



Memorandum

To: ISO Governance Committee
From: Robin Smutny-Jones, Director of State Affairs
Mary McDonald, Director of State Affairs
cc: ISO Board of Governors, ISO Officers
Date: September 2, 2005
Re: *Status of State Legislative Matters*

This is a status report. No Board action is required.

EXECUTIVE SUMMARY

State Legislative Matters

The state legislature is in the last two weeks of the legislative session, which adjourns September 9, 2005. Of the 62 measures the ISO has been monitoring, so far 3 have been chaptered (signed into law), 27 are still awaiting action in the legislature and the remaining 32 have become 2-year bills. At this point in the legislative process, once a bill is sent to the Governor, he has until October 9th to take action.

Noted below are the bills of interest to the ISO including their current status.

Bills of Particular Interest

SB 1059 (Escutia) – Transmission Corridors: This bill authorizes the California Energy Commission (CEC) to designate a transmission corridor on its own motion or on petition by a person who plans to construct a transmission line within the state, as specified. The bill contains findings and declarations citing the need for a transmission planning process that identifies long-term needs for transmission corridors and integration of transmission corridor planning at the state level with local and regional planning so that designated corridors are reflected in local and regional plans. The bill requires the commission to “request appropriate local, regional, state, and federal agencies, the Independent System Operator, interested Native American governments, and members of the public to provide comments on the suitability of the proposed corridor...”

STATUS: 2-year bill

AB 380 (Nunez) – Resource Adequacy: Requires the CPUC, in consultation with the ISO, to establish resource adequacy requirements to ensure adequate capacity is available to meet peak demand plus operating reserves to ensure local area reliability and system reliability. The bill also

provides the CPUC with authority to impose penalties on load serving entities that fail to procure adequate resources.

STATUS: Senate Floor, consent calendar

AB 974 (Nunez) – Transmission Siting: Requires the CEC and the CPUC to meet in joint session at least once per month to discuss the state’s transmission system. Also requires that the ISO Governing Board members be invited to attend the meetings.

STATUS: 2-year bill

SB 1 (Murray) – Million Solar Roofs Initiative: This bill would establish the Million Solar Roofs Initiative, administered by the Energy Commission, with the goals of placing 1,000,000 solar energy systems, as defined or designated by the Energy Commission, on new and existing residential and commercial customer sites, or its generation capacity equivalent of 3,000 megawatts, establishing a self-sufficient solar industry in 10 years, and placing solar energy systems on 50% of new home developments in 13 years.

STATUS: Assembly Appropriations Committee

AB 1585 (Blakeslee) – Renewable Energy Resources: This bill would require the Energy Commission to include in the integrated energy policy report to be adopted November 1, 2007, a review of the feasibility of increasing the target for the amount of electricity to be procured from eligible renewable energy resources to 33% by the year 2020, with the review including specified information.

STATUS: In Assembly. Concurrence in Senate amendments pending.

SB 1037 (Kehoe) – Energy Efficiency: This bill would require the CPUC, in consultation with the Energy Commission, to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for an electrical corporation to achieve pursuant to its procurement plan. The bill would require that an electrical corporation's procurement plan include a showing that the electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

STATUS: Assembly Floor

Propositions on November 8th Ballot

Proposition 77: Redistricting Initiative: Constitutional Amendment

Amends the state Constitution’s process for redistricting California’s Senate, Assembly, Congressional and Board of Equalization districts. Requires a three-member panel of retired judges selected by legislative leaders to adopt new redistricting. If measure passes, it will govern the next statewide primary/general elections.

Background: Every ten years, the federal census counts the number of people living in California. The California Constitution requires the Legislature after each census to adjust the boundaries of the districts used to elect public officials. The primary purpose of redistricting is to establish districts which are “reasonably equal” in population.

Proposition 80: Electric Service Providers: TURN Initiative

Subjects electric service providers to regulation by California Public Utilities Commission. Restricts electricity customers’ ability to switch from private utilities to other providers. Requires all retail electric sellers to increase renewable energy resource procurement by 2010.