



## STATE POLICY WORKING GROUP MEETING 10/27/2023

### Agenda

1. Governor Bill Action (October 14)
2. Flexible Demand Appliance Standards: Pool Controls
3. Distributed Electricity Backup Assets Program ("DEBA") Guidelines

### Notes

#### 1. Governor Bill Action (October 14)

- **CEDMC Priority Bills - Passed Legislature**
- **AB 43 (Holden) Greenhouse gas emissions: building materials: embodied carbon trading system - Signed by Governor**
  - This bill authorizes the Air Resources Board (ARB) to create an Embodied Carbon Trading System (Trading System) to implement provisions of AB 2446 (Holden), Chapter 352, Statutes of 2022, and makes various revisions to the framework for measuring and reducing the carbon intensity of building materials used in the construction of new buildings created by AB 2466.
- **AB 50 (Wood) Public utilities: timely service: customer energization - Signed by Governor**
  - Requires the California Public Utilities Commission (CPUC), to determine the criteria for customers to receive timely electricity service when requesting new service connections or upgraded service, known as "energization." Proposes several policies to address delays in connecting customers to the electrical grid, including improved information sharing with local governments, reporting by electric investor-owned utilities (IOUs), and other measures.
- **AB 126 (Reyes) Vehicular air pollution: Clean Transportation Program: vehicle registration and identification plate service fees: smog abatement fee: extension - Signed by Governor**
  - Reauthorizes fees that fund the Air Quality Improvement Program (AQIP), the Clean Transportation Program (CTP), and the Enhanced Fleet Modernization Program (EFMP), and makes programmatic changes.
    - **Note:** Hydrogen/oil coalition went neutral once deal was made to increase set aside from 10% in the June proposal to 15%. Governor expected to sign. Previous iteration contained in AB 241 (Reyes) and SB 84 (Gonzalez).
    - Final committee hearings and floor speeches included notions of clean up legislation next year.
- **AB 1373 (Garcia) Energy - central procurement - Signed by Governor**

- Provides the Department of Water Resources (DWR) authority to act as a centralized procurement entity (CPE) until January 1, 2035. Requires the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), as applicable, to assess capacity payments for load-serving entities (LSEs) and local publicly owned electric utilities (POUs) that are deficient in their reliability obligations until June 30, 2027. Finally, authorizes the CPUC additional enforcement and subsequent penalty authority over the LSEs' integrated resource plans (IRP).
  - **Note:** Governor expected to sign after the Administration's previous central procurement proposal stalled during June budget negotiations.
- **SB 48 (Becker) Building Energy Savings Act. - Signed by Governor**
  - This bill requires the California Energy Commission (CEC) along with other agencies, to develop a state strategy to achieve state goals for energy and greenhouse gas (GHG) emissions from existing buildings.
    - **Note:** CEDMC support
- **SB 306 (Caballero) Climate change: Equitable Building Decarbonization Program: Extreme Heat Action Plan - Signed by Governor**
  - This bill requires annually reporting to the Legislature by the California Energy Commission (CEC) regarding the direct install program as part of the Equitable Building Decarbonization Program and codifies the Extreme Heat Action Plan with required reporting.
    - **Note:** CEDMC neutral; author submitted letter to CEC regarding Direct Install Program Guidelines
- **SB 410 (Becker) Powering Up Californians Act - Signed by Governor** A signing message can be found [here](#).
  - This bill requires the California Public Utilities Commission (CPUC) to establish by September 30, 2024, reasonable average and maximum target energization time periods in order to connect new customers and upgrade the service of existing customers to the electrical grid. This bill also requires reporting by electrical corporations and authorizes specified annual cost-recovery, subject to a cap.
- **SB 416 (Laird) State agencies: building and renovation projects: LEED certification - Signed by Governor**
  - This bill requires any new building or major renovation project undertaken by a state agency on or after January 1, 2024, to obtain the Leadership in Energy and Environmental Design (LEED) Gold or higher certification, except as provided.

### **Governor Newsom's Signature/Veto Deadline: Recap**

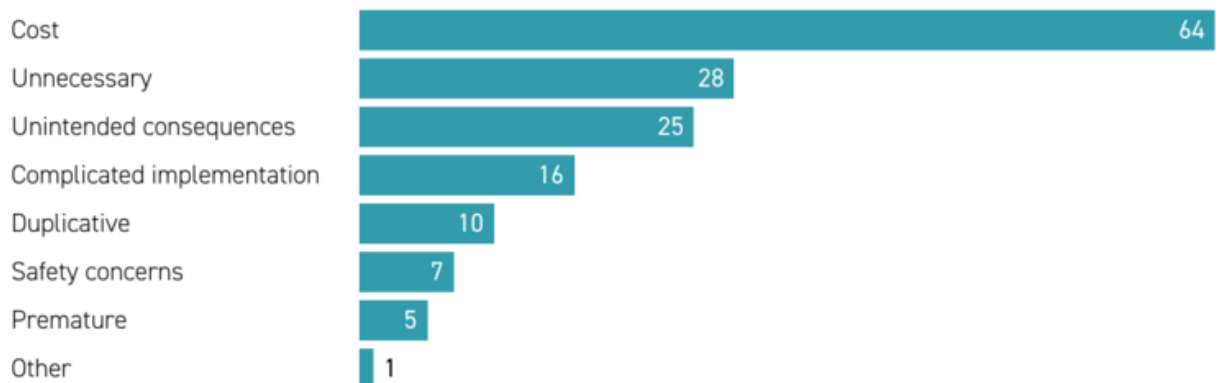
- One day ahead of the October 14th signing deadline, Governor Newsom cleared his desk late in the evening on Friday, October 13th, officially ending the first year of the 2023-2024 Legislative session. In total, Governor Newsom signed 890 bills this session and vetoed 156. That's fewer than in 2022, when the Governor signed 997 and vetoed 169. This penciled out to roughly a 15% veto rate this year. Notably, this is lower than the last four Governors' veto rates, but Newsom's highest rate in the last four years. All in all,

many have come to the conclusion that the Governor sought balance in his final bill decisions, with his actions gravitating more towards the middle.

- The Governor based most of his vetoes on fiscal reasons using boilerplate language in veto messages that stated he was not approving spending outside of the annual state budget process (\*see Politico chart on rationale cited for bill actions below).
- *“This year, however, the Legislature sent me bills outside of this budget process that, if all enacted, would add nearly \$19 billion of unaccounted costs in the budget.”*

## Many of Gov. Newsom’s vetoes due to cost concerns

Reasons cited for Gov. Gavin Newsom’s vetoes, 2023 legislative session



Note: For vetoes with multiple reasons cited, the more prominent reason was used.

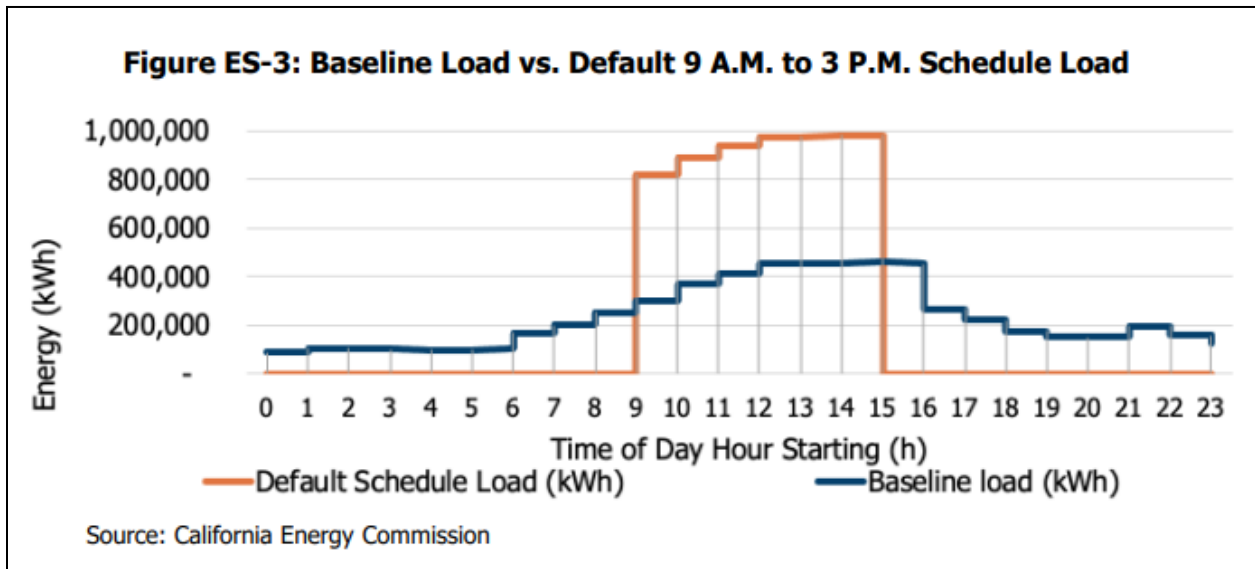
Source: Gov. Newsom’s office  
Eric He/POLITICO

## 2. Flexible Demand Appliance Standards: Pool Controls

- The CEC adopted the nation’s first [flexible demand appliance standards for Pool Controls](#). The new standards, which take effect in September 2025, require that pool controls default to operating pool equipment when both electricity prices and greenhouse gas (GHG) emissions are low.
- The new rules also establish cybersecurity standards to protect consumers using flexible demand appliances connected to the internet. Altogether, the rule is expected to deliver nearly 400 MW of permanent shift flexible capacity by 2030 and 560 MW by 2033. You can find more information at [Docket Log 23-FDAS-01](#) and watch Commissioner McAllister’s announcement [here](#).
- Politico also released an interesting article [“California is coming for your pools”](#).
- With Senate Bill 49 (SB 49, Skinner, Chapter 697, Statutes of 2019), the California Legislature provided the CEC with a new authority to develop standards for flexible demand technologies to reduce greenhouse gas (GHG) emissions from electricity generation.
- Staff initially studied a range of appliances to understand technical readiness and benefit potential. This preliminary analysis has identified pool controls, a device that sets the daily schedule of the pool filter pump, pool heater, chlorinator, and

pressure cleaner booster pump, as an ideal candidate for the first of California’s flexible demand appliance standards using the authority granted by SB 49.

- Staff developed a proposal to align the pool control operation schedule to the average daily period of low GHG emissions between 9 a.m. and 3 p.m. local time and avoid operation from 4 p.m. to 9 p.m. local time to provide permanent load shift away from periods when the electric grid is the most stressed. It is the policy of the state of California to mobilize flexible resources to accommodate current and future grid needs and anticipated growth in electricity demand. Pool pumping is a class of electrical load that lends itself well to this approach.



- SB 49 defines cost-effectiveness broadly and includes costs and benefits to the consumer and the state at large in terms of direct costs and benefits, reductions of greenhouse gases, and better alignment of consumer and electric system demand.
  - To determine cost-effectiveness, staff must determine the value of the energy shifted, the effect of the standard on the usefulness of the device, and the life-cycle cost to the consumer of the flexible device

**Table ES-1: Costs and Benefits Considered for Cost-Effectiveness Per Control**

Proposal	Design Life (years)	Consumer Utility Bill Savings Over the Design Life (In \$2022)	Incremental Consumer Costs (In \$2022)	Life-Cycle Consumer Savings (In \$2022)
Pool Controls	10	1,131	70	1,061

Source: California Energy Commission

**Table ES-2: Statewide Monetary Savings and GHG Emissions Avoided**

<b>Appliance</b>	<b>Total Avoided GHG Emissions During Turnover 2024 - 2033 (Metric Tons CO<sub>2</sub>e)</b>	<b>Annual Consumer Savings - First Year in 2024 (M\$ 2022)</b>	<b>Annual Consumer Savings - Stock Turnover in 2033 (M\$ 2022)</b>
Pool Controls	2,135,000	11	150

- The CEC’s Market Informed Demand Automation Server (MIDAS) contains both electric utility rates and rates of marginal GHG emissions for most of the state’s large utilities in a machine-readable format.<sup>7</sup> MIDAS provides a platform for customers and third-party service providers to obtain information needed for flexible demand-capable appliances to achieve price-based or GHG-based shifts in the timing of electric load.

**3. Distributed Electricity Backup Assets Program (“DEBA”) Guidelines**

- The CEC adopted proposed Distributed Electricity Backup Assets Program (“DEBA”) [First Edition Guidelines](#). All public and private entities are eligible applicants who must intend to own or operate the eligible project which are broken into two categories: bulk grid assets and distributed resources. A GFO solicitation will be posted on the CEC contracts [webpage](#). You can also find more at [Docket Log 22-RENEW-01](#).
- While not all of the [Council’s recommendations](#) were incorporated into the final guidelines, the following were:
  - Clarification that DEBA is not a standalone program and therefore “DEBA solicitations will be designed to attract clean resources into the Strategic Reliability Reserve while not inadvertently discouraging clean resources from participating in the state’s Resource Adequacy program.”
  - Clarification of the definition of “distributed resource” (see page 3).
  - Use of the term “energy storage” rather than “battery storage”; only one reference to battery: “Battery-backed electric vehicle charging.”
- Comments being made about CPUC overruling or pushing back against DEBA guidelines, however:
  - DEBA is part of the [Strategic Reliability Reserve](#) which is divided into three programs, two administered by the CEC (DEBA is one), one administered by DWR.
  - DEBA solicitations will be designed to attract clean resources into the Strategic Reliability Reserve while not inadvertently discouraging clean resources from participating in the state’s **Resource Adequacy** program.
- Recap of guidelines:

**Category 1: Bulk Grid Assets:**

- Efficiency upgrades, maintenance, and capacity additions to existing power generators.
- Eligible bulk grid projects must increase the nameplate capacity of an existing power generator or the power output of an existing facility.
- E.g.:
  - Efficiency upgrades at existing power generators.

- Clean back-up generation or storage sited at existing power generators.
- Waste heat to power integrated with existing power generators.

**Funding:** At least one Grant Funding Opportunity solicitation process, dependent on identified electrical grid reliability needs in the state, project opportunities, and available funding. Funding allocations may occur through a different state administrative process after initial phase.

**Table 2: Anticipated DEBA Funding Allocation**

<b>Funding Category</b>	<b>Funding Allocation</b>
Bulk Grid Assets	Up to \$100 million
Distributed Resources <sup>1</sup>	Up to \$445 million

**Timing:**

- FY 21-22 budget appropriations must be committed via grant awards by June 30, 2026.
  - Those grant funds must be spent by recipients (and reimbursed by CEC) by June 30, 2030.

**Next Meeting**

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

[Zoom link](#)

Call-in: +13092053325,,82500501190#

Passcode: cedmc