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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**

**Senator Ben Hueso, Chair**

**2019 - 2020 Regular**

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<b>Bill No:</b>	AB 1026	<b>Hearing Date:</b>	7/10/2019
<b>Author:</b>	Wood		
<b>Version:</b>	6/24/2019 As Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Nidia Bautista		

**SUBJECT:** Electricity: interconnection rules

**DIGEST:** This bill prohibits a gas or electric corporation from applying new standards to, or changing the standards for, the design and construction of a project requiring gas or electric service or distribution line extensions during the 18 months following the date the customer signs the service extension agreement.

**ANALYSIS:**

Existing law:

- 1) Requires the California Public Utilities Commission (CPUC) to enforce the rules governing the extension of service by a gas or electrical corporation to new residential, commercial, agricultural, and industrial customers. Requires an electrical or gas corporation to permit a new or existing customer who applies for an extension of service from that corporation to install the extension in accordance with the regulations of the CPUC and any applicable specification of the corporation. (Public Utilities Code §783)
- 2) Authorizes the CPUC to establish an expedited distribution grid interconnection dispute resolution process with the goal of resolving disputes over interconnection applications that are within the jurisdiction of the CPUC in no more than 60 days from the time the dispute is formally brought to the CPUC. If the CPUC establishes an expedited distribution grid interconnection dispute resolution process, the CPUC may provide exceptions to the 60-day time period when more than 60 days are needed, to fairly and safely address a dispute. (Public Utilities Code §769.5)
- 3) Limits the application of state and local building standards to those in effect on the date an application for a building permit is submitted to a local building department. (Health & Safety Code §18938.5)

- 4) Requires that a local building permit remain valid for 12 months after it is issued, if the work on the site is commenced within 12 months; allows a permittee to apply for extensions. (Health & Safety Code §18938.6)

This bill:

- 1) Requires an electrical or gas corporation to provide written notice of the date that it approves an application for an extension of service to the customer.
- 2) Provides that only those construction and design specifications, terms, and conditions that are applicable to a new extension of service project by an electrical or gas corporation at the time the customer signs an agreement for the extension of service apply to the new project for the 18 months following the date the agreement is signed.
- 3) Authorizes an electrical or gas corporation to adopt modifications to those construction and design specifications, terms, and conditions in accordance with an emergency order or decision of the CPUC or any other state or federal agency with jurisdiction.

## **Background**

*Interconnection to the electrical and gas system.* Rules governing the ability of entities to connect to the electrical or gas system are generally determined by statute, CPUC rules, and tariffs for each of the gas and electrical corporations. Electric Rule 15 and 16 establish the guidelines for design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions. Gas Rules 15 and 16 provide similar rules for extensions of gas service. The ability to interconnect to the larger system can take months (if not, years, in some cases) as the process can entail the need for designs, assessments on costs allocations associated with improvements on the system to allow for the interconnection, and other issues. In the case of new building developments, particularly housing developments, depending on the size of the development, the need for gas or electric service extensions may be needed in phases over months, or years. The building developers may have been approved for particular requirements during the initial application but have later found they need to make changes as they are in the midst of a project development.

*Model approach.* For over thirty years, the Health & Safety Code §18938.5 has required builders to comply with the state and local fire, and life-safety building standards that are in effect on the date the application for a building permit is submitted to the local building department. With regards to building standards, the

sponsors of this bill state that this statute has provided much-needed clarity for designers, builders, and local enforcement officials. Unfortunately, the same level of clarity does not exist for utility line extensions which provide service from an electrical or gas corporation. This means that the “rules of the game” can change well after construction has already started and in extreme cases when construction is nearing completion. This can result in extremely costly changes during the construction process which in turns results in project delays.

### Comments

*Need for certainty.* This bill seeks to extend the policy of local building permits – that the building standards in place on the date a permit application is submitted, remain the standards to which the project must comply even if there are changes in those standards – to investor-owned utility gas and electric service connection applications. This bill would require that the interconnection rules in place on the date the project is approved, remain for the 18 months following the date the agreement is signed between the utility and the applicant requesting the extension of service. The building industry seeks certainty in the process to better manage costs and avoid unnecessary delays in constructing their projects.

*Flexibility provided.* The language of this proposed bill provides that the utility may adopt modifications to construction and design specifications, terms, conditions, in accordance with an emergency order or decision of the CPUC, or any other state or federal agency. As such, this bill seems to provide a reasonable level of flexibility to account for changes that may be needed for safety and other concerns.

*Need for amendments.* Based on conversations with gas and electric utilities, it seems each utility has a different process to address applications for service extensions. Specifically, some of the utilities do not process the application based on a signature as currently used in this bill. *The author and committee may wish to amend this bill to incorporate an appropriate trigger for the 18-month clock to begin that accounts for the varied approaches of each of the gas and electric utilities.*

### Prior/Related Legislation

SB 48 (Vuich, Chapter 1229, Statutes of 1983) established rules governing the extension of service by gas and electrical corporations to new residential, commercial, agricultural, and industrial customers.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

**SUPPORT:**

California Building Industry Association (Sponsor)

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** According to the author:

For over thirty years, state law (Health & Safety Code 18938.5) has required builders to comply with the fire and life-safety building standards that are in effect on the date the application for a building permit is submitted to the local building department. ... Unfortunately, the same level of clarity does not exist for utility line extensions which provide service from an electrical or gas corporation. This means that the “rules of the game” can change well after construction has already started and in extreme cases when construction is nearing completion. ... AB 1026 seeks to establish the same level of clarity in the design and construction of utility line extensions as currently exists for the fire and life-safety building standards that apply to our homes and buildings. The language of the bill makes it clear that once an electrical or gas corporation approves the construction design and specifications for a specific utility line extension, they have officially determined the rules to which that construction must comply for 18 months following the date of application approval.

**-- END --**