

### **3. Finance EBR**

DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE: July 8, 2009  
RECOMMENDATION: Sign

BILL NUMBER: SB 17  
AUTHOR: A. Padilla

ASSEMBLY: 77/0  
SENATE: 37/0

**BILL SUMMARY: Electricity: Smart Grid Systems**

This bill will require the California Public Utilities Commission (PUC), in consultation with the California Energy Commission (Energy Commission) and the Independent System Operator (ISO), to determine the requirements for a smart grid deployment plan consistent with the policies set forth in the bill and federal law.

**FISCAL SUMMARY**

The PUC indicates the costs of the bill would be minor and absorbable.

The Energy Commission estimates that the bill will require three positions and \$690,000 Energy Efficiency Programs Account. Deployment and utilization of smart grids will impact all programs within the Energy Commission. Any requests for additional resources would be reviewed in the context of the annual budget development process.

The California Constitution requires the state to reimburse local government for the cost of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate would not be state-reimbursable because a local agency or school district does not have the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act.

**COMMENTS**

Finance recommends signing this bill because it would establish state policy for the modernization of the state's electrical grid to maintain reliable and secure electrical service with infrastructure that can meet future growth.

A smart grid is a distribution system that allows for the flow of information from a customer's meter to the utility provider and modernizes the electric distribution and transmission grid with the goal of using advanced, information-based technologies to increase power grid efficiency, reliability, and flexibility.

(Continued)

Analyst/Principal	Date	Program Budget Manager	Date
(0821) K. DeRosa		Karen Finn	
<i>K. DeRosa</i>	16 Sept. 2009	<i>Karen Finn</i>	9/16/09
Department Director	Date		
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**COMMENTS (continued)**

The bill will:

- Authorize a smart grid deployment plan to provide for deployment of smart grid products, technologies, and services by entities other than electrical corporations.
- Authorize the electrical corporations to recover reasonable cost of deploying smart grid technologies and services to consumers.
- Authorize smart grid technologies to be deployed in an incremental manner to maximize the benefit to ratepayers and to achieve the benefits of smart grid technology.
- Authorize the PUC to modify or adjust the requirements of the plan for any electrical corporation with fewer than 100,000 service connections, as individual circumstances merit.
- Require publicly owned electric utilities to develop a smart grid deployment plan as specified by July 1, 2011.

The bill intends to deploy a smart grid that is efficient, reliable, and cost-effective, and would include demand management.

The PUC has initiated a rulemaking to consider policies for California investor-owned electric utilities to develop a smarter electric grid in the state. The proceeding will consider setting policies, standards and protocols to guide the development of a smart grid system and facilitate integration of new technologies such as distributed generation, storage, demand-side technologies, and electric vehicles.

Code/Department Agency or Revenue Type	SO	LA	CO	PROP	(Fiscal Impact by Fiscal Year)			Fund Code
					(Dollars in Thousands)			
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012
3300/Energy Comm	SO	No	C		\$590	C	\$590	
6600/PUC	SO	No			No/Minor Fiscal Impact			0465
<b>Fund Code</b>	<b>Title</b>							
0462	Publ Utilities Comm Utilities Reimb Acct							
0465	Energy Resources Programs Account							