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AB-1584 Electricity: cost allocation. (2019-2020)

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Assembly Bill No. 1584

CHAPTER 397

An act to add Article 13 (commencing with Section 397) to, and to repeal the heading of Article 13 (commencing with Section 397) of, Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, relating to electricity.

[Approved by Governor October 02, 2019. Filed with Secretary of State October 02, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1584, Quirk. Electricity: cost allocation.

Existing law requires the Public Utilities Commission, in consultation with the Independent System Operator, to establish resource adequacy requirements for electrical corporations, electric service providers, and community choice aggregators, known collectively as load-serving entities, to ensure the reliability of electric service in the state while advancing, to the extent possible, the state's goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases.

This bill would require the commission to develop and use methodologies for allocating electrical system integration resource procurement needs to each load-serving entity based on the contribution of that entity's load and resource portfolio to the electrical system conditions that created the need for the procurement. The bill would require the commission to develop and use methodologies for determining any costs resulting from a failure of a load-serving entity to satisfy its allocation of those procurement needs.

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

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

SECTION 1. The heading of Article 13 (commencing with Section 397) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code is repealed.

SEC. 2. Article 13 (commencing with Section 397) is added to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, to read:

Article 13. Allocation of Electrical System Costs

397. (a) (1) The commission shall, in an existing or a new proceeding, develop methodologies for allocating electrical system integration resource procurement needs to each load-serving entity, as defined in Section 380, based on the contribution of the load-serving entity's load and resource portfolio to the electrical system conditions that created the need for the procurement and for determining any costs resulting from a failure of a load-serving entity to satisfy its allocated procurement needs. Those needs and costs shall be limited to those that are subject to the commission's jurisdiction pursuant to Section 380, 454.51, or 454.52.

(2) The electrical system integration resource procurement needs and costs described in paragraph (1) shall include, but are not limited to, those relating to the following:

(A) Resource adequacy requirements associated with system flexibility, as described in subdivision (c) of Section 380.

(B) Integration resources identified as needed, or proposed in response to system operational needs identified, through the process described in subdivision (a) of Section 454.51.

(b) The commission shall use the methodologies developed pursuant to subdivision (a) in allocating electrical system integration resource procurement needs and any costs resulting from a failure to procure resources to satisfy those allocated procurement needs pursuant to Section 380, 454.51, or 454.52.

(c) For purposes of this section, "electrical system integration resources" means resources that provide certain electrical system integration functions, benefits, or attributes, such as flexible ramping capability.

(d) This section does not require the procurement of a specific resource or technology type.