

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: June 15, 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.

The month of June marks the halfway point of the legislative process for policy bills and historically the conclusion of the budget process. Active legislation has now passed the house of origin and will be heard in the second house by July 14, this year's deadline for second house policy committee hearings. Accordingly, the picture is becoming clearer as to which bills are a top priority for VCE, and the bill that has required the most attention is AB 1373 (Garcia). Governor Newsom has proposed draft trailer bill language that would create a new central procurement entity (CPE), expand PUC authority in regard to CCAs, increasing resourced adequacy (RA) fines, and negating the RA value from Diablo Canyon. AB 1373 adopted the first three of these policy proposals, while AB 1533 by the Utilities & Energy Committee proposes the no RA value from Diablo Canyon. VCE adopted an "oppose unless amended" position on AB 1373, following the lead of CalCCA, and partook in an aggressive lobbying campaign highlight CCA concerns with the proposed trailer bill and AB 1373. These efforts resulted in amendments to AB 1373 that alleviate CCA concerns prompting VCE to move to neutral, but the trailer bill process is not as transparent as the policy bill process, and we continue to advocate for changes to the proposed trailer bill.

Prior to the COVID-19 pandemic, the Legislature and Governor's Office/Department of Finance would meet in a conference committee to finalize negotiations on the state budget by June 15. While one issue or two might extend beyond June 15, the budget process would largely be done in June, but that is no longer the case. The disruptions to the legislative process brought by the pandemic moved away from the conference committee process, and coupled with wild swings in revenue the budget process over the past several years only seems to conclude when the session ends. This year is on the same trajectory and the budget process to decide upon the Governor's trailer bill proposal may well last until the end of session.

VCE staff, the LRTG and PPG are currently examining 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 an Oppose Unless Amended position but is moving to Neutral
- 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. Until the CPUC determines what timely service means, AB 50 sets a deadline of 90 days of delivering power to new connections and 30 days to upgrade existing connections. 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 Energy, Utilities & Communications
- VCE has taken a Support position.
- Bill language: [AB 50](#)