



STATE POLICY WORKING GROUP MEETING 4/14/2023

Agenda

1. SB 48 - BPS
2. SB 422 - CEQA
3. SB 306 - EBDP
4. AB 1373: "Energy"
5. SB 795: HVAC registry/compliance
6. Clean Transpo - CEC + legislation
7. R.22-11-013 Ruling re: SCT/AQRR

Notes

1. SB 48: Building Performance Standards

- Next steps: Out of policy committee - may go direct to Approps.
- The following amendments were agreed to:
 - to limit the affordability impacts on Californians, especially as it related to housing affordability: to make explicit that the implementation of the strategy, including adoption of building performance standards shall only be adopted for existing commercial buildings that are 50,000 square feet or more.
 - to strip all references to water efficiency out
 - to make residential standards go to a study process and return to the Legislature, for their approval, before implementation.
- On April 10, Joe provided [testimony](#) in the Senate Committee on Energy, Utilities, & Communications.
 - Discussion in response to Joe's testimony included support for efficiency and the importance of benchmarking. Looking towards driving this to a stakeholder process (regulatory) as well as the need for considering financing opportunities to incentivize a BPS (comparable to solar). Also that timeframes can be extended - but noting the importance of data collection, etc.
- A fair amount of concern were raised, even by legislators who voted in favor of the bill, many of whom noted they (effectively) want the opportunity to continue the discussion.
 - Key concerns re: scope and severity of the proposal, 15 years seems like a short time to force new equipment/installations.

SUPPORT

- CEDMC

- SCE
- Environment CA / Sierra Club
- Building Decarbonization Coalition
- AO Smith Corp
- Indivisible CA
- Climate Action CA
- CalPERS
- 350 Bay Area Action
- US Green Buildings Council
- LA Dem Party

OPPOSITION

- Realtors - with cmte amends adopted, will remove opposition
- ACWA - had opposition but cmte amends seem to address

VOTE: Motion: do pass as amended to EQ

Ayes:

- Ashby
- Becker
- Bradford
- Dodd
- Durazo
- Eggman
- Gonzalez
- McGuire
- Min
- Newman
- Rubio
- Skinner

Noes:

- Dahle
- Seyarto
- Wilk

2. SB 422 (Portantino): CEQA: expedited environmental review: climate change regulations.

- Comparable to last session's SB 1136 ([CEDMC opposed](#)): the bill would allow project proponents to conduct a very narrow environmental review without acknowledging or putting into context other consequential projects that are occurring at the same time in the same community. These could be projects that are nearby or even at the same facility that has a project with streamlined CEQA review under this bill. The bill might also allow a project to avoid scrutiny of fence-line emissions such as particulate matter if a like analysis has been attempted in a master EIR or an EIR for the program that is being implemented.
 - The CEQA language was removed, labor language stayed in, Governor vetoed.
- [SB 422](#): does not explicitly call out efficiency, but would expand CEQA review to an extremely broad and undefined number of state regulations or standards, and only allow expedited CEQA review if the projects/regulations required specified labor standards.
 - The Council is joining similar stakeholders as last year in opposing the bill as the group is opposed to expanding CEQA in this way, which would have potentially

far-reaching implications to slow down, increase costs, and somehow then also apply labor requirements to AQ and GHG rules, regulations, or performance standards such as building codes, zero emissions appliances stds, etc. (previously energy efficiency programs were explicitly included).

- Committee hearing scheduled for April 19.

3. SB 306: Equitable Building Decarb Program (Direct Install):

- [SB 306](#) (Caballero)
- Passed Senate EUL Committee on Monday unanimously.

4. AB 1373: “Energy”

- New bill from Asm Garcia addressing a central procurement mechanism for the DWR and the potential to assess payments for unused or un-achieved capacity.
- From the [CSG](#) (re: Gov’s TB):
 - *The provision empowers the Department of Water Resources (DWR) to procure energy for the purpose of achieving the state’s (SB 100) goal of supplying 100% clean electricity to all retail customers by 2045. This authority would only be exercised following a determination from the California Public Utilities Commission (CPUC) that the resources are required. **The intent of the proposed law is to support resources identified as needed but for which there is uncertainty regarding their development potential, including notably offshore wind, geothermal and long-duration storage.** For a risk-taking commercial enterprise, assured demand from an ultra-low risk, investment grade counterparty constitutes a drastic reduction in project risk, and so a powerful incentive to allocate capital towards project development.*
 - *The bill would authorize the PUC to direct an electrical corporation, and request the Department of Water Resources, to procure diverse clean energy resources, as defined by the PUC, that satisfy the portfolio of resources, as specified.*
 - *This bill would authorize the department, following a determination from the PUC, in consultation with the Energy Commission and the Independent System Operator, that it is necessary for the department to develop and conduct one or more competitive solicitations to procure energy, capacity, ancillary services, and all associated attributes, to conduct those solicitations, as specified*
- It pulls some language from the Gov’s [proposed TB](#) re: central procurement mechanism.
 - *(4) Upon review of the requirements of Section 454.53 and the progress towards meeting the portfolio of resources identified in subdivision (a) of Section 454.51, the commission may direct an electrical corporation, or request the Department of Water Resources, to procure diverse clean energy resources, as defined by the commission, that meet the portfolio of resources identified in subdivision (a) of Section 454.51.*
 - *(5) If the commission requests the Department of Water Resources to procure diverse clean energy resources pursuant to paragraph (4), the commission, in consultation with the Department of Water Resources, shall develop and adopt procedures and requirements that govern procurement by, obligations on, and recovery of costs incurred by the Department of Water Resources and align with Division 29.5 (commencing with Section 80800) of the Water Code. The commission may review that procurement and, if approved, issue an order governing the recovery of the Department of Water Resources’ costs only if both of the following conditions are satisfied:*

- (A) *The recovery of costs to satisfy the revenue requirement of the Department of Water Resources has been found to be just and reasonable and is in the public interest.*
- (B) *The recovery of costs through charges on customers, including, if authorized, the issuance of bonds and the material terms of those bonds, including interest rates, rating, amortization, and maturity, does not unreasonably increase costs to customers on a net present value basis compared with the procurement of diverse clean energy resources by an electrical corporation pursuant to paragraph (4).*
- ...
- 454.51. *The commission may order resource procurement as a result of the integrated resource planning process and shall enforce any resource procurement requirements on a nondiscriminatory basis.*
- Inserts a few new sections, effectively authorizing/requiring the CPUC to assess an annual capacity payment re: using the DWR's Electricity Supply Reliability Reserve Fund by each LSE and local publicly owned utility (CEC...) if they fail to meet its system RA requirements in the same month those moneys were used to meet a reliability need.
Note:
 - *The purpose of the capacity payment is to replenish the Department of Water Resources Electricity Supply Reliability Reserve Fund. The capacity payment is not a penalty and does not prohibit the Public Utilities Commission from assessing a penalty on a load-serving entity for a failure to comply with any resource adequacy requirement.*
- Lays out the calculation methodology, unless otherwise specified, for calculating the penalty.

5. SB 795: Energy: building energy efficiency: heating, ventilation, and air conditioning equipment: sale registry and compliance tracking system: compliance documentation data repository

- Scheduled for a hearing in Senate EUC April 18.
- *Reports by the Energy Commission and by the Public Utilities Commission have found that permits are obtained for HVAC replacements as little as 10 percent of the time, and that contractors comply with the California Energy Code's quality installation requirements as little as 15 percent of the time. It is estimated that by correcting these problems, peak energy demand could be decreased by 400 megawatts.*
 - Note: you can find the report in this docket:
<https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-DECARB-03>
- Amended from a spot bill, summary of changes:
 - This bill would require the commission to develop and implement an electronic statewide heating, ventilation, and air conditioning (HVAC) equipment sales registry and compliance tracking ~~system.~~ *The system to allow the Contractors State License Board and other responsible enforcement agencies to cross-check the purchase of HVAC equipment with the submittal of permit compliance verification documents in order to identify contractors and other installers that fail to comply with the law. The bill would specify that the system is not directly accessible by the general public and would require the commission to designate certain information in the system as presumptively confidential.*

- *This bill would also require the commission to develop and implement an electronic statewide compliance—~~document~~documentation data repository. repository with certain capabilities. The bill would specify that the repository is not directly accessible by the general public and would require the commission to designate certain information in the repository as presumptively confidential.*
- *Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.*
- *This bill would make legislative findings to that effect.*

6. Clean Transpo - CEC + legislation

- [Coming up April 27: Public Meeting of the Advisory Committee for the Clean Transportation Program Investment Plan](#)
 - During this remote-access only meeting, staff will present an overview of proposed funding allocations included in the staff draft report version of the 2023-2024 Investment Plan Update for the Clean Transportation Program (2023-2024 Investment Plan Update). Input is sought from the Advisory Committee and the public regarding the proposed allocations and rationale for proposed expenditures. Staff will also present on additional funding from the state budget and federal government.
- SB 84: scheduled for a hearing in Senate EQ April 26.
- AB 241
 - Appropriate term to be inserted into SB 84 or AB 241 could be “commercial”

7. R.22-11-013 Ruling re: SCT/AQRR

- The Council is coordinating with engaged Members on responding to an ALJ's Ruling requesting party feedback on whether and how to incorporate the SCT / Air Quality research results into the CET re: DERs. You can find notes from yesterday's discussion [here](#). If you would like to participate and have not yet - please reach out to Clark (CMclsaac@CEDMC.org).

Next Meeting

Our next State Policy WG meeting is scheduled for **Friday April 28 at 10:00 a.m.**
Call-in coordinates are below.

[Zoom link](#)

Call-in: +13092053325,,82500501190#

Passcode: cedmc