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**SB-1222 Public Utilities Commission: reports: financing orders.** (2015-2016)

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**Senate Bill No. 1222**

**CHAPTER 842**

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, 365.1, 454.1, 454.55, 454.56, 740.5, 846, 910.4, 913.2, 914.3, 918.1, 956, 958.5, 1046, 2870, 2872.5, 2892.1, 5371.4, 5381.5, and 7661 of, to amend and renumber Sections 913.4, 913.5, 913.7, and 5436 of, to amend, renumber, and add Section 913.10 of, to amend, renumber, add, and repeal Section 913.12 of, to repeal Sections 318, 350, 747.5, 910.5, 910.6, 913.3, 913.6, 913.13, 918.2, 2714.5, 2827.3, 2845, 2867.1, 3346, and 3368 of, and to repeal and add Sections 913.8 and 913.11 of, the Public Utilities Code, relating to the Public Utilities Commission.

[ Approved by Governor September 29, 2016. Filed with Secretary of State September 29, 2016. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1222, Hertzberg. Public Utilities Commission: reports: financing orders.

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, renumber various codified reporting provisions, 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 also requires the Legislative Counsel to annually prepare, publish, and maintain an electronic list of all reports that state and local agencies are required or requested by law to prepare and file with the Governor or the Legislature, or both, in the future or within the preceding year.

This bill would require the Legislative Counsel to revise the list by deleting specified reports from the list.

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, disallowances of business expenses for advertising or promotional activities that encourage the use of electricity, peakload pricing, and other pricing measures. Existing law requires the PUC and local publicly owned electric utilities to review

and consider the recommendations of the Energy Commission and, within 6 months after the date they receive them, to report to the Governor and the Legislature their actions and reasons therefor with respect to each recommendation.

This bill would repeal these requirements.

Existing law relative to restructuring of the electrical industry authorizes an electrical corporation to apply to the commission for a determination that certain transition costs, as defined, may be recovered through fixed transition amounts, which would constitute transition property, as defined, and provides, until December 31, 2016, for the issuance of financing orders and provides for the issuance of rate reduction bonds to be paid out of rates.

This bill would extend the authorization for the issuance of these financing orders from December 31, 2016, to June 30, 2022.

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 minor or nonsubstantive changes, including, but not limited to, shifts in the responsibilities of various divisions of the PUC.

This bill would incorporate additional changes to Sections 454.55 and 454.56 of the Public Utilities Code, proposed by AB 1330, that would become operative only if this bill and AB 1330 are chaptered and become effective on or before January 1, 2017, and this bill is chaptered last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** This act shall be known, and may be cited, as the Public Utilities Commission Accountability and Operations Act of 2016.

**SEC. 2.** The Legislative Counsel shall revise the list required by Section 10242.5 of the Government Code by deleting all of the following Public Utilities Commission reports from the list:

(a) Description: Report on the energy efficiency and conservation programs the commission oversees through the California Board for Energy Efficiency

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 1999

Date Due: Beginning March 1, 2000, and by each December 1 thereafter

Recipient: Legislature

(b) Description: If the commission determines that allowing electrical corporations to purchase from multiple qualified exchanges is in the public interest, the commission shall submit its findings and recommendations

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2000.

Date Due: By June 1, 2001

Recipient: Legislature

(c) Description: Report that details the commission's backlog of audits, including audits in progress but not yet completed

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2002

Date Due: On or before September 1, 2002

Recipient: Joint Legislative Budget Committee and fiscal committees of the Legislature

(d) Description: Report that lists all audits completed, pending, and forthcoming at the commission

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2002

Date Due: On or before December 15, 2002, and annually thereafter

Recipient: Joint Legislative Budget Committee and fiscal committees of the Legislature

(e) Description: Evaluation of the progress of the state's investor owned electric utilities in complying with the Renewables Portfolio Standard pursuant to Section 387 of the Public Utilities Code

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2006

Date Due: On or before October 1, 2006, and quarterly thereafter

Recipient: Legislature

(f) Description: Report on the commission's efforts to produce a review of the High-Cost Fund-B program, an update on its proceedings, and its efforts to comply with the statutorily mandated sunset of the program

Authority: Item 8660-001-0470 of Section 2.00 of the Budget Act of 2007

Date Due: Quarterly

Recipient: Legislature

(g) Description: Establishment of a project management office within the Information Services Branch of the Management Services Division

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2008

Date Due: On or before January 10, 2010

Recipient: Legislature Budget and fiscal committees of the Legislature

(h) Description: Report on its activities related to community choice aggregation that includes detailed information on the formal procedures established by the commission in order to monitor and ensure compliance by electrical corporations with Chapter 838, Statutes of 2002

Authority: Item 8660-001-0462 of Section 2.00 of the Budget Act of 2010

Date Due: On or before January 31, 2011, and quarterly thereafter

Recipient: Fiscal and policy committees of the Legislature

(i) Description: Report on the outcomes of the various audits that are performed by positions approved in the 2015–16 budget

Authority: Item 8660-001 of Section 2.00 of the Budget Act of 2015 (LAO)

Date Due: By April 15, 2016

Recipient: Appropriate budget subcommittees of the Legislature

(j) Description: Report on the number of cases where resolution exceeded the time periods prescribed in scoping memos and the days that commissioners presided in hearings

Authority: Section 13 of Chapter 856 of the Statutes of 1996

Date Due: January 1, 1999, and annually thereafter

Recipient: Legislature

(k) Description: Cost-effectiveness criteria for programs funded in order to achieve a total reduction in peak electricity demand and to meet the needs of low-income households

Authority: Section 5 of Chapter 7 of the Statutes of 2001, First Extraordinary Session

Date Due: Within 10 days from the date of adoption of cost-effectiveness criteria

Recipient: Governor, Joint Legislative Budget Committee, and appropriate policy and fiscal committees of the Legislature

(l) Description: Changes made by Chapter 552 of the Statutes of 2008 to Sections 688.020 and 688.030 of the Code of Civil Procedure and to Section 2104 of the Public Utilities Code, as they pertain to the status of the Public Utilities Commission as a judgment creditor

Authority: Section 15 of Chapter 552 of the Statutes of 2008

Date Due: On or before January 1, 2013

Recipient: Assembly Committee on Judiciary and Senate Committee on Judiciary

(m) Description: Results of a study to determine who benefits from the net energy metering program and the extent to which each class of ratepayers and each region of the state receiving service under the net energy metering program is paying the full cost of the services

Authority: Section 2827.1 of the Public Utilities Code

Date Due: Within 30 days of completion of the study

Recipient: Legislature

(n) Description: Evaluation of information supplied by electrical corporations and gas corporations relative to their comparative energy usage disclosure programs and any action undertaken by the Public Utilities Commission in response to the evaluation

Authority: Section 715 of the Public Utilities Code

Date Due: None

Recipient: Legislature

**SEC. 3.** Section 830.11 of the Penal Code is amended to read:

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

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

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

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

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

(5) Persons employed as investigators and investigator supervisors by the Public Utilities Commission, who are designated by the commission's executive director and approved by the commission, provided that the primary duty of these persons shall be the enforcement of the law as that duty is set forth in Section 308.5 of the Public Utilities Code.

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

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

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

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

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

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

**SEC. 4.** Section 25403 of the Public Resources Code is repealed.

**SEC. 5.** Section 308.5 of the Public Utilities Code is amended to read:

**308.5.** Persons employed as investigators and investigator supervisors by the commission, who are designated by the commission's executive director and approved by the commission, have the authority of peace officers, as specified in paragraph (5) of subdivision (a) of Section 830.11 of the Penal Code, while engaged in exercising the powers granted to or performing the duties imposed upon them in investigating the laws, orders, or regulations administered by the commission or commencing directly or indirectly any criminal prosecution arising from any investigation conducted under these laws. All persons herein referred to shall be deemed to be acting within the scope of employment with respect to all acts and matters set forth in this section.

**SEC. 6.** Section 309.7 of the Public Utilities Code is amended to read:

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

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

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

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

**SEC. 7.** Section 318 of the Public Utilities Code is repealed.

**SEC. 8.** Section 350 of the Public Utilities Code is repealed.

**SEC. 9.** Section 353.13 of the Public Utilities Code is amended to read:

**353.13.** (a) The commission shall require each electrical corporation to establish new tariffs on or before January 1, 2003, for customers using distributed energy resources, including, but not limited to, those that do not meet all of the criteria described in Section 353.1. However, after January 1, 2003, distributed energy resources that meet all of the criteria described in Section 353.1 shall continue to be subject only to those tariffs in existence pursuant to Section 353.3, until June 1, 2011, except that installations that do not operate in a combined heat and power application will be subject to those tariffs in existence pursuant to

Section 353.3 only until June 1, 2006. Those tariffs required pursuant to this section shall ensure that all net distribution costs incurred to serve each customer class, taking into account the actual costs and benefits of distributed energy resources, proportional to each customer class, as determined by the commission, are fully recovered only from that class. The commission shall require each electrical corporation, in establishing those rates, to ensure that customers with similar load profiles within a customer class will, to the extent practicable, be subject to the same utility rates, regardless of their use of distributed energy resources to serve onsite loads or over-the-fence transactions allowed under Sections 216 and 218. Customers with dedicated facilities shall remain responsible for their obligations regarding payment for those facilities.

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

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

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

(1) Heat rate for the resource.

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

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

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

**SEC. 11.** Section 365.1 of the Public Utilities Code is amended to read:

**365.1.** (a) Except as expressly authorized by this section, and subject to the limitations in subdivisions (b) and (c), the right of retail end-use customers pursuant to this chapter to acquire service from other providers is suspended until the Legislature, by statute, lifts the suspension or otherwise authorizes direct transactions. For purposes of this section, "other provider" means any person, corporation, or other entity that is authorized to provide electric service within the service territory of an electrical corporation pursuant to this chapter, and includes an aggregator, broker, or marketer, as defined in Section 331, and an electric service provider, as defined in Section 218.3. "Other provider" does not include a community choice aggregator, as defined in Section 331.1, and the limitations in this section do not apply to the sale of electricity by "other providers" to a community choice aggregator for resale to community choice aggregation electricity consumers pursuant to Section 366.2.

(b) The commission shall allow individual retail nonresidential end-use customers to acquire electric service from other providers in each electrical corporation's distribution service territory, up to a maximum allowable total kilowatthours annual limit. The maximum allowable annual limit shall be established by the commission for each electrical corporation at the maximum total kilowatthours supplied by all other providers to distribution customers of that electrical corporation during any sequential 12-month period between April 1, 1998, and the effective date of this section. Within six months of the effective date of this section, or by July 1, 2010, whichever is sooner, the commission shall adopt and implement a reopening schedule that commences immediately and will phase in the allowable amount of increased kilowatthours over a period of not less than three years, and not more than five years, raising the allowable limit of kilowatthours supplied by other providers in each electrical corporation's distribution service territory from the number of kilowatthours provided by other providers as of the effective date of this section, to the maximum allowable annual limit for that electrical corporation's distribution service territory. The commission shall review and, if appropriate, modify its currently effective rules governing direct transactions, but that review shall not delay the start of the phase-in schedule.

(c) Once the commission has authorized additional direct transactions pursuant to subdivision (b), it shall do both of the following:

(1) Ensure that other providers are subject to the same requirements that are applicable to the state's three largest electrical corporations under any programs or rules adopted by the commission to implement the resource adequacy provisions of Section 380, the renewables portfolio standard provisions of Article 16 (commencing with Section 399.11), and the requirements for the electricity sector adopted by the State Air Resources Board pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code). This requirement applies notwithstanding any prior decision of the commission to the contrary.

(2) (A) Ensure that, in the event that the commission authorizes, in the situation of a contract with a third party, or orders, in the situation of utility-owned generation, an electrical corporation to obtain generation resources that the commission determines

are needed to meet system or local area reliability needs for the benefit of all customers in the electrical corporation's distribution service territory, the net capacity costs of those generation resources are allocated on a fully nonbypassable basis consistent with departing load provisions as determined by the commission, to all of the following:

- (i) Bundled service customers of the electrical corporation.
- (ii) Customers that purchase electricity through a direct transaction with other providers.
- (iii) Customers of community choice aggregators.

(B) If the commission authorizes or orders an electrical corporation to obtain generation resources pursuant to subparagraph (A), the commission shall ensure that those resources meet a system or local reliability need in a manner that benefits all customers of the electrical corporation. The commission shall allocate the costs of those generation resources to ratepayers in a manner that is fair and equitable to all customers, whether they receive electric service from the electrical corporation, a community choice aggregator, or an electric service provider.

(C) The resource adequacy benefits of generation resources acquired by an electrical corporation pursuant to subparagraph (A) shall be allocated to all customers who pay their net capacity costs. Net capacity costs shall be determined by subtracting the energy and ancillary services value of the resource from the total costs paid by the electrical corporation pursuant to a contract with a third party or the annual revenue requirement for the resource if the electrical corporation directly owns the resource. An energy auction shall not be required as a condition for applying this allocation, but may be allowed as a means to establish the energy and ancillary services value of the resource for purposes of determining the net costs of capacity to be recovered from customers pursuant to this paragraph, and the allocation of the net capacity costs of contracts with third parties shall be allowed for the terms of those contracts.

(D) It is the intent of the Legislature, in enacting this paragraph, to provide additional guidance to the commission with respect to the implementation of subdivision (g) of Section 380, as well as to ensure that the customers to whom the net costs and benefits of capacity are allocated are not required to pay for the cost of electricity they do not consume.

(d) (1) If the commission approves a centralized resource adequacy mechanism pursuant to subdivisions (h) and (i) of Section 380, upon the implementation of the centralized resource adequacy mechanism the requirements of paragraph (2) of subdivision (c) shall be suspended. If the commission later orders that electrical corporations cease procuring capacity through a centralized resource adequacy mechanism, the requirements of paragraph (2) of subdivision (c) shall again apply.

(2) If the use of a centralized resource adequacy mechanism is authorized by the commission and has been implemented as set forth in paragraph (1), the net capacity costs of generation resources that the commission determines are required to meet urgent system or urgent local grid reliability needs, and that the commission authorizes to be procured outside of the Section 380 or Section 454.5 processes, shall be recovered according to the provisions of paragraph (2) of subdivision (c).

(3) Nothing in this subdivision supplants the resource adequacy requirements of Section 380 or the resource procurement procedures established in Section 454.5.

**SEC. 12.** Section 454.1 of the Public Utilities Code is amended to read:

**454.1.** (a) Except as provided in subdivision (b), if a customer with a maximum peak electrical demand in excess of 20 kilowatts located or planning to locate within the service territory of an electrical corporation receives a bona fide offer for electric service from an irrigation district at rates less than the electrical corporation's tariffed rates, the electrical corporation may discount its noncommodity rates, but may not discount its noncommodity rates below its distribution marginal cost of serving that customer. For purposes of this subdivision, the costs of the electric commodity shall be excluded from both the irrigation district and electric corporation's rates. The electrical corporation may recover any difference between its tariffed and discounted service from its remaining customers, allocated as determined by the commission. However, the reallocation may not increase rates to its remaining customers by any greater amount than the rates would be increased if the customer had taken electric distribution service from the irrigation district and the irrigation district had paid the charge established in subdivision (e) of Section 9607. Further, there shall be a firewall preventing the reallocation of such differences resulting from discounting to residential customers or to commercial customers with maximum peak demands not in excess of 20 kilowatts.

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

- (1) The load is located within the boundaries of Merced Irrigation District, as those boundaries existed on December 20, 1995, together with the territory of Castle Air Force Base which was located outside the district on that date.
- (2) For purposes of this section, a megawatt of load shall be calculated in accordance with the methodology established by the Energy Commission in its Docket No. 96-IRR-1890.

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

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

**SEC. 13.** Section 454.55 of the Public Utilities Code is amended to read:

**454.55.** (a) (1) The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve, pursuant to Section 454.5, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code.

(2) By July 1, 2018, and every four years thereafter, each electrical corporation shall report on its progress toward achieving the targets established pursuant to subdivision (a).

(b) (1) By December 31, 2023, the commission shall, in a new or existing proceeding, undertake a comprehensive review of the feasibility, costs, barriers, and benefits of achieving a cumulative doubling of energy efficiency savings and demand reduction by 2030 pursuant to subdivision (c) of Section 25310 of the Public Resources Code.

(2) Notwithstanding subdivision (c) of Section 25310 of the Public Resources Code, if the commission concludes the targets established for electrical corporations to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the commission shall revise the targets to the level that optimizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets.

**SEC. 13.5.** Section 454.55 of the Public Utilities Code is amended to read:

**454.55.** (a) (1) The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve, pursuant to Section 454.5, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code.

(2) By July 1, 2018, and every four years thereafter, each electrical corporation shall report on its progress toward achieving the targets established pursuant to subdivision (a).

(b) (1) By December 31, 2023, the commission shall, in a new or existing proceeding, undertake a comprehensive review of the feasibility, costs, barriers, and benefits of achieving a cumulative doubling of energy efficiency savings and demand reduction by 2030 pursuant to subdivision (c) of Section 25310 of the Public Resources Code.

(2) Notwithstanding subdivision (c) of Section 25310 of the Public Resources Code, if the commission concludes the targets established for electrical corporations to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the commission shall revise the targets to the level that optimizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets.

(c) The commission shall ensure that there are sufficient moneys available to electrical corporations to meet the efficiency targets established pursuant to subdivision (a). This subdivision shall not be construed to authorize the commission to impose or increase any tax.

**SEC. 14.** Section 454.56 of the Public Utilities Code is amended to read:

**454.56.** (a) The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective natural gas efficiency savings and establish efficiency targets for the gas corporation to achieve, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code.

(b) A gas corporation shall first meet its unmet resource needs through all available natural gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(c) By July 1, 2018, and every four years thereafter, each gas corporation shall report on its progress toward achieving the targets established pursuant to subdivision (a).

(d) Notwithstanding subdivision (c) of Section 25310 of the Public Resources Code, if the commission concludes in its review pursuant to paragraph (1) of subdivision (b) of Section 454.55 that the targets established for gas corporations to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the

commission shall revise the targets to the level that maximizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets.

**SEC. 14.5.** Section 454.56 of the Public Utilities Code is amended to read:

**454.56.** (a) The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective natural gas efficiency savings and establish efficiency targets for the gas corporation to achieve, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code.

(b) A gas corporation shall first meet its unmet resource needs through all available natural gas efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(c) By July 1, 2018, and every four years thereafter, each gas corporation shall report on its progress toward achieving the targets established pursuant to subdivision (a).

(d) Notwithstanding subdivision (c) of Section 25310 of the Public Resources Code, if the commission concludes in its review pursuant to paragraph (1) of subdivision (b) of Section 454.55 that the targets established for gas corporations to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the commission shall revise the targets to the level that maximizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets.

(e) The commission shall ensure that there are sufficient moneys available to gas corporations to meet the efficiency targets established pursuant to subdivision (a). This subdivision shall not be construed to authorize the commission to impose or increase any tax.

**SEC. 15.** Section 740.5 of the Public Utilities Code is amended to read:

**740.5.** (a) For purposes of this section, "21st Century Energy System Decision" means commission Decision 12-12-031 (December 20, 2012), Decision Granting Authority to Enter Into a Research and Development Agreement with Lawrence Livermore National Laboratory for 21st Century Energy Systems and for costs up to one hundred fifty-two million one hundred ninety thousand dollars (\$152,190,000) or any subsequent decision in Application 11-07-008 (July 18, 2011), Application of Pacific Gas and Electric Company (U39M), San Diego Gas and Electric Company (U902E), and Southern California Edison Company (U338E) for Authority to Increase Electric Rates and Charges to Recover Costs of Research and Development Agreement with Lawrence Livermore National Laboratory for 21st Century Energy Systems.

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

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

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

**SEC. 16.** Section 747.5 of the Public Utilities Code is repealed.

**SEC. 17.** Section 846 of the Public Utilities Code is amended to read:

**846.** The authority of the commission to issue financing orders pursuant to Section 841 shall expire on June 30, 2022. The expiration of the authority shall have no effect upon financing orders adopted by the commission pursuant to this article or any transition property arising therefrom, or upon the charges authorized to be levied thereunder, or the rights, interests, and obligations of the electrical corporation or a financing entity or holders of transition bonds pursuant to the financing order, or the authority of the commission to monitor, supervise, or take further action with respect to the order in accordance with the terms of this article and of the order.

**SEC. 18.** Section 910.4 of the Public Utilities Code is amended to read:

**910.4.** By February 1 of each year, the commission shall report to the Joint Legislative Budget Committee and appropriate fiscal and policy committees of the Legislature, on all sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years and for the proposed fiscal year, including any costs to ratepayers, related to both of the following:

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

- (1) Any governance structure established for an entity or program.
- (2) Any staff or employees hired by or for the entity or program and their salaries and expenses.
- (3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.
- (4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.
- (5) The public process and oversight governing the entity or program's activities.

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

- (1) Section 379.6.
- (2) Section 399.8.
- (3) Section 739.1.
- (4) Section 2790.
- (5) Section 2851.

**SEC. 19.** Section 910.5 of the Public Utilities Code is repealed.

**SEC. 20.** Section 910.6 of the Public Utilities Code is repealed.

**SEC. 21.** Section 913.2 of the Public Utilities Code is amended to read:

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

**SEC. 22.** Section 913.3 of the Public Utilities Code is repealed.

**SEC. 23.** Section 913.4 of the Public Utilities Code is amended and renumbered to read:

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

- (1) For power purchase contracts, the commission shall release costs in an aggregated form categorized according to the year the procurement transaction was approved by the commission, the eligible renewable energy resource type, including bundled renewable energy credits, the average executed contract price, and average actual recorded costs for each kilowatthour of production. Within each renewable energy resource type, the commission shall provide aggregated costs for different project size thresholds.
- (2) For each utility-owned renewable generation project, the commission shall release the costs forecast by the electrical corporation at the time of initial approval and the actual recorded costs for each kilowatthour of production during the preceding calendar year.

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

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

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

**SEC. 24.** Section 913.5 of the Public Utilities Code is amended and renumbered to read:

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

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

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

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

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

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

(f) The efforts each electrical corporation is taking to recruit and train employees to ensure an adequately trained and available workforce, including the number of new employees hired by the electrical corporation for purposes of implementing the requirements of Article 16 (commencing with Section 399.11) of Chapter 2.3, the goals adopted by the electrical corporation for increasing women, minority, and disabled veterans trained or hired for purposes of implementing the requirements of Article 16 (commencing with Section 399.11) of Chapter 2.3, and, to the extent information is available, the number of new employees hired and the number of women, minority, and disabled veterans trained or hired by persons or corporations owning or operating eligible renewable energy resources under contract with an electrical corporation. This subdivision does not provide the commission with authority to engage in, regulate, or expand its authority to include, workforce recruitment or training.

**SEC. 25.** Section 913.6 of the Public Utilities Code is repealed.

**SEC. 26.** Section 913.7 of the Public Utilities Code is amended and renumbered to read:

**913.5.** The commission shall submit a report to the Legislature by July 15, 2009, and triennially thereafter, on the energy efficiency and conservation programs it oversees. The report shall include information regarding authorized utility budgets and expenditures and projected and actual energy savings over the program cycle.

**SEC. 27.** Section 913.8 of the Public Utilities Code is repealed.

**SEC. 28.** Section 913.8 is added to the Public Utilities Code, to read:

**913.8.** On or before July 30, 2020, and by July 30 of every third year thereafter through 2029, the commission shall submit to the Legislature an assessment of the Multifamily Affordable Housing Solar Roofs Program. That assessment shall include the number of qualified multifamily affordable housing property sites that have a qualifying solar energy system for which an award was made pursuant to Chapter 9.5 (commencing with Section 2870) of Part 2 and the dollar value of the award, the electrical generating capacity of the qualifying renewable energy system, the bill reduction outcomes of the program for the participants, the cost of the program, the total electrical system benefits, the environmental benefits, the progress made toward reaching the goals of the

program, the program's impact on the CARE program budget, and the recommendations for improving the program to meet its goals. The report shall include an analysis of pending program commitments, reservations, obligations, and projected demands for the program to determine whether future ongoing funding allocations for the program are substantiated. The report shall also include a summary of the other programs intended to benefit disadvantaged communities, including, but not limited to, the Single-Family Affordable Solar Homes Program, the Multifamily Affordable Solar Housing Program, and the Green Tariff Shared Renewables Program (Chapter 7.6 (commencing with Section 2831) of Part 2).

**SEC. 29.** Section 913.10 of the Public Utilities Code is amended and renumbered to read:

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

- (1) Reliability and transmission issues related to connecting distributed energy generation to the local distribution networks and regional grid.
- (2) Issues related to grid reliability and operation, including interconnection, and the position of federal and state regulators toward distributed energy accessibility.
- (3) The effect on overall grid operation of various distributed energy generation sources.
- (4) Barriers affecting the connection of distributed energy to the state's grid.
- (5) Emerging technologies related to distributed energy generation interconnection.
- (6) Interconnection issues that may arise for the Independent System Operator and local distribution companies.
- (7) The effect on peak demand for electricity.

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

**SEC. 30.** Section 913.10 is added to the Public Utilities Code, to read:

**913.10.** By July 1, 2019, and every four years thereafter, the commission shall report to the Legislature on the progress toward achieving the targets established pursuant to subdivision (a) of Section 454.55. The commission shall include specific strategies for, and an update on, progress toward maximizing the contribution of electricity efficiency savings in disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

**SEC. 31.** Section 913.11 of the Public Utilities Code is repealed.

**SEC. 32.** Section 913.11 is added to the Public Utilities Code, to read:

**913.11.** By July 1, 2019, and every four years thereafter, the commission shall report to the Legislature on the progress toward achieving the targets established pursuant to subdivision (a) of Section 454.56. The commission shall include specific strategies for, and an update on, progress toward maximizing the contribution of energy efficiency savings in disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

**SEC. 33.** Section 913.12 of the Public Utilities Code is amended and renumbered to read:

**913.7.** On or before June 30 of each year, the commission shall submit to the Legislature an assessment of the success of the California Solar Initiative program. That assessment shall include the number of residential and commercial sites that have installed solar thermal devices for which an award was made pursuant to subdivision (b) of Section 2851 and the dollar value of the award, the number of residential and commercial sites that have installed solar energy systems, the electrical generating capacity of the installed solar energy systems, the cost of the program, total electrical system benefits, including the effect on electrical service rates, environmental benefits, how the program affects the operation and reliability of the electrical grid, how the program has affected peak demand for electricity, the progress made toward reaching the goals of the program, whether the program is on schedule to meet the program goals, and recommendations for improving the program to meet its goals. If the commission allocates additional moneys to research, development, and demonstration that explores solar technologies and other distributed generation technologies pursuant to paragraph (1) of subdivision (c) of Section 2851, the commission shall include in the assessment submitted to the Legislature, a description of the program, a summary of each award made or project funded

pursuant to the program, including the intended purposes to be achieved by the particular award or project, and the results of each award or project.

**SEC. 34.** Section 913.12 is added to the Public Utilities Code, to read:

**913.12.** (a) The commission shall require each participating electrical corporation to prepare and submit to the commission, by 60 days following the conclusion of all research and development projects, a joint report summarizing the outcome of all projects funded pursuant to Section 740.5, including an accounting of expenditures by the project managers and grant recipients on administrative and overhead costs and whether the project resulted in any technological advancements or breakthroughs in promoting cyber security and grid integration. The commission shall, within 30 days of receiving the joint report, determine whether the report is sufficient or requires revision and, upon determining that the report is sufficient, submit the report to the Legislature.

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

**SEC. 35.** Section 913.13 of the Public Utilities Code is repealed.

**SEC. 36.** Section 914.3 of the Public Utilities Code is amended to read:

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

**SEC. 37.** Section 918.1 of the Public Utilities Code is amended to read:

**918.1.** (a) The commission shall hire an independent entity for not more than two hundred fifty thousand dollars (\$250,000) to, in consultation with carrier trade associations for industries under the jurisdiction of the commission, assess the capabilities of the commission's Transportation Enforcement Branch to carry out the activities specified in subdivision (b) of Section 5102 and subdivision (b) of Section 5352. The commission shall report to the Legislature no later than February 1, 2017, on licensing matters and no later than July 1, 2017, on enforcement matters. The report shall contain an analysis of current capabilities and deficiencies, and recommendations to overcome any deficiencies identified.

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

**SEC. 38.** Section 918.2 of the Public Utilities Code is repealed.

**SEC. 39.** Section 956 of the Public Utilities Code is amended to read:

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

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

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

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

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

reduction.

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

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

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

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

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

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

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

**SEC. 40.** Section 958.5 of the Public Utilities Code is amended to read:

**958.5.** (a) Twice a year, or as determined by the commission, each gas corporation shall file with the division of the commission responsible for utility safety a gas transmission and storage safety report. The division of the commission responsible for utility safety shall review the reports to monitor each gas corporation's storage and pipeline-related activities to assess whether the projects that have been identified as high risk are being carried out, and to track whether the gas corporation is spending its allocated funds on these storage and pipeline-related safety, reliability, and integrity activities for which they have received approval from the commission.

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

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

**SEC. 41.** Section 1046 of the Public Utilities Code is amended to read:

**1046.** (a) For purposes of this section, the following terms have the following meanings:

(1) "Bus" means a vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit.

(2) "Limousine" means any sedan or sport utility vehicle, of either standard or extended length, with a seating capacity of not more than 10 passengers including the driver, used in the transportation of passengers for hire on a prearranged basis within this state, and includes a modified limousine as defined in subdivision (d) of Section 1042.

(3) "Peace officer" means a person who is designated as a peace officer pursuant to Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.

(b) A peace officer may, with respect to a passenger stage corporation, enforce and assist in the enforcement of Sections 2110 and 2112, resulting from a violation of Section 1031, 1041, or 1045, or more than one of those sections. A peace officer may additionally enforce and assist in the enforcement of Sections 1034.5 and 2119. In any case in which an arrest authorized by this subdivision is made for an offense declared to be a misdemeanor, and the person arrested does not demand to be taken before a magistrate, the arresting peace officer may, instead of taking such person before a magistrate, follow the procedure prescribed by Chapter 5C (commencing with Section 853.5) of Title 3 of Part 2 of the Penal Code. The provisions of that chapter shall thereafter apply with reference to any proceeding based upon the issuance of a citation pursuant to this authority.

(c) A peace officer may impound a bus or limousine operated by a passenger stage corporation pursuant to Section 14602.9 of the Vehicle Code if the peace officer determines that any of the following violations occurred while the driver was operating the vehicle:

(1) The driver was operating the bus or limousine when the passenger stage corporation did not have a certificate of public convenience and necessity issued by the commission as required pursuant to this article.

(2) The driver was operating the bus or limousine when the operating rights or certificate of public convenience and necessity of a passenger stage corporation was suspended, canceled, or revoked pursuant to Section 1033.5, 1033.7, or 1045.

(3) The driver was operating the bus or limousine without having a current and valid driver's license of the proper class.

(d) The commission shall coordinate enforcement of this section with those peace officers likely to be involved in enforcing this section, including undertaking both of the following:

(1) Educational outreach to promote awareness among those peace officers about the requirements of Sections 1031, 1034.5, 1041, 1045, 2110, 2112, and 2119.

(2) Establishing lines of communication so that the commission is notified if an action is commenced to enforce the requirements of those sections specified in subdivision (b), so that the commission may take appropriate action to enforce the fine and penalty provisions of Chapter 11 (commencing with Section 2100).

(e) The Legislature finds and declares that this section is intended to facilitate and enhance the commission's performance of its functions pursuant to Section 2101 and not diminish the commission's authority or responsibility pursuant to that section.

(f) This section does not authorize the impoundment of privately owned personal vehicles that are not common carriers nor the impoundment of vehicles used in transportation for compensation by charter-party carriers of passengers that are not required to carry individual permits.

**SEC. 42.** Section 2714.5 of the Public Utilities Code is repealed.

**SEC. 43.** Section 2827.3 of the Public Utilities Code is repealed.

**SEC. 44.** Section 2845 of the Public Utilities Code is repealed.

**SEC. 45.** Section 2867.1 of the Public Utilities Code is repealed.

**SEC. 46.** Section 2870 of the Public Utilities Code is amended to read:

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

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

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

(3) "Qualified multifamily affordable housing property" means a multifamily residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, as defined in clause (i) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 2852, and that meets one or more of the following requirements:

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

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

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

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

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

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

(d) The commission shall consider the most appropriate program administration structure, including administration by a qualified third-party administrator, selected by the commission through a competitive bidding process, or administration by an electrical corporation, in an existing or future proceeding.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SEC. 47.** Section 2872.5 of the Public Utilities Code is amended to read:

**2872.5.** The commission, in consultation with the Office of Emergency Services, shall open an investigative proceeding to determine whether standardized notification systems and protocol should be utilized by entities that are authorized to use automatic dialing-announcing devices pursuant to subdivision (e) of Section 2872, to facilitate notification of affected members of the public of local emergencies. The commission shall not establish standards for notification systems or standard notification protocol unless it determines that the benefits of the standards exceed the costs.

**SEC. 48.** Section 2892.1 of the Public Utilities Code is amended to read:

**2892.1.** (a) For purposes of this section, "telecommunications service" means voice communication provided by a telephone corporation as defined in Section 234, voice communication provided by a provider of satellite telephone services, voice communication provided by a provider of mobile telephony service, as defined in Section 2890.2, and voice communication provided by a commercially available facilities-based provider of voice communication services utilizing Voice over Internet Protocol or any successor protocol.

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

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

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

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

**SEC. 49.** Section 3346 of the Public Utilities Code is repealed.

**SEC. 50.** Section 3368 of the Public Utilities Code is repealed.

**SEC. 51.** Section 5371.4 of the Public Utilities Code is amended to read:

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

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

(c) Notwithstanding subdivisions (a) and (b), the governing body of any airport may adopt and enforce reasonable and nondiscriminatory local airport rules, regulations, and ordinances pertaining to access, use of streets and roads, parking, traffic control, passenger transfers, trip fees, and occupancy, and the use of buildings and facilities, that are applicable to charter-party carriers operating limousines on airport property.

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

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

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

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

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

**SEC. 52.** Section 5381.5 of the Public Utilities Code is amended to read:

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

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

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

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

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

**SEC. 53.** Section 5436 of the Public Utilities Code is amended and renumbered to read:

**918.2.** The commission and the Department of Insurance shall collaborate on a study of transportation network company insurance to assess whether coverage requirements are appropriate to the risk of transportation network company services in order to promote data-driven decisions on insurance requirements, and shall report the findings of this study to the Legislature no later than December 31, 2017.

**SEC. 54.** Section 7661 of the Public Utilities Code is amended to read:

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

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

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

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

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

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

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

**SEC. 55.** (a) Section 13.5 of this bill incorporates amendments to Section 454.55 of the Public Utilities Code proposed by both this bill and Assembly Bill 1330. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2017, (2) each bill amends Section 454.55 of the Public Utilities Code, and (3) this bill is enacted after Assembly Bill 1330, in which case Section 13 of this bill shall not become operative.

(b) Section 14.5 of this bill incorporates amendments to Section 454.56 of the Public Utilities Code proposed by both this bill and Assembly Bill 1330. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2017, (2) each bill amends Section 454.56 of the Public Utilities Code, and (3) this bill is enacted after Assembly Bill 1330, in which case Section 14 of this bill shall not become operative.