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

Senator Steven Bradford, Chair

2023 - 2024 Regular

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| Bill No: | AB 50 | Hearing Date: | 7/3/2023 |
| Author: | Wood | | |
| Version: | 6/21/2023 Amended | | |
| Urgency: | No | Fiscal: | Yes |
| Consultant: | Nidia Bautista | | |

SUBJECT: Public utilities: timely service: customer energization

DIGEST: This bill proposes policies to help address challenges related to timely connecting new customers or the need to upgrade capacity for customers, known as energization projects, to the electrical distribution grid by electric investor-owned utilities (IOUs).

ANALYSIS:

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. (California Constitution Article XII)
- 2) Authorizes the CPUC to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Requires a public utility to furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. (Public Utilities Code §451)
- 3) Requires the CPUC to enforce rules governing the extension of service by electrical corporations. (Public Utilities Code §783)
- 4) Establishes guidelines for the design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions necessary to furnish permanent electric service. (Electric Tariff Rule 15)

- 5) Establishes guidelines for the design, cost allocation, and responsibilities of a project applicant and a utility for the extension of electric service from an IOU distribution line. (Electric Tariff Rule 16)

This bill:

- 1) Requires public utilities to furnish “timely” service, in addition to adequate, efficient, just, and reasonable service.
- 2) Requires the CPUC by January 1, 2025 to determine the criteria for timely service for electric customers, including reasonable average energization time periods for categories of timely service, including new service connections and capacity service upgrades.
- 3) Requires each large electrical corporation, until the CPUC determines criteria for timely service that energized less than 20 percent of customers with completed applications by January 31, 2023, to submit a report to the CPUC by December 1, 2024, demonstrating that 80 percent of customers with completed applications have been energized.
- 4) Requires each large electrical corporation to evaluate and update its existing distribution planning process, including biannual meetings with the relevant county staff, and share information upon request with local governments, the CPUC, and California Energy Commission (CEC).
- 5) Requires the CPUC to annually collect specified information from large electrical corporations until new reporting requirements are established, including: the number of submitted, completed, and pending requests for new customer connections and upgraded service.

Background

Connecting to the electric distribution grid. Rules governing the ability of new buildings and generation and storage resources to connect to the electric distribution grid are generally determined by statute, CPUC rules, and tariffs, (i.e., document that specify rates, charges, rules, and conditions under which an electrical corporation will provide services to the public) for each of the electrical corporations. These service connections include:

New service connections refers to extending an electricity line or expanding distribution infrastructure to service new or expanded customer load, known as “energization.”

Electric Tariff Rule 15 (Distribution Line Extensions) relates to distribution line extensions. Specifically, new distribution facilities that are a continuation of, or branch from, the nearest available existing permanent distribution line (including any facility rearrangements and relocations necessary to accommodate the extension) to the point of connection of the last service. Rule 15 generally pertains to electric distribution grid equipment used by multiple customers, for example, a transformer serving multiple homes.

Electric Tariff Rule 16 (Service Line Extensions) relates to service line extensions. The overhead and underground primary or secondary facilities (including but not limited to utility-owned service facilities and applicant owned service facilities) extending from the point of connection at the distribution line to the service delivery point. Rule 16 generally pertains to network equipment used by just one customer.

Electric Tariff Rules 15 and 16 establish the guidelines for design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions. The ability to connect to the larger electrical 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 electric distribution system to allow for the connection, and other issues. In the case of new building developments, depending on the size of the development, the need for electric service extensions may be needed in phases over months, or years.

Growing backlog of utility energization projects. The demands for new service connections and/or upgrades to existing distribution lines have been increasing, especially as California advances policies to deploy more electric vehicles (EVs), shift natural gas usages to electricity in buildings, and increase housing supply, including affordable housing. These projects all rely on access to the electric grid and, often require upgrades to the electric distribution system. Additionally, the COVID-19 pandemic has created supply shortages and challenges affecting many sectors of the economy, including supply shortages for electrical equipment needed to connect new customers or expand energy load, such as transformers. Delays and challenges have been especially acute within the Pacific Gas & Electric (PG&E) service territory as the backlog for energization projects has grown substantially and delays have increased. The utility has acknowledged the growing

backlog of identified capacity work that has delayed – sometimes by years – the in-service dates for new business customers. PG&E has shared it is attempting to better manage their queue for projects. The utility recently formed a monthly Technical Committee work group with representatives from their labor partners, California Building Industry Association, and regional building association staff and members to work on all technical and field issues. These monthly meetings are used to provide updates on the actions underway to improve the new service connection process, the impacts of those actions and next steps. Additionally, these meetings are used to collaborate and collect feedback on the improvement efforts and to address emerging areas of concern or interest. Nonetheless, the backlog is a growing frustration for the project developers, customers, local governments, and others waiting to have their projects energized.

CPUC adopts resolution to address energization timing. In response to a proposal from the electric IOUs, the CPUC issued Resolution E-5247 in December 2022, which establishes an interim 125-business day average service energization timeline for projects taking service under the EV Infrastructure Rules. This timeline excludes projects that must go through Rule 15 for distribution upgrades, projects above two megawatts, and projects that require upgrades to a substation. The resolution directs the electric IOUs to collect one year of EV Infrastructure Rule implementation data to inform an updated proposal for a permanent service energization timeline.

Load and generation Integration Capacity Analysis (ICA) Maps. ICA maps provide data designed to help contractors and developers identify project sites where existing electric grid infrastructure has capacity available to interconnect new distributed energy resources. The three largest electric IOUs each host a public data portal that includes these maps.

Comments

Need for this bill. As noted above, customers are experiencing delays in connecting to the electrical grid for energization projects. The proponents of this bill cite severe delays for energization projects, even after paying significant fees to connect projects to the electrical grid. They note an example in Humboldt County where over 60 customers were told last fall they would have to wait two to 10+ years to connect to the electric distribution grid due to limited capacity on the transmission lines in that region. These customers included a transitional housing project on city-owned property, as well as, new businesses. Additionally, according to the author, the City of San Francisco has reported over 100 delays in connecting to the electric distribution grid, including affordable housing units. This

bill seeks to improve the communication between electric IOUs and local governments as both entities prepare for new service connections or capacity upgrades on the distribution system, an area that the proponents of this bill feel is inadequate given the pace and increased demand for energization projects. The CPUC notes some of this work is currently underway, including via the High Distributed Energy Resources. However, given the extreme backlog of projects and frustrated customers seeking to have their applications processed, the need for legislation is warranted. As this bill proceeds, the author may wish to work with the author of SB 410 (Becker) to ensure there is shared timing of CPUC actions to determine time periods for energization projects, as the bills have a three month time difference (January 1, 2025 for this bill and September 30, 2024 for SB 410).

Need for amendments. The author and committee may wish to amend this bill to provide clarifications of the existing language:

- *Delete language adding “timely” to Public Utilities Code Section 451, Section 1 of this bill and related language in Section 2.*
- *Clarifications and changes to the threshold regarding the backlog of energization projects by electric IOUs that requires reporting noted in Section 2 Public Utilities Code Section 783.4 (b)(1), including: changing the percentage from 20% to 35%, adding completed applications exceeding 12 months in duration, and clarifying that the 80 percent threshold is for applications deemed complete as of January 31, 2023, excluding withdrawn, cancelled, or with customer requested dates beyond December 31, 2024.*
- *Require reports in aggregated form as to the reasons for applications that are withdrawn or cancelled and projects that are delayed for reasons outside the electric IOUs control.*
- *Clarifications regarding the information shared with local governments, including information available on the ICA tool.*
- *Delete reference to “biannual meetings” and replace with “annual meetings” with counties.*
- *Delete reference to the California Energy Commission.*
- *Add definition for “large electrical corporations.”*
- *Ensure consistency in language in relation to “energization projects.”*

Prior/Related Legislation

AB 643 (Berman, 2023) would have allowed the CPUC to impose fines for electrical corporations that routinely violate established interconnection timelines, and consider negligent exceedance of the timeline as a violation of CPUC rules

subject to a maximum \$100,000 penalty per offense. The bill was held in the Assembly Committee on Appropriations on May 18, 2023.

AB 1293 (Irwin, 2023) requires the CPUC to provide guidance to electric IOUs for the prioritization of interconnection projects, including that the project is shovel-ready, as determined by the CPUC. The bill is pending in this committee.

AB 1482 (Gabriel, 2023) would have established an average service energization time for EV charging infrastructure of 125 business days for electric publicly owned utilities (POUs), and would have required POUs to annually report certain information to the CEC regarding the service energization time for EV charging infrastructure projects. It would have additionally required the CPUC and the CEC, in consultation with electric IOUs and POUs, to jointly host an annual public workshop to review and evaluate the information submitted and to revise, if needed, the average service energization time for EV charging infrastructure. The bill was held in the Assembly Committee on Appropriations.

SB 83 (Wiener, 2023) would have required the CPUC to establish time periods to connect customers with development projects to the electrical grid. Additionally, would have required electric IOUs to compensate development projects for failing to meet the deadline. The bill was held in the Senate Committee on Appropriations.

SB 410 (Becker, 2023) requires the CPUC to time periods for energization projects to connect the electrical grid. The bill also requires the CPUC to authorize the use of a mechanism to allow electric IOUs to recover costs associated with energization projects between General Rate Case proceedings. The bill is pending in the Assembly Committee on Utilities and Energy.

AB 1026 (Wood, Chapter 446, Statutes of 2019) required an electrical or gas corporation to apply only construction and design specifications, standards, terms, and conditions that are applicable to a new extension of service project for the 18 months following the date the application for a new extension of service project is approved. Authorized an electrical or gas corporation to adopt modifications, as specified, of the construction and design specifications, standards, terms, and conditions of a new extension of service project.

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

SUPPORT:

350 Humboldt: Grass Roots Climate Action
Bay Area Air Quality Management District
California Community Choice Association
California Farm Bureau
California Housing Partnership Corporation
California Large Energy Consumers Association
California Manufacturers & Technology Association
California State Association of Counties
California State Association of Electrical Workers
City of Belmont
City of Mountain View
City of San José
City of Santa Rosa
City of Suisun City
Coalition of California Utility Employees
County of Butte
County of Humboldt
County of San Benito
County of Solano
County of Sonoma
East Bay Community Energy
East Bay YIMBY
Environmental Protection Information Center
Generation Housing
Grow the Richmond
How to ADU
League of California Cities
MidPen Housing
Mountain View YIMBY
Napa-Solano for Everyone
Natural Resources Defense Council
Non-Profit Housing Association of Northern California
Northern Neighbors
Peninsula for Everyone
People for Housing Orange County
Pioneer Community Energy
Progress Noe Valley
Redwood Coalition for Climate and Environmental Responsibility
Redwood Coast Energy Authority

Rural County Representatives of California
San Diego Community Power
San Francisco YIMBY
Santa Cruz YIMBY
Santa Rosa Metro Chamber
Santa Rosa YIMBY
Sierra Club California
SLOCo YIMBY
Sonoma Clean Power
South Bay YIMBY
South Side Forward
The Climate Center
The Utility Reform Network
Urban Environmentalists
Valley Clean Energy
Ventura County YIMBY
YIMBY Action

OPPOSITION:

City of Norwalk, unless amended
Pacific Gas & Electric
San Diego Gas & Electric
Southern California Edison

ARGUMENTS IN SUPPORT: According to the author:

Severe electric energization delays have become the everyday reality of utility customers in California. In just one county located in my district, over 30 customers were told they would have to wait over 10 years for their lights to be turned on. This is unacceptable and alarming here in California, where we have set some of the most ambitious climate goals in the world. Currently, families and business-owners are being asked pay significant planning fees - up to hundreds of thousands of dollars – upon receiving “Will Serve” letters provided by utilities. Decades ago, these letters may have been an adequate commitment to customers, but what’s really happening is businesses and residents are investing huge amounts of money only to later find out it may be many months or years before their houses and businesses can be occupied. As it turns out, “Will Serve” really means “Will Serve Eventually.” As we strive to advance housing development, expand

business, and meet our climate change goals, we have to get serious about the realities of electrification.

ARGUMENTS IN OPPOSITION: The City of Norwalk opposes the bill, having supported the version prior to the recent amendments, due to the deletion of prescribed time periods by when electric IOUs must connect customers. The opposition letter from PG&E and Southern California Edison reflects language that was previously in the bill that has since been deleted, except for the language to amend Public Utilities Code §451 to include “timely” to the obligations on all public utilities. However, that language is proposed to be amended from the bill, per the committee amendments. While not reflected in their letter, PG&E, SDG&E, and SCE have expressed concerns in conversations with the author’s office and committee staff about the proposed threshold that requires reporting by under-performing utilities.

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