

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 8**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: January 19, 2023

Staff, VCE's lobby services consultant at Pacific Policy Group, and the Community Advisory Committee's Legislative - Regulatory Task Group continue to meet and discuss legislative matters. Below is a summary of recent activities in the California Legislature and Administration.

The curtain is up, and the opening act of the two-year 2023-24 legislative session is already in mid-scene. With the worst of the COVID-19 pandemic seemingly behind us, the Legislature appears set to return to normal with legislators and staff all back in their offices in Sacramento and taking meetings in person. The session officially started on December 5, 2022, as that was the day the Legislature convened its organizing session to swear in newly elected members, and there are many new legislators.

The Senate has nine freshman and one Assemblymember turned Senator. The 40-member house will be 31 Democrats and 9 Republicans. In the other statehouse, the 80-member Assembly hosts 24 new members on the roster and will be dominated by Democrats as they have an advantage of 62 members to just 18 for the Republicans. VCE's legislative delegation of Senator Dodd and Assemblymember Aguiar-Curry remains the same, but this will be the final two-year session for Senator Dodd.

The 24 new Assemblymembers is not the only shakeup we will see this session as the dynamics of the Assembly leadership are in flux with Speaker Rendon terming out in 2 years. Assemblymember Robert Rivas launched a bid last summer to replace Mr. Rendon as Speaker. Although Mr. Rivas failed at that time, he continued to press the issue and a compromise at the Democratic Caucus meeting in November. Assemblymember Rendon will remain as Speaker until June 30 and on July 1 Mr. Rivas will become Speaker. This arrangement was ratified on December 5 in House Resolution 1.

Swearing in new members and settling leadership fights wasn't the only activity to occur on December 5, as roughly 100 bills were introduced between the two houses. Most of the legislation introduced so far have been spot bills or intent bills, marking areas of interest but lacking substantive policy proposals. Several bills touch on topics of interest to VCE, such as legislation to address the need for safety at battery storage facilities (SB 38 (Laird)) and a

mandate that each load-serving entities' Integrated Resource Plan include a balanced and diverse portfolio of resources that provides an optimal integration of renewable resources in a cost-effective manner that meets GHG reduction targets (SB 56 (Skinner)). The deadline for legislators to introduce bills is February 17 and numerous more energy related bills will undoubtedly emerge between now and then.

Every new legislative session brings the prospect of new committee chairs and committee members and coming into 2023 our eyes were fixed on who would fill the open Senate Energy, Utilities, and Communications Committee. Senator Steven Bradford will take the gavel for this important committee with topics critical to CCA interests. Interestingly, the Committee was also expanded from 14 members to 18 members (14 Democrats and 4 Republicans) and it appears that 12 of the 18 members of the committee have CCAs in their districts.

In addition to all of the Legislature's activity, Governor Newsom and his Administration are also at full stride. January 10 was the deadline for the Governor to release a proposed budget for the 2023-2024 fiscal year and that proposal has just hit the streets. For several months, reports and analysis showed state tax revenues coming in below projections. The proposed budget does indeed reflect a deficit of \$22.5 billion in the fiscal year, necessitating some cuts, deferrals, and shifting of funds from the General Fund to other sources. While the state has prudently socked money away into a Rainy Day Fund, to a tune of \$36.5 billion, the proposed budget does not plan to tap into the Rainy Day Fund as the Administration's analysis does not show California heading into a deficit.

Funding programs of interest that are proposed to be reduced include zero-emission vehicles, the California Arrearages Payment Program helping ratepayers pay past due electric bills, a newly created program to decarbonize buildings, and transmission financing. One funding commitment that held true is an appropriation of \$100 million to the Clean Energy Reliability Investment Plan funds for reliability and enabling investments that will accelerate the clean energy transition, which was part of SB 846 (Dodd) to extend Diablo Canyon.

The Governor's proposed budget is just the first step of a process that more and more takes the entire session to complete so these proposed cuts are just that for now, proposed. We will wait until May for the Governor's annual revision to the budget, the "May Revise", to see how the January budget has evolved.