



CAC Item C5
Staff Report Item 15

TO: East Bay Community Energy Board of Directors

FROM: Melissa Brandt, Vice President of Public Policy and Deputy General Counsel

SUBJECT: Approval of Legislative Positions (Action Item)

DATE: July 20, 2022

Recommendation

Take an “oppose unless amended” position on Senate Bill (“SB”) 1385 (Cortese) and take a “support” position on a Federal Reconciliation Package.

Background and Discussion

At the June 24, 2022, EBCE Board Executive Committee Meeting, the Executive Committee approved taking a “support” position on SB 1063 (Skinner), which would allow the California Energy Commission (“CEC”) to accelerate the deployment of new energy efficiency technology standards. The Executive Committee also approved moving from “support” to an “oppose unless amended” position on AB 2667 (Friedman) due to recent amendments that would redefine which entities qualify as an electrical corporation.

Bills in the California state legislature have continued to be amended in their second houses at a rapid pace, and appropriations committee hearings are scheduled for the beginning of August after the Legislature’s summer recess.

Recommended EBCE bill positions:

- **OPPOSE UNLESS AMENDED:** SB 1385 (Cortese) would require the California Public Utilities Commission (“CPUC”) to establish a new multifamily housing local solar program installing 1,500 MW through 2026. Each large electrical corporation (investor-owned utility, or “IOU”) such as PG&E would be required to construct or contract for the construction of solar and storage systems on or near qualified multifamily housing. Each project would be installed in front of the customers’ meter and would be owned by the IOU. The IOUs would export

electricity from these systems and use the revenues to offset the costs of providing monthly bill credits to participating customers, as well as the costs of constructing/operating the system, and administrative costs. The bill would leave open the possibility that the Legislature could fund any costs in excess of revenues through a future appropriation.

While SB 1385 promises to ensure that the benefits of rooftop solar are more readily offered to lower income people who live in multifamily housing, the bill establishes yet another community solar program, but it may not actually benefit low-income customers. In this program, the solar system is utility-owned and may not serve the actual building and customers near which it is situated; furthermore, being in a high-fire threat district is sufficient for program siting, even if no low-income customers are served. It is unclear how the projects would pay for themselves, which means IOUs would be incentivized to build large solar+storage projects to maximize their payback potential. In other words, this is a backdoor way for the IOUs to own and operate solar+storage projects.

Although much of SB 1385 does not seem to directly impact CCA customers, EBCE staff finds there to be a risk that the IOUs include CCA customers when they sign up program participants, essentially providing generation services for CCA customers. To prevent this risk from materializing, EBCE staff recommends amending SB 1185 such that it specifies that CCA customers are not eligible to participate in the IOU's program. This aligns with EBCE's legislative principle of Stabilizing Community Choice by opposing legislation that undermines or circumvents community choice energy and impedes the ability of the agency to achieve its mission and goals.

SB 1385 is sponsored by the California State Association of Electrical Workers and the Coalition of California Utility Employees.

- **SUPPORT:** A Federal Reconciliation Package could authorize clean energy tax breaks including extending the Investment Tax Credit ("ITC") and Production Tax Credit ("PTC"), as well as other renewable energy-friendly provision including clean energy manufacturing tax credits, electric vehicle tax credits, incentives for renewable energy in rural communities, and a fee on methane emissions. Although the bill is still being negotiated, its climate provisions would support increased, cheaper renewable energy development throughout California and could bolster EBCE programs including those incentivizing vehicle and building electrification. This aligns with EBCE's legislative principle of Accelerating Decarbonization through renewable energy procurement and electrification, as well as Promoting Local Development through incentivizing transportation, building electrification, and renewable energy generation.

Fiscal Impact

SB 1385: Unknown at this time - the bill would require that no program costs be passed through rates to non-participant ratepayers, however, the Assembly Utilities & Energy Committee bill analysis noted that avoiding a cost shift to nonparticipants may not be plausible and the costs to the CPUC to administer are likely \$3M. The bill also does not preclude legislative funding for the program which would be borne by taxpayers.

Federal Reconciliation Package: Likely fiscal benefits to EBCE customers through tax credits for renewable energy which may lower the cost of EBCE's programs and future clean energy procurement.

Attachments:

- A. SB 1385 Author's Fact Sheet
- B. July 20, 2022 Legislative Update



SENATOR DAVE CORTESE

SB 1385 Multi-Family Housing Local Solar Program

SUMMARY

Too little of the rooftop solar that has been installed in California has gone to low income individuals in multi-family housing. Yet, these are the individuals that arguably need the grid resiliency and bill savings most.

SB 1385 addresses this by creating a multi-family housing local solar program that will bring solar and storage systems to multi-unit dwellings in low-income communities with no costs shifted to other ratepayers.

BACKGROUND

The California Solar Initiative Program (CSI) was a ratepayer-funded program established in 2007 to install 1,940 megawatts (MW) of new distributed solar and transform the market for solar energy by reducing the cost of solar generating equipment. In addition, California's Net Energy Metering (NEM) program created large economic incentives to install rooftop solar by compensating homeowners at the full retail rate for all the output of the system. As a result, the rooftop solar market has grown rapidly, and 2021 estimates show that distributed solar has been installed at over 1.3 million customer sites.

However, a strikingly low percentage of these funds were reserved for low-income tenants in multi-family housing. A CPUC report showed that out of the overall \$3 Billion CSI Program budget, \$2.79 Billion (93%) went to commercial retail and market rate housing, whereas only \$218 million (7%) went to low-income housing. According to a study by the Lawrence Berkeley National Laboratory, about 2% of residential solar systems are installed on multi-family buildings.

The data showing this disproportionate benefit is even more alarming when looking at the demographics of local solar distribution. A study by the Lawrence Berkeley National Laboratory found that around half of the state's solar adopters are in the highest 20 percent of earners, while only 4 percent come from the lowest 20 percent. Additionally, the study found that solar

adopters generally skew towards areas with high White population, higher education, and higher credit scores.

People who live in multi-family housing are generally renters who have no ability to participate in the state's distributed solar programs. Compounding the inequity, the costs of these programs are paid by all electric ratepayers, which has raised electric rates for those without solar by as much as \$230 per year. Despite being charged for the costs of these programs, they get none of the benefits.

THIS BILL

SB 1385 requires that the California Public Utilities Commission establish a multi-family housing local solar program that would require each electrical corporation with more than 100,000 service connections to construct solar and storage systems on or near multifamily housing in underserved communities.

Each large electrical corporation will export electricity from the solar and storage system and use the proceeds to both reduce electricity bills for tenants in the multi-family housing and pay for the system with no costs shifted to other ratepayers.

SUPPORT

State Association of Electrical Workers (Sponsor)
Coalition of California Utility Employees (Sponsor)

FOR MORE INFORMATION

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JULY 20, 2022

Legislative Update



Key Deadlines for the 2022 State Legislative Year

Attachment Staff Report Item 15B

- 1/3: Legislature reconvened
- 1/10: Governor submitted budget
- 1/31: Deadline to move 2-year bills out of 1st house
- 2/18: Bill introduction deadline
- 4/29: Policy cmtes to move fiscal bills to fiscal cmtes (1st house)
- 5/6: Policy cmtes to move nonfiscal bills to floor (1st house)
- 5/20: Fiscal cmtes must move bills to floor (1st house)
- 5/27: Last day for bills to be passed out of 1st house
- 6/15: Budget bill must be passed
- 7/1: Policy cmtes to meet and report bills (2nd house)
- 8/12: Fiscal cmtes to move bills to floor (2nd house)
- 8/31: Last day for each house to pass bills
- 9/30: Last day for Governor to sign/veto bills

State Budget Update

Attachment Staff Report Item 15B

- AB 205 (energy budget trailer bill) was chaptered on 6/30
 - Extends California Arrearage Payment Program for arrearage forgiveness (\$1B)
 - Creates Strategic Reliability Reserve Programs:
 - Distributed Electricity Backup Assets Program – emergency supply/load reduction during extreme events
 - Demand Side Grid Support Program – dispatchable customer load reduction and backup generation during extreme events
 - Strategic Reliability Reserve Program – DWR investments in reliability (\$5B)
 - Streamlined Siting – new certification process
 - Long Duration Energy Storage – financial incentives for projects
 - Allows Changes to Residential Fixed Charges – removes for CARE, removes cap
- Another energy budget trailer bill is anticipated in Aug to resolve issues

Recommended State Bill Position

Attachment Staff Report Item 15B

Bill #	Author	Description	Sponsor	Status	Recommended EBCE Position
SB 1385	Cortese	Establishes a new 1,500 MW multifamily housing local solar program that requires each large electrical corporation (IOU) to construct solar and storage systems connected to the distribution system in front of the customers' meters on or near multifamily housing.	CA State Assoc of Electrical Workers / Coalition of CA Utility Employees	Asm Approps Cmte 8/3	OPPOSE UNLESS AMENDED

State Bill Tracker - Assembly

Attachment Staff Report Item 15B

Bill #	Author	Description	Sponsor	Status	EBCE Position
AB 1814	Grayson	Authorizes CCAs to file applications for PUC programs and investments to accelerate widespread transportation electrification.	CaICCA	Author withdrawn	SUPPORT
AB 1960	Villapudua	Encourages the Senate and the Governor to consider permanent residents of northern, southern and the central valley regions of the state to provide more regional diversity among CPUC commissioners.		Vetoed by Gov 6/21	SUPPORT
AB 2061	Ting	Requires data disclosure on EV charging station availability for stations using public or ratepayer money and requires the CEC to assess reliability and equitable access issues.	Flo	Sen Approps Cmte 8/1	WATCH
AB 2667	Friedman	Establishes and requires CEC to administer state IDER Fund to incentivize eligible resources to support consumer adoption of clean DERs, creates a system to award incentives.	NRG / EDF	Sen Approps Cmte 8/1	OPPOSE UNLESS AMENDED
AB 2765	Santiago	Creates a new taxpayer-funded fund to cover the costs of CPUC Public Purpose Programs including energy efficiency and conservation, and arrearage management, instead of continuing to rely on customer delivery rates. Reverts to utility ratepayers if fund isn't sufficiently funded by the legislature. Excludes CARE/FERA.	Sempra	HELD in Asm Approps Cmte	SUPPORT

State Bill Tracker - Senate

Attachment Staff Report Item 15B

Bill #	Author	Description	Sponsor	Status	EBCE Position
SB 1020	Laird	Sets interim targets for meeting renewable/zero-carbon goals: 90% by end-2035, 95% by end-2040; 100% for state agencies by 2030. State agencies can comply through their LSE, but LSE procurement for the state agency must meet certain criteria. Establishes new fund to support the costs of decarbonization, clean energy, and wildfire mitigation activities with funding sources outside of electricity rates. Establishes new nonprofit public benefit corporation to administer the fund.	Senate Climate Change Working Group	Asm Approps Cmte 8/3	SUPPORT IF AMENDED
SB 1063	Skinner	Authorizes the CEC to make standards for energy- and water-efficient appliances effective sooner than one year after adoption if there's a finding of good cause.	CEC	Asm Approps Cmte 8/3	SUPPORT
SB 1112	Becker	Requires energy suppliers (including CCAs) offering decarb programs to record a decarb charge notice, then notice of full cost recovery, then notice of charge removal with the project's county.		Asm Approps Cmte 8/3	SUPPORT
SB 1158	Becker	Changes the Power Source Disclosure rules to require utilities and CCAs to report comparisons of their energy and capacity purchases with their electricity demand on an hourly basis including the associated GHG emissions.		Asm Approps Cmte 8/3	WATCH
SB 1393	Archuleta	Requires local jurisdictions to consider CEC guidance before mandating that retrofits to a bldg. must upgrade fossil appliances to electric and to file records with CEC.		Asm Approps Cmte 8/3	OPPOSE

Federal Legislative Update - Overview

Attachment Staff Report Item 15B

- Three major 2022 federal opportunities:
 - 10/1: Reconciliation package deadline
 - 10/1: Community Project Funding deadline
 - EBCE potentially funded \$7.43 million
 - Q3/Q4: Infrastructure Bill applications open
 - EBCE potentially targeting EV, resiliency, and EE programs

Recommended Federal Bill Position

Attachment Staff Report Item 15B

Bill #	Author	Description	Status	Recommended EBCE Position
TBD	TBD	Will potentially authorize clean energy tax breaks including extending the Investment Tax Credit (ITC) and Production Tax Credit (PTC), as well as other renewable energy-friendly provisions including clean energy manufacturing tax credits, electric vehicle tax credits, incentives for renewable energies in rural communities, and a fee on methane emissions.	Senate negotiating	SUPPORT