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UNFINISHED BUSINESS

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Bill No: SB 1020  
Author: Laird (D), Atkins (D), Caballero (D) and Durazo (D), et al.  
Amended: 8/29/22  
Vote: 21

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SENATE ENERGY, U. & C. COMMITTEE: 10-2, 4/26/22  
AYES: Hueso, Becker, Dodd, Eggman, Gonzalez, Hertzberg, McGuire, Min, Rubio, Stern  
NOES: Dahle, Borgeas  
NO VOTE RECORDED: Bradford, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/19/22  
AYES: Portantino, Bradford, Kamlager, Laird, Wieckowski  
NOES: Bates, Jones

SENATE FLOOR: 30-8, 5/26/22  
AYES: 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  
NOES: Bates, Borgeas, Dahle, Grove, Melendez, Nielsen, Ochoa Bogh, Wilk  
NO VOTE RECORDED: Hertzberg, Jones

ASSEMBLY FLOOR: 54-17, 8/29/22 - See last page for vote

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**SUBJECT:** Clean Energy, Jobs, and Affordability Act of 2022

**SOURCE:** Author

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**DIGEST:** This bill establishes interim targets to reach SB 100 clean energy goals and requires state agencies to purchase 100 percent zero carbon electricity by 2035 to serve their load, including obligations on State Water Project. This bill also requires the development of electric and gas utility service affordability metrics.

*Assembly Amendments* delete provisions related to the California Affordable Decarbonization Authority and the Climate and Equity Trust Fund, recast the language related to the sharing of data with the California Independent System Operator (CAISO), authorize the Governor to adjust the procurement deadline imposed in relation to the State Water Project, and make other clarifying and technical amendments.

## **ANALYSIS:**

Existing law:

- 1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities are under the direction of their governing boards. (Article XII of the California Constitution)
- 2) Establishes it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100 percent of all retail sales of electricity to California end-use customers and 100 percent of electricity procured to serve all state agencies by December 31, 2045. (Public Utilities Code §454.53)
- 3) Establishes a California Independent System Operator (CAISO) as a nonprofit public benefit corporation and requires the CAISO to ensure efficient use and reliable operation of the electrical transmission grid consistent with achieving planning and operating reserve criteria. (Public Utilities Code §345.5)
- 4) Requires the State Energy Resources Conservation and Development Commission (California Energy Commission (CEC)), in consultation with the CPUC, CAISO, transmission owners, users, and consumers, to adopt a strategic plan for the state's electrical transmission grid to ensure reliability, relieve congestion, and meet future growth in load and generation. (Public Resources Code §25324)
- 5) Designates the California Air Resources Board (CARB), via the California Global Warming Solutions Act of 2006, as the state agency responsible for monitoring and regulating sources emitting greenhouse gases (GHGs). Requires CARB to prepare and approve a scoping plan for achieving reductions in GHG emissions and to update the scoping plan at least once every five years. Requires CARB to conduct a series of public workshops to give interested parties an opportunity to comment on the plan. (Health and Safety Code §38561)

- 6) Requires, via the California Public Records Act, a public agency to make its public records available for public inspection and to make copies available upon request and payment of a fee, unless the public records are exempt from disclosure. The act makes specified records exempt from disclosure and provides that disclosure by a state or local agency of a public record that is otherwise exempt constitutes a waiver of the exemptions. Requires that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Article I, Section 3 of the California Constitution, Government Code §625)
- 7) Prohibits information furnished to the CPUC by a public utility, a business that is a subsidiary or affiliate of a public utility, or a corporation that holds a controlling interest in a public utility from being open to public inspection or made public. (Public Utilities §583)

This bill:

- 1) Revises state policy to include interim targets, specifically to provide that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035, 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040, 100 percent of all retail sales of electricity to California end-use customers by December 31, 2045, and 100 percent of electricity procured to serve all state agencies by December 31, 2035.
- 2) Authorizes the CPUC and CEC, upon request of the CAISO, to disclose to the CAISO confidential information relating to power purchase agreements with electric generation and energy storage projects for purposes of transmission planning.
- 3) Requires the CPUC, CEC, and CARB, on or before December 1, 2023, and annually thereafter, to issue a joint reliability progress report that reviews system and local reliability within the context of that state policy described above, with a particular focus on summer reliability, identifies challenges and gaps, if any, to achieving system and local reliability, and identifies the amount and cause of any delays to achieving compliance with all energy and capacity procurement requirements set by the CPUC.
- 4) Requires the CPUC to develop a definition of energy affordability and to use energy affordability metrics to guide the development of any protections,

incentives, discounts, or new programs to assist residential customers facing hardships or disconnections due to electricity or gas bills and to assess the impact of proposed rate increases on different types of residential customers.

- 5) Specifies that a disclosure made through the sharing of information between the CAISO and a state agency does not constitute a waiver of the exemptions in existing law. Authorizes a present officer or employee of the CPUC to share information with the CAISO pursuant to an agreement to treat the shared information as confidential.
- 6) Modifies, with respect to the provision that a portion of the scoping plan workshops be conducted in regions of the state that have the most significant exposure to air pollutants, the above-described included communities as additionally being areas designated as federal extreme nonattainment.

## **Background**

*SB 100 (De León, Chapter 312, Statutes of 2018).* SB 100 established the 100 Percent Clean Energy Act of 2017 which increases the Renewables Portfolio Standard (RPS) requirement from 50 percent by 2030 to 60 percent, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100 percent clean energy. SB 100 also required CARB, CEC, and CPUC to issue a joint report by January 1, 2021, and at least every four years, that describes technologies, forecasts, affordability, and system and local reliability. The report is required to include an evaluation of costs and benefits to customer rate impacts, as well as, barriers to achieving the SB 100 policy. The first Joint Agency report was issued January 2021.

*SB 1020 clean energy goals.* This bill revises state policy to include interim targets to reach SB 100 goals, specifically to provide that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035, and 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040.

*Requires state agencies to procure clean energy.* This bill also requires each state agency to ensure that zero-carbon resources and eligible renewable energy resources supply 100 percent of electricity procured to serve their agency by December 31, 2035. This bill establishes requirements on resources procured for state agencies. The State of California is an electric utility customer, purchasing

roughly one percent of the state's electricity. As such, the state incurs costs when electricity rates increase (or realizes savings when rates go down).

*State Water Project.* The State Water Project (SWP), operated by the Department of Water Resources (DWR), is both a major producer and consumer of electricity. As the largest single consumer of electricity in California, the SWP pump load ranges from 6,000,000 megawatt hours (MWh) to 9,500,000 MWh depending on the type of water year (dry, average, wet). The electricity is used to operate the SWP pumping plants, which are needed to deliver the water throughout the state. According to their website: DWR has been proactively responding to the evolving power market by reducing reliance on fossil fuel energy resources, assisting in maintaining grid reliability, and controlling energy costs for water customers, with 50 percent of the SWP's power provided by its own emission-free hydroelectric generation. The SWP has a power portfolio consisting of 65 percent carbon-free resources, increasing to 75 percent by 2030 and 100 percent by 2045. DWR is finding innovative ways, such as adding solar to the system, to achieve those goals. This bill requires the SWP to procure eligible renewable energy and zero-carbon resources to meet the agency requirements in the bill. This bill authorizes the Governor to adjust the applicable deadline, 2035, in the event of unexpected and extraordinary circumstances.

*Need for confidential information.* In September 2021, the CEC, CPUC, CARB and CAISO published a *Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy*. The report includes numerous recommendations related to expediting the transition to clean energy, including a recommended change to the statute to allow the CPUC and CEC to disclose limited confidential information related to generation and energy storage projects with purchase-power agreements to CAISO for statewide planning purposes, but not for public release. The report noted that the CPUC and CEC require detailed and consistent information that is often considered confidential in order to effectively monitor project development progress. However, since the CAISO is not a state agency, legal barriers prevent the CEC and CPUC from sharing the same information with the CAISO. The report notes that any disclosure of confidential information to the CAISO by a state agency may waive confidentiality designations of market sensitive information thereby creating legal barriers that can constrain and hinder sharing of critical energy planning information related to generation online dates, which can help with SB 100 implementation. This bill explicitly authorizes the sharing of specified confidential information between the CEC, CPUC, and CAISO and prohibit the public disclosure of this information.

*Utility rate and bill affordability.* In recent years, California utility bills have typically been lower than utility bills in most of the country. However, those trends are changing and California utility bills are inching higher. As stated in the CPUC 2021 white paper regarding utility costs and affordability, “California’s policy goals could result in rate and bill increases that would make other policy goals more difficult to achieve and could result in overall energy bills becoming unaffordable for some Californians.” The paper notes that wildfire mitigation and electrification are among the near-term needs that place upward pressure on utility rates and bills. This bill requires the CPUC to develop utility affordability metrics for both electricity and gas service. The CPUC has a related proceeding on establishing affordability metrics (R. 18-07-006).

### **Related/Prior Legislation**

SB 1158 (Becker, 2022) requires every retail supplier of electricity that is required to file an integrated resources plan to annually report the sources of electricity used to serve the supplier's load for each hour during the previous year. The bill is pending consideration before the full Assembly.

SB 1203 (Becker, 2022) declares the intent of the Legislature that state agencies aim to achieve zero net emissions of GHGs resulting from their operations no later than January 1, 2035; requires each state agency to develop and publish a plan that describes its planned actions for achieving net zero emissions. The bill is pending consideration before the full Senate for concurrence.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2017 which increases the RPS requirement from 50 percent by 2030 to 60 percent, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100 percent clean energy.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Assembly Appropriations Committee:

- DWR estimates this bill will result in additional costs to the State Water Project (SWP) of \$3.2 billion, \$2.6 billion of which will result from the need to enter into new contracts for electricity generated from renewable and zero-carbon resources to replace existing contracts that supply the SWP with electricity generated from greenhouse gas (GHG) emitting resources. These costs will be paid by the roughly 27 million ratepayers of 29 public water agencies.

In addition, DWR anticipates costs of \$110 million over a 20-year contracting period to procure electricity for other state agencies. DWR warns it would not be able to pass these costs on to SWP ratepayers.

- The CEC estimates it will need 15% of total Climate and Equity Trust Fund program funds to jointly establish the California Affordable Decarbonization Authority, as well as \$500,000 for information technology costs. As the Legislature has yet to appropriate money for the fund, so the amount of CEC's costs are unknown, though they would likely be in the millions of dollars, were money to be appropriated to the fund.

In addition, the CEC foresees \$600,000 in ongoing annual costs for four personnel to provide administrative oversight and support of the authority. Presumably, these costs will be covered by any money appropriated for the Climate and Equity Trust Fund or the authority.

- The CPUC estimates ongoing annual costs of \$1.5 million for five regulatory analysts, one program and project supervisor, three attorneys, two administrative law judges, an accountant and an accountant trainee, as well as about \$26,000 in administrative costs (Public Utilities Commission Reimbursement Account (PUCRA)).

The CPUC also estimates one-time costs of \$52,016 in consulting services to establish a domain, website and email accounts for up to 10 users with the new authority (PUCRA).

- CARB projects an ongoing need for one position in the Air Pollution Specialist classification, at an annual cost of \$210,000, as well as \$500,000 for contract funding in fiscal year 2023-24, primarily for community engagement (Air Pollution Control Fund (APCF)).

CARB also notes SB 1020 allows for the redirection of noncompliance penalties, which, on average, total \$32 million per year. CARB warns such a loss of funding would exacerbate an existing structural deficit in the APCF and severely hamper CARB's operations.

**SUPPORT:** (Verified 8/29/22)

350 Silicon Valley

ActiveSGV

Brightline Defense

California Efficiency + Demand Management Council

California Native Plant Society  
California Public Interest Research Group  
California Wind Energy Association  
Center for Climate Change and Health  
Clean Power Campaign  
Climate Action Campaign  
Climate Resolve  
Coalition for Clean Air  
Community Environmental Council  
Environment California  
Environmental Protection Information Center  
Environmental Working Group  
Families Advocating for Chemical and Toxics Safety  
Friends Committee on Legislation of California  
Glendale Environmental Coalition  
Offshore Wind California  
Pasadena 100  
Safe Routes Partnership  
San Diego Gas & Electric  
Silicon Valley Leadership Group  
Social Justice Committee of Pasadena Jewish Temple and Center  
Surfrider Foundation  
The Climate Center  
The Nature Conservancy  
The Utility Reform Network  
Throop Unitarian Universalist Church  
TransForm  
Union of Concerned Scientists

**OPPOSITION:** (Verified 8/29/22)

Animal Legal Defense Fund  
California Large Energy Consumers Association  
Center for Biological Diversity  
Center for Food Safety  
Food & Water Watch  
Leadership Counsel for Justice and Accountability  
Western Electrical Contractors Association



**ARGUMENTS IN SUPPORT:** In support of this bill, The Utility Reform Network (TURN) expresses enthusiasm for proposed interim targets, requirements on state agencies to rely on specified clean energy, and affordability metrics.

The Clean Power Campaign supports this bill because it “would help California meet its 100% clean energy by 2045 by providing greater specificity to SB 100 targets and establishing new state agency leadership in Clean Energy.”

**ARGUMENTS IN OPPOSITION:** The Western Electrical Contractors Association (WECA) opposes this bill due to potential costs to electric ratepayers and the costs associated with requiring a multi-craft Project Labor Agreement (PLA) for the electricity generation projects. WECA states the PLA requirement will raise energy costs, reduce competition, and discriminate against otherwise qualified contractors.

Leadership Counsel for Justice and Accountability and the other organizations oppose the bill because it does not prohibit “the continued inclusion and entrenchment of energy generated from polluting dairies and dairy digesters as an eligible renewable energy resource and zero carbon resource.” These organizations have a many concerns with industrial dairy operations, including the impacts to air and water quality on local communities.

ASSEMBLY FLOOR: 54-17, 8/29/22

AYES: Alvarez, Arambula, Bauer-Kahan, Bennett, Berman, Bloom, Boerner Horvath, Mia Bonta, Bryan, Calderon, Carrillo, Cervantes, Cooley, Cunningham, Mike Fong, Friedman, Gabriel, Cristina Garcia, Eduardo Garcia, Gipson, Grayson, Haney, Holden, Jones-Sawyer, Lee, Levine, Low, Maienschein, Mayes, McCarty, McKinnor, Medina, Mullin, Muratsuchi, Nazarian, O'Donnell, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Santiago, Stone, Ting, Villapudua, Ward, Akilah Weber, Wicks, Wilson, Wood, Rendon

NOES: Bigelow, Megan Dahle, Davies, Flora, Fong, Gallagher, Kiley, Lackey, Mathis, Nguyen, Patterson, Salas, Seyarto, Smith, Valladares, Voepel, Waldron

NO VOTE RECORDED: Aguiar-Curry, Chen, Choi, Cooper, Daly, Gray, Irwin, Kalra, Blanca Rubio

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107

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\*\*\*\* END \*\*\*\*