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

Senator Steven Bradford, Chair

2023 - 2024 Regular

Bill No:	SB 410	Hearing Date:	4/18/2023
Author:	Becker		
Version:	3/14/2023 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Powering Up Californians Act

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to establish a working group by March 1, 2024 to propose processes to improve the ability of electrical corporations to be informed of needed increases in distribution system capacity. This bill requires the CPUC to establish time periods for interconnection projects and provides for cost recovery processes from ratepayers for these projects.

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (California Constitution Article XII)
- 2) Requires the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)), in collaboration with the California Air Resources Board, the CPUC, and other relevant stakeholders, to annually gather from state agencies, as provided, specified entities' fleet data for onroad and offroad vehicles in the medium- and heavy-duty sectors and share that data with electrical corporations to help inform electrical grid planning efforts, as specified. (Public Resources Code §25328)
- 3) 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. (Public Utilities Code §740.21)
- 4) Authorizes the CPUC to establish an expedited distribution grid interconnection dispute resolution process with the goal of resolving disputes over interconnection applications within the jurisdiction of the CPUC in no more

than 60 days from the time the dispute is formally brought to the CPUC. (Public Utilities Code §769.5)

- 5) Requires an electrical corporation to permit any new or existing customer who applies for an extension of service from that electrical corporation to install an electric extension in accordance with the regulations of the CPUC and any applicable specifications of that electrical corporation. (Public Utilities Code § 783)
- 6) 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 Rule 15)
- 7) 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 Rule 16)

This bill:

- 1) Established the Powering Up Californians Act, which requires the CPUC to establish a working group by March 1, 2024 to propose processes that would improve the ability of electrical corporations to be informed well in advance of needed increases in distribution system capacity for future housing developments, building electrification, electric vehicle charging infrastructure, and other activities that require increased distribution system capacity.
- 2) Requires the CPUC to establish, by September 30, 2024, reasonable average and maximum target interconnection time periods and certain reporting requirements so that utility performance can be tracked and improved.
- 3) Requires the CPUC to require an electrical corporation to take any remedial actions necessary to achieve the CPUC's targets and requires all electrical corporations' reporting to be publicly available.
- 4) Requires, as part of each report 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.
- 5) Requires each electrical corporation's annual evaluation and planning for distribution circuit upgrade needs to consider the transportation and building

electrification policies of state law, and state agency, local agency, and local government plans and requirements related to transportation and building electrification.

- 6) Requires each electrical corporation to upgrade a distribution circuit under specified circumstances. Requires the CPUC to ensure that electrical corporations have sufficient and timely recovery of costs and requires the CPUC to allow costs incurred for interconnection for residential buildings that exceed the electrical corporation's allowances to be treated as common facility costs to be recovered from all ratepayers.

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:

Interconnections, which generally refers to the interaction of physical connection of an energy generation or storage device to the electric distribution system that is either in front of the meter or behind-the-meter. Interconnection is a defined term in utility tariff rules that generally describes an electric utility's physical connection to an external source of power.

Electric Tariff Rule 21 is a tariff that describes the interconnection, operating and metering requirements for generation facilities to be connected to an electrical utility's distribution system. The tariff provides customers who would like to install generating or storage facilities on their premises with access to the electric grid while protecting the safety and reliability of the distribution and transmission systems at the local and system levels. Each electrical corporation is responsible for administration of the rule in its service territory and maintains its own version of the tariff.

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, shift natural gas usages to electricity in buildings, and increase housing supply, including affordable housing. These projects all rely on access to the electric utility 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 that 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 investor-owned utilities (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 IOUs to collect one year of Electric Vehicle (EV) Infrastructure Rule implementation data to inform an updated proposal for a permanent service energization timeline.

Comments

Need for legislation. New service connections and upgrades to the distribution system are generally a routine and core electric utility function. Unfortunately, the growing backlog of projects, especially in PG&E service territory, has led to frustrated customers, affordable housing developers, local governments, and many others. These frustrations have sparked the desire for legislation to address the problem. As the process to energize projects entails many factors and stakeholders, it can be challenging to pinpoint the areas of delay and reasonable timelines for projects whose timing can be affected by many variables, including those outside the control of the utility. The extensive backlog of capacity projects at the state's largest electric utility may be unique to their service territory, the management of their project queue, and unique issues to their system. However, other utilities could begin to suffer backlogs, too, with the growing demands: for EV charging infrastructure, increased electrification of buildings, and the need for more housing, especially affordable housing, and other demands on the electric distribution system.

Working group to identify time periods and improvements. This bill acknowledges the uncertainty with pinpointing the exact factors that delay energization projects and requires the CPUC to establish a working group by March 1, 2024 to propose changes to processes to improve the ability of utilities to be informed well in advance of needed distribution capacity, explore options and opportunities to reduce interconnection time periods and provide advice on establishing time period targets. The bill also requires, by September 30, 2024, the CPUC to establish targets for reasonable interconnection time periods. This collaborative approach may not provide immediate resolution on the existing backlog, but can help foster

the needed collaboration and increased visibility to better understand the various factors affecting the timing of energization projects.

Workforce elements. This bill includes language regarding workforce elements, including requiring adequate qualified staffing and apprentices in the pipeline. The sponsor of this bill notes the language regarding maintaining apprenticeship pipeline that supports safe staffing ratios is reflected in recent PG&E General Rate Case settlements approved by the CPUC. By including similar language in this bill, the sponsors aim to require this provision of the other electric IOUs.

Costs to ratepayers. This bill also proposes various elements related to the recovery of costs associated with the energization projects. Specifically, this bill requires: (1) each utility to upgrade any distribution circuit identified in anticipation of interconnection applications or load growth that will exceed capacity; (2) prohibits delay of upgrades on an electric system when relying on an unregulated (likely distributed energy resource) to avoid the need for the upgrade; (3) requires the CPUC to ensure utilities have sufficient and timely recovery of costs; (4) requires the CPUC to allow cost recovery for Rule 15 and 16 projects that exceed their allowance, thereby socializing these costs to all ratepayers as common facility costs.

Need for amendments. In order to address the potential for significant, but unknown, costs to ratepayers, the author and committee may wish to amend this bill to:

- Amend subdivision (a) of Section 937 by requiring the CPUC to establish a one-way balancing account with a cap on the dollar amount that can be approved, require just and reasonableness review before cost recovery is approved.
- Delete the language in subdivision (b) of Section 936 which requires distribution circuit upgrades in anticipation of interconnection applications and prohibits delay of these upgrades due to an unregulated entity (likely distributed energy resource) to avoid the need for increased capacity.
- Delete (b) in Section 937 which would authorize utilities to socialize all costs incurred for residential buildings that exceed the allowances established in Electric Rule 15 and 16 and treated as common facility costs.
- Clarify the findings of this bill.
- Clarify language in this bill as “electrification projects” not “interconnection projects.”

Prior/Related Legislation

AB 2700 (McCarty, Chapter 354, Statutes of 2022) required the CEC to gather and report fleet data needed to support utilities' plans for grid reliability and enhanced vehicle electrification. The bill also required utilities to report how distribution investments made pursuant to the bill support climate goals as part of specified filings with the CEC and CPUC.

AB 1026 (Wood, Chapter 446, Statutes of 2019) required an electrical or gas corporation to apply only those 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.

AB 2861 (Ting, Chapter 672, Statutes of 2016) authorized the CPUC to establish an expedited dispute resolution process for generating facility interconnection disputes.

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:

Coalition of California Utility Employees, Sponsor
California State Association of Electrical Workers
City of San José
Elders Climate Action, NorCal Chapter
Elders Climate Action, SoCal Chapter
Rural County Representatives of California
Sonoma Clean Power
An Individual

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

To ensure that the electricity distribution energy lines can hold sufficient energy to power all the buildings in our neighborhoods, utilities and localities monitor the capacity on existing lines to keep the grid stable. To connect a new appliance or provide an electrical upgrade to a building on the electricity distribution grid — colloquially known as an ‘interconnection’ — sometimes requires an electrical corporation, like PG&E, to upgrade the capacity of a distribution line or local substation capacity. These interconnection evaluations and upgrades are necessary for many new resources on the electricity grid, including solar panel installations, EV chargers, and home electric appliance installation, but also for the addition of new housing or building developments. As more homes and businesses are built, as they switch over to climate-friendly electric appliances, and as they install EV chargers or rooftop solar, the upgrades needed to the electricity distribution system continue — and will continue — to grow. In the long run, planning for this increased electricity grid capacity will require planning and cost foresight from electrical utilities, in partnership with the PUC, to meet the SB 100 (de León, 2018) energy transition goals. However, recent complaints from customers around California indicate unreasonable response times to interconnect new resources or upgrade. For example, delays for connecting electric vehicle fast chargers were around 70 weeks in PG&E territory in 2022. The slow connection of critical climate appliances and resources could inhibit California’s targets to decarbonize buildings and clean the grid. This legislation requires the PUC to improve existing delays in interconnections, as well as plan for future ones. SB 410 requires the Public Utilities Commission (PUC) to decrease the time in which electrical utilities connect and upgrade customers to electricity service. To ensure shorter target interconnection times, SB 410 requires the PUC to set a target timeline for utilities to connect different types of resources, convene a working group, report necessary data, and encourage workforce development considerations to meet that timeline.

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