

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 5**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: April 13, 2023

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.

Inundation and chaos, that is the best way to describe legislative activity for the months of March and April as the policy committees work to process and hear nearly 2700 bills. The various policy committees will meet weekly, many at the same time, in an effort to meet the policy committee deadline of April 28 for those bills that have a fiscal component, which is nearly all bills. There is no shortage of bills that propose to impact CCAs, from improving interconnection delays to authorizing local government boards to meet virtually in the same manner they did under the COVID pandemic, the LRTG, staff, and PPG are evaluating more than 30 pieces of legislation. While many of these legislative proposals merit examination, no issue is of greater importance to CCAs than the proposed budget trailer bill put forth by the Governor. It would authorize the Department of Water Resources (DWR) to act as a central procurement entity (CPE), enable the California Public Utilities Commission (CPUC) to enforce Integrated Resource Plans, and authorize the CPUC to assess greater penalties on load-serving entities that do not comply with resource adequacy procurement targets.

The Governor's proposal has been put forth as a budget trailer bill that is tied to and supported by a budget change proposal (BCP) that would provide funding to DWR to staff up to take on the CPE role and also the problematic provisions of the trailer bill. This same BCP also includes proposed funding for near-term reliability measures and a reference to AgFIT and has been the target source of funding for expanded AgFIT operations. Staff and PPG engaged in a number of conversations with CalCCA staff and lobbyists about advocacy strategies for expanded AgFIT funding and how to engage with the BCP but have ultimately decided to forego such advocacy as the need to oppose the problematic elements of the BCP are a higher priority. There is a possibility that the trailer bill actually transfers to a policy bill authored by a legislator, which would move it out of the budget process, which is the first priority of CalCCA as the budget process is much more opaque than the policy bill process. Staff and PPG continue to strategize on ways to advocate for expanded AgFIT funding and are currently considering lobbying for

AgFIT to be included in proposed climate bonds currently being pursued in both the Assembly, as AB 1567 (Garcia), and in the Senate, as SB 867 (Allen).

VCE staff, the LRTG and PPG are currently examining the following bills.

Interconnection Bills:

There 11 individual bill proposals seeking to address and/or resolve the problem of IOU interconnection delays, with some focused on delays of interconnecting homes or businesses and others focused on interconnection delays of developments or energy projects. Of the 11 bills, VCE is most closely looking at the following bills currently supported by CalCCA, although VCE will follow the other bills as well as they are amended and CalCCA becomes engaged.

SB 410 (Becker) – This bill, the Powering Up Californians Act, would require the PUC to establish a working group on or before March 1, 2024, to propose processes that would improve the ability of IOUs to be informed well in advance of needed increases in distribution system capacity for future housing developments, building electrification, electric vehicle charging infrastructure, and other activities that require increased distribution system capacity. The bill would require the PUC to establish, on or before September 30, 2024, reasonable average and maximum target interconnection time periods

AB 643 (Berman) - This bill would require the PUC, on or before June 1 of each year, to submit a report to the Legislature on timelines for the interconnection of customer-sited energy generation and storage resources. The bill would require the commission to consider the negligent exceedance, of an interconnection timeline by an IOU to be a failure to comply with a rule of the commission and subject to a penalty.

Brown Act Bills:

There are currently five distinct bills focused on allowing local government bodies to meet virtually without disclosing the location of board members and without making the virtual location available to the public. VCE is focusing on one of the bills proposed and sponsored by Peninsula Clean Energy a fellow CCA.

SB 537 (Becker) – This bill would define multijurisdictional bodies as those with appointed board members with representatives from more than one county, city, city and county, special district, or a joint powers entity.

Other Bills

Staff, the LRTG, and PPG are also considering multiple bills related to clean energy procurement, biomass facilities, and regionalization of the grid. Those bills include the following.

AB 538 (Holden) - This bill proposes to dissolve the CAISO board in an effort to allow the CAISO to explore creating a new western region independent system operator that would include the CAISO. This was attempted in 2016 and 2017 but failed due to opposition from the labor unions, TURN, and environmental groups opposed to allowing states such as Utah and Wyoming to join the CAISO.

AB 998 (Connolly) – This bill proposes to require the Energy Commission, on or before December 31, 2024, to issue a report on the utility-scale biomass combustion facilities still in operation as of January 1, 2024, and options to maximize the environmental benefits of these facilities.

AB 1538 (Muratsuchi) – This bill is sponsored by Clean Power Alliance and aims to create a program to incentivize, through payments load-serving entities to procure clean energy beyond their required RA targets.

SB 233 (Skinner) -This bill is sponsored by the Climate Center and proposes to task the Energy Commission, in consultation with the State Air Resources Board, to establish state goals to accelerate the use of vehicle-to-home, vehicle-to-building, and vehicle-to-grid uses in order to support emergency backup, electrical grid reliability, and electric vehicle grid integration.

SB 688 (Padilla) – This bill proposes to task the Energy Commission create a program that would award grants to UCs, CSUs, and community colleges to research and develop agrivoltaic systems and study the impacts of agrivoltaic systems on farms and on electricity generated from solar panels. The bill would also require the Energy Commission, in consultation with the Department of Food and Agriculture, to develop guidelines defining agrivoltaic systems.