

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 7**

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To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: July 15, 2023

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Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continue to meet and discuss legislative matters. Below is a summary of recent activities in the California Legislature and Administration.

July is the month that those working in Sacramento collectively catch a breath as the Legislature recesses for four weeks. The Legislature adjourns for Summer Recess on July 14, which is also the deadline for bills to pass policy committees in the second house, reconvenes on August 14. The legislative session will then sprint through five final weeks until the Legislature adjourns on September 14 for the Interim Recess.

It has certainly been an eventful last few weeks and a break from the chaos is needed, as budget negotiations took most of the air out of the room in June and into July. The Legislature and Governor Newsome finalized negotiations to cover the state's \$31.5 billion deficit without tapping into any of the state's reserves, but the Governor's Infrastructure Trailer Bill Package created most of the excitement. This package included reforms to CEQA to expedite certain infrastructure projects, including transmission projects which prompted CalCCA to support the proposal. The main sticking point in the proposal was whether or not to include the Delta Conveyance Project; ultimately it was kept out. On the dollar side of the budget, it appears that the funding proposed early in the session that could fund an expansion of AgFIT did not make the final deal, but staff and Pacific Policy Group are digging into that further and thinking through alternative strategies.

Closer to VCE's priorities, the energy trailer bill that would authorize DWR to take on central procurement, amongst other proposals, has stalled for the time being. VCE, other CCAs, and CalCCA consistently advocated for fixes to the proposed trailer bill to ensure that CCAs' ability to procure resources was not harmed. Senator Dodd played an important role in this advocacy and VCE has appreciated his representation. The central procurement policy could still be moved this year, either in yet another budget trailer bill, or in AB 1373 (Garcia). CCAs, including VCE, continue to advocate for amendments in AB 1373, further clarifying the authorization of central procurement for the Investor-Owned Utilities. AB 1373 is an urgency measure and thus does not need to follow the legislative deadlines that other bills must meet. Thus, it does not

have to be passed by the Senate Energy, Utilities, and Communications Committee by the July 14 deadline and could be moved any time before session ends. As an urgency measure it requires a two-thirds vote and would go into effect immediately upon the Governor's signature.

VCE staff, the LRTG and PPG are currently engaged in the following bills:

### **1. AB 1373 (Garcia) – Central Procurement**

Summary: This bill would establish the Department of Water Resources (DWR) as the Central Procurement Entity (CPE) for the state. Further, the bill requires the PUC, by September 1, 2024, and biennially thereafter, to determine if there is a need for the procurement of additional offshore wind and geothermal energy resources and would authorize the PUC to then request DWR to centrally procure offshore wind and geothermal energy. In addition, this bill would require that the portfolio of resources required by the PUC for LSEs to procure ensures a reliable electricity supply that also provides optimal integration of resource diversity in a cost-effective manner, as specified.

AB 1373 in its previous form represented the Governor's energy trailer bill proposal that presented significant challenges for CCAs, mainly 1. a CPE that could procure any resource and could also be an IOU; 2. authorized PUC to enforce an LSE's integrated resource plan (IRP); and 3. assess an additional penalty on an LSE that fails to achieve its RA target without exemption. AB 1373 was amended based on input from CCAs to define DWR as the CPE and limit the CPE to only procure offshore wind and geothermal resources, limits the PUC's authority related to LSE procurement based on its IRP, and aligning potential RA penalties with capacity payments into the Strategic Reliability Reserve. While these amendments do not alleviate all of the concerns raised by CCAs they substantially move the bill in the right direction.

CalCCA has engaged in negotiations with the author's office, as well as with the Governor's Office and Senate budget leadership as it relates to the Governor's trailer bill, and discussions are ongoing.

CalCCA took an oppose unless amended position, as did VCE and other CCAs, and VCE staff and board members met with Assemblymember Aguiar-Curry's chief of staff and contacted Senator Dodd to push for CCA amendments.

Taking a neutral position on AB 1373 seems the most prudent tactic at this time.

#### Additional Information

- Next Hearing: The bill will be heard next in Senate Energy, Utilities & Communications.
- VCE has taken a Neutral position
- Bill language: [AB 1373](#)

### **2. AB 50 (Wood) – Customer Energization**

Summary: This bill would require the CPUC to determine what timely service means for IOUs to energize customers by Jan. 1, 2025. Previously, the bill stated that until the CPUC determines what timely service means, AB 50 would set a deadline of 90 days of delivering power to new connections and 30 days to upgrade existing connections. The bill was amended and replaced

this language with a new provision that replaces the interim timelines for IOUs with an interim performance metric requirement for underperforming IOUs. The bill also promotes more efficient distribution planning by requiring large electric corporations to evaluate and update as necessary their distribution processes and meet regularly with county government staff to discuss the status of electrical capacity. Lastly, the bill requires IOUs to report on capacity constraints.

The issue of interconnection and energization have been a hot topic in the Legislature this year. Interconnection is the process of the utility connecting new generation into the transmission and distribution system while energization is the process of the utility connecting a new or upgraded home or business to the grid so that it can receive electricity. There have been numerous stories of IOU delay for both interconnection and energization, mostly in the PG&E service territory. VCE's service territory has experienced its share of energization delays, most notably the carpet recycling business that waited two years to be energized by PG&E.

AB 50 is authored by Asm. Wood of the North Coast, one of the most prominent instances of delayed energization came out of Humboldt County as PG&E informed the county it would not connect any new projects in the southern part of the county. Both Senator Dodd and Asm. Aguiar-Curry are co-authors of the measure.

Supporting AB 50 is consistent with Provision 2b of the VCE Legislative Platform to support legislation that reforms the utility regulatory and business model so that IOUs deliver greater benefits to ratepayers, and increase safety and reliability.

#### Additional Information

- Next Hearing: The bill will be heard next in Senate Appropriations
- VCE has taken a Support position.
- Bill language: [AB 50](#)