

California Public Utilities Commission
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PRESS RELEASE

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CPUC LAUNCHES PLAN TO MODERNIZE ELECTRIC GRID

SAN FRANCISCO, June 24, 2010 - The California Public Utilities Commission (CPUC) today embarked on a momentous path toward modernizing the state's electric grid from one based on industrial age technology to one based on the technology of the information age.

The decision adopted today sets out a framework and an overall vision for a Smart Grid in California and requires the state's investor-owned utilities to begin the transformation of the electric grid into a safer, more reliable, efficient, affordable, and interoperable system.

The California legislature and Governor have enshrined the importance of modernizing the state's electric grid through the enactment of Senate Bill 17 (Padilla), signed into law on October 11, 2009.

"Moving to a Smart Grid will allow utilities to help customers save money by reducing their electricity demand, provide consumers with more control over their energy use and help deploy clean, renewable energy sources like wind and solar around the state," said Governor Schwarzenegger. "I applaud the Public Utilities Commission for taking action and working with utilities to update and modernize our electric grid."

Added Senator Alex Padilla (D-Pacoima), "Thoughtful planning is the key to success. I am pleased to see that the CPUC is providing the utilities with a roadmap that will lead to the modernization of the electric grid and provide consumers with real benefits."

A Smart Grid is characterized by the ability to use real-time information to anticipate, detect, and respond to system problems. One example of new technology being deployed for smarter grid

operations is measurements that are taken every two or four seconds, offering an almost continuous view into the power system. That real-time updating of the transmission system allows the grid to respond instantly to outages by scheduling electricity around constrained or downed areas across the grid, limiting the size and scope of outages. Real-time operations can also ease congestion and bottlenecks and reduce line losses (where electricity is “lost” due to heat and other factors), all of which result in savings to consumers by transporting electricity more efficiently.

“The current grid has been operating in much the same way for over 100 years, and as such lacks the flexibility to adapt to new supply resources and increasing consumer demands,” said CPUC President Michael R. Peevey. “The roadmap we provided today for the utilities will ensure that we have the best available information to create Smart Grid policies.”

Said Commissioner Nancy E. Ryan, the Commissioner assigned to this proceeding, “Smart Grid technology offers California energy consumers many potential benefits such as fewer new power plants and transmission lines, safer and more reliable service, cleaner air, and lower bills. This rigorous planning process will ensure that utility customers actually see these benefits.”

To ensure that the state’s utilities follow a common outline in preparing their Smart Grid deployment plans, today’s decision provides a roadmap of issues the utilities must address in their plans in order to bring the best results at the lowest possible cost to consumers, including:

- Smart Grid Vision Statement to help orient a utility’s efforts to upgrade its electrical system to meet today’s requirements and tomorrow’s needs using the latest technologies.
- Smart Grid Strategy to consider whether using existing communications infrastructure can reduce the costs of deploying the Smart Grid.
- Grid Security and Cyber Security Strategy to ensure that these issues are considered explicitly at the planning stage.
- Cost Estimates of Smart Grid technologies and infrastructure investments that a utility expects to make in the next five years, and provisional cost ranges for potential Smart Grid technologies and investments for the following five years.
- Metrics that permit the assessment of progress.

Today's decision is the culmination of more than two years of work by the CPUC, utilities, consumer advocates, technology companies, and other interested parties to modernize the electric grid and bring savings to consumers. It also kicks off the next phase of the process as the decision directs parties to continue to address issues surrounding security, privacy, and third party access to customer information.

The proposal voted on today is available at

http://docs.cpuc.ca.gov/WORD_PDF/AGENDA_DECISION/119685.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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