



**SDREO 2002 LEGISLATIVE SUMMARY REPORT TO THE  
REGIONAL ENERGY POLICY ADVISORY COUNCIL  
January 9, 2003**

The legislature was extremely active through September. August 31st was the last day for each house to pass bills, and September 30th was the last day for the Governor to sign or veto bills so all bills have either moved or died. The Governor signed every Priority 1 bill presented to REPAC, into law, except for AB 2307 which died.

SDREO has prioritized current energy legislation according to legislative principles that were adopted by the San Diego Association of Governments (SANDAG) and are consistent with the Regional Energy Plan. The priority definitions are as follows:

*Priority 1- Bills that are significant to the region, fit with the legislative principles and that SDREO is actively tracking*

*Priority 2- Bills that are somewhat significant to the region*

*Priority 3- Bills that are not significant to the region*

*Priority 5- Bills that could be potentially significant, but are not active*

**Priority 1**

**AB 58 Keely: Net Energy Metering**

The new net metering bill passed the Assembly with the following key provisions:

- No sunset date.
- True net metering at full retail value for customer/generator PV systems up to 1 MW.
- The total amount of net metering is limited to one half of one percent of a utility's peak demand.<sup>1</sup>
- Net metering customers are exempt from "exit fees" or "departing load fees".

Status: Signed by the Governor and chaptered by Secretary of State, 9/24/2002.

**SB 1038: Buydown Re-Authorization Bill**

This bill enabled the Renewable Investment Plan, which includes the California Energy Commission Emerging Renewable Buydown Program, and the Public Interest Energy Research program to continue through 2007.

Status: Signed by the Governor and chaptered by Secretary of State, 9/12/2002.

**SB 1078: Renewable Portfolio Standard**

This bill established a renewable portfolio program, which requires that a retail seller of electricity purchase a specified minimum percentage of electricity generated by eligible renewable energy resources. Each electrical corporation would be required to increase its total

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<sup>1</sup> This equals about 17.5 megawatts in the SDG&E service territory.

procurement of eligible renewable energy resources by at least 1% per year so that 20% of its retail sales are procured from eligible renewable energy resources.

Status: Signed by the Governor and chaptered by Secretary of State, 9/12/2002.

**AB 117 Migden: Aggregation**

This bill allows cities and counties to aggregate their electric loads as community choice aggregators, and provide service directly to their residents.

Community aggregation is direct access on a large scale, similar to formation of a municipal utility, except that a municipal utility is self-governing, must purchase power or build plants and transmission lines, assume responsibility for distribution, billing, and meter-reading. Under aggregation, most of the responsibilities remain with the IOU. The aggregator procures electricity on the wholesale market, to be delivered through the IOU's infrastructure.

Opt-in community aggregation, wherein the governing body of the community, such as the city council, chooses an electricity supplier for the entire community, was discussed but ultimately tabled during the 1995-96 debate on restructuring of the state's electricity markets. This bill resurrects that concept by permitting the governing body to select a provider of electricity, which then becomes the default provider for everyone in the community.

Significance:

Enables other jurisdictions to become community choice aggregators. Important element is it provides for an OPT OUT provision (residents must reject service).

Status: Signed by the Governor and chaptered by Secretary of State, 9/24/2002.

**AB 80 Havice: Aggregation- Magnolia Power Project**

Authorizes the cities participating in the Magnolia Power Project to aggregate their electricity loads and provide direct electricity access to their residents. In particular, the Bill:

- 1) Authorizes the cities participating in the Magnolia Power Project (including City of San Marcos) to act as community aggregators and provide direct access service to their residents.
- 2) Requires the California Public Utilities Commission (PUC) to develop a cost recovery mechanism for DWR's uncollected costs, including financing, of providing service to those customers who subsequently receive service from the cities of San Marcos and Cerritos.

EXISTING LAW:

- 1) Authorizes retail competition within investor-owned utility (IOU) service areas (direct access) and authorizes marketers, public agencies, cities, counties, and special districts to offer electric service to customers aggregated on a voluntary basis, provided that each customer in their jurisdiction agrees to participate by a positive written declaration (community aggregation).
- 2) Requires the PUC to suspend the right of retail customers of IOUs to acquire electric power service from non-IOU providers until the Department of Water Resources (DWR) no longer supplies power to IOU customers.

Pursuant to AB 1X, the PUC suspended direct access effective September 20, 2001. This bill authorized the cities participating in the Magnolia Power Project to act as community

aggregators and provide direct access service to their residents. The two cities are San Marcos and Cerritos and most of the residents currently receive their electricity from Southern California Edison and SDG&E respectively.

The bill requires the PUC to develop a cost recovery mechanism for DWR's uncollected costs, including financing, of providing service to those customers who subsequently receive service from the cities of San Marcos and Cerritos.

Community aggregation is a form of direct access by which a municipality may act as a purchasing agent on behalf of its residents.

The City of San Marcos is a partner in the development of the Magnolia Power Project with six other cities (Anaheim, Cerritos, Colton, Glendale, Burbank and Pasadena), which operate municipal electric utilities. Magnolia is currently under review at the California Energy Commission (CEC). The CEC projects a decision on the project in August, and, if approved, an on-line date of August 2004.

Status: Signed by the Governor and chaptered by Secretary of State, 9/24/2002.

**SB 1389 Bowen: Energy Planning and Forecasting**

This bill consolidates and updates the California Energy Commission's reporting requirements into one integrated report and requires the reporting of the energy data from all entities that participate in the state energy markets.

Significance: Access to necessary data by the CEC and managing a data collection system necessary to develop specified energy policy reports and analyses, and energy shortage contingency planning efforts is important to return to needed integrated resource planning. Continued regional energy planning efforts require access to reliable data, which will be provided as part of this law.

Status: Signed by the Governor and chaptered by Secretary of State, 9/15/2002.

**AB 2307 Kehoe: Distributed Generation**

This bill would revise the definition of "distributed energy resources" to include technology commencing operation between May 1, 2001, and June 1, 2006, thereby extending by three years the period during which distributed generation projects could be placed in service without being subject to standby charges. It provides ratepayer protection by making an exception to distribution cost recovery, shifting these costs to generators.

Significance: This will provide continuing benefit for use of combined heat and power systems installed after June 1, 2003 in the San Diego, which are sorely need in order to supply future growing demand.

Status: Last action date, 6/25/2002, no action, reading canceled at request of author (died).

**ACA 12 Vargas: Public Utilities- Control**

This bill attempts to mandate state control of the state's electrical grid by enacting findings and declarations that a reliable, adequate, and affordable supply of electricity is essential to the health, safety and welfare of the people of the state and that the people of the state have a right

to require that those responsible for supply of electricity be answerable to them. This bill assumes that state control will ensure that reliable, adequate, and affordable supply.

Status: Died in Assembly pending concurrence in Senate amendments.

**AB 1881      Pescetti: Solar Energy Systems**

This bill expands on the definition of "Solar energy equipment" to make solar and heating technologies eligible for installation on, or near, new state buildings and parking facilities. Under current law, "Solar energy equipment" is defined as a provider for the collection, conversion, storage, or control of solar energy for electricity generation. This bill expands the definition for the purpose of including solar thermal energy that heats water, but does not necessarily generate electricity.

Significance: See below.

Status: Signed by the Governor and chaptered by Secretary of State, 9/15/2002.

**SB 1534      Bowen: Solar Energy Systems**

This bill updates the safety and performance standards for solar energy systems that produce electricity. It requires that solar energy systems for sale in California be certified by the Solar Rating Certification Corporation, as well as meet all of the applicable safety and performance standards established by the National Electrical Code and the Institute of Electrical and Electronics Engineers, among others.

Significance: These two bills, AB 1881 and SB 1534, will further efforts statewide to reduce our reliance on out-of-state megawatts and move closer toward energy independence.

Status: Signed by the Governor and chaptered by Secretary of State, 9/15/2002.

**SB 1269      Peace: Power plant site and facility certification**

This bill requires power plant developers of projects whose applications are complete after January 1, 2003, to begin construction within one year of receiving their certification to construct and operate a power plant from the Energy Commission. There is some concern that companies are in financial trouble, cannot borrow money and are ceasing construction on projects already underway and attempting to sell assets to reduce their debt and avoid bankruptcy.

Significance: This bill ensures that there is a safety net for those plants already sited by the Energy Commission by allowing the Power Authority to take over the permits in order to complete the project.

"California is building the nation's largest arsenal of new power generation," said the Governor. "These bills will continue that trend, by enforcing stringent requirements and up to date guidelines."

Status: Signed by the Governor and chaptered by Secretary of State, 9/15/2002.