

CALIFORNIA

## Efficiency + Demand Management

COUNCIL

*Advancing Our Clean Economy*

### CEDMC State Policy Written Report (in lieu of 10/13 canceled call)

Now that the Governor's October 14 deadline to act on bills has passed, please see the following report re: key bills the Council acted on or monitored over the 2023 session + closing context and developments:

#### **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 to 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."*

Considered a potential future Democratic candidate for national office, many viewed his more moderate bill actions as exemplary of a "canoe theory" of signing into law some liberal proposals (abortion access, gun control, emissions disclosure, chemical ban commonly found in sweets, raising wages for fast-food and healthcare workers), while on the other hand vetoing others (decriminalizing magic mushrooms, allowing cannabis cafes, outlawing caste discrimination, gender identity affirmation in custody disputes, requiring humans on board self-driving trucks). In the latter group he cited business concerns or cautioned against bills that were too prescriptive. The Governor personally championed mental health care system reform, and increased criminal penalties for child sex trafficking, the first expansion of the state's "three strikes" law. On housing, the Governor seemingly signed every major housing bill that made it through the legislative process. The Governor pushed forward several environmental priorities as well, including SB 253 and SB 261, that increase climate reporting responsibilities for large corporations.

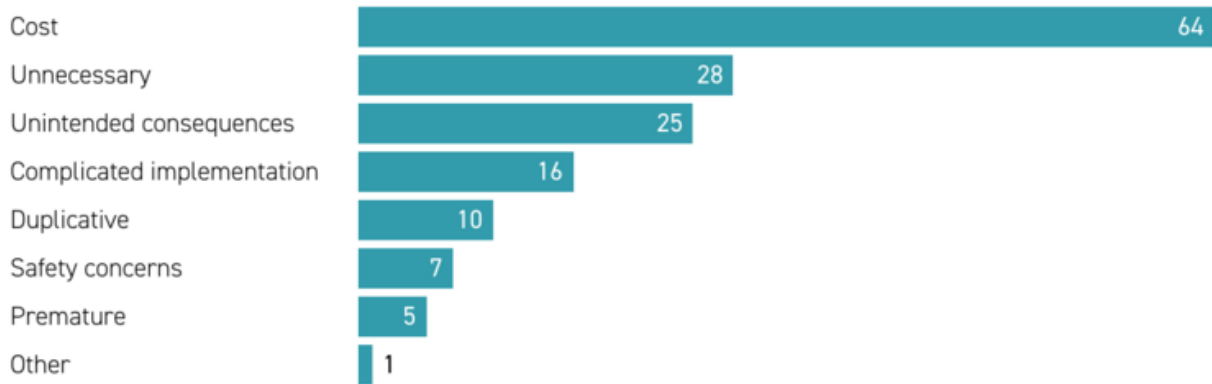
After labor unions had one of the most successful sessions ever in the Legislature, all eyes were on Governor Newsom to see if he would turn their historic "hot labor summer" success into law. It turned out that his support of union legislation was conditional; if there was a fiscal issue that could affect the state's bottom line (i.e. SB 799 unemployment benefits for striking workers), he vetoed it. However, if the legislation mandated additional requirements strictly on business or increased base compensation (ie, \$25 minimum wage for healthcare workers), then he tended to sign it. Other blows to the labor movement included vetoes on bills to allow public employees not to cross picket lines, to give advance layoff notification to contract workers, to expand transfer rights for employees of chain stores that close, to guarantee severance pay for laid-off grocery workers and to require the presence of human drivers as a backup in autonomous trucks.

Out of 19 bills identified this year on the California Chamber of Commerce's notorious "job killer" list, the Legislature sent seven to the Governor, who signed four of those bills into law.

*\*Politico Graph on stated rationale behind Newsom's Vetoes:*

## 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