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Efficiency + Demand Management
COUNCIL
Advancing Our Clean Economy

January 6, 2026 Legislative Landscape Analysis

For CEDMC EE + DR/DER Call

Political Context and Legislative Outlook

Senate Leadership Dynamics

The meeting revealed a nuanced overview of the current California legislative landscape, with several key insights:

Senate Leadership Profile

- **New Senate Leader Characteristics**:
    - Senator Monique Limon from Santa Barbara area
    - Historically connected to Doss Williams' political legacy
    - **Primary Policy Focus**: Historically health care, with emerging environmental interests
    - Strong emphasis on **equity issues**

Key Leadership Observations

- The new Senate leader has maintained her current pro tem staff, including **Kip Lipper**, who has been a consistent champion of the committee's issues
- Appointed **Assemblymember Reyes** to lead the climate working group, signaling a strategic approach to climate policy

Assembly and Gubernatorial Perspectives

Assembly Dynamics

- Relatively "business as usual" atmosphere

- Committee chair maintaining open dialogue with stakeholders
- Reduced emphasis on energy efficiency bill modifications
- **Strategic Insight**: The chair seems less interested in confrontational approaches with equity groups

Governor's Strategic Positioning

- Focused on showcasing California's innovative policy approaches
- Aims to distinguish state policies from federal administration
- Careful not to disrupt utility business models significantly
- **Key Narrative**: Highlighting California's forward-looking viewpoint on innovation, cost-effectiveness, and reliability

Upcoming Critical Dates

1. **January 8th**: State of the State address
2. **January 9th**: State Budget Release
3. **Ongoing**: Cap and Trade revenue assessment

Strategic Recommendations

Legislative Engagement Strategy

Proactive Outreach Approach

- **Deep Dive Conversations** recommended over traditional lobby days
- Focus on **engaging new legislators**, particularly freshmen
- Target **specific policy architects** rather than broad member outreach

Rationale for New Approach

- Current lobby day model limits meaningful policy discussions
- Need for more substantive, in-depth policy conversations
- Opportunity to shape long-term legislative perspectives

Target Legislator Profile

- **Ideal Candidate**:
    - Freshman legislator
    - Potential long-term policy champion
    - Willing to do deep policy dives
    - Interested in oversight of agency activities

Financial and Policy Considerations

Cap and Trade Revenue Challenges

- **Current Projection**: Potential revenue shortfall
- **Factors Influencing Reduction**:
    1. Overestimated credit sales
    2. Reduced corporate reliance on California's carbon market
    3. Potential changes in credit purchasing behavior

Policy Prioritization

- **Focus Areas**:
    1. Demand Response proceedings
    2. Utility program recommendations
    3. Emerging distributed energy resource (DER) programs

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Key Takeaways and Action Items

Immediate Actions

1. **Develop Targeted Legislator List**
    - Identify 1-2 potential policy champions
    - Prepare deep-dive conversation materials
2. **Strategic Engagement Plan**
    - Prioritize meaningful policy discussions
    - Consider alternative to traditional lobby day
    - Emphasize affordability and innovation narratives

Ongoing Monitoring

- Track **CPUC Demand Response Proceeding**
- Continue monthly informal discussions with energy staff
- Monitor utility program recommendations