

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: September 9, 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 measures. Below is a summary:

The Legislature returned from its summer recess in mid-August and the immediate task for legislation was the Appropriations Committee process. Virtually every bill still progressing through the legislative process was considered in the Appropriations Committee of each house. AB 843 (Aguiar-Curry) passed this important step and then was approved by the Senate on consent. The bill will head to the Governor for his signature or veto.

At the same time, the Legislature and Governor slowly resumed their negotiations on a number of items remaining in the budget process. At the end of the month, a budget trailer bill (a bill that provides policy direction for allocations made in a budget bill) on a number of newly proposed clean energy programs was proposed by the Governor. One of the proposed new programs would create a long duration energy storage program, (LDES) which would require the Department of Water Resources to procure a significant number of megawatts of LDES with costs and benefits applied to each retail end-use customer. This is very similar to past attempts to legislate the Eagle Crest pumped hydro project into viability. Final decisions on the proposed trailer bill had not been made as of the writing of this report,

VCE’s current legislative efforts are concentrated on the following two bills.

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.

Additional Information

- VCE Position: Support
- CalCCA Position: Sponsor
- Next hearing: This bill was held in Assembly Utilities & Energy Committee, and is a two-year bill.
- 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

AB 843 passed the Legislature with tremendous bi-partisan support and is before the Governor for his signature or veto. The Governor has until October 10, 2021 to sign or veto all bills presented to him.

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 has passed the Legislature.
- 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
---------	---------	----------	--------------	-----------------

<p>AB 64 (Quirk)</p>	<p>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.</p>	<p>Held in Asm. U&E This bill is now a 2-year bill</p>	<p>None</p>	<p>None</p>
<p>AB 361 (R. Rivas)</p>	<p>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.</p>	<p>Sen. Floor</p>	<p>None</p>	<p>None</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</p>	<p>Held in Asm. Appropriations This bill is now a 2-year bill</p>	<p>Watch</p>	<p>Watch</p>

	<p>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>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>None</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</p>	<p>Held in Asm. U&E This bill is now a 2-year bill</p>	<p>None</p>	<p>Oppose Unless Amended</p>

	<p>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>			
SB 67 (Becker)	<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</p> <p>This bill is now a 2-year bill</p>	<p>Developing Position</p>	<p>None</p>
SB 99 (Dodd)	<p>Would set forth guiding principles for plan development, including equitable access to reliable energy, as provided, and integration with</p>	<p>Held on Asm. Appropriations Suspense File</p>	<p>Support</p>	<p>None</p>

	<p>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>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</p> <p>This bill is now a 2-year bill</p>		<p>Watch</p>