



CAC Item C5
Staff Report Item 13

TO: East Bay Community Energy Board of Directors

FROM: Melissa Brandt, Senior Dir. of Public Policy and Deputy General Counsel

SUBJECT: Approval of Legislative Positions (Action Item)

DATE: April 21, 2021

Recommendation

Take a “support” position on Assembly Bill (“AB”) 33 (Ting), AB 1239 (Ting), and Senate Bill (“SB”) 589 (Hueso).

Background and Discussion

In July 2018 the EBCE Board approved a Legislative Program which outlined three general legislative principles and five more specific public policy positions, as well as guidance for legislative policy coordination. The following recommended bill positions align with the guidance in EBCE’s Legislative Program.

Recommended EBCE Bill Positions:

- **SUPPORT:** AB 33 (Ting) would require the California Energy Commission (“CEC”) to provide grants and loans to local governments and public institutions to maximize energy use savings, expand installation of energy storage systems, and expand the availability of transportation electrification infrastructure, including technical assistance, demonstrations, and identification and implementation of cost-effective energy efficiency, energy storage, and transportation electrification infrastructure measures and programs in existing and planned buildings or facilities. This bill would align with EBCE’s principles of accelerating decarbonization and promoting local development through increased investment in distributed energy resources. It would also support EBCE’s policy positions on environmental sustainability by supporting increased funding for a sustainable and stable energy supply infrastructure and encouraging the conversation of energy resources and development of dynamic load-shifting capabilities.

- **SUPPORT:** AB 1239 (Ting) would require the California Public Utilities Commission (“CPUC”) to open an investigation into the root causes of demand response market failures and why demand response has not reached its potential and make recommendations for policy changes aimed at ensuring those market failures are not repeated. The bill would further require that the investigation include detailed and specific recommendations to the CPUC for suggested revisions to existing CPUC policies governing the use of demand response resources. The bill would also require that the CPUC, CEC, and the California Independent System Operator (“CAISO”) identify and develop initiatives to achieve all cost-effective demand response by 2030, with expanded demand response programs that improve reliability of the electrical grid, avoid increasing emissions of greenhouse gases, and include optional participation by residential customers. EBCE staff has found that the CPUC’s and CAISO’s demand response policies have often been at odd with, rather than supportive of, increased demand response. AB 1239 could break through these barriers by requiring regulatory changes to support enhanced DR. This aligns well with EBCE’s legislative principles around accelerating decarbonization and promoting local development, and even maintaining community choice autonomy as it enables EBCE to have more control over its investment choices. It also aligns with our environmental sustainability policy priorities and has the potential to support our educational, neighborhood and social services policy principles by enabling greater demand response investments and participation.
- **SUPPORT:** SB 589 (Hueso) would require the CEC in implementing existing law to identify workforce development and training resources needed to meet electric vehicle charging infrastructure goals. The bill would also specify that projects that develop in-state production of raw materials and the manufacturing supply chain for zero-emission vehicle components are eligible for funding under the existing Alternative and Renewable Fuel and Vehicle Technology Program, which provides financial assistance to develop and deploy innovative technologies to transform California’s vehicle and fuel types. SB 589 aligns well with EBCE’s legislative principle of promoting local development, as it could increase both investment in zero-emission transportation and local workforce development efforts.

Fiscal Impact

AB 33 may result in additional funding for energy use savings and installation of energy storage and transportation electrification infrastructure through the CEC. SB 589 may eventually result in additional funding for workforce development and training, as well as zero-emission vehicle component manufacturing.

Attachments:

- A. April 21, 2021 Regulatory and Legislative Update

APRIL 21, 2021

Regulatory and Legislative Update



Power Charge Indifference Adjustment (PCIA)

- PCIA is the CPUC-authorized way for PG&E to recover uneconomic procurement costs
- For EBCE to maintain its value proposition, EBCE's generation rate + PCIA must be less than the equivalent PG&E bundled generation rate
- The PCIA *rate* (*i.e.*, how much customers pay) is set via annual PG&E Energy Resource Recovery Account (ERRA) proceedings at the CPUC
- PCIA *rate design* (*i.e.*, how the PCIA is structured) is the subject of an ongoing CPUC PCIA rulemaking proceeding
 - New rate framework adopted in October 2018; implementation ongoing
 - In Feb 2020, several parties filed a joint proposal (the “Working Group 3” proposal) for allocating PCIA-eligible resources
 - On 4/5/21, CPUC issued a proposed decision on Working Group 3 that does NOT adopt the proposal

PCIA Working Group 3 Proposed Decision

Product Type	Working Group 3 Proposal	Proposed Decision
Resource Adequacy (RA)	Allocates RA attributes proportionally to all PCIA-paying customers' Load Serving Entities (LSEs)*	Does not allocate RA – IOUs keep all RA, incl. excess
Renewables Portfolio Standard (RPS)	Allocates RPS proportionally to all PCIA-paying customers' LSEs* and auctions excess (<i>e.g.</i> , rejected allocations)	Allocates attributes proportionally to all PCIA-paying customers' LSEs beginning in 2023 but prohibits resale of allocated RPS and allows IOUs to set an auction bid floor and keep unsold excess
Greenhouse gas (GHG)-free	Allocates GHG-free energy proportionally to all PCIA-paying customers' LSEs*	Allows allocations through 2023 and defers actions on post-2023 – may continue allocations or assign a value to GHG-free energy



*LSEs have the option to accept or reject the allocations

PCIA Advocacy

- CalCCA and its members including EBCE are developing comments and seeking *ex parte* meetings with CPUC Commissioners' offices
- Opening comments on proposed decision are due 4/26
- Reply comments are due 5/3
- Proposed decision could be voted out at the CPUC's 5/6 meeting
- If unsuccessful at CPUC, our best option is continued support of SB 612 (Portantino), the CalCCA-sponsored bill that essentially adopts the Working Group 3 proposal

Adopted Bill Positions – Assembly

Bill #	Author	Description	Sponsor	Status	EBCE Position
AB 427	Bauer-Kahan	Requires CPUC to establish rules governing the intersection of demand response, energy storage including customer-sited distributed generation plus storage, and RA.	CalSSA	Asm U&E Cmte 4/21	SUPPORT: letter sent 3/31
AB 525	Chiu	Requires CEC to develop plan to achieve 10,000 MW offshore wind by 2040; requires CPUC to include offshore wind in IRP.	American Clean Power California	Asm U&E Cmte postponed	SUPPORT: letter sent 3/31
AB 843	Aguiar-Curry	Allows CCAs to enter into Bioenergy Market Adjusting Tariff (BioMAT) contracts and recover related costs through the existing nonbypassable charge for the BioMAT program.	Marin Clean Energy	Asm Approps Cmte	SUPPORT: letter sent 3/31
AB 1087	Chiu	EJ Community Resilience Hubs. Reallocates funding from CA Climate Credit towards streamlined grant program run by third-party administrator for climate resiliency improvements to buildings that constitute community hubs.	APEN, CEJA, NRDC	Asm Nat. Res. Cmte	SUPPORT IF AMENDED: drafted amendments; sponsors rejected
AB 1539	Levine	Requires CEC's EV infrastructure training course to remain available in an online format indefinitely. Commercial vessels protection and indemnity insurance.		Asm Trans. Cmte 4/26	WITHDRAWN: gutted & amended
TBD	Ting	Budget bill – not yet in print. Reallocates unused funds from the New Solar Homes Partnership Program and applies them to two new programs to be administered by the CEC for residential building decarbonization efforts and grants to local governments to adopt automated permitting systems to support reducing home GHG emissions.	NRDC	Being prepared for June budget pkg	SUPPORT: signed on to coalition as supportive

Adopted Bill Positions – Senate

Bill #	Author	Description	Sponsor	Status	EBCE Position
SB 31	Cortese	Requires CEC to identify/implement programs to promote existing & new building decarb. Would authorize expending fed funds for these projects. Would require CEC under EPIC to award funds for projects benefiting electric ratepayers & leading to development of building decarbonization technologies and investments to reduce GHG in those bldgs.	Author-sponsored	Sen EUC Cmte hearing 4/19	SUPPORT
SB 52	Dodd	Expands sudden and severe energy shortage definition to include deenergization events, constituting state of emergency and local emergency.	Napa Cty Board of Supervisors	Amended 4/12	SUPPORT: letter to be sent to Asm cmte
SB 99	Dodd	Community Energy Resiliency Act of 2021. Requires the CEC to develop and implement a grant program for local govts to develop community energy resilience plans.	The Climate Center	Sen EUC Cmte 4/19	SUPPORT: letter sent 4/14
SB 345	Becker	Requires the CPUC to establish common definitions of nonenergy benefits, incorporate into DER programs and projects, and track nonenergy benefits produced in DER program evals.	Author-sponsored	Sen Suspense File	SUPPORT: letter to be sent to Asm cmte
SB 551	Stern	Establishes California EV Authority in the Governor's office, responsible for coordinating state agency activities to deploy EV and zero emission charging infrastructure, create funding/financing tools to support deployments, prioritize equity	LACI, TEP	Sen Trans. Cmte 4/7	SUPPORT: letter sent 3/31
SB 612	Portantino	Requires electrical corporations to annually offer for the following year an allocation of each product arising from legacy resources that departed load customers currently bear cost responsibility for through the PCIA. Requires the CPUC to recognize and account for the value of all products in the legacy portfolio in determining the PCIA.	CalCCA	Amended 4/13; Sen EUC Cmte 4/26	SUPPORT: letter sent 3/1

Recommended Bill Positions

Bill #	Author	Description	Sponsor	Status	Recommended EBCE Position
AB 33	Ting	Requires CEC to provide grants and loans to local governments to maximize energy use savings and expand installation of energy storage and availability of transportation electrification infrastructure.		Asm U&E Cmte 4/21	SUPPORT
AB 1239	Ting	Requires investigation into causes of demand response market failures and why demand response is not reaching its potential; recommendations to ensure market failures not repeated. Recommendations to CPUC to revise policies governing demand response resources. CEC and CAISO to develop initiatives to achieve all cost-effective demand response by 2030.	California Efficiency + Demand Management Council	Asm U&E Cmte 4/21	SUPPORT
SB 589	Hueso	Requires CEC to identify workforce development and training resources needed to meet EV charging infrastructure goals.	Author-sponsored	Sen Trans. Cmte	SUPPORT

Next Steps

- Continue to review and analyze bills and amendments
- Send position letters for bills once EBCE formally takes a position
- Monitor existing bills on our watch list; determine when EBCE should formally take a position
- Monitor Governor's Budget request: \$1.5B for Zero Emission Vehicles (ZEV)
- Engage with CalCCA on legislative efforts
 - Collaborate with CalCCA on SB 612
 - Request to EBCE Board Members to reach out to Senators seeking support of SB 612 at upcoming 4/26 Sen EUC hearing
 - Request to EBCE member jurisdictions to take a "support" position on SB 612