Legislation & Budget Discussion

Agenda

1. Support Legislation
2. Bills of interest
3. Budget

Notes

Support Legislation

AB 1999 (Irwin) Electricity: fixed charges

The bill would permit the commission to authorize fixed charges that, as of January 1, 2015, do not exceed $5 per residential customer account per month for low-income customers enrolled in the California Alternate Rates for Energy (CARE) program and that do not exceed $10 per residential customer account per month for customers not enrolled in the CARE program. The bill would authorize these maximum allowable fixed charges to be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year, beginning January 1, 2016.

Status: Assembly Utilities & Energy Committee hearing 5/15/24; Assembly Appropriations Committee 6/16/24

AB 2891 (Friedman) Energy: electrical demand forecasts

Requires CEC to develop a set of upfront energy automation standards and performance criteria to systematically enable the reduction or modification of load forecasts; and encourages the CEC to use available funds appropriated by the Legislature to test the standards to maximize confidence in aggregated resource performance.

Status: Passed Assembly Utilities & Energy Cmte on consent 4/17/24; Assembly Appropriations 5/16/24

SB 1191 (Padilla) Personal Income Tax Law and Corporation Tax Law: exclusions: environmental credits

Would conform California's tax code to IRA provisions that provide tax incentives for the development of renewable energy in California

Status: Senate Appropriations 5/16/24

SB 1305 (Stern) Electricity: virtual power plant procurement

The bill would direct the CPUC to open a proceeding by March 1, 2026 to determine appropriate targets for each load serving entity to procure viable and cost-effective virtual power plants and, by October 1, 2026, to adopt a virtual power plant procurement target, if determined to be appropriate, to be achieved by each load-serving entity by December 31, 2028, and a 2nd target to be achieved by December 31, 2033. In the VPP proceeding, the CPUC shall coordinate with the California Energy Commission (CEC) and the California Independent System Operator (CAISO) to a) estimate the size of resource potential of resource adequacy-qualifying VPP resources,

b) identify existing and potential regulatory barriers and opportunities for VPP resources to qualify for resource adequacy capacity, and c) accelerate where feasible the resolution of regulatory barriers in order to facilitate the growth of VPP resources.

Status: Pulled from Senate Energy Cmte hearing

Additional CEDMC Legislative efforts

Clean Transportation Program - program administrator eligibility expansion

Current Clean Transportation Program requirements permit only public and not-for-profit entities to bid into the vendor pool. Seeking to expand the pool of potential vendors to include non-public vendors. Benefits:

1) Increasing staffing and resource capacity to bid into and administer Program funds

2) Increase diversity in thought, innovation, and competitiveness.

Status: Looking to a budget trailer bill that can carry this.

Bills of Interest

Potential bill language:

This bill would require the Energy Commission, in consultation with specified entities, on or before January 1, 2026, to submit to the Governor and the Legislature a study, including findings and recommendations, identifying proposals to reduce the cost to ratepayers of expanding the state's electrical transmission grid as necessary to achieve the state's goals, and meet the state's requirements, to reduce the emissions of greenhouse gases, as specified.

This bill would make inoperative, on January 1, 2026, the requirement to allocate funds for cost-effective energy efficiency and conservation activities, unless a relevant policy committee of the Legislature conducts a review of programs funded by that allocation and subsequent legislation is enacted providing for the continuation of those programs, as specified.

This bill would require the PUC, in collaboration with the Energy Commission, on or before January 1, 2026, to establish annual targets for statewide energy savings that will achieve a 15% reduction in retail customer total energy bills by January 1, 2030, to the extent doing so will not adversely impact public health and safety.

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AB 691 (Ting) School Energy Efficiency Stimulus Program

This bill would revise and recast various definitions for purposes of the School Energy Efficiency Stimulus Program, including, among others, by defining “noncompliant appliance” to additionally include a commercial propane, natural gas, or oil water heater. The bill would extend the date by which all funds allocated pursuant to the program are required to be spent or returned to each utility by December 1, 2030, as specified. The bill would authorize the Energy Commission to set application and encumbrance deadlines to ensure that the reversion of these funds occurs instead by December 1, 2030. The bill would additionally authorize the Energy Commission to establish the timing of grant funding, as specified. The bill would require, for the first two program years, that 75% of these moneys are allocated to the SRVEVR Program and that 25% of these moneys are allocated to the SNPFA Program. The bill would, after the first two program years, instead authorize the Energy Commission to reallocate remaining moneys between the SRVEVR and SNPFA programs based on need. The bill would instead repeal these provisions on January 1, 2031.

Current status: Senate Energy

AB 1912 (Pacheco) Electricity: measures imposing mandated programs and requirements: third-party review

This bill would require, before holding a committee hearing on a measure, as defined, affecting electrical corporations, that a request be made to the University of California, Berkeley, to prepare a written analysis of the measure, as specified. The bill would request the University of California, Berkeley, to develop and implement conflict-of-interest provisions that would prohibit a person from participating in an

analysis in which the person knows or has reasons to know that the person has a financial interest.

Hearing: Passed Assembly Utilities & Energy 14-0; Assembly Appropriations 5/16/24

AB 2054 (Bauer-Kahan) Energy: employment, gifts, and rates.

This bill would, in any instance where the PUC authorizes a forecast for a category of costs in a ratesetting proceeding and authorizes the recording of costs in an existing or new ~~memorandum or~~ balancing account for potential rate recovery above the authorized forecast, require the public utility to submit an application for rate recovery and require the PUC, in a ratesetting proceeding, to determine if the recovery of costs above the authorized forecast is just and reasonable before the public utility is authorized to recover any costs above the authorized forecast. The bill would ~~require~~ *authorize* any costs above the authorized forecast to be allocated between ratepayers and ~~shareholders, with ratepayers potentially responsible for no more than 50% of the costs, as provided.~~ *shareholders.* The bill would require all proposed ~~public utility~~ *electrical corporation* spending *for wildfire expenses* that is eligible for rate recovery to include a cost-benefit analysis of *the proposed expenses and* at least ~~3 alternatives,~~ *one credible alternative,* as specified.

Current status: Amended 4/8/24; Assembly Appropriations 5/16/24

AB 2256 (Friedman) Net energy metering

(a) The commission shall conduct an independent cost-of-service analysis evaluating the standard contract or tariff developed by the commission in Decision 22–12–056 (December 15, 2022), Decision Revising Net Energy Metering Tariff and Subtariffs.

(b) This section does not require the commission to revise or update a standard contract or tariff made available to eligible customer-generators.

Hearing: Amended 4/29/24; Passed Assembly Utilities & Energy 14-0 vote 4/17/24; Assembly Appropriations 5/15/24

AB 2329 (Muratsuchi) Low-income energy assistance programs. Energy: California Affordable Decarbonization Authority.

Would require the PUC and Energy Commission to jointly authorize the establishment of the California Affordable Decarbonization Authority as a nonprofit public benefit corporation and to take all necessary measures to create the authority.

The bill would establish the Climate Equity Trust Fund as a trust fund, separate and apart from all public moneys or funds of the state, and would, upon appropriation by the Legislature, require that the moneys in the trust fund be expended by the authority for the benefit of electricity customers and to promote affordable electricity rates, as specified.

The bill would authorize disbursements from the trust fund to be made through direct credits on ratepayer bills, direct rebates or incentives to market participants, technology vendors, technology installers, and end-use customers, and reimbursement of eligible costs, including costs for building electrification programs and incentives, incurred by an electrical corporation, electric service provider, community choice aggregator, or local publicly owned electric utility in the form of matching funds.

The bill would require the authority to submit annual and multiyear spending plans for review and approval to the PUC and the Energy Commission before disbursing trust fund moneys.

Current status: Assembly Appropriations 5/16/24

AB 2368 (Petrie-Norris) Independent System Operator: outage: review.

Modifies several aspects of the resource adequacy (RA) program to ensure reliable electric service, including permitting the California Independent System Operator (CAISO) to establish a minimum planning reserve margin; requiring the California Public Utilities Commission (CPUC) adopt the 1 day-in-10 year (1-in-10) loss-of-load expectation (LOLE) as the minimum standard for the RA program; and directing the CPUC to regularly conduct a mid-term (2-5 year) assessment of reliability.

Hearing: Amended 4/16/24; Passed Assembly Utilities & Energy 16-0 vote 4/24/24; Assembly Appropriations 5/15/24

AB 2462 (Calderon) Public Utilities Commission: written reports: energy.

This bill would require *that* the ~~written report on the costs of programs and activities to also identify how the current rate trends affect households across their full portfolio of all energy uses, as provided, and how the adoption of electricity across more end-uses may reduce the total cost of energy for households over time. The bill would require the separate~~ report ~~to~~ *also consider how the adoption of electrification may impact total energy costs borne by consumers, as specified, and* contain recommendations that may take longer than 12 months to implement, but could lead to substantial reductions in monthly ~~electric bills, and would~~ *electricity bills. The bill would also* expand the

above-described goals to additionally include goals for encouraging beneficial electrification.

Current Status: Amended 4/8/24; Assembly Appropriations 5/16/24

AB 2487 (Fong) Deputy Secretary for Climate

Requires the Deputy Secretary for Climate (Deputy Secretary) at the Labor and Workforce Development Agency (LWDA) to create and maintain a green jobs website that serves as the central hub for employment opportunities related to the transition to carbon-neutral jobs, and delays by one year, to January 1, 2026, the requirement for the Deputy Secretary to submit a report to the Legislature on key findings and recommendations regarding the development and implementation of the workforce transition to a sustainable and equitable clean energy economy.

Hearing: Assembly Appropriations 5/16/24

AB 2619 (Connolly) Net energy metering

Require the CPUC develop a new solar tariff to replace the NEM 3.0 tariff

Require that the new tariff be structured to ensure that we stay on pace to build enough rooftop solar capacity to reach our targets for distributed solar generation by 2045, as part of the 100% clean energy resources outlined in the SB 100 Joint Agency Report

Not affect any customers operating under the NEM 2.0 tariff

Current status: Pulled from Assembly Utilities & Energy hearing

AB 2672 (Petrie-Norris D) California Alternate Rates for Energy program: public housing authority owned or administered housing facilities.

This bill would delete the requirement that the above-described nonprofit group living facilities be group facilities. The bill would also require the CARE program to include public housing authority owned or administered *Homekey* housing facilities *that are master-metered and* that the residents of which substantially meet the commission's low-income eligibility requirements, as identified by the commission, and would require the commission to authorize electrical corporations and gas corporations to offer discounts to those facilities and to establish a feasible process for certifying that the assistance is used for the direct benefit of the residents of those facilities.

Status: Assembly Appropriations 5/15/24

AB 2666 (Boerner) Public utilities: rate of return

This bill would require the ~~commission, if it determines that an electrical corporation or a gas corporation has received revenues from its ratepayers that are in excess of its approved rate of return for a prior year, to require the electrical corporation or gas corporation to refund those excessive revenues from the prior year to its ratepayers.~~ *commission, following each general rate case test year, to review which costs, if any, each electrical corporation or gas corporation was able to reduce to achieve profits and to adjust the authorized revenue requirement in the attrition years or in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records. The bill would require the commission to establish guidelines for electrical corporations and gas corporations to calculate and report annually their actual rates of return to the commission. The bill would require the commission to adopt controls to adequately track those corporations' actual rates of return relative to their forecasted rates of return and to require those corporations to identify the cost categories where projected costs exceeded actual costs.*

Current status: Assembly Appropriations 5/15/24

AB 2779 (Petrie-Norris) Independent System Operator: transmission planning

This bill would require the Independent System Operator, upon approval of each transmission plan, to report to the Public Utilities Commission and to the relevant policy committees of each house of the Legislature any new use of any grid enhancing technology that is deemed reasonable by the Independent System Operator in that plan and the cost or efficiency savings of the deployment of that grid enhancing technology.

Current status: Passed Assembly Floor on consent; Senate rules

AB 3107 (Connolly) Electrical corporations: definition.

This bill would require the Energy Commission to conduct a study on the benefits of microgrids for local governments and communities and would require the Energy Commission, on or before January 1, 2027, to submit a report on that study to the Legislature. The bill would repeal its provisions on January 1, 2031.

Current status: Passed Assembly Utilities & Energy 9-0 vote 4/24/24; Assembly Appropriations 5/15/24

AB 3111 (Calderon D) Distributed energy resources and aggregated distributed energy resources: reporting.

This bill would require, as part of an application submitted for a permit to install or interconnect a distributed energy resource or an aggregated distributed energy resource, or at the time an aggregator enrolls an aggregated distributed energy resource in an aggregation program, the applicant or aggregator to provide notice to the Energy Commission that contains specified information about the distributed energy resources or aggregated distributed energy resources, as ~~provided, including, among other things, an attestation under penalty of perjury that any corporation or person owning, controlling, operating, or managing any electric plant, as defined, is an electrical corporation. By expanding the scope of a crime, the bill would impose a state-mandated local program. The bill would require the commission to post the notices received pursuant to these provisions on its internet website with a publicly accessible link within 5 days of receipt.~~ *provided. The bill would require the commission to share the information in those notices with the Public Utilities Commission, the Independent System Operator, and electrical corporations or local publicly owned electric utilities, as provided.*

Current status: Amended 4/29/24; Passed Assembly Utilities & Energy 15-0; Assembly Appropriations 5/15/24

AB 3247(Irwin D) Public Advocate's Office: appointment of the director.

Current law requires the director of the Public Advocate's Office to be appointed by, and serve at the pleasure of, the Governor, subject to confirmation by the Senate. This bill would instead require the director of the Public Advocate's Office to be appointed for an initial 4-year term by the Speaker of the Assembly and for a consecutive 4-year term by the President pro Tempore of the Senate. Upon the expiration of those terms, the bill would require the authority to appoint the director to rotate every 4 years between the Speaker of the Assembly and the President pro Tempore of the Senate.

Current status: Passed Assembly Floor on consent; Senate Rules

AB 3256 (Irwin) Memorandum and balancing accounts: reports to the Legislature

This bill would require the commission to include, as part of its annual update to the Legislature on the status of its review of balancing accounts, the amount of funds in, and the expenditures from, the memorandum accounts and balancing accounts of each public utility. The bill would require the commission to ~~annually determine if~~ *conduct a comprehensive audit, with specified criteria, of* each *wildfire- or emergency-related* memorandum account ~~and each~~ *or* balancing account ~~has achieved its intended~~

~~purpose in the previous year.~~ *of each electrical corporation on or before July 1, 2025, or, on or before January 1, 2027, if the commission is unable to review all those accounts by July 1, 2025, as provided.* The bill would require the commission, if it determines that ~~the intended purpose has not been achieved and those~~ *any actual* costs ~~should not be subject to recovery in the next general rate case,~~ *recorded in those electrical corporation accounts have already been authorized and collected from customers,* to deny the ~~public utility~~ *electrical corporation a 2nd* recovery of those costs and ~~other expenses and to reduce the authority of the public utility to use, or close, the memorandum account or balancing~~ *to close the* account ~~in order to limit future rate increases.~~ *after granting the electric corporation recovery of any just and reasonable costs that have not been collected from customers.* The bill would require the commission to make those determinations and take those actions in a manner that ensures that the rates are sufficient to enable the public utility to recover a just and reasonable rate of return.The bill would require the commission to make those determinations and take those actions in a manner that ensures that the rates are sufficient to enable the public utility to recover a just and reasonable rate of return.

Current status: Amended 4/29/24; Assembly Approps 5/15/24

AB 3263 (Calderon) Electrical corporations: financing orders: wildfire mitigation expenses

This bill would, in addition to expenses related to catastrophic wildfires, authorize the use of a financing order to recover the costs of wildfire mitigation efforts, operational and maintenance expenses related to an electrical corporation's wildfire mitigation plan, wildfire risk mitigation costs, and vegetation management costs and expenses.

Current status: Assembly Appropriations 5/15/24

SB 938 (Min D) Electrical and gas corporations: rate recovery: political activities and advertising.

Would prohibit, except as provided, an electrical or gas corporation from recording various expenses associated with political influence activities, as defined, or with advertising, as defined, to accounts that contain expenses that the electrical or gas corporation recovers from ratepayers. The bill also would require an electrical or gas corporation, for each business unit of the corporation that performs work associated with political influence activities or advertising, to annually file with the commission a report containing specified information. The bill would require the commission to make the report publicly available.

Current status: Failed to pass Senate Energy Cmte 4/22/24

SB 1130 (Bradford D) **Electricity: Family Electric Rate Assistance: reports.**

Would require the Public Utilities Commission, by June 1, 2025, and each year thereafter, to review each electrical corporation's report to ensure it has sufficiently enrolled eligible households in the FERA program commensurate with the proportion of households the commission determines to be eligible within the electrical corporation's service territory. If the commission, in its review of a report, determines an electrical corporation has not sufficiently enrolled eligible households in the FERA program, the bill would require the commission to require the electrical corporation to develop a strategy and plan to sufficiently enroll eligible households within 3 years of the adoption of the strategy and plan.

Current status: Senate Appropriations 5/16/24

SB 1210 (Skinner) New housing construction: electrical, gas, sewer, and water service: service connection information

This bill would, for new housing construction, require the above-described ~~utilities~~ *utilities, on or before January 1, 2026,* to publicly post on their internet websites (1) ~~the amount of any charge issued for a service connection, capacity, or other point of connection charge by the housing unit's address, and (2)~~ the schedule of fees for a service connection, capacity, or other point of connection ~~charge, as specified. The bill would, for new housing construction, require each utility to ensure that its internet website allows an applicant for a service connection to, among other things, receive a reasonable estimate regarding when the utility will complete the applicant's service connection.~~ *charge for each housing development type, including, but not limited to, accessory dwelling unit, mixed-use, multifamily, and single-family developments, except as specified, and (2) the estimated timeframes for completing typical service connections needed for each housing development type, as specified. The bill would exempt from its provisions an independent special district that does not maintain an internet website due to a hardship, as provided.* To the extent that this bill imposes new requirements on certain local agencies, the bill would impose a state-mandated local program

Current status: Senate Floor

SB 1292 (Bradford) Electricity: fixed charges: report.

This bill would require the commission, on or before July 1, 2027, but no sooner than 2 years after the adoption of the income-graduated fixed charge for default residential rates, to submit a report to the relevant policy committees of both houses of the Legislature on the electrical corporations' implementation of the fixed charge, as specified. The bill would prohibit the commission from authorizing a fixed charge other than the income-graduated fixed charge for default residential rates until 30 days after the report is submitted.

Hearing: Senate Appropriations 5/13/24

SB 1326 (Jones R) Electricity: fixed charges.

This bill would require the PUC to require each electrical corporation to offer default rates to residential customers with at least 2 usage tiers, as provided. The bill would eliminate the requirement that the fixed charges be established on an income-graduated basis as described above, repeal related findings and declarations of the Legislature, and authorize the commission to instead authorize fixed charges that, as of January 1, 2015, do not exceed $10 per residential customer account per month for customers not enrolled in the CARE program and $5 per residential customer account per month for customers enrolled in the CARE program.

Current status: Failed to pass Senate Energy

SB 1374 (Becker D) Net energy metering.

This bill would require, no later than July 1, 2025, the commission to ensure that any contract or tariff established by the commission pursuant to the above described provisions for renewable electrical generation facilities configured to serve either multiple customers with meters on a single property, or multiple meters of a single customer on a property or a set of contiguous properties owned, leased, or rented by the customer, meets certain requirements, including that eligible customer-generators are authorized to elect to aggregate the electrical load, as specified.

Current status: Senate Appropriations 5/16/24

SB 1474 (Allen) Public utilities: intervenor compensation

Existing law provides compensation for reasonable advocate's fees, reasonable expert witness fees, and other reasonable costs to public utility customers for preparation for and participation in a hearing or proceeding of the commission. Existing law requires the commission to award a customer compensation if

certain requirements are satisfied, including that the customer's presentation makes a substantial contribution to the adoption of the commission's order or decision. Existing law requires a customer who intends to seek compensation to file and serve on all parties to the proceeding, within 30 days after the prehearing conference is held, a notice of intent to claim compensation.

This bill would instead require a customer who intends to seek compensation to file and serve on all parties to the proceeding a notice of intent to claim compensation within 30 days after the prehearing conference is held or within 30 days of becoming a party to the proceeding, whichever is later.

Current status: Amended 4/30/24; Senate Appropriations 5/13/24

SB 1480 (Allen) Low-Income Oversight Board: membership and duties

This bill would expand the duties and membership of the Low-Income Oversight Board (LIOB) at the California Public Utilities Commission (CPUC) and require the CPUC to adopt a process by which someone enrolling in a low-income utility program is notified of other utility assistance programs for which they may be eligible.

Current status: Amended 4/9/24; Senate Appropriations 5/16/24

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2 Year Bills that Failed Deadline pursuant to Rule 61(a)(10).

- AB 593 (Haney D) Carbon emission reduction strategy: building sector.
- AB 691 (Ting D) Electricity: optional flexible interconnection tariff: onsite demand and distributed energy resources.
- AB 841 (Berman D) State Energy Resources Conservation and Development Commission: Industrial Heat Electrification Roadmap.
- AB 914 (Friedman D) Electrical infrastructure: California Environmental Quality Act: review time period.
- AB 1198 (Grayson D) GO-Biz: Energy Unit: equity.

Next Meeting

Our next State Policy WG meeting is scheduled for Friday, June 10, 2024

Zoom link

Call-in: +13092053325,,82500501190#
Passcode: cedmc