



CAPITOL COMMITTEE WORKING GROUP MEETING 3/2/22

Agenda

- Lobby Day Recap
- Update on CEDMC's 2022 Legislative Priorities
 - Salas DR low-income budget proposal; [concept language](#)
 - Senate DER parity budget proposal; [concept language](#)
- Upcoming Hearing: Asm U&E: Oversight Hearing: PUC Annual Review
- Legislation: See Complete bill list [here](#)

Meeting Notes

Lobby Day Recap

- We met with a number of legislators and appointed officials last Weds (2/23)
- Discussed Kellie Smith's ever-changing role, with a focus on energy
- Discussed Severn Borenstein's continued skepticism about behind-the-meter resources

Update on CEDMC's 2022 Legislative Priorities

- The Governor will issue his May revision around early May which will address specific budget asks, including potentially our two legislative priorities.
- It is possible that our items may get punted to cleanup legislation that is put forward around mid-summer.
- We are walking on a fine line between DR/Low Income and DER parity between the two chambers, which is highly competitive.
- Salas just sent this [letter](#) to leaders on the Senate side seeking their support for our DR/Low Income program concept.
- Offices that we are talking to about DER parity include President Atkins (through Kip), Laird, Hertzberg, Becker, Wieckowski, Skinner.

Upcoming Hearing: Asm U&E: Oversight Hearing: PUC

- Questions are listed **below**; these questions have also been put in front of Ting's office.
 - The rules governing load-serving entities' (LSE) procurement of resources restricts demand response (DR) procurement at 8.3 percent. This restriction is further exacerbated for non-IOU LSEs because IOU DR programs are counted first against this cap which limits their ability to develop their own programs or procure DR from third-party providers.
 - The current methodology for calculating the capacity value of DR programs and resources is very expensive, time-consuming, and opaque. The methodology is highly analytical so IOUs and DR providers typically hire consultants, which cost over \$100,000 to perform the required analysis. The process takes approximately nine months before the CPUC can inform a DR provider how much capacity it can sell which limits the ability of DR providers to respond to solicitations. Furthermore, the CPUC often provides little to no explanation for its determinations which limits the transparency of the process.
 - The CPUC has no rulemaking in place to consider new DR programs and products that can reduce and shift load based on retail price signals. The CPUC Energy Division held a workshop on this topic in May 2021 and recommended that a rulemaking be opened but no action has been taken by the CPUC since then. This step is needed to create more opportunities for customers to participate in DR while shifting load from peak and net peak times.
 - Third-party DR providers continue to experience serious delays in receiving meter data from IOUs for customers participating in their DR resources. This is a critical issue because the DR providers must provide these data to the CAISO within a fixed period of time for market settlement. In addition, these data are needed on a prompt basis for Demand Response Auction Mechanism contracts to ensure compliance with the minimum dispatch requirements.
 - The CPUC has yet to issue a decision on a proceeding initiated in November 2018 on additional IOU investments and requirements to improve their "click-through" capabilities. "Click-through" refers to the action by which a customer can ideally enroll in a DR program on a third-party website while authorizing the third party to have access to their meter data. The IOUs' current capabilities do not allow this to occur without the customer being re-directed to the IOU's webpage. This leads to significant customer drop-off rates; i.e., fewer customers participating in DR.
- The hearing is scheduled for later today. Here are the general materials for the meeting:
 - [2021 CPUC Annual Report](#)
 - [Public Advocates Office Annual Report 2021](#)
 - [Public Advocates Office 2021 Annual Report presentation](#)

Legislation Rundown

ENERGY EFFICIENCY

Energy Efficiency – Incentives/Residential

SB 1261 (Stern) – Residential Energy Efficiency in Heat Zone Areas – Would require the commission and the Natural Resources Agency to collaborate to develop a residential building extreme heat zone mitigation assistance program to provide assistance to residents to mitigate extreme heat-related impacts, as provided. Specifically provides ***“The program shall provide assistance in areas that include, but are not limited to, weatherization, energy and water efficiency, and net-zero retrofits for heating and cooling.”***

Energy Efficiency – Labor Standards

SB 1164 (Stern) – Installation of Heating, Ventilation and Air Conditioning – This bill would require the commission, on or before July 1, 2023, to submit to the Legislature a report proposing a statewide compliance document repository and data registry that would register and store compliance, installation, and acceptance test documentation required by the regulations specified above, as provided. ***The bill would require the State Air Resources Board, on or before July 1, 2023, to submit to the Legislature a report proposing a statewide heating, ventilation, and air conditioning equipment sales registry and compliance tracking system to identify the installation of heating, ventilation, and air conditioning equipment done without permit or testing of proper performance, as provided***

Energy Efficiency – Building Standards/Commercial and Residential

SB 1301 (Becker) – Building Performance, Incentives and Tenant Protections – This bill would provide that it is the intent of the Legislature to later enact legislation to create ***building performance standards for improvements in water and energy efficiency*** and reductions in the emissions of greenhouse gases in large buildings and to ***create a set of related financial support programs and tenant protection measures, as specified.***

Peakload Energy Consumption – PLACEHOLDER BILL

SB 1026 (Wieckowski) – Current law requires the State Energy Resources Conservation and Development Commission to investigate options and develop a plan to decrease wasteful peakload energy consumption in buildings and, on or before January 1, 2004, to report its findings to the Legislature. ***This bill would make nonsubstantive changes to those requirements.***

PACE – Extension to Fire Safety Improvements

AB 2258 (Wood) Would authorize a public agency that has established a PACE program, as specified, ***to enter into voluntary contractual assessments with property owners to finance the installation of wildfire safety improvements***, as defined, that are permanently fixed to real property and would provide that wildfire resiliency and safety improvements that contribute to the defensible space Zones 1 and 2 of a property, as specified, are wildfire safety improvements for purposes of those provisions.

DEMAND RESPONSE

AB 2884 (Ting) – Reporting on Incentive Programs – Current law requires an electrical or gas corporation to develop a program to provide incentives to a residential or small or medium business customer to acquire energy management technology for use in the customer’s home or place of business. Current law requires an electrical or gas corporation to annually report to the Public Utilities Commission on actual customer savings resulting from the incentive program. ***This bill would require an electrical or gas corporation to biennially, instead of annually, report to the commission on actual customer savings resulting from the incentive program.***

SB 839 (Dodd) – BIP – Current law requires each load-serving entity, defined as including electrical corporations, electric service providers, and community choice aggregators, to maintain physical generating capacity and electrical demand response adequate to meet its electrical demand requirements. Existing law requires the commission to establish rules for how and when backup generation may be used within a demand response program and to establish reporting and data collection requirements to verify compliance with those rules. Pursuant to existing law, the Public Utilities Commission has authorized the state’s 3 largest electrical corporations to offer reliability-based demand response programs, including the base interruptible program, which is available to qualifying nonresidential customers of an electrical corporation. ***This bill would expressly require each of those large electrical corporations to administer the base interruptible program, except as specified. The bill would require each of those large electrical corporations to make its base interruptible program available to its qualifying commercial and industrial customers regardless of the load-serving entity that is those customers’ supplier of electricity.***

DER

SB 1158 (Becker) – IRP – ***Would require the State Energy Resources Conservation and Development Commission (Energy Commission), on or before January 1, 2024, to adopt guidelines, through an open process, subject to public comment, and adopted by a vote of the Energy Commission, for, among other things, the reporting and disclosure of electricity sources by hour.*** This bill contains other related provisions and other existing laws.

SB 833 (Dodd) – DER Permitting – Current law assigns the various duties, including applying for and accepting grants, contributions, and appropriations, and awarding grants consistent with the goals and objectives of a program or activity the State Energy Resources Conservation and Development Commission is authorized to implement or administer. ***This bill, the Community Energy Resilience Act of 2022, would require the commission to develop and implement a grant program for local governments to develop community energy resilience plans and expedite permit review of distributed energy resources by local governments. The bill would require the plans to be***

consistent with the city, county, or city and county general plan and other local government planning documents.

ZERO-CARBON RESOURCES

SB 1376 (Stern) – Zero Carbon Resources Goal - Current law requires the State Energy Resources Conservation and Development Commission to conduct biennial assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices. Current law requires the commission to use these assessments and forecasts to develop and evaluate energy policies and programs that conserve resources, protect the environment, ensure energy reliability, enhance the state’s economy, and protect public health and safety. Current law requires the commission to adopt an integrated energy policy report on or before November 1 of each odd-numbered year that contains an overview of major energy trends and issues facing the state and presents policy recommendations, as specified. ***This bill would require the commission to adopt a strategic plan on or before November 1, 2023, to enable no less than 6 gigawatts per year of zero-carbon resources to be interconnected to the state’s electrical grid, beginning on January 1, 2025.***

AB 2587 (E. Garcia) – Zero Carbon Resources Goal – Current law requires the State Energy Resources Conservation and Development Commission, in consultation with the Public Utilities Commission, the Independent System Operator, and the State Air Resources Board, on or before December 31, 2023, to submit to the Legislature an assessment of the firm zero-carbon resources that support a clean, reliable, and resilient electrical grid in California and will achieve the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of all retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045, as specified. ***This bill would require the Public Utilities Commission to open a proceeding related to the procurement of firm zero-carbon resources based on the findings and recommendations made in the above-described assessment no later than 6 months from the time the assessment is presented to the Legislature.***

RA

SB 1174 (Hertzberg) – ***Would require the Public Utilities Commission(PUC) to waive any otherwise applicable penalty for noncompliance with the resource adequacy requirements if it finds that certain conditions have been met, including that the electrical corporation, electric service provider, or community choice aggregator has contracted for adequate resources to meet its resource adequacy requirements and that the contracted-for resources would otherwise be supplied, but for delays in the completion of a third-party transmission owner’s deliverability network upgrades, as specified.*** This bill contains other related provisions and other existing laws.

BROADER CONTEXT

Low Carbon Building Materials

AB 2446 (Holden) – This bill would require the commission to develop a framework for measuring and then reducing carbon intensity in the construction of new buildings, including those for residential uses. *The bill would require the commission to design the framework to achieve an 80% net reduction in the carbon intensity of construction and materials used in new construction by 2045, with interim goals of 20% below 2020 levels by 2030 and 40% below 2020 levels by 2035. The bill would require the commission to take certain actions to facilitate the achievement of these goals.*

SB 1297 (Cortese) – *The bill would require the agency to incorporate, as appropriate, projects using low-embodied carbon building materials or carbon sequestration in building materials into the California Carbon Sequestration and Climate Resiliency Project Registry. The bill would require the state board to develop an accounting protocol to quantify embodied carbon and carbon sequestration in building materials. The bill would require the Office of Planning and Research to evaluate the circumstances in which the use of low-embodied carbon building materials or carbon sequestration in building materials qualifies as an acceptable mitigation measure pursuant to the California Environmental Quality Act.*

This bill would require a public agency, when feasible and cost effective, to prefer the use of building materials with low-embodied carbon, as specified. To the extent this bill imposes additional duties on local agencies, this bill would create a state-mandated local program.

SGIP – Local Government Bill Credit Expansion

AB 2864 (R. Rivas) – SGIP – Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Current law, the Local Government Renewable Energy Self-Generation Program, authorizes a local government to receive a bill credit, as specified, to be applied to a designated benefiting account for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to approve a rate tariff for the benefiting account. Under current law, an electrical corporation is obligated to provide a bill credit to a benefiting account designated by a local government only until that electrical corporation reaches its proportionate share of 250 megawatts of the combined statewide cumulative rated generating capacity of all eligible renewable generating facilities within the service territories of the state's 3 largest electrical corporations. *This bill would remove the statewide 250-megawatts limit.*

Preemption of Local Authority to Require Electric Appliances

SB 1393 (Archuleta) – Current law requires the State Energy Resources Conservation and Development Commission to take specified actions to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy, including the energy associated with the use of water, and to manage energy

loads to help maintain electrical grid reliability. *This bill would require a city, including a charter city, or county to submit an application to, and receive approval from, the commission before the city or county could require that a fossil fuel-fired appliance be replaced with an electric appliance upon the alteration or retrofit of a residential or nonresidential building, except when the requirement includes specified exemptions, as specified.*

Year-round Daylight Savings Time

AB 2668 (Choi) – Would set California’s standard time to year-round daylight saving time after the federal government authorizes the state to do so, as specified.

Next Meeting

Our next Working Group meeting will be on **Wednesday, March 16th 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.