



## CAPITOL COMMITTEE WORKING GROUP MEETING 5/19/21

### Agenda

1. [AB 699](#) (Salas) Energy Commission: Flexible Demand Appliances Rebate Program
2. Budget: Governor's May Revise
3. Oversight Hearing: Summer Readiness: ensuring reliability since the August 2020 outages
4. Legislative Calendar

### Meeting Notes

#### Co-sponsored Legislation

- AB 699 (Salas)
  - Status: Assembly Appropriations 5/19/21; Suspense File hearing 5/20/21 (Today!)
  - Link to analysis: [05/17/21- Assembly Appropriations](#)
    - Uncharitable analysis of \$1.5M in necessary additional staffing
    - Misunderstanding around "ESA subprogram" vs. part of ESA
    - Working to have Salas push for amendments, reaching out to key stakeholders

#### Budget: Governor's May Revise

- \$250 million General Fund for energy efficiency in the industrial sector
  - Assuming this will be allocated by CEC, likely to be one-time money
  - Goal appears to be deep retrofits, so efforts being undertaken to ensure rules align with custom programs process
- \$125 million General Fund in the Food Production Investment Program to reduce energy use at food production facilities
- \$300 million one-time American Rescue Plan Act of 2021 funds to address deferred maintenance and energy efficiency projects at UC and CSU campuses.

- \$350 million General Fund over two years to support communities vulnerable to the impacts of extreme heat through funding for urban greening projects, accelerating deployment of low global warming potential appliances in low-income households eligible for energy efficiency upgrades, and supporting strategic greening of new near-zero emission low-income residential buildings.
  - This budgetary carveout likely a result of CEDMC advocacy at the Governor's Office level
- As building and appliance energy efficiency produces customer savings and flattens statewide electricity consumption, ERPA revenues have decreased and the costs have been borne by fewer and fewer consumers. To more equitably distribute the costs among ratepayers, the May Revision proposes to raise the statutory cap on the ERPA surcharge, tie the statutory cap to the Consumer Price Index, and extend the surcharge to apply to behind-the-meter electricity consumption. This increase will generate \$4.5 million in additional revenues in 2021-22 and approximately \$9 million annually thereafter to offset recent revenue decreases, and will allow the CEC to continue playing a critical role in creating the energy system of the future.
- Water efficiency funding will become clearer June 15<sup>th</sup>, with drought package likely in budget. Resolution of this issue may be pushed back to August.

**Oversight Hearing: Summer Readiness: ensuring reliability since the August 2020 outages**

- Hosted by the Assembly Utilities & Energy Committee
  - [05.18.2021 Summer Readiness Agenda](#)
  - [Summer Readiness Background](#)
  - [Summer Readiness notes from lobbyists](#)
- Article forthcoming in Friday, May 21<sup>st</sup> newsletter
- Overall, strong acknowledgement of importance of resources such as demand response
  - Elliot Mainzer provided full-throated endorsement of DR in responses to questions from legislators
  - DR has gotten “bad wrap” due to inappropriate/inconsistent regulatory policies
  - Republican pushback based on freedom to avoid “hot homes” rebutted well by Chair Holden
  - Underlying theme: we are heading towards a carbon-free grid, state has had a setback by having to use conventional generation (with CPUC conceding we'll have to do so again this summer), but we're on our way to getting back on track. Committed to 100% clean energy future.
  - Chair Holden asked CPUC: what is the status of DR? CPUC response that they are working on it.
    - CEDMC will continue to illustrate difference between statements of intent and reality on the ground, e.g. our past statements that DR was undercounted
    - Goal now is to get methodology improved (especially baselines)

- Pursuing multiple avenues to ensure CPUC appropriately approaches maximizing DR

### **Legislative Calendar**

- May 20 - suspense file hearing
- June 4 - house of origin deadline
- June 15 - state budget deadline
  - Many of the details of Governor's proposal not yet out, so Legislative Analyst's office pushing legislature to defer voting on many major proposals

### **Additional Discussion**

- AB 1139 – Oppose?
  - Mandates CPUC to revise NEM rules for solar projects
  - Apparently includes a provision that revisions could be a retroactive tax on solar customers, threatening ~100 MW of installed solar
  - Ostensibly written to support utility customers without solar, dismantle NEM
  - May need to wait to fight until bill is on Assembly floor or Senate Appropriations, as little can be affected right now
  - Could generate opposition for our membership
  - CEDMC to consider opposition, engage with key stakeholders

### **Next Steps**

Our next Working Group meeting will be on **Wednesday, June 2<sup>nd</sup> at 8:15 am**. This meeting will recur on a biweekly basis every other Wednesday of each month at 8:15 – 9:15 am. An invite from [Admin@cedmc.org](mailto:Admin@cedmc.org) has gone out to all folks on the Working Group.