

SENATE RULES COMMITTEE

SB 1414

Office of Senate Floor Analyses
1020 N Street, Suite 524
(916) 651-1520 Fax: (916) 327-4478

UNFINISHED BUSINESS

Bill No: SB 1414
Author: Wolk (D), et al.
Amended: 8/20/14
Vote: 21

SENATE ENERGY, UTIL. & COMMUNIC. COMM.: 10-0, 4/29/14

AYES: Padilla, Fuller, Block, Cannella, Corbett, DeSaulnier, Hill, Knight, Pavley, Wolk

NO VOTE RECORDED: De León

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 31-0, 5/23/14

AYES: Anderson, Beall, Block, Cannella, Corbett, Correa, De León, DeSaulnier, Gaines, Galgiani, Hernandez, Hill, Huff, Jackson, Knight, Lara, Leno, Lieu, Liu, Mitchell, Monning, Morrell, Nielsen, Padilla, Pavley, Roth, Steinberg, Torres, Vidak, Walters, Wolk

NO VOTE RECORDED: Berryhill, Calderon, Evans, Fuller, Hancock, Hueso, Wright, Wyland, Yee

ASSEMBLY FLOOR: 79-0, 8/25/14 - See last page for vote

SUBJECT: Electricity: resources adequacy requirements

SOURCE: Environmental Defense Fund

DIGEST: This bill requires utilities and regulators to include demand response (DR) in resource adequacy plans, as specified.

Assembly Amendments delete any changes to the Long Term Procurement Planning proceeding at the Public Utilities Commission (PUC); and now require

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the PUC to adopt consumer protections for ratepayers that choose to participate in DR programs.

ANALYSIS:

Existing law:

1. Requires PUC, in consultation with the Independent System Operators, to establish resource adequacy requirements for all load-serving entities in accordance with specified objectives.
2. Requires each load-serving entity to maintain physical generating capacity adequate to meet its load requirements to provide reliable electric service and requires the PUC to determine the most efficient and equitable means for achieving prescribed objectives.
3. Requires each electrical corporation (IOU) to file with the PUC a proposed procurement plan with specified information, including, among other things, a procurement process under which the electric corporation may request bids for procurement-related services, a showing that the procurement plan will achieve, among other objectives, the creation or maintenance of a diversified procurement portfolio, and the IOU's risk management policy, strategy, and practices.

This bill:

1. Requires each load-serving entity to maintain either electrical demand reductions or physical generating capacity adequate to meet its load requirements.
2. Requires PUC to determine the most efficient and equitable means to sure the inclusion of DR that is reliable and cost effective in achieving environmental or demand reduction goals or grid reliability.
3. Requires PUC to establish a mechanism to value load modifying DR resources that can reduce a load serving entity's resource adequacy obligation.
4. Requires PUC to ensure that changes in demand caused by load modifying DR are expeditiously and comprehensively reflected in relevant forecasting and planning proceedings and associated analyses and encourage reflection of these changes in demand in the operation of the grid.

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5. Ensures PUC, in establishing a DR program, to take certain actions.
6. Makes findings and declarations about the benefits of DR programs.

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

SUPPORT: (Verified 8/25/14)

Environmental Defense Fund (source)
Alarm.com
Breathe California
California Environmental Justice Alliance
California League of Conservation Voters
Clean Coalition
Clean Power Campaign
Comverge, Inc.
Energyhub
EnerNoc
Environment California
Natural Resources Defense Council
Office of Ratepayer Advocates
Sierra Club California
Union of Concerned Scientists

OPPOSITION: (Verified 8/25/14)

Pacific Gas & Electric Company

ARGUMENTS IN SUPPORT: According to the author:

SB 1414 will help ensure that regulators and utilities utilize cost-effective Demand Response (DR) programs to change their demand for electricity during key times. With DR, in exchange for changing their electricity use, participating customers receive incentives for providing a clean resource to the system. Their reductions in demand (consumption) mean there can be less supply (generation), providing clean energy, reducing the need for ‘peaker’ power plants and helping to integrate renewables. California currently lags behind other parts of the nation in utilizing DR.

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ARGUMENTS IN OPPOSITION: Pacific Gas and Electric Company is concerned with this bill by stating that the recent amendments delay current DR initiatives underway at the PUC in the following ways: (1) the amendments prejudice the outcome of an open proceeding at the PUC pertaining to use of back up generation to support; (2) duplicate and overlap with a recently announced settlement at the PUC pertaining to integration costs, valuation methods and metering and monitoring policies for DR programs; and (3) may prohibit the use of DR in times of over-generation.

ASSEMBLY FLOOR: 79-0, 8/25/14

AYES: Achadjian, Alejo, Allen, Ammiano, Bigelow, Bloom, Bocanegra, Bonilla, Bonta, Bradford, Brown, Buchanan, Ian Calderon, Campos, Chau, Chávez, Chesbro, Conway, Cooley, Dababneh, Dahle, Daly, Dickinson, Donnelly, Eggman, Fong, Fox, Frazier, Beth Gaines, Garcia, Gatto, Gomez, Gonzalez, Gordon, Gorell, Gray, Grove, Hagman, Hall, Harkey, Roger Hernández, Holden, Jones, Jones-Sawyer, Levine, Linder, Logue, Lowenthal, Maienschein, Mansoor, Medina, Melendez, Mullin, Muratsuchi, Nazarian, Nestande, Olsen, Pan, Patterson, Perea, John A. Pérez, V. Manuel Pérez, Quirk, Quirk-Silva, Rendon, Ridley-Thomas, Rodriguez, Salas, Skinner, Stone, Ting, Wagner, Waldron, Weber, Wieckowski, Wilk, Williams, Yamada, Atkins

NO VOTE RECORDED: Vacancy

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SUPPORT/OPPOSITION: SEE ABOVE

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