

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: May 13, 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:

The first house policy committee deadline has come and gone and now the focus for legislation shifts to the Appropriations process and then passing the floor of the house of origin. The Appropriations deadline is May 21, and the House of Origin deadline is June 4, and a clearer picture of what legislation has legs this session will emerge by the VCE board meeting in June.

Even with the activity of Appropriations and House of Origin deadlines, Legislation will take a backseat to the budget process over the coming weeks. Governor Newsom is set to release his May Revise around May 15 and the Legislature will then have a month to send its budget proposal to the Governor by the June 15 deadline. The state is currently in an enviable budget situation, having more money than it quite knows what to do with. Better than expected tax revenues combined with federal stimulus dollars have created an opportunity for the state to fund many of its priorities and needs coming out of the pandemic.

The decisions made on the budget and with legislation will be scrutinized against the recall effort against Governor Newsom, which has officially qualified for a November vote. Going forward, the recall will loom large over 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.

SB 612 passed the Senate Energy, Utilities, and Communications (SEUC) Committee VCE has taken a support position on this bill and is working on generating additional support from VCE member jurisdictions and local constituencies who may be able to influence VCE's with support from all 11 of the Democratic committee members. Two of the Republican members (Sen. Borgeas & Sen. Dahle) abstained while Sen. Grove casted the single "no" vote. Passing the SEUC committee did not come without compromise, as committee amendments had to be taken to secure passage. These amendments removed some of the prescriptiveness of the bill to enable the CPUC to develop the details on proportional allocation and maximizing the value of the resource. It is unclear if PG&E and So Cal Edison will continue to oppose the bill, but it is likely. The bill has been referred to the Senate Appropriations Committee, which is chaired by Senator Portantino, the author of SB 612.

Additional Information

- VCE Position: Support
- CalCCA Position: Sponsor
- Next hearing: The bill has been referred to Senate Appropriations.
- 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 successfully passed the Assembly Utilities & Energy Committee with unanimous support from the 15 committee members. Amendments from the committee were put into the bill to address concerns from the Coalition of California Utility Employees and PG&E to ensure the CPUC has proper oversight of CCA contracts entered into under the BioMAT program. The bill is now on the Assembly Appropriations Suspense File as the CPUC provided an estimated cost impact of \$800,000 annually to establish and administer the new CCA-specific aspect of the BioMAT program. The fate of bills on the Suspense File is really in the hands of the Appropriations Chair, in this case that is Lorena Gonzalez (D – San Diego) who has not been a vocal CCA supporter to date.

Additional Information

- VCE Position: Support
- CalCCA Position: Support
- The bill is being co-sponsored by MCE and Pioneer Community Choice Energy.
- Next hearing: Assembly Appropriations Committee Suspense Hearing, a date has not yet been set for this hearing.
- 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 dead	None	None
AB 339 (Lee)	Current law requires all meetings, as defined, of a house of the	Assembly Appropriations	Developing Position	None

	Legislature or a committee thereof to be open and public and requires all persons to be permitted to attend the meetings, except as specified. This bill would require all meetings, including gatherings using teleconference technology, to include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services and requires both a call-in and an internet-based service option to be provided to the public.			
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 or recommended measures to promote social distancing, and during a declared local emergency provided the legislative body makes certain determinations by majority vote.	Asm. Local Gov. 5/5/21	Developing Position	None
AB 427 (Bauer-Kahan)	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	Asm. Appropriations Passed Asm. U&E	Watch	Watch

	resources coupled with solar + storage.			
AB 1088 (Mayes)	<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>	Held in Asm. U&E – this bill is dead	Developing Position	Support if Amended
AB 1161 (E. Garcia)	<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</p>	Held in Asm. U&E – this bill is dead	Developing Position	Oppose Unless Amended

	<p>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>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 dead</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>Sen. Appropriations Suspense File</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 many 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>Sen. Appropriations Suspense File</p>		<p>Watch</p>