

FISCAL EFFECT:

This bill creates significant new analytical workload, both one time and ongoing, to the CPUC to establish and periodically update a distribution grid utilization standard and, if feasible, to develop a methodology for calculating a distribution grid utilization metric, and ongoing administrative workload to accept, organize and make public the IOUs' distribution grid utilization metric calculations. Cost will likely be hundreds of thousands of dollars annually (Public Utilities Commission Utilities Reimbursement Account (PUCURA)).

The CPUC estimates this workload requiring \$513,000 (PUCURA) annually to fund two new positions—an administrative law judge (\$257,000 annually) to preside over the proceedings to establish (1) the distribution grid utilization standard and (2) rate designs, programs, or financial performance-based incentives or disincentives that correlate with achieving the distribution grid utilization standards and a utility engineer specialist (\$256,000 annually) to support those proceedings. The CPUC contends the need for both positions is ongoing because, as required by the bill, the CPUC will need to periodically update a distribution grid utilization standard and collect and publicize IOU reports, as well provide ongoing direction to the IOUs, as authorized by this bill.

COMMENTS:

California has ambitious clean energy goals. Achieving them will take a tremendous, and costly, expansion of the electricity generation, transmission, distribution and storage resources. That expansion is well underway and partly explains recent increases in electricity rates paid by electric utility customers.

One strategy to reduce costs associated with transmission system expansion is to make better use of the existing electricity grid. This can be achieved through, among other things, installation of resources and measures, such as battery storage or scheduled charging, throughout the electricity distribution system that reduce electricity demand at its peak and shift to times of lower demand.

This bill is premised on the idea that a metric can measure how effectively an electrical IOU is utilizing such resources and measures to make efficient use of its electrical grid, and that, the CPUC can encourage or require IOUs to take actions to meet the metric. Or, as stated by bill supporter the California Solar and Storage Association:

This bill would first establish grid utilization metrics at the CPUC for each large IOU, and then it would require IOUs to create load flexibility programs to help them meet these grid utilization metrics. This will serve as an important tool in helping curb the rise of electric rates and put the infrastructure already built to better use.

The IOUs object. For example, San Deigo Gas and Electric describes the bill as conflicting with “sound planning practices and risks undermining electric reliability, affordability, and the state’s climate and energy goals.” Pacific Gas and Electric and Southern California Edison together write:

AB 1975 could be constructive if amended to focus on analytical insights. At a minimum, the bill should be amended to direct the California Public Utilities Commission (CPUC) to explore potential use cases for grid

utilization metrics, refrain from prescribing how the metric is defined and calculated, remove the use of performance-based incentives or penalties, reduce the granularity of reporting requirements, and ensure alignment with existing CPUC proceedings. These changes would allow the state to gain valuable insights without compromising reliability, affordability, or California's clean energy transition.

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