

Senate Bill No. 410

CHAPTER 394

An act to add Article 14.5 (commencing with Section 930) to Chapter 4 of Part 1 of Division 1 of, and to repeal Sections 937 and 938 of, the Public Utilities Code, relating to electricity.

[Approved by Governor October 7, 2023. Filed with Secretary
of State October 7, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 410, Becker. Powering Up Californians Act.

Existing law vests the Public Utilities Commission (PUC) with regulatory authority over public utilities, including electrical corporations. Existing law authorizes the PUC to establish an expedited distribution grid interconnection dispute resolution process with the goal of resolving disputes over interconnection applications within the jurisdiction of the PUC in no more than 60 days from the time the dispute is formally brought to the PUC. Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), in collaboration with the State Air Resources Board, the PUC, and other relevant stakeholders, to annually gather from state agencies, as provided, specified entities' fleet data for on-road and off-road vehicles in the medium- and heavy-duty sectors and share that data with electrical corporations to help inform electrical grid planning efforts, as specified. Existing law requires electrical corporations, as part of their distribution planning processes, to consider that produced fleet data, and other available data, to facilitate the readiness of their distribution systems to support the state's anticipated level of electric vehicle charging, as specified.

This bill, the Powering Up Californians Act, would require the PUC to establish, on or before September 30, 2024, reasonable average and maximum target energization time periods, as defined, and a procedure for customers to report energization delays to the PUC, as provided. The bill would require the PUC to require the electrical corporation to take remedial actions necessary to achieve the PUC's targets and would require all reports to be publicly available, among other reporting requirements.

The bill would require, as part of each annual report, including any updates, and in each general rate case application, each electrical corporation to include a detailed analysis of its current qualified staffing level and future required qualified staffing level for each job classification, as specified, among other requirements related to staffing and apprentice training. The bill would, among other requirements placed on electrical corporations, require an electrical corporation to consider, in its annual distribution planning process, known load, and projections of load provided by the

Energy Commission, in addition to certain standards, plans, regulations, policies, and requirements. The bill would, until January 1, 2027, require the PUC to ensure that each electrical corporation has sufficient and timely recovery of costs, as specified. If requested by the electrical corporation, the bill would, until January 1, 2027, require the PUC to authorize, within 180 days of the request, the use of a ratemaking mechanism that, among other things, authorizes the electrical corporation to track costs for energization projects placed in service after January 1, 2024, that exceed the costs included in the electrical corporation's annual authorized revenue requirement for energization, as specified. The bill would, until January 1, 2027, require an electrical corporation, as part of its request for a ratemaking mechanism, to include in its request specified information, including, among other information, a detailed summary of energization costs authorized in its current general rate case or any other proceeding. The bill would, until July 1, 2028, require an electrical corporation that requests the use of a ratemaking mechanism to agree to retain an independent third-party auditor to, among other things, review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, prohibit the electrical corporation from recovering the costs of the third-party auditor from ratepayers, and require the third-party auditor to report to the PUC on a biannual basis, as specified. The bill would authorize the PUC to modify or adjust the bill's requirements for any electrical corporation with fewer than 100,000 service connections, as individual circumstances merit. The bill would not apply to an electrical cooperative.

Under existing law, a violation of the Public Utilities Act, or of an order, decision, rule, direction, demand, or requirement of the PUC is a crime. Because this bill would be a part of the act, and because a violation of a PUC action implementing its requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Article 14.5 (commencing with Section 930) is added to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, to read:

Article 14.5. Powering Up Californians

930. This act shall be known, and may be cited, as the Powering Up Californians Act.

931. For purposes of this article, the following definitions apply:

(a) “Electrification” means any new, expanded, or change in use of electricity related to the policies described in Section 933, including, but not limited to, in the industrial, commercial, agricultural, housing, or transportation sectors.

(b) “Energization” and “energize” mean connecting customers to the electrical distribution grid and establishing adequate electrical distribution capacity or upgrading electrical distribution or transmission capacity to provide electrical service for a new customer, or to provide upgraded electrical service to an existing customer. The determination of adequate electrical distribution capacity includes consideration of future load. “Energization” and “energize” do not include activities related to connecting electrical supply resources.

(c) “Energization time period” means the elapsed time beginning when the electrical corporation receives a substantially complete energization project application and ending when the electric service is installed and energized.

932. (a) The Legislature finds and declares all of the following:

(1) It is the policy of the state to reach carbon neutrality no later than 2045 and to maintain net negative emissions of greenhouse gases after 2045. To meet these goals and federal, state, regional, and local air quality and decarbonization standards, plans, and regulations, projections from the commission and the Energy Commission show the need for a large increase in both the quantity of electricity used and the functions for which electricity will be used.

(2) To meet these decarbonization goals and federal, state, regional, and local air quality and decarbonization standards, plans, and regulations, the state’s electrical distribution systems must be substantially upgraded, new customers must promptly connect to the electrical distribution system, and existing customers must have their service level promptly upgraded.

(3) There are many reports of large housing developments that are unable to be promptly energized. California has an urgent need to increase its supply of housing, requiring both new electrical distribution capacity and the prompt energization of new housing.

(4) There are many reports of individual customers who are unable to have their electrical service promptly upgraded or energized and charging stations for light-duty, medium-duty, and heavy-duty vehicles and off-road vehicles, vessels, trains, and equipment that are unable to be promptly energized. These delays may inhibit the state’s ability to meet its decarbonization goals and federal, state, regional, and local air quality and decarbonization standards, plans, and regulations.

(5) To improve the speed at which energization and service upgrades are performed, each electrical corporation that distributes electricity must improve its advance planning, engineering, and construction of increased distribution and transmission system capacity.

(6) Paragraph (1) of subdivision (s) of Section 712.8 requires the operator of the Diablo Canyon powerplant to submit annually to the commission for its review the amount of compensation earned under paragraph (5) of

subdivision (f) of Section 712.8, how it was spent, and a plan for prioritizing the uses of the compensation the next year. Paragraph (1) of subdivision (s) of Section 712.8 also provides that to the extent that it is not needed for Diablo Canyon, that compensation shall be spent on critical public purpose priorities, one of which is accelerating customer and generator interconnections.

(7) Electrifying transportation and buildings may put downward pressure on rates by spreading fixed costs over more kilowatthours of usage.

(8) Delays in energization, including service upgrades, are costly both to the customers awaiting service and to other customers deprived of the downward pressure on rates.

(9) To carry out the planning, engineering, and construction of electrical distribution systems needed to promptly serve customers, each electrical corporation that distributes electricity must recruit, train, and retain an adequately sized, qualified workforce.

(10) The commission should establish target deadlines for utilities that distribute electricity to energize new customers and upgrade the service of existing customers.

(11) The commission should establish reporting requirements requiring each electrical corporation that distributes electricity to report the extent to which it complied with the target deadlines and the reasons for its noncompliance.

(b) Nothing in paragraph (6) of subdivision (a) changes the requirements of Section 712.8.

933. It is the policy of the state that each electrical corporation does all of the following:

(a) Upgrade the state's electrical distribution systems as needed and in time to achieve the state's decarbonization goals and implement federal, state, regional, and local air quality and decarbonization standards, plans, and regulations.

(b) Comply with its obligation to serve, as provided in Section 451, by conducting sufficient advance planning, engineering, and construction of increased distribution system capacity so that customers can be energized without substantial delay.

(c) Promptly energize new customers, including by ensuring that new housing, new businesses, new electric equipment in buildings, and new charging for light-duty, medium-duty, and heavy-duty vehicles and off-road vehicles, vessels, trains, and equipment can be used without delay caused by a failure of the electrical corporation to implement energization projects.

(d) Promptly upgrade service when needed by customers.

(e) Recruit, train, and retain an adequately sized and qualified workforce to carry out the planning, engineering, and construction of electrical distribution systems needed to promptly serve customers seeking energization and service upgrades without sacrificing other necessary activities of the workforce.

934. (a) On or before September 30, 2024, the commission shall do both of the following:

(1) Establish reasonable average and maximum target energization time periods. The targets shall ensure that work is completed in a manner that minimizes delay in meeting the date requested by the customer to the greatest extent possible and prioritizes work in a manner consistent with Sections 932 and 933. The targets may vary depending on the complexity and magnitude of the work required and uncertainties regarding the readiness of the customer project needing energization. The targets may also recognize any factors beyond the electrical corporation's control.

(2) Establish a procedure for customers to report energization delays to the commission.

(b) If energization time periods exceed the commission's target averages or if the electrical corporation has a substantial number of energization projects that exceed the commission's target maximums, the electrical corporation shall include in its annual report a strategy for meeting the targets in the future. The commission may request modification of the electrical corporation's strategy to ensure the electrical corporation meets targets promptly and consistent with the policies set forth in Section 933.

(c) Each electrical corporation shall report anonymized or averaged data to the extent necessary to prevent identifying individual customers. The commission shall require all reports to be publicly available.

(d) The commission shall require the electrical corporation to take remedial actions necessary to achieve the targets established pursuant to paragraph (1) of subdivision (a).

(e) The commission shall periodically update the energization time periods established in paragraph (1) of subdivision (a) and the electrical corporation's annual reporting requirements to reflect changed circumstances, new information, and experience.

935. (a) As part of each annual report, including any updates pursuant to subdivision (e) of Section 934, and in each general rate case application, each electrical corporation shall include a detailed analysis of its current qualified staffing level and future required qualified staffing level for each job classification needed to be consistent with the findings and achieve the policies and requirements of this article.

(b) The commission shall require each electrical corporation to have adequate qualified staffing needed to be consistent with the findings and achieve the policies and requirements of this article.

(c) For job classifications that have apprentice training requirements, the commission shall require each electrical corporation to maintain a pipeline of apprentices sufficient to meet future qualified staffing needs, subject to any limitations based on safe staffing ratios.

936. (a) In addition to the requirements of Section 740.21, the commission shall require an electrical corporation to do both of the following:

(1) Consider, in its annual distribution planning process, all of the following:

(A) Federal, state, regional, and local air quality and decarbonization standards, plans, and regulations.

(B) The transportation and building electrification policies of state law.

(C) State agency, local agency, and local government plans and requirements related to housing, economic development, critical facilities, transportation, and building electrification.

(D) Known load, and projections of load provided by the Energy Commission.

(E) Projections of load that exceed forecasts provided by the Energy Commission.

(2) Adopt and implement plans to satisfy the policies set forth in Section 933, to support achieving the requirements listed in subparagraphs (A) to (C), inclusive, of paragraph (1), and to meet the energization time periods established pursuant to paragraph (1) of subdivision (a) of Section 934, including any updates pursuant to subdivision (e) of Section 934.

(b) For purposes of subparagraph (E) of paragraph (1) of subdivision (a), an electrical corporation may only use a projection of load that exceeds forecasts provided by the Energy Commission if the electrical corporation provides to the commission detailed information on how the forecasts are developed and what state or local policies or customer requests necessitated the alternative forecast.

937. (a) The commission shall ensure that each electrical corporation has sufficient and timely recovery of costs to be consistent with the findings and achieve the policies and requirements of this article, including for energization projects.

(b) If requested by the electrical corporation, the commission shall authorize, within 180 days of the request, the use of a ratemaking mechanism that does all of the following:

(1) Authorizes the electrical corporation to track costs for energization projects placed in service after January 1, 2024, that exceed the costs included in the electrical corporation's annual authorized revenue requirement for energization, as established in the electrical corporation's general rate case or any other proceeding.

(2) Requires the commission to establish an up-front annual cap on the amount that each electrical corporation can recover within the mechanism. Before establishing the cap, the commission shall review all information submitted by the electrical corporation pursuant to subdivision (c).

(3) Requires the commission to authorize the recovery of costs tracked within the mechanism through an annual rate adjustment until it determines whether the costs are just and reasonable in the electrical corporation's next general rate case. The commission shall require the electrical corporation to include in its next general rate case application a demonstration that the costs incurred were just and reasonable. Any costs that the commission finds were not just and reasonable shall be subject to refund.

(4) Requires only costs associated with energization to be included in the mechanism and requires costs to be tracked using the same cost categories as used by the electrical corporation in its general rate case application.

(5) Prevents the electrical corporation from recovering any costs through the mechanism in any year until its recorded spending for energization projects exceeds its annualized revenue requirements for energization projects as established in the electrical corporation's general rate case.

(c) An electrical corporation, as part of its request for a ratemaking mechanism pursuant to subdivision (b), shall include in its request all of the following:

(1) A detailed summary of energization costs authorized in its current general rate case or any other proceeding.

(2) Requested energization costs in its pending general rate case, if it has a pending case.

(3) Costs authorized for other purposes in its current general rate case or any other proceeding but used for energization.

(4) The number of anticipated energization projects per year that are expected to be started or completed.

(5) If the electrical corporation is an operator, as defined in Section 25548.1 of the Public Resources Code, the amount of the compensation identified in paragraph (1) of subdivision (s) of Section 712.8 that it has forecasted it will spend on energization.

(d) The commission shall ensure that each electrical corporation improves upon energization planning, consistent with the requirements of Section 936, when requesting an authorized revenue requirement during the electrical corporation's general rate case, in order to minimize the need for any ratemaking mechanism authorized pursuant to this section.

(e) This section shall be repealed on January 1, 2027.

938. (a) The commission shall require an electrical corporation that requests the use of a ratemaking mechanism, pursuant to Section 937, as a condition of authorizing the use of the mechanism, to satisfy all of the following requirements:

(1) The electrical corporation shall agree to retain an independent third-party auditor, which shall be selected by the commission based on nonbinding recommendations from the electrical corporation, to review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, including new customer energizations.

(2) The electrical corporation shall not recover the costs of the third-party auditor from ratepayers.

(3) The third-party auditor shall review all of the following:

(A) The electrical corporation's customer energization requests for the previous three years.

(B) The electrical corporation's projections of customer demand growth included in the electrical corporation's distribution plan, including growth in new customers and growth in demand from existing customers.

(C) The electrical corporation's qualified staffing levels and future anticipated staffing needs to meet projections for customer demand growth, including the ability of the electrical corporation to sufficiently build its workforce.

(D) Funding requested by the electrical corporation to support energization requests for the previous three years in the general rate case or any other proceeding, and the efficacy of those previous requests in meeting customer demand.

(E) Commission authorized funding for the electrical corporation to support energization for the previous three years, future authorized funding, and authorized changes to the electrical corporation's business practices or structures to improve its ability to respond to changing customer demand.

(F) The electrical corporation's performance in meeting energization time periods established by the commission pursuant to this article.

(G) The electrical corporation's performance in meeting its internally established energization time periods over the prior 10 years or longer, as necessary.

(H) Any other metrics deemed relevant by the commission or third-party auditor to support a thorough evaluation of the electrical corporation's energization performance, including to identify and correct past flaws and to identify future best practices.

(4) The third-party auditor shall evaluate the electrical corporation's current and future energization performance and make recommendations as to whether the electrical corporation is adequately meeting and anticipating customer demand, adequately training and retaining an adequate workforce, and is funded at sufficient levels to meet forecasted demand growth.

(5) The third-party auditor shall report to the commission on a biannual basis. The reports of the auditor shall be posted on the commission's internet website and reported to the appropriate policy committees of the Legislature.

(b) The electrical corporation shall retain an independent third-party auditor as provided in paragraph (1) of subdivision (a) before the commission authorizes use of the ratemaking mechanism pursuant to Section 937. The work of the auditor described in paragraphs (3), (4), and (5) of subdivision (a) may occur after the electrical corporation requests authorization for the ratemaking mechanism but shall occur before July 1, 2028. The commission's 180-day deadline for authorizing the mechanism provided in paragraph (b) of Section 937 shall not be affected by whether the auditor has completed the work described in paragraphs (3), (4), and (5) of subdivision (a).

(c) This section shall become inoperative on July 1, 2028, and, as of January 1, 2029, is repealed.

939. The commission may modify or adjust the requirements of this article for any electrical corporation with fewer than 100,000 service connections, as individual circumstances merit.

939.5. This article shall not apply to an electrical cooperative, as defined in Section 2776.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction,

or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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