

## Senate Bill No. 338

### CHAPTER 389

An act to amend Sections 454.52 and 9621 of the Public Utilities Code, relating to energy.

[Approved by Governor September 30, 2017. Filed with  
Secretary of State September 30, 2017.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 338, Skinner. Integrated resource plan: peak demand.

Existing law requires the Public Utilities Commission to adopt a process for each load-serving entity to file an integrated resource plan and a schedule for periodic updates to the plan to ensure that the load-serving entity meets, among other things, the state's greenhouse gas emissions reduction targets and the requirement to procure at least 50% of its electricity from eligible renewable resources by December 31, 2030. Existing law requires a local publicly owned electric utility with an annual electrical demand exceeding 700 gigawatthours, on or before January 1, 2019, to adopt an integrated resources plan and a process for updating the plan at least once every 5 years to ensure that the utility satisfies, among other things, the state's greenhouse gas emissions reduction targets and the requirement to procure at least 50% of its electricity from eligible renewable resources by December 31, 2030.

This bill would require the commission and the governing boards of local publicly owned electric utilities to consider, as a part of the integrated resource plan process, the role of distributed energy resources and other specified energy- and efficiency-related tools, in helping to ensure that each load-serving entity or local publicly owned electric utility, as applicable, meets energy needs and reliability needs while reducing the need for new electricity generation and new transmission in achieving the state's energy goals at the least cost to ratepayers. Because this bill would impose additional duties on local publicly owned electric utilities, this bill would impose a state-mandated local program.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because a violation of an order or decision of the commission implementing the bill's requirements would be a crime, this bill would impose a state-mandated local program by creating a new crime.

This bill would incorporate additional changes to Section 454.52 of the Public Utilities Code proposed by AB 759 to be operative only if this bill and AB 759 are enacted and this bill is enacted last.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

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

SECTION 1. Section 454.52 of the Public Utilities Code is amended to read:

454.52. (a) (1) Commencing in 2017, and to be updated regularly thereafter, the commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule for periodic updates to the plan, to ensure that load-serving entities do the following:

(A) Meet the greenhouse gas emissions reduction targets established by the State Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each load-serving entity that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030.

(B) Procure at least 50 percent eligible renewable energy resources by December 31, 2030, consistent with Article 16 (commencing with Section 399.11) of Chapter 2.3.

(C) Enable each electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(D) Minimize impacts on ratepayers' bills.

(E) Ensure system and local reliability.

(F) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.

(G) Enhance distribution systems and demand-side energy management.

(H) Minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

(2) (A) The commission may authorize all source procurement for electrical corporations that includes various resource types including demand-side resources, supply side resources, and resources that may be either demand-side resources or supply side resources, taking into account the differing electrical corporations' geographic service areas, to ensure that each load-serving entity meets the goals set forth in paragraph (1).

(B) The commission may approve procurement of resource types that will reduce overall greenhouse gas emissions from the electricity sector and meet the other goals specified in paragraph (1), but due to the nature of the technology or fuel source may not compete favorably in price against other resources over the time period of the integrated resource plan.

(3) In furtherance of the requirements of paragraph (1), the commission shall consider the role of existing renewable generation, grid operational efficiencies, energy storage, and distributed energy resources, including energy efficiency, in helping to ensure each load-serving entity meets energy needs and reliability needs in hours to encompass the hour of peak demand of electricity, excluding demand met by variable renewable generation directly connected to a California balancing authority, as defined in Section 399.12, while reducing the need for new electricity generation resources and new transmission resources in achieving the state's energy goals at the least cost to ratepayers.

(b) (1) Each load-serving entity shall prepare and file an integrated resource plan consistent with paragraph (2) of subdivision (a) on a time schedule directed by the commission and subject to commission review.

(2) Each electrical corporation's plan shall follow the provisions of Section 454.5.

(3) The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of Section 366.2, and shall achieve the following:

(A) Economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in paragraph (1) of subdivision (a).

(B) A diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.

(C) The resource adequacy requirements established pursuant to Section 380.

(4) The plan of an electric service provider shall achieve the goals set forth in paragraph (1) of subdivision (a) through a diversified portfolio consisting of both short-term and long-term electricity, electricity-related, and demand reduction products.

(c) To the extent that additional procurement is authorized for the electrical corporation in the integrated resource plan or the procurement process authorized pursuant to Section 454.5, the commission shall ensure that the costs are allocated in a fair and equitable manner to all customers consistent with Section 454.51, that there is no cost-shifting among customers of load-serving entities, and that community choice aggregators may self-provide renewable integration resources consistent with Section 454.51.

(d) In order to eliminate redundancy and increase efficiency, the process adopted pursuant to subdivision (a) shall incorporate, and not duplicate, any other planning processes of the commission.

SEC. 1.5. Section 454.52 of the Public Utilities Code is amended to read:

454.52. (a) (1) Beginning in 2017, and to be updated regularly thereafter, the commission shall adopt a process for each load-serving entity, as defined in Section 380, to file an integrated resource plan, and a schedule

for periodic updates to the plan, to ensure that load-serving entities do the following:

(A) Meet the greenhouse gas emissions reduction targets established by the State Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each load-serving entity that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030.

(B) Procure at least 50 percent eligible renewable energy resources by December 31, 2030, consistent with Article 16 (commencing with Section 399.11) of Chapter 2.3.

(C) Enable each electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(D) Minimize impacts on ratepayers' bills.

(E) Ensure system and local reliability.

(F) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.

(G) Enhance distribution systems and demand-side energy management.

(H) Minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

(2) (A) The commission may authorize all source procurement for electrical corporations that includes various resource types including demand-side resources, supply side resources, and resources that may be either demand-side resources or supply side resources, taking into account the differing electrical corporations' geographic service areas, to ensure that each load-serving entity meets the goals set forth in paragraph (1).

(B) The commission may approve procurement of resource types that will reduce overall greenhouse gas emissions from the electricity sector and meet the other goals specified in paragraph (1), but due to the nature of the technology or fuel source may not compete favorably in price against other resources over the time period of the integrated resource plan.

(3) In furtherance of the requirements of paragraph (1), the commission shall consider the role of existing renewable generation, grid operational efficiencies, energy storage, and distributed energy resources, including energy efficiency, in helping to ensure each load-serving entity meets energy needs and reliability needs in hours to encompass the hour of peak demand of electricity, excluding demand met by variable renewable generation directly connected to a California balancing authority, as defined in Section 399.12, while reducing the need for new electricity generation resources and new transmission resources in achieving the state's energy goals at the least cost to ratepayers.

(b) (1) Each load-serving entity shall prepare and file an integrated resource plan consistent with paragraph (2) of subdivision (a) on a time schedule directed by the commission and subject to commission review.

(2) Each electrical corporation's plan shall follow the provisions of Section 454.5.

(3) The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of Section 366.2, and shall achieve the following:

(A) Economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in paragraph (1) of subdivision (a).

(B) A diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.

(C) The resource adequacy requirements established pursuant to Section 380.

(4) The plan of an electric service provider shall achieve the goals set forth in paragraph (1) of subdivision (a) through a diversified portfolio consisting of both short-term and long-term electricity, electricity-related, and demand reduction products.

(c) To the extent that additional procurement is authorized for the electrical corporation in the integrated resource plan or the procurement process authorized pursuant to Section 454.5, the commission shall ensure that the costs are allocated in a fair and equitable manner to all customers consistent with Section 454.51, that there is no cost-shifting among customers of load-serving entities, and that community choice aggregators may self-provide renewable integration resources consistent with Section 454.51.

(d) To eliminate redundancy and increase efficiency, the process adopted pursuant to subdivision (a) shall incorporate, and not duplicate, any other planning processes of the commission.

(e) This section applies to an electrical cooperative, as defined in Section 2776, only if the electrical cooperative has an annual electrical demand exceeding 700 gigawatthours, as determined on a three-year average commencing with January 1, 2013.

SEC. 2. Section 9621 of the Public Utilities Code is amended to read:

9621. (a) This section shall apply to a local publicly owned electric utility with an annual electrical demand exceeding 700 gigawatthours, as determined on a three-year average commencing January 1, 2013.

(b) On or before January 1, 2019, the governing board of a local publicly owned electric utility shall adopt an integrated resource plan and a process for updating the plan at least once every five years to ensure the utility achieves all of the following:

(1) Meets the greenhouse gas emissions reduction targets established by the State Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each local publicly owned electric utility that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030.

(2) Ensures procurement of at least 50 percent eligible renewable energy resources by 2030 consistent with Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1.

(3) Meets the goals specified in subparagraphs (D) to (H), inclusive, of paragraph (1) of subdivision (a) of Section 454.52, and the goal specified in subparagraph (C) of paragraph (1) of subdivision (a) of Section 454.52, as that goal is applicable to each local publicly owned electric utility. A local publicly owned electric utility shall not, solely by reason of this paragraph, be subject to requirements otherwise imposed on electrical corporations.

(c) In furtherance of the requirements of subdivision (b), the governing board of a local publicly owned electric utility shall consider the role of existing renewable generation, grid operational efficiencies, energy storage, and distributed energy resources, including energy efficiency, in helping to ensure each utility meets energy needs and reliability needs in hours to encompass the hour of peak demand of electricity, excluding demand met by variable renewable generation directly connected to a California balancing authority, as defined in Section 399.12, while reducing the need for new electricity generation resources and new transmission resources in achieving the state's energy goals at the least cost to ratepayers.

(d) (1) The integrated resource plan shall address procurement for the following:

(A) Energy efficiency and demand response resources pursuant to Section 9615.

(B) Energy storage requirements pursuant to Chapter 7.7 (commencing with Section 2835) of Part 2 of Division 1.

(C) Transportation electrification.

(D) A diversified procurement portfolio consisting of both short-term and long-term electricity, electricity-related, and demand response products.

(E) The resource adequacy requirements established pursuant to Section 9620.

(2) (A) The governing board of the local publicly owned electric utility may authorize all source procurement that includes various resource types, including demand-side resources, supply side resources, and resources that may be either demand-side resources or supply side resources, to ensure that the local publicly owned electric utility procures the optimum resource mix that meets the objectives of subdivision (b).

(B) The governing board may authorize procurement of resource types that will reduce overall greenhouse gas emissions from the electricity sector and meet the other goals specified in subdivision (b), but due to the nature of the technology or fuel source may not compete favorably in price against other resources over the time period of the integrated resource plan.

(e) A local publicly owned electric utility shall satisfy the notice and public disclosure requirements of subdivision (f) of Section 399.30 with respect to any integrated resource plan or plan update it considers.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 454.52 of the Public Utilities Code proposed by both this bill and Assembly

Bill 759. That section shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2018, (2) each bill amends Section 454.52 of the Public Utilities Code, and (3) this bill is enacted after Assembly Bill 759, in which case Section 1 of this bill shall not become operative.

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