

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: June 10, 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 house of origin deadline has passed and the legislative session is now past the halfway point for policy bills. 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. Bills will now be considered in policy committees of the other house over the next six weeks, concluding this part of the process on July 16 when the Legislature adjourns for its four-week summer recess.

Legislation has mostly taken a backseat to the budget process and will continue to do so over the coming weeks. Governor Newsom released an historic May Revision, proposing 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 Floor on a 33-6 vote and now heads over to the Assembly where it will next be heard in the Assembly Utilities & Energy (U&E) Committee. SB 612 faces considerable challenge as it moves forward as the CPUC issued a decision in its proceeding contemplating the issues that SB 612 proposes to resolve. It is not yet clear if the U&E Committee is willing to move forward a bill that proposes changes to a CPUC decision. PG&E and SCE continue to oppose and IBEW 1245 has also taken an oppose position.

Additional Information

- VCE Position: Support
- CalCCA Position: Sponsor
- Next hearing: The bill will likely be heard 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 successfully passed the Assembly Floor on a nearly unanimous 78-0 vote. The bill heads over to the Senate where it will be heard in the Senate Energy, Utilities & Communications (EUC) Committee. Amendments from the Appropriations Committee direct CCA contracts to align with IOU contracts submitted under the BioMAT program to reduce costs presented by

the CPUC. The IOUs continue to raise concerns about the language of the bill, but negotiations thus far have diffused their arguments to hold up the bill.

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 next be heard by the Senate Energy, Utilities & Communications Committee, a hearing date has not yet been set.
- 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	Sen. Gov. & Finance Passed the Asm.	Developing Position	None

	<p>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.</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</p> <p>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</p> <p>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>Asm. U&E Passed Senate</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>