

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Item 8

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To: Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Legislative Update – Pacific Policy Group

Date: October 14, 2021

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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 concluded the 2021 legislative session with final votes cast on Friday, September 10, 2021. Governor Newsom, after a resounding defeat of the attempted recall, has until October 10, 2021 to sign or veto all bills presented to him. The COVID-19 pandemic was the main story for a second legislative session in a row, but the recall attempt and record budget surplus were equally significant storylines. Legislators were required to reduce the amount of bills they pursued, each member could move 12 bills through the second house versus the previous normal of 20-25, as committee hearings were once again limited to a few select rooms that could allow for social distancing. A seemingly never-ending budget negotiation and resulting billions of dollars appropriated allowed legislators more opportunity to achieve their policy desires. Governor Newsom also utilized the robust budget on the campaign trail as he constantly touted billions of dollars in new funding for programs to address issues on voters’ minds as they headed to the polls. From homelessness to drought, wildfire to pandemic relief, the budget proved to be a political salvation on many fronts that hopefully results with equal on-the-ground results.

The ongoing budget negotiations also replaced the typical end of session gut and amend process, in which legislators propose new policy proposal at the last second. In 2021, new policy proposals were instead emerging from the Governor’s Office in the form of draft budget trailer bills. 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. Opposition from a coalition of energy stakeholders, including CCAs and CalCCA, and environmental stakeholders as well as numerous legislators prevented the proposal from proceeding.

For VCE, and most CCAs, the priority bill this year was SB 612 (Portantino) which CalCCA developed and sponsored. This was the first bill CalCCA sponsored and was a successful effort

despite not passing the Legislature. Securing Senator Portantino as the author was an important initial victory as he chairs the powerful Senate Appropriations Committee. Successfully navigating the bill through the Senate and passing the bill off the Senate Floor with bipartisan support was a significant achievement that should not be overlooked. Ultimately, the bill was held in Assembly Utilities & Energy (U&E) Committee as the CPUC's decision on the underlying policy matter as well as labor's engagement convinced U&E chair Holden to deny the bill a hearing and turn it into a two-year bill.

Despite the setback of SB 612, 2021 had tangible success for CCAs as the first CCA sponsored bill passed the Legislature and was signed by the Governor. The fact that it was signed by VCE's own Assemblymember Aguiar-Curry is an added bonus. VCE played an important role in lobbying the bill through the committee process and actively participating in coalition decisions regarding strategy and amendments.

Further detail on VCE's legislative efforts can be found below.

### **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.
- Signed by Governor Newsom
- 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	Signed by Gov. Newsom	None	None

	<p>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>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  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</p>	<p>Held in Asm. U&amp;E  This bill is now a 2-year bill</p>	<p>None</p>	<p>Support if Amended</p>

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

	<p>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 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>Held on Asm. 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 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>