

399.2.

(a) ~~(1)~~ It is the policy of this state, and the intent of the Legislature, to reaffirm that each electrical corporation shall continue to operate its the electric distribution grid in its service territory and shall do so in a safe, reliable, efficient, ~~and~~ cost-effective and environmentally responsible manner under regulatory oversight by the commission.

~~(b)(2) In furtherance of this policy, it is the intent of the Legislature that~~ Consistent with Section 330, each electrical corporation shall continue to be responsible for investing in and operating ~~its own~~ the electric distribution grid in its service territory including, **but not limited to, owning, controlling, operating, managing, maintaining, planning, engineering, designing, and constructing** ~~its own~~ the electric distribution grid, emergency response and restoration, line clearance tree trimming, billing, customer service, call centers, service connections, service turn-ons and turn-offs, and service inquiries relating to the operation of ~~it's~~ the electric distribution grid, subject to the commission's authority. Only an electrical corporation shall have the responsibility for distribution planning and engineering for its service territory including, but not limited to, identifying investments needed to provide safe, reliable, affordable and environmentally responsible electric service.

~~(b) In order to ensure the continued efficient use, and cost-effective, safe, and reliable operation of the electric distribution grid, each electrical corporation shall continue to operate it's electric distribution grid in its service territory consistent with Section 330.~~

~~(c) (1) In carrying out the purposes of this section, each electrical corporation shall continue to make reasonable investments in its electric distribution grid. As part of its distribution planning process, each electrical corporation shall consider utility- and nonutility-owned distributed energy resources as possible alternatives to traditional utility investments in its electric distribution grid in order to ensure reliable and cost-effective electric service, to integrate renewable energy generation and to carry out the state's greenhouse gas emission reduction goals set forth in Health and Safety Code Section 38566.~~

(2) The commission shall authorize an electrical corporation to expend revenue authorized for the benefit of its electric distribution grid on a distributed energy resource owned by another entity only if the electrical corporation shows both of the following:

(A) the distributed energy resource will provide services that substitute for the electrical corporation's displaced investment in the electric distribution grid with at least equivalent safety and electric reliability performance, and

(B) the distributed energy resource will be either owned and operated by a public utility electrical corporation or (i) the contract between the electrical corporation and the owner of the distributed energy resource requires compensation for all damages associated with the resource's failure to operate as required in the contract, and (ii) the owner of the distributed energy resource has the financial capacity to pay these damages.

(3) Each electrical corporation shall continue to have a reasonable opportunity to fully recover from all customers of the electrical corporation, in a manner determined by the commission pursuant to this code, all of the following:

(1) Reasonable investments in ~~it's~~ the electric distribution grid.

(2) A reasonable return on the investments in ~~it's~~ the electric distribution grid.

(3) Reasonable costs to operate ~~it's~~ the electric distribution grid.

(d) For purposes of this section, the following terms have the following meanings: ~~term~~

(1) "Distributed energy resource" means any of the following installed either behind or in front of the meter:

(A) an eligible renewable energy resource as defined in Section 399.12,

(B) an energy storage device, or

(C) a demand response resource.

(2) "Electric distribution grid" means ~~those facilities owned or operated by an electrical corporation that are not under the~~ portion of the electric system beginning with equipment that operates at voltages lower than that ~~control of~~ controlled by the Independent System Operator up to and including the customer meter, and that ~~are~~ is used to transmit, deliver, store or furnish electricity for light, heat, or power.

(e) Nothing in this section shall be construed to alter or to affect any of the following:

(1) Section 216, 218, or 2827.

(2) The authority of the commission to establish and enforce standards and tariff conditions for the interconnection of customer-owned facilities to the electric distribution grid.

(3) The ratemaking authority of the commission under this code.

(4) The authority of the commission to establish rules governing the extension of service to new customers.

(5) The obligation of the electrical corporation to first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible, as provided in subparagraph (C) of paragraph (9) of subdivision (b) of Section 454.5.

(6) Any existing programs, rules, laws, tariffs or funding mechanisms used to fund or support distributed energy resources.

(7) Contracts for wholesale power supply and ancillary services.

(f) Nothing in this section shall be construed to alter or affect any authority or lack of authority of the commission regarding the ownership and operation of new electric generation used in whole, or in part, for the purpose of maintaining or enhancing the reliability of the electric distribution grid.

(g) Nothing in this section diminishes or expands any existing authority of a local governmental entity.

(h) The commission shall require every electrical corporation operating an electric distribution grid to inform all customers who request residential service connections via telephone of the availability of the California Alternative Rates for Energy (CARE) program and how they may qualify for and obtain these services and shall accept applications for the CARE program according to procedures specified by the commission. Electrical corporations shall recover the reasonable costs of implementing this subdivision.