

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 04/09/2012
POSITION: Neutral

BILL NUMBER: AB 1457
AUTHOR: Huber, Alyson

BILL SUMMARY: Electricity Oversight Board.

Existing law establishes the Electricity Oversight Board (EOB) to serve as an investigator and advocate to ensure that wholesale energy markets and the electric transmission system function reliably, at fair costs to consumers and consistent with achievement of other state policy objectives, such as goals for renewable energy production and environmental emissions reductions.

This bill would delete the EOB from statute.

FISCAL SUMMARY

The bill would not result in any cost to the state as the bill would merely remove a defunct board from statute. The EOB ceased operation on April 1, 2008.

COMMENTS

Finance is neutral on this bill as it is a technical clean-up measure.

The EOB was created to oversee the California Independent System Operator (ISO), which manages the transmission grid serving most of California, and the Power Exchange, which for a time was the marketplace in which all electricity in the state was bought and sold. The EOB was also given very broad authority over ensuring reliability of the state's supply of electricity.

The EOB was defunded and ceased operation April 1, 2008. Other entities have taken on responsibilities related to the activities formerly engaged in by the EOB. The ISO has developed extensive procedures for market oversight, and the California Public Utilities Commission (PUC) has intervened with the Federal Energy Regulatory Commission and courts in pursuit of refunds due to overcharges during the 2000/01 energy crisis.

This bill would remove all references to the EOB from statute. Specifically, the bill would:

- Eliminate the role of the EOB pertaining to the California Energy Commission (CEC) activities.
- Remove the EOB from consulting with the CEC on assessments and forecasts of all aspects of the energy industry.
- Remove the EOB from consulting on the Integrated Energy Policy Report and receiving the report.
- Remove the EOB from commenting on the sustainability of the proposed transmission corridor zone.
- Remove the EOB from collaborating with the PUC to determine if any policy or action taken by the ISO discourages the connection of existing or new self-generation or cogeneration on the grid.

Analyst/Principal (0621) J.McGuinn	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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COMMENTS (continued)

- Remove the EOB from collaborating with the PUC to take necessary efforts to revise, mitigate, or eliminate any policy or action of the ISO that discourages the connection of new or existing self-generation or cogeneration.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2011-2012 FC	2012-2013 FC	2013-2014	
8770/Electricity	SO	No		-----	No/Minor Fiscal Impact	-----	0462
<u>Fund Code</u> 0462	<u>Title</u> Publ Utilities Comm Utilities Reimb Acct						