

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 7**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: April 11, 2024

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

April is one of the busiest months of the legislative session as it is the month in which policy committees consider introduced legislation. With over 1500 bills introduced this session, policy committees will be operating at full force to hear bills in accordance with the April 26 deadline for bills to move past the policy committee process. Certain bills have yet to propose the full policy content and use the committee process to begin putting flesh on the bone, so PPG and staff are on high alert to review bills as they are amended. In the energy policy space, there is a concerted focus of bills looking into the processes that the Investor-Owned Utilities utilize to propose rates. There are also proposals to revisit and potentially revise past decisions by and current proceedings at the PUC, most notably a proposal to cap the Income Graduated Fixed Charge and a proposal to reconsider the Net Energy Metering tariff.

April is also full of hearings in the budget process as the budget subcommittees vet the Governor’s proposed budget. With the knowledge of the deficit has grown since Governor Newsom proposed his FY 24-25 budget, due to lower than estimated returns in January, the Senate proposed a suite of cuts to be taken as early action to reduce the problem the Legislature and Governor must solve before the Legislature’s June 15 budget deadline. Termed “Shrink the Shortfall”, the Senate mostly signed off on cuts proposed by the Governor that were seemingly easy to agree to. Not long after Shrink the Shortfall went public, Senate Pro Tem McGuire, Assembly Speaker Rivas, and Governor Newsom announced that an agreement had been reached on early action reductions. Final details are still being ironed out and a final bill has yet to be produced but one is anticipated in the next couple of weeks.

VCE staff, the LRTG and PPG are currently examining the following bills and expect to evaluate more bills as they are identified as of interest to VCE and CCAs.

1. SB 1305 (Stern) Virtual Power Plant Procurement Mandate

Summary: The bill would require the PUC to adopt virtual power plant (VPP) procurement targets applicable to the IOUs, which would beginning January 30, 2028 and each year

thereafter, be required to file a report with the PUC on its progress toward complying with the virtual power plant procurement targets.

CalCCA had some initial conversations with the author's office and the supposed sponsor, OhmConnect, to discuss the potential for amendments to remove the procurement mandate that had applied to CCAs. The amended version of the bill no longer applies to CCAs but it is one still to watch.

Additional Information

- Next Hearing: The bill will be heard Senate Energy, Utilities & Communications.
- VCE has yet to take an official position
- Bill language: [SB 1305](#)

2. AB 1999 (Irwin) Income Graduated Fix Charge (IGFC)

Summary: Current law requires the CPUC, no later than July 1, 2024, to authorize a fixed charge for default residential rates that are to be established on an income-graduated basis, with no fewer than 3 income thresholds, so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage. This bill would repeal the provisions described in the preceding sentence and would instead permit the commission to authorize fixed charges that, as of January 1, 2015, do not exceed \$5 per residential customer account per month for low-income customers enrolled in the California Alternate Rates for Energy (CARE) program and that do not exceed \$10 per residential customer account per month for customers not enrolled in the CARE program. The bill would authorize these maximum allowable fixed charges to be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year, beginning January 1, 2016.

In 2021, the Legislature passed AB 205, a budget trailer bill that enacted a number of energy related policies including the California Arrearage Payment Program, a new site certification process at the CEC, creation of the Strategic Reliability Reserve, an authorization to extend several once-through cooling plants, and an authorization for the CPUC to adopt new fixed charges on an income-graduated scale. The outcry from the public has emerged regarding an income-graduated fix charge as the CPUC has been working through its proceeding, and state legislators have been hearing from their constituents. AB 1999 is in response to the uproar, but it's a challenging position for legislators as many, including the author and many of the coauthors, voted for AB 205 back in 2021. The impact of the proposed IGFC on residential customers is that it appears to impact medium and low-income customers at a higher rate than anticipated, thus having the potential to impose a significant financial and affordability burden.

This bill, along with the other six bills introduced to deal with the IGFC issue, is an important issue for VCE to track, but at this time the consensus strategy of CalCCA and other CCAs is to not take a position on AB 1999 at this time. The CPUC recently released a proposed decision on the IGFC, which VCE and other CCAs are studying. It is unclear at this time how the proposed decision and the various bills will interact. This is definitely an issue to watch closely.

Additional Information

- Next Hearing: The bill will be heard Assembly Utilities & Energy
- VCE Position: Watch

- Bill language: [AB 1999](#)

3. AB 817 (Pacheco) Brown Act Exemption for Subsidiary Bodies

Summary: This bill, until January 1, 2026, would authorize a subsidiary, defined as a legislative body that serves exclusively in an advisory capacity and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, to meet remotely and be exempt from the Brown Act requirements for notice, agenda, and public participation. In order to use the exemption, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to authorize, majority vote, the subsidiary body to use remote meetings before for the first time and every 12 months thereafter.

Additional Information

- Next Hearing: The bill will be heard Senate Local Government
- VCE Position: Watch
- CalCCA Position: Anticipated Support
- Bill Language: [AB 817](#)