CALIFORNIA

Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

State Policy Call

April 11, 2025

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Today's Agenda

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- **Issues/Topics**
  - CEDMC Priority Bill List (Total Measures: 32)
  - CEDMC Complete Bill List (Total Measures: 56)
  - Bills for Opposition- AB 306 Schultz building standards
    - Frontier Energy Data Informed Response to AB306 on Energy Code Impacts
  - Bills for Consideration - Formal "Support"
    - CEDMC Testimony Confirmed for SB 541 (Becker) for Electricity: load shifting: dynamic pricing
    - Calendar: 4/21/2025 S-ENERGY, UTILITIES AND COMMUNICATIONS 3 p.m. or upon adjournment of Session - 1021 O Street, Room 1200 BECKER, JOSH, Chair
  - (Wahab) Investor-Owned Utilities Accountability Act. (Amended-4/7/2025)

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Frontier Energy Data Informed Response to AB306 on Energy Code Impacts

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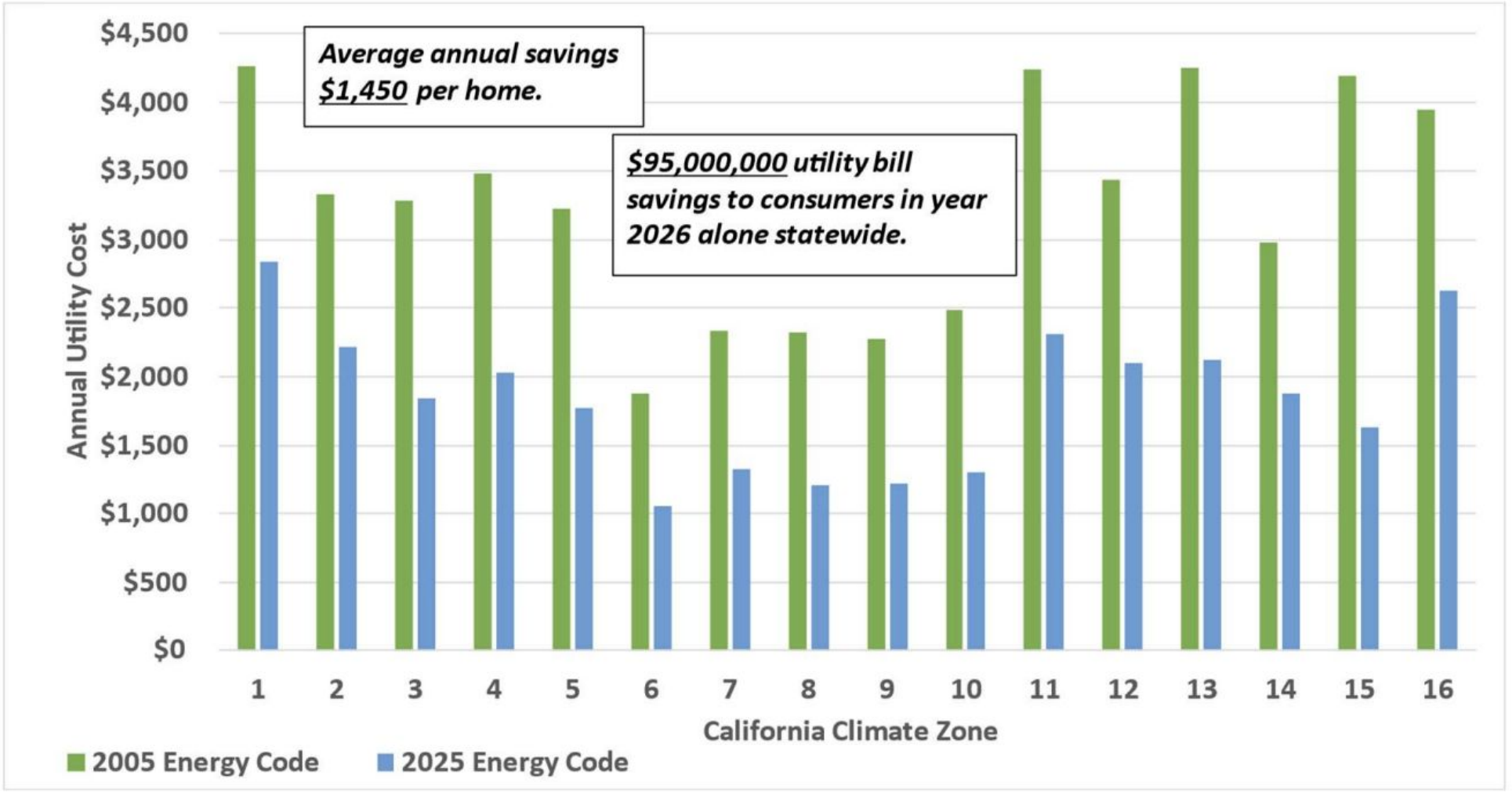

Figure 1: Annual utility cost estimates for a typical single family home across the 16 climate regions in California. Source: CBECC-Res energy modeling and IOU tariffs from January 2025.

Frontier Energy Data Informed Response to AB306 on Energy Code Impacts (Cont.)

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Housing Cost

There are many factors that contribute to housing prices including supply and demand, inventory, location, land costs, material costs, availability of labor, and regulations; there is little evidence that energy code updates are a primary driver of housing prices.[3456] Figure 2 presents median prices for single family homes in CA and the US from 2005 to 2025 alongside the effective dates for the past six energy code updates. The graph shows 1) different magnitudes but consistent trends over most time periods between the CA and US data, and 2) no clear correlation between energy code updates and rising housing prices.

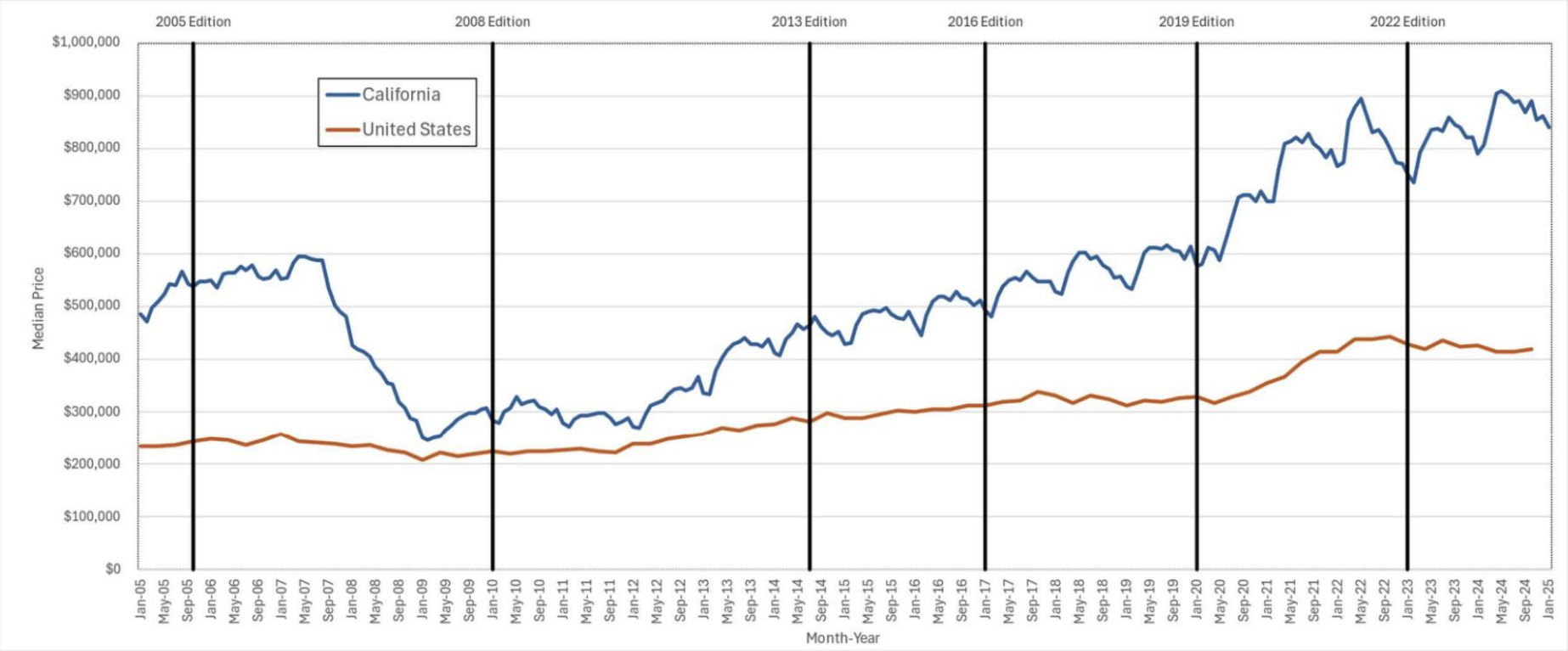

Figure 2: Median single family housing sales price in California and nationally from 2005 to 2025 with an overlay of energy code effective dates. Source: California Association of Realtors, https://www.car.org/marketdata/data/housingdata. Federal Reserve Bank of St. Louis, Median Sales Price of Houses Sold for the United States (MSPUS), https://fred.stlouisfed.org/series/MSPUS.

Frontier Energy Data Informed Response to AB306 on Energy Code Impacts (Cont.)

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As a result of energy code updates between the 2008 and 2025 editions, the estimated incremental cost to the builder is close to $19,000. This represents a small percentage of the total price of a home, less than 3% of a home with a $700,000 sales price. The relative benefits as shown in Figure 1 are $1,450 in annual utility bill savings to the consumer.

Table 1: Incremental cost summary for Energy Code updates (CEC Energy Efficiency Standards) comparing CBIA estimates and Frontier Energy estimates.

Year Effective	Item	CBIA Cost Estimate	Frontier Energy Cost Estimate	Reference for Frontier Estimate
2010	2008 Title 24, Part 6 Energy Code *(20% increase in stringency)*	$2,500	$2,500	No change from CBIA
2014	2013 Title 24, Part 6 Energy Code *(25% increase in stringency)*	$3,000	$3,000	No change from CBIA
2017	2016 Title 24, Part 6 Energy Code *(28% increase in stringency, including high performance walls & attics*	$3,000	$3,000	No change from CBIA
2020	2019 Title 24, Part 6 Energy Code *(10% increase in stringency, solar PV, electric-ready)*	$12,000	$9,500	CEC published cost[7]
2023	2022 Title 24, Part 6 Energy Code *(Heat pump required for either water or space heating, electric-ready)*	$2,500	$793	2022 CEC report for electric ready measures[8] 2025 CEC report for heat pumps[9]
2026	2025 Title 24, Part 6 Energy Code *(Heat pump required for both water and space heating)*	$3,000	($77)	2025 CEC report for heat pumps[9] CASE reports for efficiency measures[10]
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	Total:	$26,000	$18,715	

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AB 44 **(Schultz D) Energy: electrical demand forecasts.**

Current Text: Amended: 3/25/2025 html pdf

Status: 3/26/2025-Re-referred to Com. on U. & E.

Location: 3/24/2025-A. U. & E.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Energy Resources Conservation and Development Commission, on or before December 1, 2026, and in consultation with the Public Utilities Commission, Independent System Operator, load-serving entities, and resource aggregators, to adopt a set of upfront technical requirements and load modification protocols, as defined, to provide the option for a load-serving entity to reduce or modify its electrical demand forecast upon aggregated system operation, as specified. The bill would require the commission to evaluate new and existing mechanisms that can support or expand opportunities for load-serving entities to modify their hourly resource adequacy obligations through load management, and would authorize the Energy Commission to include its findings and recommendations in its integrated energy policy report.

AB 740 **(Harabedian D) Virtual power plants: load shifting: integrated energy policy report.**

Current Text: Amended: 3/12/2025 html pdf

Status: 4/2/2025-In committee: Hearing postponed by committee.

Location: 3/3/2025-A. U. & E.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/23/2025 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND ENERGY, PETRIE-NORRIS, COTTIE, Chair

Summary: Current law requires the State Energy Resources Conservation and Development Commission, in consultation with specified entities, to adopt a biennial integrated energy policy report containing certain information, including an overview of major energy trends and issues facing the state. This bill would require the Energy Commission, on or before November 1, 2026, to adopt a strategy to enable virtual power plants to be deployed at scale, as specified. The bill would require the Energy Commission, in developing the strategy, to take certain actions, and would require that the strategy meet specified requirements. The bill would require the strategy adopted pursuant to these provisions to be included in the above-described integrated energy policy report.

AB 1020 **(Schiavo D) Public utilities: energy: nontraditional funding: reporting.**

Current Text: Amended: 3/10/2025 html pdf

Status: 4/2/2025-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 3/10/2025-A. U. & E.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 4/23/2025 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND ENERGY, PETRIE-NORRIS, COTTIE, Chair

Summary: Current law requires electrical corporations and gas corporations to submit various information to the Public Utilities Commission, and requires the commission to annually report to the Legislature on, among other things, all sources and amounts of funding and actual and proposed expenditures, including any costs to ratepayers, related to entities or programs established by the commission, as specified. This bill would require each utility, defined as an investor-owned electrical corporation or gas corporation, to report certain information for any nontraditional funding, as defined, that the utility has applied for or received. The bill would require the commission, for each application in which a utility is seeking ratepayer funding, to require the utility to report all relevant nontraditional funding the utility is pursuing or has secured, and, if the commission determines that a utility is not in compliance with that requirement, the bill would authorize the commission to impose a penalty against the utility, as specified. The bill would require the commission to require each utility to promptly deliver the financial benefits of nontraditional funding to ratepayers, as provided. This bill would require the commission to provide an annual report to the Legislature with a summary of the information on nontraditional funding reported by each utility, including the number of grants or loans, the source of those grants or loans, the dollar amount received, the projects funded by the grants or loans, and the demonstrated ratepayer savings.

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AB 1117 **(Schultz D) Electricity: rates: optional dynamic rate tariffs.**

Current Text: Amended: 3/11/2025 html pdf

Status: 4/2/2025-VOTE: Do pass as amended and be re-referred to the Committee on [Appropriations] (PASS)

Location: 4/2/2025-A. APPR.

Desk	Policy	**Fiscal**	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Current law requires each electrical corporation to identify a separate rate component to fund certain programs that enhance system reliability and provide in-state benefits, and requires that the rate component be a nonbypassable element of the local distribution service. This bill would require the commission, through a new or existing proceeding, to develop optional dynamic rate tariffs applicable to each large electrical corporation for the large electrical corporation's commercial and industrial customers on or before July 1, 2028, and for its other customers, including residential customers, on or before July 1, 2030. The bill would require each optional dynamic rate tariff to include, at minimum, specified components, including dynamic transmission and distribution rates that reflect real-time grid conditions and certain nonbypassable charges, as specified. The bill would require the commission to ensure, among other things, any overcollection of transmission-, distribution-, and generation-related revenue requirements from participating bundled customers is returned to the participating bundled customers and any undercollection of those revenue requirements is borne by those same customers.

SB 330 **(Padilla D) Electrical transmission infrastructure: financing.**

Current Text: Amended: 3/28/2025 html pdf

Status: 3/28/2025-From committee with author's amendments. Read second time and amended. Re-referred to Com. on E., U & C.

Location: 2/19/2025-S. E. U., & C.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would authorize the Governor to establish one or more pilot projects to develop, finance, or operate electrical transmission infrastructure that meet the specified criteria, including, among other things, that the transmission line is identified by the Independent System Operator in its transmission planning process as a project subject to competitive bidding and necessary to support clean energy generation to meet the state's clean energy goals. The bill would require the Governor to designate existing state agencies, local public agencies, tribal organizations, or joint powers authorities to implement the pilot projects. The bill would authorize the pilot projects to develop, finance, operate, and maintain electrical transmission lines and all works, facilities, improvements, and property, or portions thereof, necessary or convenient for the conveyance of electricity, as specified. The bill would authorize the Governor to issue guidelines regarding application and certification of pilot projects.

SB 540 **(Becker D) Independent System Operator: independent regional organization.**

Current Text: Amended: 3/24/2025 html pdf

Status: 3/24/2025-From committee with author's amendments. Read second time and amended. Re-referred to Com. on E., U & C.

Location: 3/5/2025-S. E. U., & C.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law provides for the establishment of an Independent System Operator (ISO) as a nonprofit public benefit corporation and requires the ISO to ensure efficient use and reliable operation of the electrical transmission grid consistent with achieving planning and operating reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Council. Existing law, the Clean Energy and Pollution Reduction Act of 2015, provides for the transformation of the ISO into a regional organization, with the approval of the Legislature, pursuant to a specified process. That process provides that modifications to the ISO's governance structure, through changes to its bylaws or other corporate governance documents, will not become effective until the ISO, the Public Utilities Commission, the State Energy Resources Conservation and Development Commission, the State Air Resources Board (state board), the Governor, and the Legislature take specified actions on or before January 1, 2019. This bill would delete the above-described provisions providing for the transformation of the ISO into a regional organization. The bill would authorize the ISO and the electrical corporations that are participating transmission owners whose transmission systems are operated by the ISO, in lieu of the ISO managing related energy markets, as provided, to use voluntary energy markets governed by an independent regional organization, provided that specified requirements are satisfied.

Rec Support

SB 541 **(Becker D) Electricity: load shifting: dynamic pricing.**

Current Text: Amended: 3/24/2025 html pdf

Status: 4/2/2025-Re-referred to Com. on E., U & C.

Location: 4/2/2025-S. E. U., & C.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), in consultation with the specified entities, to adopt a biennial integrated energy policy report containing certain information in a specified format. Existing law requires the Energy Commission, in consultation with the Public Utilities Commission (PUC) and the Independent System Operator, to adopt a goal for load shifting to reduce net peak electrical demand and adjust this target in each biennial integrated energy policy report thereafter. This bill would require the Energy Commission, as part of each integrated energy policy report, to allocate the incremental load shifting needed to reach the above-described load-shifting goal, including biennial adjustments to the goal, to each retail supplier, as defined, based on the relative share of statewide load of each retail supplier, as specified. The bill would require the Energy Commission to establish rules for evaluating the effectiveness of the various load-shifting strategies for the purpose of determining how much credit a retail supplier should get for each type of load flexibility effort it undertakes, as specified. This bill contains other related provisions and other existing laws.

SB 620 **(Stern D) Public utilities: general rate cases: electrical grid infrastructure.**

Current Text: Introduced: 2/20/2025 html pdf

Status: 3/5/2025-Referred to Com. on E., U & C.

Location: 3/5/2025-S. E. U., & C.

Desk	**Policy**	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for public utilities and requires those rates and charges to be just and reasonable. This bill would require the commission to prioritize the gathering, analysis, and independent verification of utility data used to justify general rate case proposals to ensure the cost-effective use of ratepayer funds for capital investments in electrical distribution and transmission grid infrastructure and the operation and maintenance of that infrastructure.

Discussion and Questions

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Thank You!

Please contact us if you have any questions.

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