

Peninsula Clean Energy Bill Report End of 2019 Legislative Session

Prepared by Pacific Policy Group

Priority Legislation

AB 56 (Garcia, Eduardo D) Electricity: procurement by the California Alternative Energy and Advanced Transportation Financing Authority.

Status: Held in Senate Energy, Utilities and Communications Committee and is considered a 2-year bill.

Position: Oppose – PCE submitted an oppose letter.

Summary: Would require the Public Utilities Commission to empower the California Alternative Energy and Advanced Transportation Financing Authority to undertake backstop procurement of electricity that would otherwise be performed by an electrical corporation to meet the state resource adequacy, integrated resource planning, and renewable portfolio standard goals not satisfied by retail sellers or load-serving entities. The bill would authorize the authority to undertake backstop procurement consistent with specified objectives and to manage the resale of electricity for its contracted resources. The bill would require the commission to periodically review the need for, and the benefits of, continuing to empower the authority to undertake backstop procurement responsibilities.

Notes: PCE, working with CalCCA, engaged in the stakeholder process on AB 56 in an attempt to have the bill amended to focus on residual Resource Adequacy. After AB 56 passed the Assembly, it was clear that the amendments PCE and CalCCA sought would not be incorporated into the bill and PCE submitted an oppose position letter on June 6, 2019. PCE lobbied against the bill as it was being considered in the Senate Energy, Utilities and Communications Committee, efforts that proved successful as the bill was held in committee.

AB 684 (Levine D) Building standards: electric vehicle charging infrastructure.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Support

Summary: Would require the Department of Housing and Community Development (HCD) and the California Building Standards Commission (Commission), by July 1, 2022, or the publication of the next interim California Building Code, whichever comes first, to research, develop, and propose building standards regarding the installation of future electric vehicle (EV) charging infrastructure for parking spaces for existing multifamily dwellings and nonresidential development, as specified. The bill would also require the Department of Housing and Community Development and the commission to review the standards for multifamily dwellings and nonresidential development every 18 months to update the standards as needed pursuant to that review.

Notes: AB 684 requires HCD and the Commission to adopt building standards for the installation of future EV charging infrastructure for parking spaces for existing multifamily

dwellings and nonresidential development and requires HCD and the Commission to consult certain interested parties in the development of the standards. The bill had listed IOUs and POUs as well as EV manufacturers, local building officials and others as the interested parties to consult. At the request of PCE, AB 684 was amended to include CCAs as interested parties to consult which prompted PCE to support this bill.

AB 1054 (Holden D) Public utilities: wildfires and employee protection.

Status: Signed by Governor Newsom on July 12, 2019.

Position: None

Summary: Would establish the California Wildfire Safety Advisory Board consisting of 7 members appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules, as provided, who would serve 4-year staggered terms. The bill would require the board, among other actions, to advise and make recommendations related to wildfire safety to the Wildfire Safety Division or, on and after July 1, 2021, the Office of Energy Infrastructure Safety, as established pursuant to AB 111 or SB 111 of the 2019–20 Regular Session.

Notes: AB 1054 was the main energy bill of 2019 as it created the Wildfire Fund, which creates a pathway for Investor Owned Utilities to pay into and then access funds to pay for wildfire damages. PCE, other CCAs and CalCCA did not take a position on AB 1054 as the policy focuses solely on IOUs and does not impact CCAs or create new charges for CCA customers. Importantly, AB 1054, and its technical companion bill AB 111, will transition from the authority of the PUC to the California Natural Resources Agency, through the Office of Energy Infrastructure Safety, the review and enforcement of IOUs' compliance with wildfire safety. Several CCAs considering municipalization took issue with language that changes the definition of "change of control" of an IOU to include municipalization efforts, which now must undergo a detailed analysis and approval by the PUC that adds additional barriers to municipalization efforts.

AB 1362 (O'Donnell D) Electricity: load-serving entities: rate and program information.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Neutral – previously opposed by CalCCA

Summary: Would require the Public Utilities commission to post, in a consolidated location on its internet website, residential electric rate tariffs and programs of electrical corporations, electric service providers, and community choice aggregators to enable customers and local governments to compare rates, services, environmental attributes, and other offerings. The bill would require this information to also be available and easily accessible on those electricity providers' internet websites. The bill would require each of those electricity providers to make available to the commission all information about its residential electric rate tariffs and programs.

Notes: PCE, through CalCCA, opposed the original language of AB 1362 as it sought to mandate CCA's to comply with the code of conduct which applies to utilities who have shareholders that can assume costs for lobbying and marketing. The bill also sought to require the PUC to shall ensure that local government entities have full access to accurate information on the short- and long-term costs, benefits, and risks associated with

implementation of a community choice aggregation program, including through communications with an IOU. Lobbying by PCE, CalCCA and other individual CCAs as the bill was being considered by the Assembly Utilities & Energy Committee convinced the committee to remove these problematic requirements. Once this language was amended out of the bill, CalCCA and PCE went neutral on the bill.

AB 1424 (Berman D) Electric Vehicle Charging Stations Open Access Act.

Status: This bill was held in Senate Appropriations Committee and is now dead.

Position: Support

Summary: Would require an electric vehicle charging station to provide to the general public a toll-free telephone number for processing a credit card payment and onsite capacity for credit card payment, as defined.

Notes: AB 1424 was introduced in response to a proceeding at the California Air Resources Board (CARB) that proposed to require all EV charging stations to include a physical card reader, including existing EV charging stations that would have to be retrofitted. AB 1424 proposed to eliminate the requirement for EV charging stations to include a physical card reader in response to CARB's proposal. Subsequently, CARB revised its proposal to require physical card readers only for new installation of EV chargers after specified dates – July 1, 2022 for DC fast chargers and July 1, 2023 for Level 2 chargers. PCE supported AB 1424 and Assemblymember Berman as PCE supports greater distribution of EV charging stations and the interruption that the original CARB proposal would cause on the already limited existing EV charging network.

AB 1584 (Quirk D) Electricity: cost allocation.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Neutral – previously opposed by CalCCA

Summary: Would require the Public Utilities Commission to develop and use methodologies for allocating electrical system integration resource procurement needs to each load-serving entity based on the contribution of that entity's load and resource portfolio to the electrical system conditions that created the need for the procurement. The bill would require the commission to develop and use methodologies for determining any costs resulting from a failure of a load-serving entity to satisfy its allocation of those procurement needs.

Notes: PCE, through CalCCA, opposed the original language of AB 1584 as it sought to impose new costs on LSEs for the integration of resources. CCAs worked with the author and with the Assembly Utilities & Energy Committee to amend the bill to clarify that the bill does not require procurement of a specific resource and other clarifying language that removed CCA opposition.

SB 155 (Bradford D) California Renewables Portfolio Standard Program: integrated resource plans.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Neutral – PCE had submitted an opposed unless amended letter.

Summary: Current law requires the Public Utilities Commission to direct each retail seller to prepare and submit an annual report to the commission that includes specified

information on the retail seller's compliance with requirements related to eligible renewable energy resource procurement. This bill would require the commission to review each annual compliance report filed by a retail seller, to notify a retail seller if the commission has determined, based upon its review, that the retail seller may be at risk of not satisfying the renewable procurement requirements for the then-current or future compliance period, and to provide recommendations in that circumstance regarding satisfying those requirements.

Notes: PCE submitted an oppose position letter on June 6, 2019, as did CalCCA and many other individual CCAs as the bill created confusion about the authority of the PUC to enforce procurement obligations of a CCA under an Integrated Resource Plan. Amendments made on August 12 addressed PCE's concerns, and, accordingly, PCE submitted a letter on August 28 to remove PCE's opposition.

SB 255 (Bradford D) Women, minority, disabled veteran, and LGBT business enterprise procurement: electric service providers: energy storage system companies: community choice aggregators.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Support

Summary: Current law directs the Public Utilities Commission to require every electrical corporation, gas corporation, water corporation, wireless telecommunications service provider, and telephone corporation with annual gross revenues exceeding \$25,000,000, and their regulated subsidiaries and affiliates, to annually submit a detailed and verifiable plan for increasing procurement from women, minority, disabled veteran, and LGBT business enterprises in all categories, including renewable energy, wireless telecommunications, broadband, smart grid, and rail projects. This bill would change the \$25,000,000 annual gross revenue threshold above which these requirements become applicable to \$25,000,000 in gross annual California revenues, and would extend these requirements to electric service providers, as specified.

Notes: None.

SB 350 (Hertzberg D) Electricity: resource adequacy: multiyear centralized resource adequacy mechanism.

Status: Held in Assembly Utilities & Energy Committee at the request of the author and is considered a 2-year bill.

Position: None

Summary: Would authorize the Public Utilities Commission to consider a multiyear centralized resource adequacy mechanism, among other options, to most efficiently and equitably meet specified resource adequacy objectives.

Notes: Senator Hertzberg was working with Assemblymember E. Garcia on how to create a central entity to procure RA. Neither PCE nor CalCCA opposed SB 350 as AB 56 was the main bill attempting to create this new policy. When AB 56 (Garcia) was held in Senate Energy, Utilities, and Conveyance Committee, Senator Hertzberg made SB 350 a 2-year bill.

SB 520 (Hertzberg D) Electrical service: provider of last resort.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Oppose – PCE submitted an oppose letter.

Summary: The Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under current law, a public utility has a duty to serve, including furnishing and maintaining adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons and the public. This bill would provide that the electrical corporation is the provider of last resort, as defined, in its service territory unless provided otherwise in a service territory boundary agreement approved by the commission pursuant to existing law or unless the commission designates a load-serving entity, as defined, other than the electrical corporation to serve as the provider of last resort for all or a portion of that service territory pursuant to a joint application of the electrical corporation and the load-serving entity.

Notes: PCE, through CalCCA, remains opposed to SB 350 as the bill creates a situation in which only the IOUs will be Provider of Last Resort (POLR). PCE lobbied against the manner in which the bill proposes to allocate POLR costs and also the requirement that should a CCA want to be POLR that the CCA would have to first get the approval of the IOU who is currently POLR for the CCAs service territory and then jointly the CCA and IOU would apply to the PUC for the CCA to be designated as POLR. These arguments however did not convince legislators, even CCA friendly legislators, to vote against SB 350.

SB 774 (Stern D) Electricity: microgrids.

Status: This bill stalled in the Assembly Utilities & Energy Committee and is considered a 2-year bill.

Position: None

Summary: Would require each electrical corporation to collaborate with the Office of Emergency Services, and local governments and other interested parties in its service territory, to identify locations where sources of back-up electricity may provide increased electrical distribution grid resiliency. The bill would authorize electrical corporations to file applications with the commission to invest in, and deploy, microgrids to increase that resiliency, and would prohibit the PUC from approving microgrid applications that use a cost-recovery mechanism that recovers costs from all of an electrical corporation's ratepayers unless certain requirements are met.

Notes: SB 774 attempted to further policies that increase the market viability for microgrid deployment. The bill in print was known to not be a viable solution and Senator Stern held many stakeholder meetings and PCE worked closely with Senator Stern and his staff on several different policy proposals. Senator Stern was unable to garner the necessary support for any of the policy proposals, including PCE's proposals, in negotiations with the Assembly Utilities & Energy Committee. Microgrids and other distributed energy resource policies to provide solutions to PSPS events were negotiated until the final week of the legislative session but a final policy proposal never came to

fruition. Microgrids and other PSPS solutions will continue to be worked on in the 2020 legislative session.

Monitored Legislation

AB 235 (Maves R) Electrical corporations: wildfire victim recovery bonds.

Status: This bill never received a hearing and is considered a 2-year bill.

Position: Monitor

Summary: Would, under specific circumstances, authorize the Public Utilities Commission, upon application by an electrical corporation, to issue financing orders to support the issuance of wildfire victim recovery bonds by an electrical corporation or other financing entity to finance wildfire recovery costs, as provided. The bill would authorize the California Infrastructure and Economic Development Bank to act as a financing entity for these purposes, for wildfire victim recovery bonds totaling not more than \$20,000,000,000 at any one time. This bill contains other related provisions.

Notes: AB 235 is PG&E's legislative attempt to securitize its wildfire liabilities through the issuance of tax-exempt Wildfire Victim Recovery Bonds. AB 235 was one of the most talked about bills at the end of session despite never being scheduled for a committee hearing. The bill was put into print on September 6 so that it could be discussed and worked on during the fall interim and it is anticipated that PG&E will try to move the legislation during the 2020 session.

AB 1144 (Friedman D) Self-generation incentive program: community energy storage systems: high fire threat districts.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Monitor

Summary: Current law requires the Public Utilities Commission to require the administration, until January 1, 2026, of a self-generation incentive program to increase the development of distributed generation resources and energy storage technologies. Current law authorizes the commission, in administering the program, to adjust the amount of rebates and evaluate other public policy interests, including, but not limited to, ratepayers, energy efficiency, peak load reduction, load management, and environmental interests. This bill would require the commission, in administering the self-generation incentive program, to allocate at least 10% of the annual collection for the program in the 2020 calendar year for the installation of energy storage and other distributed energy resources for customers that operate critical facilities or critical infrastructure serving communities in high fire threat districts to support resiliency during a deenergization event.

Notes: AB 1144 is one of several bills related to public safety power shutoffs (PSPS) and microgrids. This bill will provide a portion of Self-Generation Incentive Program (SGIP) funds for storage projects at critical facilities such as hospitals or fire stations in high fire threat districts to provide resiliency during a PSPS event. Responding to PSPS events and building resiliency to PSPS and disaster events that interrupt power supply will be an ongoing topic in the Legislature.

SB 560 (McGuire D) Wildfire mitigation plans: deenergizing of electrical lines: notifications: mobile telephony service providers.

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Monitor

Summary: Would require that the procedures for notifying a customer who may be impacted by the deenergizing of electrical lines by a local publicly owned electric utility, an electrical cooperative, or an electrical corporation direct notification to all public safety offices, critical first responders, health care facilities, and operators of telecommunications infrastructure with premises within the footprint of potential deenergization for a given event. The bill would require each electrical corporation to also include protocols for the deenergization of the electrical corporation's transmission infrastructure in the wildfire mitigation plan, for instances when the deenergization may impact customers who, and entities that, are dependent upon the infrastructure.

Notes: SB 560 was completely amended once the bill was in the Assembly to address the notification of customers of an IOU or Publicly Owned Utility (POU) PSPS event. The bill expands the customers who are to be notified to include all public safety offices, critical first responders, health care facilities, and operators of telecommunications infrastructure.

SB 772 (Bradford D) Long duration bulk energy storage: procurement.

Status: The bill failed to pass the Senate Floor and is considered a 2-year bill.

Position: None

Summary: Would require the ISO, on or before June 30, 2022, to complete a competitive solicitation process for the procurement of one or more long duration energy storage projects that in aggregate have at least 2,000 megawatts capacity, but not more than 2,400 megawatts, as provided. The bill would require the ISO, after December 31, 2030, and only if found to be necessary, to complete an additional competitive solicitation process for additional long duration bulk energy storage projects that in aggregate have up to 2,000 megawatts capacity and have targeted commercial operation dates of no later than January 1, 2045.

Notes: SB 772 was the continuation of NextEra's 2018 attempt to legislate the Eagle Crest Pumped Storage project into existence. CalCCA and PCE opposed last year's effort (AB 33 (Quirk)) but took the political strategy of staying off SB 772 this year and keeping a close on its progress. The bill faced opposition from large energy consumers, POUs, independent energy producers and environmental groups that proved too strong as the bill failed to pass the Senate Floor. Long durations bulk storage legislation will continue to be explored and pursued in the 2020 session.