



**CAPITOL COMMITTEE WORKING GROUP AD HOC
LEGISLATIVE PROPOSAL MEETING
10/14/21**

Agenda

1. Discuss potential sponsored legislation for next session

Meeting Notes

Proposed Sponsored Legislation

- Two proposals were clear winners in ranked choice voting
 - *All DERs should be presumed cost-effective unless proven otherwise*
 - *DER portfolio standard (RPS for EE/EERS) / requiring loading order in procurement of new resources*
- Goal is honing proposals, and with the potential to combine them
 - Intent is not to create the final legislation today, but to kick off the process that we will continue to refine as the legislative session progresses
 - Need to move relatively quickly to provide bill ideas to legislative staff in the next ~month
- Discussion
 - EERS, but in order to comply with standard procurement process that DERs will be presumed cost-effective unless proven otherwise
 - Intent is not to give all DERs a “pass” on cost-effectiveness, but rather to give DERs parity with supply side resources
 - Loading order should definitely be part of this language in order to ensure EE/DR procured first, and requiring it in legislation would further reinforce its validity
 - Need statutory language helping with implementation, despite reticence from legislators to micromanage regulatory agencies
 - Some folks feel this approach should only apply to procured resources, not portfolio programs
 - Codifying loading order in statute a very useful endeavor
 - Political concerns around upsetting renewable folks by codifying loading order, which may be avoided by focusing on “parity”

- Could incorporate via codifying by reference via findings section of the bill, which could be the preface to a focus on parity for DERs
 - This is a vehicle towards using loading order in resource procurement, but need to ensure it's not just checking the box
 - D.12-01-033, OP 4. "Utility procurement must comply on an ongoing basis with the Commission's loading order."
 - Need to put the onus on detractors to disprove the broad and robust deployment of DERs by creating a level playing field
- Desire to make sure technical inputs and outputs are not unnecessarily handicapping EE, despite high-level validation of the resource
- DER resource standard
 - During SB 350 process, we attempted to create a DER standard bill, which ultimately became SB 350
 - Controversy and difficulty setting a clear standard, largely from renewables community, that we DER community could deliver
 - Response was to make a doubling of EE as part of SB 350, rather than as a standalone bill
 - Also attempted to mold AB 802 to adjust baseline for custom projects
 - Timing, context of conversation is different now (grid issues, fires, etc.), though it will not be easy
 - Coalition-building critical
- For procured resources, all DERs should be presumed cost-effective and procured using the loading order in order to have parity across resources
 - We can address specific details like NTG, TRC, etc. as we work through bill
 - We can work with Legislative Counsel to determine appropriate statute or other mechanism to actualize intent

Next Steps

CEDMC staff will work with our lobbyists to formalize our proposal(s) and begin shopping with key legislators. Our next formal Working Group meeting will be on **Wednesday, October 20th 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 has gone out to all folks on the Working Group.

CAPITOL COMMITTEE WORKING GROUP MEETING

10/6/21

Agenda

2. 2022 outlook, potential sponsored legislation
3. Miscellaneous Capitol updates

Meeting Notes

Proposed Sponsored Legislation, 2022 outlook

- *All DERs should be presumed cost-effective unless proven otherwise*
 - Would force CPUC to come to the table and delineate cost-effectiveness – thereby illustrating the shortcomings of the current regime
 - Ex ante + ex post process can be excessive
 - 2023 Avoided Cost Calculator/cost-effectiveness proceeding may present an opportunity
 - Strong intent language needed comparing treatment of DERs to wholesale resources (“clean energy parity proposal”)
- *NMEC for non-buildings (e.g. industrial processes)*
 - Can leverage legislative process to have CPUC enforce letter of AB 802 law
 - CPUC skirted around industrial, replacement measure eligibility required by AB 802
 - Need to use existing conditions baseline
 - Builds on existing law, could put onus on CPUC for technical debate; could be a mechanism to simplify discussion
- *EE portfolio standard (RPS for EE/EERS) / requiring loading order in procurement of new resources*
 - Excess renewables lead to occasional negative prices, and EE is lowest levelized cost resource
 - ~25 states have an EERS
 - Some states tying utility DR to EERS, which would speak to “top of the loading order” category floor
 - Requiring loading order in procurement of all new resources
 - Recent focus on allowing fossil fuel resources may provide a timely opportunity to truly use the loading order
- *Amending 1131 and terminating custom review process*
 - Needed a finite timeline for custom review, which hasn’t happened
 - Direct CPUC to oversee ex ante reviews, require PAs to conduct reviews with implementers
 - Regulator should be doing ex post –not ex ante– work
- *Need to focus on a singular, simple idea*
 - Strategic preference for a Senator, over an Assemblymember

- Need to be pragmatic and work backwards from what we can achieve

Miscellaneous:

- PUC President Batjer stepping down at end of the year
- Assemblymember David Chiu appointed as next San Francisco City Attorney; will vacate Assembly seat
- Governor Newsom signed on September 23rd a "\$15 billion Climate Package" covering wildfire, forest resilience, water/drought resilience. Also included:
 - \$800 million to address the impacts of extreme heat through programs including urban greening, **funding to enable low-income families to reduce their energy bills by making their homes more energy efficient**, community resilience centers to provide cooling and other services and funding to advance the Extreme Heat Framework as part of the state's Climate Adaptation Strategy.
 - Drought/water resiliency components to this package
 - Additional [info](#) on these packages, also featured in this week's Council newsletter (out Friday, 10/8)
 - \$3.9 billion ZEV package
 - Additional climate discussions for a potential trailer bill likely as early as legislature's return in January
- Governor also signed [SB 756 Hueso](#) that expands eligibility for ESA to include households at or below 250% of federal poverty level, instead of the current 200%; a CEDMC supported bill.
- [AB 843](#) signed as well

Calendar:

- October 10, 2021: Last day for Governor to sign or veto bills
- January 3, 2022: Legislature reconvenes
- January 10, 2022: deadline for Governor's proposed state budget

Next Steps

Our next Working Group meeting will be on **Wednesday, October 20th 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 has gone out to all folks on the Working Group.