

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: July 8, 2021

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group on several legislative bills. Below is a summary:

June was extremely active in the Capitol as the Legislature and Governor worked through budget negotiations, legislation was considered by policy committees in the second house, and the Capitol building officially reopened to the public.

Policy bills played second fiddle to the budget process as the Legislature faced the June 15 deadline to pass a budget and send the proposal to the Governor. The Legislature met that deadline, sort of, as the June 15 budget proposal contained many placeholder appropriations. Funding amounts that the Senate and Assembly agreed upon were adopted but expenditure details were held over to future negotiations, which continued through the end of the month. The Legislature then passed another budget bill on June 28 that updated the June 15 proposal but still does not constitute a final proposal. Budget negotiations continue on funding for drought, wildfire, climate resilience, and clean energy to name a few. The budget does include nearly \$1 billion to reduce delinquent electricity and natural gas utility bill balances for customers experiencing financial hardship due to the pandemic. Details of how these funds will be implemented are still under negotiation.

The latter half of June saw the committee hearing process for policy bills ramp up, which continues until mid-July concluding when the Legislature begins its summer recess on July 16. As noted in the June Legislative Update, both the Senate and Assembly employed a stricter 12 bill limit on the number of bills each legislator may move in the 2021 session and the number of bills still alive at this point in the session has been reduced.

Lastly, the Capitol building reopened in limited capacity in conjunction with the June 15 “reopening” of the state’s economy. Up to 500 members of the public may now roam the hallways of the building, attend committee hearings, and attempt to have in-person meetings with legislators and their staff. Many legislative offices are locking their doors and not permitting impromptu face-to-face meetings as concerns of spreading COVID-19 remain. Just this week it has been reported that several Assembly staff tested positive for COVID-19 and all had been working in the Capitol.

VCE’s current legislative efforts are concentrated on the following two bills, both of which made significant progress in the month of April:

1. SB 612 (Portantino). Electrical Corporations. Allocation of Legacy Resources.

Summary: This bill adds new sections to the Public Utilities Code that are designed to ensure fair and equal access to the benefits of legacy resources held in IOU portfolios and management of these resources to maximize value for all customers.

Specifically, the bill will:

- 1) Provide IOU, CCA, and direct access customers equal right to receive legacy resource products that were procured on their behalf in proportion to their load share if they pay the full cost of those products.
- 2) Require the CPUC to recognize the value of GHG-free energy and any new products in assigning cost responsibility for above-market legacy resources, in the same way value is recognized for renewable energy and other products.

Despite requests from Senator Portantino and CalCCA and its members to have SB 612 set for a hearing, the bill currently is not scheduled for a hearing in Assembly Utilities & Energy (U&E) Committee and is headed toward being a two-year bill. Opposition from the TURN, PG&E, SCE, and the Coalition of CA Utility Employees has seemed to convince U&E Chair Chris Holden to effectively kill SB 612 for the year by not granting the bill a hearing. The recent CPUC decision is the biggest obstacle as the Chair and committee seem unwilling to overturn a CPUC decision that was just issued. There has yet to be an argument that CCA customers are not entitled to and should not receive the RA and GHG-free attributes the bill seeks in any of the meetings with committee members and staff, and without a committee hearing to debate the merits of SB 612 to find resolution.

Additional Information

- VCE Position: Support
- CalCCA Position: Sponsor
- Next hearing: The bill is in Assembly Utilities & Energy Committee, a hearing date has not yet been set.
- Bill language: [SB 612](#)

2. AB 843 (Aguiar-Curry). California Renewable Portfolio Standard Program: Renewable Feed-in-Tariff.

Summary: This bill authorizes CCAs to voluntarily bring contracts to the CPUC for bioenergy projects procured via the BioMAT feed-in-tariff. The bill would clarify that CCAs are eligible to retain the renewable portfolio standard and resource adequacy benefits of the energy procured under this section.

The BioMAT program was established by SB 1122 (2012, Rubio) and requires the three large IOUs to collectively procure by 2025 250MW of bioenergy across the following three categories (PG&E amounts shown):

1. Category 1: Biogas from wastewater treatment, municipal organic waste diversion, food processing, and co-digestion.
 - 30.5MW for PG&E | 28MW remaining
2. Category 2: Dairy and other agricultural bioenergy.
 - 33.5MW for PG&E | 13.4MW remaining
3. Category 3: Sustainable forest management byproducts bioenergy.
 - 47MW for PG&E | 36MW remaining

The bill will not affect the total amount of megawatts needing to be procured.

AB 843 continues to work its way through the legislative process and will be heard in the Senate Energy, Utilities & Communications (EUC) Committee on July 12. Negotiations of amendments continue to be

discussed with the IOUs to ensure that CCAs role in the BioMAT program is for project procurement only and does not change the program otherwise.

Additional Information

- VCE Position: Support
- CalCCA Position: Support
- The bill is being co-sponsored by MCE and Pioneer Community Choice Energy.
- Next hearing: The bill will be heard on July 12, 2021, in the Senate Energy, Utilities & Communications Committee.
- Bill language: [AB 843](#)

There are numerous bills that have been introduced and starting to be vetted through various policy committees. Aside from the two bills mentioned above, staff wanted to highlight the following bills to the Board.

Measure	Summary	Calendar	VCE Position	CalCCA Position
AB 64 (Quirk)	AB 64 would require the PUC and CEC to develop a strategy, by January 1, 2024, that achieves (1) a target of 5 gigawatthours of operational long-term backup electricity, as specified, by December 31, 2030, and (2) a target of at least an additional 5 gigawatthours of operational long-term backup electricity in each subsequent year through 2045. The bill would require the PUC, by January 1, 2024, to submit the strategy developed in a report to the Legislature, and by January 1 of each 4th year thereafter, through January 1, 2044, would require the PUC to submit a report to the Legislature detailing the progress made toward achieving the targets of the long-term backup electricity supply strategy.	Held in Asm. U&E This bill is now a 2-year bill	None	None
AB 361 (R. Rivas)	Would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state or local emergency, as those terms are defined, when state or local health officials have imposed	Sen. Gov. & Finance Hearing - 7/12	Developing Position	None

	<p>or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority vote.</p>			
<p>AB 427 (Bauer-Kahan)</p>	<p>Establishes rules that allow demand response program and resources procured by an LSE to meet the LSE’s resource adequacy requirements regardless of whether the program is integrated into the CAISO market. Additionally, the bill adopts a baseline methodology that treats energy storage charging as load in baseline calculations for DR programs and allows BTM solar + storage participating in a DR program to deliver electricity to the grid to provide RA. Lastly, the bill directs the CPUC to establish a capacity valuation methodology for storage and solar + storage BTM resources and that it applies to DR resources coupled with solar + storage.</p>	<p>Held in Asm. Appropriations This bill is now a 2-year bill</p>	<p>Watch</p>	<p>Watch</p>
<p>AB 1088 (Mayes)</p>	<p>This bill would establish the California Procurement Authority (CPA) as a state-level central procurement entity for the electric sector, including as a provider of last resort (POLR) for load-serving entities (LSEs) that opt out of the procurement function. The CPA would also fill any resource adequacy (RA) and integrated resource planning (IRP) procurement gaps and serve as an LSE for customers not served by another LSE. There is a lot in this bill and if the bill sounds familiar, that’s because it is very similar to a bill sponsored by CalCCA in 2020 however this bill adds POLR provisions. The bill is sponsored by San Diego Gas & Electric and is meant to create a pathway for them to exit the retail side of their business.</p>	<p>Held in Asm. U&E This bill is now a 2-year bill</p>	<p>Developing Position</p>	<p>Support if Amended</p>

<p>AB 1161 (E. Garcia)</p>	<p>Officially, AB 1161 aims to fast-track the deployment and procurement of new zero carbon energy resources to fulfill 100% of state agency needs by 2030, in addition to LSE procurement. Officially, AB 1161 also seeks to assist in balancing the grid, increasing reliability, and facilitating integration of other renewables with these new investments. There is concern that AB 1161 is actually seeking to create a pathway for long duration pumped storage to be built in and near Joshua Tree National Park. AB 1161 seeks to accomplish the official and unofficial goals by:</p> <p>Accelerating the SB 100 zero carbon electricity target for state agencies from 2045 to 2030, requiring the California Department of Water Resources (DWR) to enter into PPAs for the development of new zero GHG resources to satisfy the accelerated target for all state agencies, coordinating available state incentives and financing assistance to lower the cost of electricity from state-procured resources, permitting state agencies to remain with existing LSEs (including CCA and no new obligations or costs would be assigned to existing LSEs), and funding net above-market costs of long-term contracts from sources other than utility rates including the general fund. Rather than directly serving the state agency load, the bill would require the DWR to invest in new projects in an amount equivalent to the load, and then re-sell the RA attributes and energy (but not RECs) back into the wholesale markets. LSEs would not include the state agency load in their Power Source Disclosure label or in their RPS requirements.</p>	<p>Held in Asm. U&E This bill is now a 2-year bill</p>	<p>Developing Position</p>	<p>Oppose Unless Amended</p>
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<p>SB 67 (Becker)</p>	<p>The bill would establish the California 24/7 Clean Energy Standard Program, which would require that 85% of retail sales annually and at least 60% of retail sales within certain subperiods by December 31, 2030, and 90% of retail sales annually and at least 75% of retail sales within certain subperiods by December 31, 2035, be supplied by eligible clean energy resources, as defined.</p>	<p>Held in Sen. EUC This bill is now a 2-year bill</p>	<p>Developing Position</p>	<p>None</p>
<p>SB 99 (Dodd)</p>	<p>Would set forth guiding principles for plan development, including equitable access to reliable energy, as provided, and integration with other existing local planning documents. The bill would require a plan to, among other things, ensure that a reliable electricity supply is maintained at critical facilities and identify areas most likely to experience a loss of electrical service. This bill contains other related provisions.</p>	<p>Passed Asm. U&E on consent</p>	<p>Support</p>	<p>None</p>
<p>SB 204 (Dodd)</p>	<p>Places the Base Interruptible Program (BIP) into statute. The BIP is an emergency electricity demand response program established by a proceeding years ago. The program is regulated by the PUC and used as a last line of defense against rolling blackouts. While the bill places the program in statute, it only makes reference to the IOUs offering and administering the program even though an existing decision allows CCAs to offer and administer the program to their customers.</p>	<p>Held on Sen. Appropriations Suspense File This bill is now a 2-year bill</p>		<p>Watch</p>