

SENATE THIRD READING  
SB 1020 (Laird, et al.)  
As Amended August 29, 2022  
Majority vote

## SUMMARY

Establishes interim targets to the statewide 100% clean energy policy. Additionally requires state agencies to accelerate their 100% clean energy policy goal by 10 years.

### Major Provisions

- 1) Establishes the policy that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, and 95% by December 31, 2040.
- 2) Establishes the policy that eligible renewable energy resources and zero-carbon resources supply 100% of electricity procured to serve all state agencies by December 31, 2035, ten years sooner than currently required by existing law.
- 3) Clarifies disclosures of information between the California Independent System Operator (CAISO) and a state agency do not waive the information's exemption from the Public Records Act.
- 4) Requires each state agency, except for the Department of Water Resources' (DWR) procurement for the State Water Project (SWP), to, among other things, meet its 100% clean energy policy by:
  - a) Installing appropriate behind-the-meter resources on state-owned or state-leased buildings to serve the state agency's onsite load;
  - b) Procuring appropriate resources through the local publicly owned electric utility (POU) or load-serving entity (LSE) providing retail service to the state agency, subject to any credit or collateral requirements imposed by the utility;
  - c) Participating in a voluntary shared renewable or green pricing program comprised of the appropriate resources.
- 5) Mandates by December 1, 2023, the inclusion of a progress report on system and local reliability in subsequent updates or addendums to the SB 100 Joint Agency Report, with particular focus on summer reliability.
- 6) Requires any new procurement requirements made on behalf of a state agency, except for SWP, to satisfy all of the following criteria:
  - a) The resource be newly developed and reach commercial operation on or after January 1, 2023;
  - b) The resources meet the category types applicable to the Renewable Portfolio Standard (RPS) Program and commonly referred to as buckets one, two and three;
  - c) The resource be located in California;

- d) The POU or LSE require its contractors use a "multicraft project labor agreement;"
  - e) The POU or LSE shall exclude state agency retail sales from any compliance obligations related to their 100% clean energy policy targets, and retire any renewable energy credits or environmental attributes associated with the state agency customer; and
  - f) Give preference to resource options expected to yield maximum long-term employment, stimulate new economic activity, generate local and state tax revenues and assist with the development of new industries.
- 7) Requires the California Public Utilities Commission (CPUC) to develop a definition of "energy affordability" that shall establish metrics based on household income, and use the established metrics to guide development of protections, incentives, discounts, or new programs and to assess the impact of rate increases.
- 8) Permits current California Public Utilities Commission (CPUC) employees to share information with the CAISO without such disclosure making the CPUC employee guilty of a misdemeanor, so long as an agreement exists between the CAISO and CPUC to treat the shared information as confidential.
- 9) Directs DWR to procure eligible renewable energy resources and zero-carbon resources to satisfy the clean energy obligations this bill imposes on the SWP and requires such procurement be for resources that are:
- a) Either newly developed or constitute incremental production from existing resources and reach commercial operation on or after January 1, 2023;
  - b) Located in California or have a first point of interconnection to a California balancing authority; and
  - c) Constructed using multicraft project labor agreements.
- 10) Allows DWR to defer procuring zero-carbon electricity resources for SWP until December 31, 2040, if the department determines that procurement of those resources would require early termination of an existing contract for fossil generation entered before January 1, 2010 and that early termination would result in significant uneconomic costs.
- 11) Permits the Governor to adjust the deadline for DWR's zero-carbon resource procurement for SWP in the event of an extraordinary circumstance or catastrophe, but not later than December 31, 2040.
- 12) Allows DWR to meet the SWP's 100% clean energy goal with eligible behind-the-meter resources.
- 13) Directs DWR to consider cost reduction opportunities, such as coordination with the California Infrastructure and Economic Development Bank, coordination with other state agencies to identify incentives from existing programs, or securing ownership stakes or royalties for any project.

- 14) Specifies all resources procured by DWR shall first meet DWR's own electricity needs, and renewable energy credits associated with the obligations imposed by this bill on SWP procurement shall be retired.
- 15) Provides legislative findings regarding why a new exception to the Public Records Act is necessary, and makes other minor, clarifying changes.

## COMMENTS

The state has ambitious greenhouse gas (GHG) reduction and clean energy goals. State law requires statewide GHG emissions to be reduced to at least 40% below the 1990 level by 2030. Under the RPS program, electricity providers must each meet at least 50% of their electrical load from renewable energy resources by December 31, 2026, and at least 60% by December 31, 2030. State law – codified under SB 100 (De León), Chapter 312, Statutes of 2018 – establishes the policy that eligible renewable energy resources and zero-carbon resources supply 100% of all retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045, the "100% clean energy policy."

California has been successful at achieving these goals, at least so far. Statewide GHG emissions in 2020 were below 1990 levels. And the state's electric utilities are progressing towards their RPS goals. Still, continued progress is not guaranteed, and the latest projections show California failing to meet its 2030 GHG emissions reduction goals.

This bill establishes incremental clean energy policy goals on the way to the goal that 100% of the state's electricity come from clean energy sources by 2045. This seems wise, as 2045 is a long ways off, in some senses, and planning around interim goals can help the state achieve the ultimate goal.

State government is a significant user of electricity. State agencies, collectively, consume about one percent of all electricity consumed in the state. Included in that percentage is the electricity used by the SWP, the single largest consumer of electricity in California.

State agencies are subject to the clean energy goals described above. This bill would accelerate those goals, as applicable to state agencies, so that eligible renewable energy resources and zero-carbon resources would need to supply 100% of electricity procured to serve all state agencies by December 31, 2035.

### **According to the Author**

According to the author, "The Senate Workgroup on Climate has worked collaboratively to find common ground on impactful climate solutions, so we can truly focus on the work that must be done to address the looming peril of climate change. As someone who represents so much of California's coast, it's apparent that sea level rise and ocean acidification are already impacting infrastructure and ocean ecology. Severe water shortages from drought also weigh heavily on our most vulnerable communities."

### **Arguments in Support**

A broad coalition of environmental organizations, ratepayer advocates, utilities, energy developers, and consumer organizations are in support of this bill. They note California's success in advancing clean energy policy, and support the acceleration put forward in this bill.

**Arguments in Opposition**

The Western Electrical Contractors Association writes in opposition to the bill's requirements of project labor agreements on state agency procurement, claiming the requirement will raise costs, reduce competition and discriminate against otherwise qualified workers. The State Water Contractors and the Metropolitan Water District of Southern California have an Oppose Unless Amended position on the bill, citing cost concerns from the accelerated procurement required for SWP. A coalition of environmental and environmental justice organizations have an Oppose Unless Amended position on the bill, noting their concern with policies – such as RPS – which provide incentives to bioenergy production, specifically from dairy digester biomethane

**FISCAL COMMENTS**

According to the Assembly Appropriations Committee, this measure will result in \$3.2 billion in costs to DWR, paid by the roughly 27 million ratepayers of 29 public water agencies of the SWP. DWR anticipates \$110 million in additional costs over a 20-year period to procure electricity for other state agencies. DWR will not be able to pass these costs on to SWP ratepayers. Annual, ongoing costs of approximately \$700,000 to the CPUC and \$32 million to CARB are anticipated, the latter of which is estimated to severely hamper CARB's operations.

**VOTES****SENATE FLOOR: 30-8-2**

**YES:** Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hueso, Hurtado, Kamlager, Laird, Leyva, Limón, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

**NO:** Bates, Borgeas, Dahle, Grove, Melendez, Nielsen, Ochoa Bogh, Wilk

**ABS, ABST OR NV:** Hertzberg, Jones

**ASM UTILITIES AND ENERGY: 12-0-3**

**YES:** Eduardo Garcia, Bauer-Kahan, Carrillo, Mike Fong, Cristina Garcia, Holden, Mayes, Muratsuchi, Quirk, Reyes, Santiago, Ting

**ABS, ABST OR NV:** Patterson, Chen, Cunningham

**ASM NATURAL RESOURCES: 8-3-0**

**YES:** Luz Rivas, Friedman, Cristina Garcia, McCarty, Muratsuchi, Stone, Wood, Bennett

**NO:** Flora, Mathis, Seyarto

**ASM APPROPRIATIONS: 12-4-0**

**YES:** Holden, Bryan, Calderon, Arambula, Mike Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, McCarty

**NO:** Bigelow, Megan Dahle, Davies, Fong

**UPDATED**

VERSION: August 29, 2022

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FN: 0004371