



CAPITOL COMMITTEE WORKING GROUP MEETING 6/8/22

Agenda

- Budget trajectory and asks
- High priority intervention bills
- Other bills that we support
- High priority watch bills
- Other items

Meeting Notes

Budget Trajectory and Asks

- The Legislature has until June 15 to pass a budget. The new fiscal year begins July 1. Expect trailer and “junior” budget bills to follow with more spending items.
- Last week, Senate and Assembly budget leaders announced their draft \$300 billion budget [agreement](#). Some deviations between this draft agreement and the Governor’s May Revision include how to (and how much to) distribute several billion dollars to address gas price and inflation relief.
 - Currently - the draft agreement proposes approving the total funding level for the \$295 million for demand side grid support. However, the draft agreement also states to defer allocations to the Climate and Energy Package.
- The Council recently met with the Chair, Vice Chair, and staff at the CEC regarding the Council’s DR-related budget priorities (refresher below). This discussion was intended to remain high-level, but dove into opportunities for improvement and increased likelihood of success of our budget priorities. Of particular note is a suggestion to shift our “Option 2” priority into a different funding “bucket” focused on distributed electricity backup assets and incorporate that \$100 million into the “Option 1” ask.
- As a refresher, the Council’s pre-CEC discussion priorities on how to allocate much of the \$295 million demand side grid support funding in the Governor’s May Revision:

- **Option 1: Day-ahead/Day of Reliability**
 - Concept: \$100M in non-utility DR and DER aggregators for day-of and day-ahead reliability that meets summer peak or net peak upon CAISO declaring emergency alert or higher. The providers/program participants would need to dispatch resources at the commitment level or face a discount.
 - This could apply to all load-serving entities (LSEs).

- **Option 2: Critical Facilities Reinforcement**
 - Concept: Maximum allocation \$100M. Require IOU's to procure from non-utility, third party providers battery energy storage systems to critical facilities where they have pre-existing stand-alone solar installations for PSPS/Wildfire. Facilities would be required to reduce grid consumption and dispatch batteries and solar production in response to PSPS notices from IOUs.
 - ***Require streamlining of interconnection; these would be distribution-connected resources.***
 - This option could be considered an RA program without typical RA challenges (or “hoops” to jump through).
 - This could apply to all LSEs.

- **Option 3: Low-mod income/disadvantaged communities Grid Reliability Program**
 - Concept: \$25M for demand reduction from residential consumers (with focus on low-mod and disadvantaged communities) for extreme events. Up-front capacity commitment and/or for per unit reductions in load. Eligible participants would include all residential electric customers except those who already participate in the ELRP.

- **Option 4: statutorily removing barriers to maximum deployment of demand response**
 - Concept: Remove the current arbitrary cap of 8.3% on demand response procurement in RA. This is an arbitrary cap which disproportionately affects non-IOU LSE's (first-come; first serve) and limits the potential of the resource. Additionally, there is already an extensive verification process. *You don't need both a cap and a verification process.*
 - Concept: Remove PUC ability to establish a separate and unequal cost-effectiveness and reliability processes for DR vis-a-vis other resources (ie, natural gas). The authority is currently embedded in the statutory loading order.
 - Add PUC 454 (b) (9) (c) (iii) "The Commission shall not establish any rule or procedure that creates a higher standard or threshold for the procurement of distributed energy resources than for other resources."

The group discussed the importance of ensuring the entirety of the \$295 million funding bucket is both preserved in the final budget and is allocated for effective DR resources. This preservation is already a part of the Council's advocacy efforts and will continue to accelerate as this discussion matures.

There are no further updates re: the TECH Clean CA funding request. Of interest, expanding funding for the TECH program was noted in a June 3 News Data [article](#).

High Priority Intervention Bills

- Timeline: the end of May saw the House of Origin cutoff, which is the last day for each house to pass bills introduced in that house. The next bout of cutoffs come at a faster pace than the last several months as bills have already been (at least partially) vetted.
 - August 31 is the last day for each house to pass bills, final recess begins upon adjournment.

- SB 1063 (Skinner) – Asm Natural Resources, 6/13
 - Current law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, standards for minimum levels of operating efficiency, and authorizes the commission to prescribe other cost-effective measures, to promote the use of energy- and water-efficient appliances whose use requires a significant amount of energy or water. Current law requires that those standards become effective no sooner than one year after their date of adoption or revision and requires that they not result in any added total costs for consumers over the designed life of the impacted appliances. Current law prohibits the sale, and the offering for sale, of a new appliance unless its manufacturer certifies that it complies with the standards in effect at the time the appliance is manufactured. This bill would authorize the commission, upon considering specified factors and making a finding of good cause, to make the standards effective sooner than one year after their date of adoption or revision, as specified. The bill would require that those other cost-effective measures prescribed by the commission also not result in any added total costs for consumers over the designed life of the impacted appliances.

- SB 1026 (Wieckowski) – Asm Judiciary, 6/14
 - Current law requires the State Energy Resources Conservation and Development Commission to prescribe, by regulation, energy efficiency standards for lighting, insulation, climate control systems, and building design and construction standards for new residential and new nonresidential buildings. Current law requires the commission to also develop a public domain computer program that enables contractors, builders, architects, engineers, and government officials to estimate the energy consumed by residential and nonresidential buildings. Current law

regulates the terms and conditions of residential tenancies and imposes various requirements on landlords. This bill would require the commission to prepare a residential energy efficiency disclosure statement form for landlords and other lessors of residential properties to use to disclose to tenants and lessees information about the energy efficiency of the property.

- Becker SB 1158 – Asm Utilities & Energy, 6/22
 - 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 1020 (Laird) – Asm Utilities & Energy Committee, 6/22
 - The California Global Warming Solutions Act of 2006 requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions and to update the scoping plan at least once every 5 years. The act requires the state board to conduct a series of public workshops to give interested parties an opportunity to comment on the plan and requires a portion of those workshops to be conducted in regions of the state that have the most significant exposure to air pollutants, including communities with minority populations, communities with low-income populations, or both. This bill instead would modify, with respect to the provision that a portion of the workshops be conducted in regions of the state that have the most significant exposure to air pollutants, the above-described included communities as additionally being areas designated as federal extreme nonattainment.
- SB 1203 (Becker) – Asm desk
 - The State Air Resources Board is required to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030. This bill would declare the intent of the Legislature that state agencies aim to achieve zero net emissions of greenhouse gasses resulting from their operations no later than January 1, 2035. The bill would require each state agency to develop and publish a plan, on or before January 1, 2025, that describes its current greenhouse gas emissions inventory, its planned actions for achieving net zero emissions of greenhouse gases, and an estimate of the costs associated with the planned actions. The bill would require the state agency to update the plan beginning June 30, 2027, and every 2 years thereafter until the goal has been achieved.
- AB 2667 (Friedman) – Sen Energy, Utilities, and Communications
 - Would establish the Integrated Distributed Energy Resources Fund as a special fund in the State Treasury, the monies in which would be available

to the Energy Commission, upon appropriation by the Legislature, for purposes of the bill. The bill would require the Energy Commission to administer the fund in consultation with the Public Utilities Commission and the State Air Resources Board to provide incentives for eligible resources to support statewide customer adoption of clean distributed energy resources, as specified. The bill would require the commission to establish a system to equitably award incentives, as specified. The bill would require the commission to establish a process to allow a load-serving entity to apply for incentives on behalf of a customer or a set of customers as part of that load-serving entity's customer program to reduce its resource adequacy requirement obligations.

Other Bills that we Support

- SB 839 (Dodd) –held under submission
 - Unanimous support in SEUC

High Priority Watch Bills

- SB 1164 (Stern) – Assembly U&E 6/22
 - 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.
- AB 2765 (Santiago) – Held Under Submission – administers, or otherwise oversees, various public purpose programs, including energy efficiency and conservation programs, cost-effective energy efficiency programs, the Family Electric Rate Assistance program, the California Alternate Rates for Energy (CARE) program, rate assistance programs for eligible food banks, and home insulation financial assistance programs. Under current law, those programs are generally funded through a charge on electrical service, which is collected through customer rates. This bill would establish the Public Utilities Public Purpose Programs Fund, and would, upon appropriation, require the commission to allocate the moneys in the fund for purposes of funding programs funded through an electrical corporation's public purpose program rate component as of September 1, 2022, other programs determined by the commission to provide public benefits, and programs that enhance electrical system reliability and provide in-state benefits, except the Family Electric Rate Assistance program and the CARE program, as specified.
- SB 881 (Min) – Held under Submission
 - The Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Current law requires the commission to adopt a process for each load-serving entity, defined as including electrical corporations, electric service providers, and community

choice aggregators, to file an integrated resource plan and a schedule for periodic updates to the plan to ensure that load-serving entities accomplish specified objectives. Current law requires each load-serving entity to prepare and file an integrated resource plan consistent with certain requirements on a time schedule directed by the commission and subject to commission review. This bill would require the commission to require each load-serving entity to undertake sufficient procurement to achieve a diverse, balanced, and reliable statewide portfolio and realize specified electricity sector greenhouse gas emissions reductions, as provided.

Other Items

- Snapshot of early CA general election results, what we know at this point:
 - This is the first race since redistricting - some seats are completely open.
 - Ballots that were postmarked by Election Day can be received up to seven days after the polls close.
 - Election results must be certified by the end of July 7.
 - **Governor's race:** Early results show Newsom's general election opponent will be State Senator Brian Dahle, a Republican representing the northeast corner of the state. Newsom received 61% of the early returns on election night.
 - **US Senate:** Sen. Alex Padilla won both the special election and general election to keep the seat through January 2029. He had more than 57% of the vote in each contest by 9:35 p.m.
 - **LA Mayor:** Billionaire real estate developer Rick Caruso leads U.S. Rep. Karen Bass in early returns; both will advance to the general election after neither garnering 50% of the Primary Election vote. LA Councilman Kevin de León was third, far behind the leaders with single digit % of votes.

Next Meeting

Our next Working Group meeting will be on **Wednesday, June 22nd 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.