



STATE POLICY WORKING GROUP MEETING 1/18/2023

Agenda

1. Budgetary Review
2. CEC Workshop: SB 846 + CERIP
3. CEC Workshop on the Demand Side Grid Support Program (DSGS) and Distributed Electricity Backup Assets (DEBA) Program

Notes

(Reference only) Legislation introduced thus far

- [AB 3](#) (Zbur): Offshore wind energy
 - Intent bill to accelerate offshore wind projects, reviewing approval process, etc. The language also notes the need to review environmental, social, economic impacts.
- [AB 9](#) (Muratsashi) | [SB 12](#) (Stern, Allen, & Wiener): CA Global Warming Solutions Act of 2006: emissions limit
 - Companion bills both hold the same language at this point. The current goal is 40% below '90 levels achieved by December 2030. These two bills change 40% to 55% below '90 levels achieved by December 2030.
 - It is possible this bill could see more substantive language beyond goal shifts.
- [AB 38](#) (Lee): Light pollution control
 - This bill has more substantive language. Starting in 2024, certain lights need to be dimmable, level of brightness, etc. Extinguishable by auto shut off, etc.
- [AB 43](#) (Holden): GHG emissions: building materials - credit trading platform and compliance system
 - Carbon credit trading on building materials. There was a previous bill on this issue that passed into law. AB 43 *could be* considered the next chapter.
- [AB 80](#) (Addis): Offshore Wind Coastal Protection Act
 - This bill would state the intent of the Legislature to enact future legislation to create the Offshore Wind Coastal Compensation Fund for purposes of mitigating the impacts of the deployment of offshore wind infrastructure in California, funding costs associated with the future decommissioning of obsolete offshore wind infrastructure, and providing funding.

- [SB 56](#) (Skinner): Load-Serving Entities: IRPs
 - This bill “would make a non-substantive change” to the IRP provision re: diverse and balanced portfolio to meet several energy and climate policy targets.
- [SB 57](#) (Gonzalez): Extreme weather events.
 - This bill would state the Legislature’s intent to enact future legislation to prohibit shutting off utility service during extreme weather events.
- Nearest Legislative calendar deadlines:
 - Jan. 20 Last day to submit bill requests to the Office of Legislative Counsel.
 - Feb. 17 Last day for bills to be introduced (J.R. 61(a),(1)(J.R. 54(a)).

1. Budgetary Review:

- Budget surplus of \$100B in 2022, projected budget gap of ~\$22.5B in 2023.
- No proposal to tap into Reserves.
- Energy investments shift from \$7.9 to \$7B.
- You can find the proposed budget summary/ies [here](#).
- The **red** text below captures any changes the Governor has put forward in his January proposal compared to the budget/legislation that was passed in 2022:
 - **Clean Energy Reliability Investment Plan:** \$1B through FY 26
 - FY 2023-24: \$100,000,000
 - FY 2024-25: \$400,000,000
 - FY 2025-26: \$500,000,000
 - **Preserve initial \$100M in funding for FY 23-24.**
 - **Equitable Building Decarb Program:** \$922M through FY 26
 - FY 2022-23: \$112 Million
 - FY 2023-24: \$665 Million
 - FY 2024-25: \$53 Million
 - FY 2025-26: \$92 Million
 - **New Total: \$835M through FY 26**
 - **Delays \$370M of 2022-24 funds “to future years” and reduction of \$87M for 2025-26.**
 - **Distributed Electricity Backup Assets Program:** \$700M through FY 26
 - FY 2021-22: \$550 Million
 - FY 2022-23: N/A
 - FY 2023-24: \$100 Million
 - FY 2024-25: \$25 Million
 - FY 2025-26: \$25 Million
 - **The budget does not propose cuts to DEBA, and in fact proposes \$33M for this FY to potentially increase funding to DEBA and DSGS (see immediately below) as needed.**
 - **Demand Side Grid Support:** \$295M through FY 23
 - **As noted above, the Governor has proposed the potential for \$33M in additional funding for DSGS.**

- **TECH Clean CA:** \$145M through FY 24
 - FY 2022-23: \$50 Million
 - FY 2023-24: \$95 Million
- **Industrial Grid Support & Decarb Program:** \$100M through FY 23
 - **New Total: \$90M through FY 23**
 - **Reduction of \$10M in FY23.**
- **Ultra-Low GWP Refrigerants Funding:** \$40M through FY 24
 - FY 2022-23: \$20 Million
 - FY 2023-24: \$20 Million
 - **Reduction of \$20M in FY 23-24, which would cut program in half and eliminate second fiscal year funding.**
- **Food Production Investment Program:** \$75M through FY 23
 - **New Total: \$65M through FY 23**
 - **Reduction of \$10M**
- **CEC Meter Data Access:** \$5M through FY 23
- A few noteworthy takeaways:
 - Expand the opportunities for Distributed Energy Resources (DER) ***including strategies to increase demand response opportunities and the capabilities of electrified loads such as buildings and vehicles to support the electric system and provide resilience for customers (page 12)***
 - Investments to expand the participation of DER and distribution level interconnections of clean energy resources, such as:
 - Expanding and extending the DEBA and DSGS programs as needed.
 - Expanding ***clean generation and energy storage at the distribution level.***
 - Incentivizing new, clean backup generation and the replacement of fossil-fueled backup generation.
 - ***Providing incentives for enabling demand flexibility (controls, equipment, etc.).***
 - Providing cost share for community-scale assets that support reliability and ***provide communities with resilience, including microgrids.***
 - ***Investing in advanced controls for infrastructure that allow electrified loads such as buildings and vehicles to support the grid.***
 - ***Incentivizing expansion of the market for repurposing the batteries of electric vehicles.***
- The [LAO's updated revenue outlook](#) cites a 78% chance that the state's major General Fund revenue sources will end below levels projected in the administration's new estimates for 2022-23. Moreover, if revenues for 2023-24 drop below the administration's estimates, budget gaps identified in the May Revision may grow larger still.

How Likely Are Revenues to Differ From Budget Projections?

Chances of big three (personal income, corporation, and sales) tax revenues coming in below or above Governor's Budget for 2022-23:

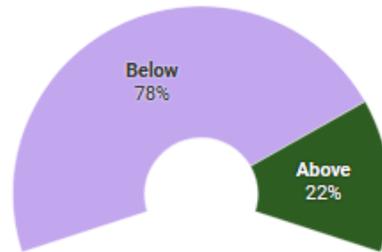


Chart: Legislative Analyst's Office • Created with [Datawrapper](#)

How Much Could Revenues Differ From Budget Projections?

Our best guess is **\$5b below** Governor's Budget projections for 2022-23, but many outcomes are possible. The shaded area shows the most likely outcomes.

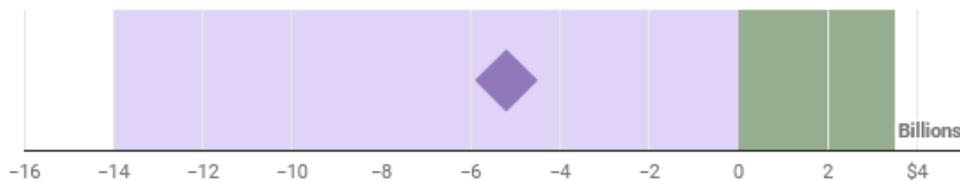


Chart: Legislative Analyst's Office • Created with [Datawrapper](#)

2. CEC Workshop: SB 846 + CERIP

- The CEC is hosting a [workshop](#) on energy reliability provisions of SB 846 this Friday: January 20, 9:30 a.m. - 12:00 p.m.:
 - CEC staff will provide a summary of the reliability analysis that was conducted jointly with input from CPUC and CAISO staff.
 - SB 846 put in place actions necessary to enable the extension of the Diablo Canyon power plant beyond 2025 if it is needed to support grid reliability. One of the requirements is for the CEC to assess whether the electricity forecasts for the calendar years 2024 to 2030 show potential for reliability deficiencies if the Diablo Canyon power plant operation is not extended, and whether extending operations of the Diablo Canyon power plant to at least 2030 is prudent to ensure reliability (see PRC 25233.2(c)). This workshop will discuss the assessment.
 - CEC staff will provide an overview of the proposed funding priorities for CERIP. The workshop will include a public comment period.
 - SB 846 also requires the CEC to develop a Clean Energy Reliability Investment Plan (CERIP) in consultation with CPUC and CARB by March 1, 2023. The plan is to provide recommendations on initiatives that support the state's clean energy future and reliability. Funding would be separately appropriated over the next three years by the Legislature to implement the CERIP. This workshop will provide an overview of the proposed CERIP funding priorities.
 - You can find the Council's response to the CEC's CERIP RFI [here](#).

3. CEC Workshop on the Demand Side Grid Support Program (DSGS) and Distributed Electricity Backup Assets (DEBA) Program

- The Workshop is divided into two sessions over the course of Friday January 27. You can find more information below:
 - [Session 1](#)
 - [Session 2](#)

Next Meeting

Our next State Policy WG meeting is scheduled for **Wednesday February 1 at 11:00 a.m.** Call-in coordinates are below.

[Zoom link](#)

Call-in: +13092053325,,82500501190#

Passcode: cedmc