

BILL ANALYSIS

SENATE RULES COMMITTEE	SB 1037
Office of Senate Floor Analyses	
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327-4478	

UNFINISHED BUSINESS

Bill No: SB 1037
 Author: Kehoe (D)
 Amended: 8/15/05
 Vote: 21

SEN. ENERGY, UTIL. & COMMUNICATIONS COMM. : 7-2, 4/19/05
 AYES: Escutia, Alarcon, Battin, Bowen, Dunn, Kehoe,
 Simitian
 NOES: Morrow, Cox
 NO VOTE RECORDED: Campbell, Murray

SENATE APPROPRIATIONS COMMITTEE : 7-2, 5/16/05
 AYES: Migden, Alquist, Battin, Bowen, Florez, Murray,
 Ortiz
 NOES: Aanestad, Ashburn
 NO VOTE RECORDED: Dutton, Escutia, Poochigian, Speier

SENATE FLOOR : 26-14, 6/2/05
 AYES: Alarcon, Alquist, Battin, Bowen, Cedillo, Chesbro,
 Ducheny, Dunn, Escutia, Figueroa, Florez, Kehoe, Kuehl,
 Lowenthal, Machado, Migden, Murray, Ortiz, Perata,
 Romero, Scott, Simitian, Soto, Speier, Torlakson, Vincent
 NOES: Aanestad, Ackerman, Ashburn, Campbell, Cox, Denham,
 Dutton, Hollingsworth, Maldonado, Margett, McClintock,
 Morrow, Poochigian, Runner

ASSEMBLY FLOOR : 47-31, 8/30/05 - See last page for vote

SUBJECT : Energy efficiency

SOURCE : Natural Resources Defense Council

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DIGEST : This bill requires electrical utilities, municipal utilities, and the Public Utilities Commission to make energy efficiency programs a priority before acquiring other sources of electricity or building new transmission lines.

Assembly Amendments rewrite the language in portions of the bill, without changing the focus or intent.

ANALYSIS : Current law requires investor-owned utilities to procure energy according to a procurement plan, approved by the Public Utilities Commission (PUC).

This bill requires public and private gas and electric utilities in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible (before conventional generation or other resources). Generally, this is the existing policy of the PUC, although here it is also being applied to local publicly-owned utilities.

Existing law, SB 1565 (Bowen), Chapter 562, Statutes of 2004, requires the California Energy Commission (CEC) to adopt a statewide transmission plan.

This bill requires the PUC, in considering an application for a certificate of public convenience and necessity for an electric transmission line, to consider all cost-effective alternatives that meet the need, as specified.

This bill requires municipal utilities (munis), in procuring energy, to first acquire all available energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible (before conventional

generation or other resources), as specified.

This bill requires munis to annually report to its customers and to the CEC its investments in energy efficiency and demand reduction programs.

Comments

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California's energy agencies, including the PUC, have adopted an "Energy Action Plan" (EAP) which includes a "loading order" for the acquisition of new resources. The loading order prioritizes energy efficiency. The EAP and its loading order are unenforceable themselves. However, elements of the EAP, including the loading order, have been incorporated into PUC decisions governing the privately-owned utilities it regulates. The EAP has not been adopted by, and is not directly enforceable upon, publicly-owned utilities. Publicly-owned utilities are subject to state law, but are not subject to PUC jurisdiction. Instead, they are public agencies governed by local elected officials.

According to the author's office, this bill codifies recent PUC decisions on energy efficiency and takes the first step in a truly statewide energy efficiency policy by requiring publicly-owned utilities to acquire energy efficiency before conventional generation or other resources.

FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes
Local: Yes

Increased costs to the PUC are unknown, but approximately \$100,000 to \$500,000 to conduct proceedings, consider alternatives in transmission and distribution planning, and comply with the other provisions of the bill. Public Utilities' Reimbursement Account revenues are derived from an annual fee imposed on utilities. Therefore, any increased costs to the PUC should be offset by fee revenues.

Any increased costs to local publicly owned utilities should be recovered in rates.

SUPPORT : (Verified 8/31/05)

Natural Resources Defense Council (source)
Public Utilities Commission
Southern California Edison

ASSEMBLY FLOOR :

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AYES: Arambula, Baca, Bass, Berg, Bermudez, Blakeslee, Calderon, Canciamilla, Chan, Chavez, Chu, Cohn, Coto, De La Torre, Dymally, Evans, Frommer, Goldberg, Hancock, Jerome Horton, Jones, Karnette, Klehs, Koretz, Laird, Leno, Levine, Lieber, Liu, Matthews, Montanez, Mullin, Nation, Nava, Negrete McLeod, Parra, Pavley, Ridley-Thomas, Ruskin, Saldana, Salinas, Torrico, Umberg, Vargas, Wolk, Yee, Nunez

NOES: Aghazarian, Benoit, Bogh, Cogdill, Daucher, DeVore, Emmerson, Garcia, Harman, Haynes, Shirley Horton, Houston, Huff, Keene, La Malfa, La Suer, Leslie, Maze, McCarthy, Mountjoy, Nakanishi, Niello, Plescia, Richman, Sharon Runner, Spitzer, Strickland, Tran, Villines, Walters, Wyland

NO VOTE RECORDED: Oropeza, Vacancy

NC:mel 8/31/05 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

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