission shall establish the compatible emergency
28 response standards in consultation with the California Emergency
29 Management Agency, the State Fire Marshal, and members of
30 California's first responder community including, but not limited
31 to, members of the California Fire Chiefs Association.

32 (c) The compatible emergency response standards shall require
33 owners or operators of intrastate transmission and distribution lines
34 to implement emergency response plans that are compatible with
35 the United States Department of Transportation Pipeline and
36 Hazardous Materials Safety Administration's regulations
37 concerning emergency plans contained in Section 192.615 of Title
38 49 of the Code of Federal Regulations, and those plans shall
39 include, but not be limited to, all of the following requirements:

1 (1) Emergency shutdown and pressure reduction shall be utilized
2 whenever deemed necessary and appropriate by the owners or
3 operators to minimize hazards to life or property. An owner or
4 operator shall notify appropriate first responders of emergency
5 shutdown and pressure reduction.

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

10 (3) Owners or operators of intrastate transmission and
11 distribution lines shall establish and maintain liaison with
12 appropriate fire, police, and other public officials to do all of the
13 following:

14 (A) Learn the responsibility and resources of each government
15 organization that may respond to a gas pipeline emergency,
16 including, but not limited to, the role of the incident commander
17 in an emergency.

18 (B) Acquaint the officials with the owner's or operator's ability
19 in responding to a gas pipeline emergency.

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

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

24 (E) Identify and update information on individual personnel
25 responsible for the liaison with the appropriate first responder
26 organizations.

27 (4) Owners and operators of intrastate transmission lines shall
28 provide the State Fire Marshal and the chief fire official of the
29 applicable city, county, city and county, or fire protection district
30 with instructions on how to access and utilize the National Pipeline
31 Mapping System developed by the United States Department of
32 Transportation, Pipeline and Hazardous Materials Safety
33 Administration, utilizing data submitted pursuant to Section 60132
34 of Title 49 of the United States Code, to improve local response
35 capabilities for pipeline emergencies.

36 SEC. 32. Section 958.5 of the Public Utilities Code is amended
37 to read:

38 958.5. (a) Twice a year, or as determined by the commission,
39 each gas corporation shall file with the division of the commission
40 responsible for utility safety a gas transmission and storage safety

1 report. The division of the commission responsible for utility safety
2 shall review the reports to monitor each gas corporation's storage
3 and pipeline-related activities to assess whether the projects that
4 have been identified as high risk are being carried out, and to track
5 whether the gas corporation is spending its allocated funds on these
6 storage and pipeline-related safety, reliability, and integrity
7 activities for which they have received approval from the
8 commission.

9 (b) The gas transmission and storage safety report shall include
10 a thorough description and explanation of the strategic planning
11 and decisionmaking approach used to determine and rank the gas
12 storage projects, intrastate transmission line safety, integrity, and
13 reliability, operation and maintenance activities, and inspections
14 of its intrastate transmission lines. If there has been no change in
15 the gas corporation's approach for determining and ranking which
16 projects and activities are prioritized since the previous gas
17 transmission and storage safety report, the subsequent report may
18 reference the immediately preceding report.

19 (c) If the division of the commission responsible for utility safety
20 determines that there is a deficiency in a gas corporation's
21 prioritization or administration of the storage or pipeline capital
22 projects or operation and maintenance activities, the division shall
23 bring the problems to the commission's immediate attention.

24 SEC. 33. Section 2714.5 of the Public Utilities Code is
25 repealed.

26 SEC. 34. Section 2827.3 of the Public Utilities Code is
27 repealed.

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

29 SEC. 36. Section 2867.1 of the Public Utilities Code is
30 repealed.

31 SEC. 37. Section 2870 of the Public Utilities Code is amended
32 to read:

33 2870. (a) As used in this section, the following terms have the
34 following meanings:

35 (1) "CARE program" means the California Alternate Rates for
36 Energy program established pursuant to Section 739.1.

37 (2) "Program" means the Multifamily Affordable Housing Solar
38 Roofs Program established pursuant to this chapter.

39 (3) "Qualified multifamily affordable housing property" means
40 a multifamily residential building of at least five rental housing

1 units that is operated to provide deed-restricted low-income
2 residential housing, as defined in clause (i) of subparagraph (A)
3 of paragraph (3) of subdivision (a) of Section 2852, and that meets
4 one or more of the following requirements:

5 (A) The property is located in a disadvantaged community, as
6 identified by the California Environmental Protection Agency
7 pursuant to Section 39711 of the Health and Safety Code.

8 (B) At least 80 percent of the households have incomes at or
9 below 60 percent of the area median income, as defined in
10 subdivision (f) of Section 50052.5 of the Health and Safety Code.

11 (4) “Solar energy system” means a solar energy photovoltaic
12 device that meets or exceeds the eligibility criteria established
13 pursuant to Section 25782 of the Public Resources Code.

14 (b) (1) Adoption and implementation of the Multifamily
15 Affordable Housing Solar Roofs Program may count toward the
16 satisfaction of the commission’s obligation to ensure that specific
17 alternatives designed for growth among residential customers in
18 disadvantaged communities are offered as part of the standard
19 contract or tariff authorized pursuant to paragraph (1) of
20 subdivision (b) of Section 2827.1.

21 (2) Nothing in this section shall preclude electrical corporations
22 from offering and administering a distributed energy resource
23 program, including solar energy systems, in disadvantaged
24 communities offered under current or proposed programs using
25 funds provided under subdivision (c) of Section 748.5 or programs
26 proposed to comply with paragraph (1) of subdivision (b) as
27 approved by the commission.

28 (c) The commission shall annually authorize the allocation of
29 one hundred million dollars (\$100,000,000) or 10 percent of
30 available funds, whichever is less, from the revenues described in
31 subdivision (c) of Section 748.5 for the Multifamily Affordable
32 Housing Solar Roofs Program, beginning with the fiscal year
33 commencing July 1, 2016, and ending with the fiscal year ending
34 June 30, 2020. The commission shall continue authorizing the
35 allocation of these funds through June 30, 2026, if the commission
36 determines that revenues are available after 2020 and that there is
37 adequate interest and participation in the program.

38 (d) The commission shall consider the most appropriate program
39 administration structure, including administration by a qualified
40 third-party administrator, selected by the commission through a

1 competitive bidding process, or administration by an electrical
2 corporation, in an existing or future proceeding.

3 (e) Not more than 10 percent of the funds allocated to the
4 program shall be used for administration.

5 (f) (1) By June 30, 2017, the commission shall authorize the
6 award of monetary incentives for qualifying solar energy systems
7 that are installed on qualified multifamily affordable housing
8 properties through December 31, 2030. The target of the program
9 is to install a combined generating capacity of at least 300
10 megawatts on qualified properties.

11 (2) The commission shall require that the electricity generated
12 by qualifying renewable energy systems installed pursuant to the
13 program be primarily used to offset electricity usage by low-income
14 tenants. These requirements may include required covenants and
15 restrictions in deeds.

16 (3) The commission shall require that qualifying solar energy
17 systems owned by third-party owners are subject to contractual
18 restrictions to ensure that no additional costs for the system be
19 passed on to low-income tenants at the properties receiving
20 incentives pursuant to the program. The commission shall require
21 third-party owners of solar energy systems to provide ongoing
22 operations and maintenance of the system, monitor energy
23 production, and, where necessary, take appropriate action to ensure
24 that the kWh production levels projected for the system are
25 achieved throughout the period of the third-party agreement. Such
26 actions may include, but are not limited to, providing a performance
27 guarantee of annual production levels or taking corrective actions
28 to resolve underproduction problems.

29 (4) The commission shall ensure that incentive levels for
30 photovoltaic installations receiving incentives through the program
31 are aligned with the installation costs for solar energy systems in
32 affordable housing markets and take account of federal investment
33 tax credits and contributions from other sources to the extent
34 feasible.

35 (5) The commission shall require that no individual installation
36 receive incentives at a rate greater than 100 percent of the total
37 system installation costs.

38 (6) The commission shall establish local hiring requirements
39 for the program to provide economic development benefits to
40 disadvantaged communities.

1 (7) The commission shall establish energy efficiency
2 requirements that are equal to the energy efficiency requirements
3 established for the program described in Section 2852, including
4 participation in a federal, state, or utility-funded energy efficiency
5 program or documentation of a recent energy efficiency retrofit.

6 (g) (1) Low-income tenants who participate in the program
7 shall receive credits on utility bills from the program. The
8 commission shall ensure that utility bill reductions are achieved
9 through tariffs that allow for the allocation of credits, such as
10 virtual net metering tariffs designed for Multifamily Affordable
11 Solar Housing Program participants, or other tariffs that may be
12 adopted by the commission pursuant to Section 2827.1.

13 (2) The commission shall ensure that electrical corporation tariff
14 structures affecting the low-income tenants participating in the
15 program continue to provide a direct economic benefit from the
16 qualifying solar energy system.

17 (h) Nothing in this chapter is intended to supplant CARE
18 program rates as the primary mechanism for achieving the goals
19 of the CARE program.

20 (i) The commission shall determine the eligibility of qualified
21 multifamily affordable housing property tenants that are customers
22 of community choice aggregators.

23 (j) (1) Every three years, the commission shall evaluate the
24 program's expenditures, commitments, uncommitted balances,
25 future demands, performance, and outcomes and shall make any
26 necessary adjustments to the program to ensure the goals of the
27 program are being met. If, upon review, the commission finds
28 there is insufficient participation in the program, the commission
29 may credit uncommitted funds back to ratepayers pursuant to
30 Section 748.5.

31 (2) As part of the annual workplan required pursuant to Section
32 910, the commission shall provide an annual update of the
33 Multifamily Affordable Housing Solar Roofs Program that shall
34 include, but not be limited to, the number of projects approved,
35 number of projects completed, number of pending projects awaiting
36 approval, and geographic distribution of the projects.

37 SEC. 38. Section 2872.5 of the Public Utilities Code is
38 amended to read:

39 2872.5. The commission, in consultation with the Office of
40 Emergency Services, shall open an investigative proceeding to

1 determine whether standardized notification systems and protocol
2 should be utilized by entities that are authorized to use automatic
3 dialing-announcing devices pursuant to subdivision (e) of Section
4 2872, to facilitate notification of affected members of the public
5 of local emergencies. The commission shall not establish standards
6 for notification systems or standard notification protocol unless it
7 determines that the benefits of the standards exceed the costs.

8 SEC. 39. Section 2892.1 of the Public Utilities Code is
9 amended to read:

10 2892.1. (a) For purposes of this section, “telecommunications
11 service” means voice communication provided by a telephone
12 corporation as defined in Section 234, voice communication
13 provided by a provider of satellite telephone services, voice
14 communication provided by a provider of mobile telephony service,
15 as defined in Section 2890.2, and voice communication provided
16 by a commercially available facilities-based provider of voice
17 communication services utilizing voice over Internet Protocol or
18 any successor protocol.

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

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

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

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

4 SEC. 40. Section 3368 of the Public Utilities Code is amended
5 to read:

6 3368. (a) The authority may provide financing for natural gas
7 transportation or storage projects recommended to it by the
8 commission. In recommending a project to the authority, the
9 commission shall ensure that the project is in the public interest.

10 (b) Nothing in this section prevents the commission from acting
11 on its own authority to direct gas corporations within its jurisdiction
12 to construct, or facilitate the construction or operation, by the
13 owners or operators of pipelines not within the jurisdiction of the
14 commission, of, natural gas transportation and storage facilities
15 as the commission determines to be needed to provide adequate,
16 seasonally reliable amounts of competitively priced natural gas to
17 residential, commercial, and industrial customers, including, but
18 not limited to, electric generating plants.

19 SEC. 41. Section 5371.4 of the Public Utilities Code is
20 amended to read:

21 5371.4. (a) The governing body of any city, county, or city
22 and county may not impose a fee on charter-party carriers operating
23 limousines. However, the governing body of any city, county, or
24 city and county may impose a business license fee on, and may
25 adopt and enforce any reasonable rules and regulations pertaining
26 to operations within its boundaries for, any charter-party carrier
27 domiciled or maintaining a business office within that city, county,
28 or city and county.

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

35 (c) Notwithstanding subdivisions (a) and (b), the governing
36 body of any airport may adopt and enforce reasonable and
37 nondiscriminatory local airport rules, regulations, and ordinances
38 pertaining to access, use of streets and roads, parking, traffic
39 control, passenger transfers, trip fees, and occupancy, and the use

1 of buildings and facilities, that are applicable to charter-party
2 carriers operating limousines on airport property.

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

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

10 (f) Notwithstanding subdivisions (a) to (e), inclusive, nothing
11 in this section prohibits a city, county, city and county, or the
12 governing body of any airport, from adopting and enforcing
13 reasonable permit requirements, fees, rules, and regulations
14 applicable to charter-party carriers of passengers other than those
15 operating limousines.

16 (g) Notwithstanding subdivisions (a) to (e), inclusive, a city,
17 county, or city and county may impose reasonable rules for the
18 inspection of waybills of charter-party carriers of passengers
19 operating within the jurisdiction of the city, county, or city and
20 county, for purposes of verifying valid prearranged travel.

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

26 SEC. 42. Section 5381.5 of the Public Utilities Code is
27 amended to read:

28 5381.5. (a) The commission shall, by rule or other appropriate
29 procedure, ensure that every charter-party carrier of passengers
30 operates on a prearranged basis within the state, consistent with
31 Section 5360.5. The commission shall require every charter-party
32 carrier of passengers to include on a waybill or trip report at least
33 all of the following:

34 (1) The name of at least one passenger in the traveling party,
35 or identifying information of the traveling party’s affiliation, along
36 with the point of origin and destination of the passenger or traveling
37 party.

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

1 (b) A waybill or trip report may be kept in electronic or hardcopy
2 format. When requested by any commission or airport enforcement
3 officer or any official of a city, county, or city and county
4 authorized to inspect a waybill or trip report pursuant to subdivision
5 (g) of Section 5371.4, the waybill or trip report may be provided
6 in either electronic or hardcopy format.

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

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

12 SEC. 43. Section 7661 of the Public Utilities Code is amended
13 to read:

14 7661. (a) The commission shall require every railroad
15 corporation operating in this state to develop, within 90 days of
16 the effective date of the act adding this section, in consultation
17 with, and with the approval of, the Office of Emergency Services,
18 a protocol for rapid communications with the Office of Emergency
19 Services, the Department of the California Highway Patrol, and
20 designated county public safety agencies in an endangered area if
21 there is a runaway train or any other uncontrolled train movement
22 that threatens public health and safety.

23 (b) A railroad corporation shall promptly notify the Office of
24 Emergency Services, the Department of the California Highway
25 Patrol, and designated county public safety agencies, through a
26 communication to the Warning Center of the Office of Emergency
27 Services, if there is a runaway train or any other uncontrolled train
28 movement that threatens public health and safety, in accordance
29 with the railroad corporation's communications protocol developed
30 pursuant to subdivision (a).

31 (c) The notification required pursuant to subdivision (b) shall
32 include the following information, whether or not an accident or
33 spill occurs:

34 (1) The information required by subdivision (c) of Section 7673.

35 (2) In the event of a runaway train, a train list.

36 (3) In the event of an uncontrolled train movement or
37 uncontrolled movement of railcars, a track list or other inventory
38 document if available.

- 1 (d) The division of the commission responsible for railroad
- 2 safety shall investigate any incident that results in a notification
- 3 required pursuant to subdivision (b).

O