

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 6**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: April 10, 2025

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

As the legislative session enters into the second quarter of 2025, a common refrain can be heard echoing through the hallways, “why are there so many bills?” Despite a leadership directive in both houses that limited each legislator to introducing only 35 bills over the two-year session, more than 2300 bills could be considered across all of the policy committee hearings before the May 2 deadline.

There is no shortage of energy related bills as many legislators want to make their mark in working to increase energy affordability. Affordability might just be the most commonly used word by legislators, staff and advocates these days. There are several high-profile bills in the Senate. Senate Energy Committee Chair Josh Becker is carrying SB 540 which would codify the recommendations of the West-Wide Governance Pathways Initiative to allow two CAISO administered markets, the Energy Imbalance Market (EIM) and Enhanced Day-Ahead Market (EDAM), to come under the governance of a newly created western regional organization.

Senator Wahab, a new member to the Senate Energy Committee, is authoring SB 332 that would require “a comparative analysis of the benefits and challenges of transitioning the IOUs to a successor entity in order to identify a recommended model.” If the study finds that it is in the best long-term interests of the people and ecologies of California to transition away from an investor-owned utility model, then the bill would task the California Energy Commission with creating a justice-centered implementation plan for managing the transition.

The Senate and Assembly have competing bills to address the battery fire at Moss Landing, Assemblymember Dawn Addis’s AB 303 would create setback distances from battery facilities and communities and set the same standard for all types of battery storage technologies, while Senator Laird’s SB 283 would require consideration of the National Fire Protection Association standards by the California Energy Commission and local fire departments in battery storage deployment and siting

Policy committees are not the only ones convening in the Spring, as the Legislature's budget process continues its march during the month of April. Much of the conversation related to energy programs stems from the Climate Bond, or Proposition 4, that passed in November. The remainder of the state budget is a question mark as the state expended heavily in response to the LA fires and remaining uncertainty with FEMA assistance in response to the fires, ongoing ambiguity as it relates to federal spending cuts, and deferment of tax filings for LA wildfire victims. The Governor will release his May Revision to the budget by May 15 and the budget picture should come more into focus after that.

VCE staff, the LRTG and PPG are currently examining the following bills and expect to evaluate more bills as they are identified as of interest to VCE and CCAs.

1. SB 540 (Becker) Regional Organization

Summary: This bill would delete the certain statutory provisions that create the California Independent System Operator (CAISO) which would provide for the transformation of the energy markets parts of the CAISO into a regional organization. The bill would authorize the CAISO and the electrical corporations that are participating transmission owners whose transmission systems are operated by the CAISO, in lieu of the CAISO managing related energy markets, EIM and EDAM, to use voluntary energy markets governed by a newly created independent regional organization (RO). SB 540 includes provisions for California regulatory agencies and CAISO to retain control over Renewables Portfolio Standard and other procurement requirements, climate policy, transmission planning, CAISO's interconnection queue, and resource adequacy requirements. SB 540 is based on the recommendations of the West-Wide Governance Pathways Initiative.

Additional Information

- Next Hearing: The bill will be heard Senate Energy, Utilities & Communications Committee.
- VCE has yet to take an official position.
- CalCCA supports SB 540
- Bill language: [SB 540](#)

2. SB 332 (Wahab) Investor-Owned Utilities Accountability Act

Summary: Would require the California Energy Commission, in coordination with the CPUC, on or before March 31, 2026, to issue a request for proposals for a team to develop a study. The bill would require the study to (1) conduct a historical energy justice assessment of the investor-owned utility's (IOU) operations and impacts, (2) complete a comparative analysis of the benefits and challenges of transitioning the IOUs to a successor entity in order to identify a recommended model, and, (3) if the study finds that it is in the best long-term interests of the people and ecologies of California to transition away from an investor-owned utility model, create a justice-centered implementation plan for managing the transition. The bill would require the Energy Commission, on or before June 30, 2026, to select the study team that is awarded the contract. The bill would require the Energy Commission to hold a public proceeding and submit a report of the study team's findings and recommendations to the Legislature no later than 24 months after selecting the study team for the feasibility portion of

the study, and no later than 36 months after selecting the study team for the implementation plan portion of the study, as specified.

Additional Information

- Next Hearing: The bill will be heard Senate Energy, Utilities & Communications Committee.
- VCE has yet to take an official position.
- Bill language: [SB 332](#)

3. SB 283 (Laird) Energy Storage Systems

Summary: Current law requires the State Fire Marshal, before the next triennial edition of the California Building Standards Code adopted after January 1, 2025, to propose to the California Building Standards Commission updates to the fire standards relating to requirements for lithium-based battery systems, as provided. This bill would require the commission and the Office of the State Fire Marshal to review and consider the most recently published edition of the National Fire Protection Association (NFPA) 855, Standard for the Installation of Stationary Energy Storage Systems, for incorporation into the next update of the California Building Standards Code adopted after July 1, 2026.

Additional Information

- Next Hearing: The bill will be heard Senate Energy, Utilities & Communications Committee.
- VCE has yet to take an official position.
- Bill language: [SB 383](#)

4. AB 303 (Addis) Battery Energy Storage Facilities

Summary: Existing law authorizes the CEC to certify, in lieu of any permit, certificate, or similar document required by any state, local, or regional agency, an energy storage system capable of storing 200 megawatt hours or more of energy. This bill would specify that the CEC certification process would not include battery energy storage systems. This bill would prohibit the authorization of a development project that includes a battery energy storage system capable of storing 200 megawatt hours or more of energy if the development project is located within 3,200 feet of a sensitive receptor or is located on an environmentally sensitive site (including agricultural land), as specified.

Additional Information

- Next Hearing: The bill will be heard Assembly Utilities & Energy Committee.
- VCE has yet to take an official position.
- CalCCA opposes AB 303
- Bill language: [AB 303](#)