

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Legislative Update – Pacific Policy Group

Date: April 14, 2022

Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continues to meet and discuss legislative matters. Below is a summary:

The month of April is always one of the busiest months of the legislative session and this year it's shaping up as a "return to normal." Over the past two legislative sessions, COVID forced the Legislature to significantly curtail the number of bill proposals considered; this session there are no limitations on the amount of bills that legislators can pursue, and committees were conducting hearings throughout the month of March. In addition, some committees have begun to require lead witnesses to deliver their testimony in person. Despite these developments, the day-to-day business of the Legislature mostly remains in a virtual setting. In addition, any in-person meetings that are happening are not taking place in the Capitol as the legislators and staff have all moved to their temporary offices while the Capitol annex building is made over.

In addition to policy bills, the Legislature is discussing and vetting the Governor's proposed 2022-23 budget which came in at \$286.4 billion, a 9% increase from last year. This includes a \$21 billion discretionary surplus, plus billions more for schools, pension payments and reserve accounts. The Legislature's approach so far has been to defer nearly all of its decisions on the Governor's proposal to later in the Spring after the Governor releases the May Revision to the budget, and some reports have indicated that the surplus will grow anywhere from \$5 billion to \$20 billion.

VCE's current legislative efforts have concentrated on the following bills:

1. AB 1814 (Grayson) Transportation Electrification Funds: Community Choice Aggregators

Summary: AB 1814 would authorize Community Choice Aggregators (CCAs) to submit applications to the California Public Utilities Commission (CPUC) to receive funding to administer transportation electrification programs in their service areas.

Specifically, this bill would explicitly authorize CCAs to file applications for programs and investments to accelerate widespread transportation electrification. In order to submit these applications, CCAs would be regulated to meet all of the same requirements that IOUs are currently required to meet.

This is CalCCA's sponsored bill for the 2022 legislative session. The bill is consistent with the VCE Legislative Platform, specifically Provision 10 regarding Local Economic Development and Environmental Objectives.

At the time this staff report was drafted, the prospects for AB 1814 this legislative session are uncertain. The bill had been scheduled to be heard in Assembly Utilities & Energy but was pulled from the hearing at the request of the author. AB 1814 is facing opposition from the California Coalition of Utility Employees and all three investor-owned utilities.

Additional Information:

- This bill is sponsored by CalCCA
- VCE has submitted a support position
- Next Hearing; The bill has been referred to Asm. Utilities & Energy Committee and is awaiting a hearing date.
- Bill language: [AB 1814](#)

2. 1287 (Bradford) CCA and ESP Financial Security Requirements

Summary: This bill would require the posted bond amount, or demonstrated insurance amount, at the time of registration by an electric service provider or a community choice aggregator to be no less than \$500,000. The bill would also require the commission to update the financial security requirements for electric service providers and community choice aggregators to instead include costs for no less than 12 months of incremental procurement incurred by the provider of last resort, upon the customers' involuntary return.

Specifically, the bill will:

- 1) Amend current law that requires a CCA or ESP to post a bond or demonstrate insurance sufficient to cover the reentry fees of customers who are involuntarily returned to an investor-owned utility to instead require a minimum bond or insurance in the amount of \$500,000.
- 2) In calculating the insurance or bonding requirement, the PUC shall include costs for no less than 12 months of incremental procurement incurred by the provider of last resort. SB 1287 will significantly increase the amount of insurance that VCE will need to hold to cover the unlikely event that VCE folds and its customers are involuntarily returned to PG&E. The \$500,000 minimum figure and the requirement that the insurance amount include incremental procurement made by the IOU does not factor in already contracted energy for VCE's customers. In addition, calculating the incremental procurement will be incredibly complex and challenging and will contribute to additional unnecessary cost to VCE. Lastly, this requirement will create another significant obstacle for communities who wish to explore CCA and for all

practical purposes prevent new CCAs from forming – especially concerning for under-represented and under-resourced portions of the State (e.g. Central Valley).

Additional Information

- Next hearing: The bill has been referred to the Senate Energy, Utilities & Communications Committee but has yet to be scheduled for a hearing.
- The VCE Board approved an “oppose” position and staff is working on letter to register this position with the committee.
- Bill language: [SB 1287](#)