AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, APRIL 3, 2019

9:30 A.M. - STATE CAPITOL, ROOM 447

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VOTE-ONLY

3900 AIR RESOURCES BOARD

VOTE-ONLY ISSUE 1: CA CLEAN MILES STANDARD AND INCENTIVE PROGRAM (SB 1014)

The Governor's budget requests one permanent position and $91,000 from the Air Pollution Control Fund in fiscal year 2019-20 and $181,000 in 2020-21 to develop and implement the requirements of SB 1014 (Skinner, Chapter 369, Statutes of 2018).

SB 1014 requires the Air Resources Board to establish, by January 1, 2020, a greenhouse gas emissions baseline for transportation network companies on a per passenger-mile basis. SB 1014 also requires the Air Resources Board to establish annual targets for the reduction under that baseline of greenhouse gas emissions per passenger mile driven on behalf of transportation network companies, including annual targets for increasing vehicle or passenger miles traveled using zero emission vehicles by January 1, 2021.

Staff Recommendation: Approve as Budgeted.

3360 CALIFORNIA ENERGY COMMISSION

VOTE-ONLY ISSUE 2: ELECTRIC VEHICLE CHARGING INFRASTRUCTURE ASSESSMENT (AB 2127)

The Governor's budget requests $283,000 ongoing for two positions from the Alternative and Renewable Fuel and Vehicle Technology Fund to implement AB 2127 (Ting, Chapter 365, Statutes of 2018).

BACKGROUND

AB 2127 requires the Energy Commission, working with the California Air Resources Board and the California Public Utilities Commission, to prepare and biennially update a statewide assessment of the EV charging infrastructure needed to support the levels of EV adoption required for the state to meet its ZEV and GHG goals.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 3: THE 100 PERCENT CLEAN ENERGY ACT OF 2018 (SB 100)

The Governor's budget requests five permanent positions and $739,000 from the Cost of Implementation Account (COIA) to implement the provisions of SB 100 (De Leon, Chapter 312, Statutes of 2018).

BACKGROUND

SB 100 sets aggressive targets for the increased use of renewable energy to serve California consumers, resulting in significant reductions in GHG emissions, and establishes a planning goal to ultimately eliminate GHG emissions from the electricity sector. It increases the target for the amount of renewable electricity that is used in California to 60 percent by 2030, and sets a goal of a carbon free electricity sector by 2045. This proposal adds staff to the Renewal Energy and Energy Assessments sections at CEC. The requested staff will be responsible for forecasting, modeling, tracking, and reporting in addition to collaborating with the California Air Resources Board (CARB) and the California Public Utilities Commission (CPUC). The level of funding proposed is consistent with the bill's analysis.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 4: TRANSPORTATION ELECTRIFICATION (SB 1000)

The Governor's budget requests one position and $150,000 from the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) to implement SB 1000 (Lara, Chapter 368, Statutes of 2018).

BACKGROUND

SB 1000 requires the Energy Commission, in consultation with CARB and the CPUC to assess whether charging station infrastructure is disproportionately deployed. If CEC finds disproportionate deployment, it shall use moneys from ARFVTF, as well as other mechanisms, including incentives, to more proportionately deploy new charging station infrastructure, unless the Energy Commission makes a finding that the disproportionate deployment is reasonable, and furthers state energy or environmental policy as articulated by the Energy Commission.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 5: ZERO-EMISSIONS BUILDINGS AND SOURCES OF HEAT ENERGY (AB 3232)

The Governor's budget requests one permanent position and $220,000 from the Cost of Implementation Account to implement provisions in AB 3232 (Friedman, Chapter 373, Statutes of 2018).

BACKGROUND

By January 1, 2021, AB 3232 requires the Energy Commission to assess the potential for the state to achieve its goal of reducing GHG emissions from the residential and commercial building stock by at least 40 percent below 1990 levels by January 1, 2030. Beginning November 1, 2021, AB 3232 requires the Energy Commission to include, within the Integrated Energy Policy Report (lEPR), a report on the GHG emissions associated with the supply of energy to residential and commercial buildings by fuel type and by geographic area, as appropriate. The Energy Commission is also required to make this information available on its website. The requested position supports the required assessment and report.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 6: ENERGY END-USE SURVEYS FUNDING

The Governor's budget requests $529,000 from the Petroleum Violation Escrow Account. This is an augmentation to the $13 million provided last year to conduct the commercial energy use surveys that are required to be completed every four years.

BACKGROUND

Project delays, including solidifying universal commitment for participation from invited utilities and working within the limitations of supplemental project funding from EPIC, have impacted the ability of the contractor to adhere to the proposed timeline. The critical task of initiating data collection was postponed by nearly one year. The additional funding is needed so that the contractor can complete all deliverables. The last survey was completed about 15 years ago.

Staff Recommendation: Approve as Budgeted.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

VOTE-ONLY ISSUE 7: BUILDING ELECTRIFICATION (AB 3232 AND SB 1477)

The Governor's budget requests $1.2 million ($3.2 million beginning in 2020-21) from Public Utilities Commission Utilities Reimbursement Account (PUCURA) to implement AB 3232 (Friedman, Chapter 373, Statutes of 2018) and SB 1477 (Stern, Chapter 378, Statutes of 2018). The request includes funding for 5.5 permanent positions; one limited-term Administrative Law Judge II position for two years; and $2.0 million annually for four years (beginning in budget year+1) for consulting services to measure the effectiveness of building electrification technologies.

BACKGROUND

These bills require the CPUC to create and implement, for five years, two building electrification programs, specifically: (1) the Technology and Equipment for Clean Heating Initiative; and, (2) the Building Initiative for Low-Emissions Development Program, and to support the Energy Commission’s assessment of the potential to reduce greenhouse gas emissions from building stock by 40 percent. The requested positions will perform analysis to make the program effective, manage third-party contracts, provide necessary legal and judicial support, and collaborate with other state agencies.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 8: ELECTRIC MICROGRID COMMERCIALIZATION (SB 1339)

The Governor's budget requests 10.5 three-year limited-term positions, and nearly $2.0 million from the PUCURA to implement SB 1339 (Stern, Chapter 566, Statutes of 2018).

BACKGROUND

SB 1339 requires the CPUC to work with the CEC, and California Independent System Operators (CAISO), to take necessary actions by December 1, 2020, to facilitate microgrid commercialization.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 9: ELECTRICITY-DIRECT ACCESS (SB 237)

The Governor's budget requests one permanent position, one-year limited-term funding for one position and $200,000 for one-time consulting services for a total of $545,000 PUCURA to address the requirements of SB 237 (Hertzberg, Chapter 600, Statutes of 2018).

BACKGROUND

SB 237 expands retail choice in California's electricity market by raising the amount of electric load that can be served by Electric Service Providers in the Direct Access program, and requires the Commission to produce recommendations for the Legislature on a pathway for further expansion of direct access. The bill requires CPUC to do the following: (1) implement a 4,000-gigawatt hour increase to the Direct Access load by June 1, 2019; and, (2) provide the Legislature with recommendations on a pathway for further opening Direct Access by June 1, 2020.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 10: ENERGY EFFICIENCY CUSTOM PROJECTS (SB 1131)

The Governor's budget requests one permanent position, three-year limited-term funding for three positions and $789,000 from the PUCURA to revise and implement changes to the energy efficiency custom project program as directed by SB 1131 (Hertzberg, Chapter 562, Statutes of 2018).

BACKGROUND

SB 1131 requires CPUC to develop and maintain eligibility criteria and other metrics for custom energy efficiency projects by July 1, 2019, and identify what information should be included in the project archive, among other requirements.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 11: EXPAND ACCESSIBILITY FOR PERSONS WITH DISABILITIES USING TRANSPORTATION NETWORK COMPANY PLATFORMS (SB 1376)

The Governor's budget requests $987,000 from the Public Utilities Commission Transportation Reimbursement Account to implement SB 1376 (Hill, Chapter 701, Statutes of 2018). The request includes funding for three positions for two years and 400,000 ongoing to fund intervenor compensation.

BACKGROUND

SB 1376 requires the CPUC to establish a program in a new or existing proceeding to improve accessibility for persons with disabilities, including wheelchair users who need a wheelchair accessible vehicle (WAV), on the applications and platforms used to provide Transportation Network Company (TNC) service. The program sunsets in 2026.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 12: FLUORINATED REFRIGERANTS (SB 1013)

The Governor's budget requests $1.2 million PUCURA to implement SB 1013 (Lara, Chapter 375, Statutes of 2018). The request includes $153,000 limited-term funding annually, for two years, for one position, and $1 million annually, for two years, to contract for technical expertise on low-global-warming-potential refrigerants and their availability in the markets.

BACKGROUND

SB 1013 requires the CPUC to develop a strategy for energy efficiency programs to incorporate low-global-warming-potential refrigerants in equipment. The staff persons would perform research, author a strategy paper, and manage a consultant performing a technical assessment. The consultant's technical assessment will review select refrigerants for efficiency, global-warming-potential, safety, workforce training requirements, and market availability.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 13: RESOURCES TO SUPPORT NEW TRANSPORTATION ELECTRIFICATION INITIATIVES (AB 2127 AND SB 1000)

The Governor's budget requests one permanent position and $180,000 PUCURA to implement AB 2127 (Ting, Chapter 365, Statutes of 2018) and SB 1000 (Lara, Chapter 368, Statutes of 2018).

BACKGROUND

AB 2127 directs the CPUC to support the CEC in regularly assessing the availability of charging infrastructure across California. SB 1000 directs the CPUC, within an existing proceeding, to develop policies to support electric grid integration technologies, review electric transit bus specific utility rate design proposals, and evaluate and oversee implementation of utility programs to increase access to electric vehicle charging infrastructure to support the state goal of five million zero-emissions vehicles (ZEV) on the road by 2030.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 14: 100 PERCENT CLEAN ENERGY ACT OF 2018 (SB 100)

The Governor's budget requests 2.5 permanent positions and $1.5 million from the PUCURA to implement SB 100 (de Leon, Chapter 312, Statutes of 2018). In addition to the positions, the requested amount includes $1.1 million annually through 2021 for expert consultants.

BACKGROUND

SB 100 requires the CPUC to implement more aggressive timeframes and maintain ongoing program oversight for its Renewable Portfolio Standards (RPS) and Integrated Resource Programs (IRP), in regards to California's greenhouse gas (GHG) reduction efforts.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 15: BIOMETHANE PROCUREMENT AND INTERCONNECTION (SB 1440 AND AB 3187)

The Governor's budget requests limited-term funding for five positions for three years and $966,000 from the PUCURA to implement AB 3187 (Grayson, Chapter 598, Statutes of 2018) and SB 1440 (Hueso, Chapter 739, Statutes of 2018).

BACKGROUND

AB 3187 directs the CPUC to adopt policies and programs that promote the in-state production and distribution of biomethane for the energy and transportation needs of the state. SB 1440 directs the CPUC to consider adopting specific biomethane procurement targets or goals for gas corporations. CPUC staff will be responsible for conducting an analysis of potential biomethane production and interconnection to the natural gas transportation system and of state electric and transportation needs; providing advice to policy makers; evaluating program results; and meeting regular reporting requirements to implement both bills.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 16: EXTEND ENERGY DIVISION POSITIONS IN SUPPORT OF ENERGY POLICY STATUTES

The Governor's budget requests $1.1 million PUCURA to extend funding for six positions for an additional three years, including software costs to continue implementing a number of recently enacted statutes concerning multiple elements of California's forest safety and greenhouse gas reduction efforts.

BACKGROUND

This request is for workload is associated with implementing the following:

- Chapter 368, Statutes of 2016 (SB 859, Committee on Budget and Fiscal Review)—Supports biomass procurement from high hazard zone areas and interagency actions to mitigate wildfires threat to life and property.
- Chapter 395, Statutes of 2016 (SB 1383, Lara); and Chapter 571, Statutes of 2016 (AB 2313, Williams)—Support efforts to meet the state goal to reduce the emissions of the short-lived climate pollutant methane to 40 percent below 2013 levels by 2030. Also supports the development of biomethane, renewable natural gas, a substitute for fossil fuel natural gas, to be used to generate electricity, pipeline quality natural gas, low carbon fuel, renewable hydrogen in the trucking, bus, and fleet vehicle sectors.
- Chapter 680, Statutes of 2016 (AB 33, Quirk) and Chapter 681, Statutes of 2016 (AB 2868, Gatto)—Related to the effective use and accelerated deployment of energy storage.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 17: AUTOMATIC DOOR OPENER PROJECT

The Governor's budget requests $358,000 from various funds to transfer to the Architecture Revolving Fund at the Department of General Services to complete an automatic door opener project at the 505 Van Ness Avenue, San Francisco office.

BACKGROUND

This project will make all restroom doors in the building compliant with the Americans with Disabilities Act (ADA).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 18: FEDERAL TRANSPORTATION AGENCY GRANT FUNDING APPROPRIATIONS

The Governor's budget requests $937,000 in increased Federal Transportation Agency expenditure authority to fully utilize State Safety Oversight Agency Formula Grant Fund Program funding.

BACKGROUND

These funds will be used for rail transit safety oversight, and allow for a $561,000 reduction in the expenditure of Public Transportation Account funds from the State Transportation Fund.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 19: INCREASE OVERSIGHT OF NATURAL GAS POLICY AND RELIABILITY

The Governor's budget requests one permanent Program and Project Supervisor and $227,000 PUCURA for increased workload in the Gas Section.

BACKGROUND

Gas reliability and policy work increased following the 2010 San Bruno pipeline explosion, the 2015 Aliso Canyon gas leak, the enacted legislation promoting renewable gas development in California, and the enacted legislation regarding consumer protection oversight of gas aggregators. The Gas Section has grown to accommodate the workload increase—from approximately five staff in 2013 to the existing 11 staff, all under one project supervisor. Given the high-profile nature of gas reliability, renewable gas, and core transport issues, along with gas cost and ratemaking oversight, an additional position is needed to supervise the expanded staff and workload.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 20: PUBLIC ADVOCATE'S OFFICE —WATER MERGERS AND ACQUISITIONS

The Governor's budget requests one permanent position and $178,000 Public Utilities Commission Public Advocates Office (formerly known as the Office of the Ratepayer Advocate) Account to support its advocacy in Class A water utility acquisition proceedings.

BACKGROUND

Approving this request will help ensure customers' interests are adequately represented in CPUC water system acquisition proceedings.

Staff Recommendation: Approve as Budgeted.

ITEMS TO BE HEARD

VARIOUS DEPARTMENTS

ISSUE 1: 2019-20 CAP AND TRADE EXPENDITURE PLAN

The Governor's budget: (1) assumes cap-and-trade revenue of $2.6 billion in 2018-19 and $2.1 billion in 2019-20; and, (2) proposes to spend a total of $2.4 billion in 2019-20, which includes roughly $1.1 billion in discretionary expenditures.

BACKGROUND

Cap-and-Trade Part of State's Strategy for Reducing GHGs. AB 32 (Núñez/Pavley, Chapter 488, Statutes of 2006) established the goal of limiting greenhouse gas (GHG) emissions, statewide, to 1990 levels by 2020. Subsequently, SB 32 (Pavley, Chapter 249, Statutes of 2016) established an additional GHG target of reducing emissions by at least 40 percent below 1990 levels by 2030. One policy the state uses to achieve these goals is a cap-and-trade program. The cap-and-trade regulation—administered by the California Air Resources Board (CARB)—places a "cap" on aggregate GHG emissions from large emitters, such as large industrial facilities, electricity generators and importers, and transportation fuel suppliers. Capped sources of emissions are responsible for roughly 80 percent of the state's GHGs. To implement the program, CARB issues a limited number of allowances, and each allowance is essentially a permit to emit one ton of carbon dioxide equivalent. Entities can also "trade" (buy and sell on the open market) the allowances in order to obtain enough to cover their total emissions.

Auction revenue has been volatile in the past, but since the enactment of AB 398 (E. Garcia, Chapter 135, Statutes of 2017), which extended the program through 2030, revenues have stabilized and quarterly auction revenue has consistently exceeded $600 million—reaching about $800 million in the most recent auction.

Governor's Proposal. The Governor's budget assumes cap-and-trade auction revenue of $2.6 billion in 2018-19 and $2.1 billion in 2019-20, as shown in the figure on the following page. The budget allocates a total of $2.4 billion in 2019-20 for various programs—including off-the-top backfills, continuous appropriations, and discretionary spending. The proposed spending level is based on anticipated 2019-20 revenue, plus some unspent funds that carry over from 2018-19. Under the Governor's proposal and revenue assumptions, about $80 million would remain unallocated at the end of 2019-20. The Governor's proposal also includes budget bill language similar to last year's language, that limits certain programs from committing all of their funding before the fourth auction and gives the Department of Finance the authority to make discretionary reductions if revenues are inadequate.

As shown in the figure below, the Legislative Analyst's Office (LAO) estimates that cap-and-trade auction revenue will be greater in 2018-19 and 2019-20 providing a greater level of revenue that is available for expenditure, than is assumed by the Administration. This is discussed in more detail in the "LAO Comment" section later in this agenda item.

Summary of GGRF Fund Condition Under Different Auction Revenue Estimates

(In Millions)

	Governor's Estimates		LAO's Estimates	
	2018-19	2019-20	2018-19	2019-20
Beginning Balance	**$620**	**$272**	**$620**	**$518**
Revenue	**$2,675**	**$2,200**	**$3,200**	**$2,500**
Auction revenue	2,575	2,100	3,100	2,400
Investment income	100	100	100	100
Expenditures and Transfers	**$3,023**	**$2,390**	**$3,302**	**$2,569**
"Off-the-top" backfills[a]	71	130	71	130
Continuous appropriations	1,502	1,182	1,781	1,361
Discretionary expenditures[a]	1,450	1,078	1,450	1,078
End Balance	**$272**	**$82**	**$518**	**$448**

[a] Assumes Governor's 2019-20 spending proposals are adopted.
GGRF = Greenhouse Gas Reduction Fund.

Source: Legislative Analyst's Office

Of the $1.1 billion in proposed discretionary spending in 2019-20, almost $500 million consists of multiyear spending commitments made in past years—such as for the Clean Vehicle Rebate Project (CVRP) ($200 million), forest health ($165 million), prescribed fire and fuel reduction ($35 million), and administrative costs ($60 million). Most of the remaining discretionary allocations would be on a one-time basis. The proposed expenditure plan and last year's plan by comparison are shown on the following page:

Cap-and-Trade Expenditure Plan

(In Millions)

Program	Department	2018-19	2019-20
Off-the-Top Allocations		**$71**	**$130**
SRA fee backfill	CalFire/Conservation Corps	31	87
Manufacturing sales tax exemption backfill	Not applicable	41	44
Continuous Appropriations		**$1,502**	**$1,182**
High-speed rail	High-Speed Rail Authority	626	492
Affordable housing and sustainable communities	Strategic Growth Council	501	394
Transit and intercity rail capital	Transportation Agency	250	197
Transit operations	Caltrans	125	98
Existing Discretionary Spending Commitments		**$465**	**$486**
Clean Vehicle Rebate Project	Air Resources Board	200	200
Forest health and fire prevention (SB 901)	CalFire	160	165
Various state administrative costs	Various	49	60
Prescribed fire and fuel reduction (SB 901)	CalFire	30	35
AB 617 air district implementation costs	Air Resources Board	20	20
Energy Corps	Conservation Corps	6	6
Other Discretionary Spending		**$989**	**$593**
AB 617 incentive programs	Air Resources Board	245	200
Heavy-duty vehicle and off-road equipment programs	Air Resources Board	180	132
Low-income light-duty vehicles and school buses	Air Resources Board	75	50
Transformative Climate Communities	Strategic Growth Council	40	40
Workforce development	Workforce Development Board	—	27
Agricultural diesel engine replacements	Air Resources Board	112	25
Methane reductions from dairies	Food and Agriculture	99	25
Waste diversion	CalRecycle	25	25
Healthy Soils	Food and Agriculture	5	18
Wildfire prevention package implementation costs	CalFire and Air Resources Board	—	13
AB 617 technical assistance grants	Air Resources Board	10	10
Climate and energy research	Strategic Growth Council	18	10
Low-income weatherization	Community Services and Development	10	10
AB 617 state implementation costs	Air Resources Board	4	4
Coastal adaptation	Various	5	3
Incentives for food processors	Energy Commission	64	—
Local fire response	Office of Emergency Services	25	—
Regional forest restoration projects	Natural Resources Agency	20	—
Urban greening	Natural Resources Agency	20	—
Low-carbon fuel production	Energy Commission	13	—
Urban forestry	CalFire	5	—
Wetland restoration	Fish and Wildlife	5	—
Agricultural renewable energy	Energy Commission	4	—
Woodstove replacements	Air Resources Board	3	—
Technical assistance for disadvantaged communities	Strategic Growth Council	2	—
Totals		**$3,027**	**$2,390**

SRA = state responsibility area; CalRecycle = California Department of Resources Recycling and Recovery; and CalFire = California Department of Forestry and Fire Protection.

Source: Legislative Analyst's Office

Below are descriptions of each of the expenditure proposals:

Air Toxic and Criteria Air Pollutants (Air Resources Board)

AB 617 (C. Garcia, Chapter 136, Statutes of 2017) - Community Air Protection—$200 million for early incentive actions to reduce both stationary and mobile source emissions in communities heavily impacted by air pollution. Under AB 617, the Air Resources Board will continue to identify at-risk communities and measures to reduce neighborhood pollution. This proposal provides funding to reduce both criteria and toxic emissions in the identified communities.

Technical Assistance to Community Groups—$10 million for technical assistance grants to community-based organizations to participate in the AB 617 process, including the development of community emission reduction plans.

Low Carbon Transportation (Air Resources Board)

Clean Trucks, Buses, and Off-Road Freight Equipment—$132 million for incentives for zero-emission, hybrid, and low NOx trucks, transit buses, and zero-emission freight equipment in the early stages of commercialization.

Enhanced Fleet Modernization Program, School Buses, and Transportation Equity Projects—$50 million for equity-focused investments that increase access to clean transportation for low-income households and disadvantaged communities. Projects include voluntary car scrap and replace incentives and financing assistance for low-income consumers, car sharing, vanpools, and rural school bus replacement.

Agricultural Diesel Engine Replacement & Upgrades—$25 million for farmers and agricultural businesses to replace existing diesel, agricultural vehicles and equipment with the cleanest available diesel or advanced technologies. Emissions from agricultural equipment are a significant source of air pollution, especially in the San Joaquin Valley, and reducing these emissions is critical for meeting federal ozone and particulate matter air quality standards.

Climate Smart Agriculture (Department of Food & Agriculture)

Healthy Soils—$18 million annually to farmers for agricultural management practices that sequester carbon, including cover cropping, reduced till, and compost application. Soils with adequate levels of carbon are necessary for crop growth, long-term agricultural sustainability, and food production. Soils can capture GHGs emitted from both the agricultural sector and other non-agricultural sectors, and sequester that carbon in soil and woody plant material on farms and ranches. Soil health also provides many other benefits, such as increased water and nutrient holding capacity, improved drought resiliency, greater microbial diversity, and increased soil structure and stability, which reduces sediment erosion into surface waters. Annual funding of

$18 million was identified through a modeling tool in the development of the Natural and Working Lands Implementation Plan to achieve soil conservation practices on 500,000 acres by 2030, for a benefit of 5.3 million tons of carbon sequestration.

Methane Reduction—$25 million for various methane reduction programs. The Dairy Digester Research and Development Program awards competitive grants to California dairy operations and digester developers for the implementation of dairy digesters that result in methane GHG emission reductions. The Alternative Manure Management Program provides financial assistance for non-digester manure management practices that will result in reduced methane GHGs, such as conversions of non-pasture livestock operations to pasture-based management and solid separation in conjunction with solar drying or composting.

Short-Lived Climate Pollutants (Dept. of Resources Recycling and Recovery)

Waste Diversion—$25 million to assist public and private entities in the safe and effective management of the waste stream. Investments support financial incentives for capital investments in composting/anaerobic digestion infrastructure, recycling manufacturing facilities, and food rescue programs that divert waste from landfills. The program is comprised of five subprograms: Organics and Recycling Manufacturing Loans, Organics Grants, Recycling Manufacturing Grants, Food Waste Prevention and Rescue Grants, and a new pilot Reuse Grants subprogram.

Integrated Climate Action: Mitigation & Resilience (Various Departments)

Strategic Growth Council. Transformative Climate Communities—$40 million for community-led development and infrastructure projects that achieve major environmental, heath, and economic benefits in California's most disadvantaged communities. Transformative Climate Communities empowers the communities most impacted by pollution to choose their own community vision, strategies, and projects to enact transformational change.

California Coastal Commission (CCC) & San Francisco Bay Conservation & Development Commission (BCDC) - Coastal Resilience—$1.5 million ongoing for the CCC to provide grants to local governments in coastal zones for climate adaptation planning to update Local Coastal Programs (LCP). LCPs are planning tools prepared and used by local governments to guide future development and ensure protection of coastal resources in the state's 76 coastal cities and counties. $1.8 million ongoing and four positions for BCDC to assess the Bay Area's vulnerability to rising sea level and climate change and develop and help implement plans, strategies, and measures to adapt and become more resilient.

Dept. of Community Services & Development, Low-Income Weatherization—$10 million to provide low-income households with solar photovoltaic systems and energy efficiency upgrades at no cost to residents. The program is designed with the primary goal of reducing GHG emissions by saving energy and generating clean renewable energy, while reducing residential energy expenses for low-income households.

Workforce Training (California Workforce Development Board)

Apprenticeships for a Green Economy—$27 million to increase job training and apprenticeship opportunities for disadvantaged workers that are defined as individuals with various barriers to employment. These resources will help build and continue existing partnerships comprised of labor, industry, and community partners to develop job skills that focus on climate and technology-related occupations while providing foundational skills and experience that translate across industry sectors. The California Workforce Development Board budget proposal will be discussed in Subcommittee #4.

Climate and Clean Energy Research (Strategic Growth Council)

Climate Change Research—$10 million to support research on reducing carbon emissions, including clean energy, adaptation, and resiliency, with an emphasis on California. The research funded by SGC aims to fill gaps in the state's research portfolio, address priority areas needed to meet the state's GHG reduction goals, and to directly benefit and engage vulnerable communities in California.

LAO COMMENTS

The LAO analyzed the Cap and Trade program late last year and in a recent report. The LAO's December 2018 report *Assessing California's Climate Policies—An Overview* found that there are a variety of challenges in accurately estimating the overall net effects of California's climate policies—both before (prospective) and after (retrospective). Some of the key challenges include: (1) controlling for factors that are largely unrelated to state climate policy (such as changes in economic conditions, technological progress, and federal policies); (2) assessing GHG effects that extend beyond the state's formal system for monitoring statewide emissions (such as emissions related to biofuels, upstream emissions from imported goods, and leakage of emissions into other jurisdictions); (3) measuring implicit and indirect effects; and, (4) considering interactions between different state and federal policies.

Given the wide variety of effects that state climate policies generate and the challenges associated with estimating those effects, the LAO identified the following key issues for the Legislature to consider in regards to future climate policy design and evaluation:

- Use economy-wide carbon pricing to achieve low-cost GHG reductions.
- Implement "complementary" policies, only in circumstances when they are well-targeted and justified, to ensure they are achieving benefits that carbon pricing would not.

Examples might include policies that effectively promote innovation or reduce other types of pollution.

- Focus on policies that are most likely to encourage GHG reductions in other jurisdictions to maximize the overall GHG reduction benefits for California.
- Establish a robust system for climate policy evaluation that helps ensure the Legislature has more complete information about the effects of state climate policies.

Regarding the 2019-20 budget proposal, the LAO makes the following recommendations about revenues and the expenditure plan:

Revenues. Regarding revenues, the LAO estimates they will be roughly $800 million higher over the two-year period and, as a result, about $450 million would remain unspent at the end of 2019-20. The LAO estimates the Legislature could spend a somewhat higher amount in the budget year—a couple hundred million dollars more—and still maintain a healthy fund balance to address uncertainty about future revenues. The LAO also recommends the Legislature modify the proposed budget bill language to ensure the Legislature's highest priorities are funded if revenue falls below projections.

Expenditures. The LAO finds that the Administration has provided limited quantitative information about what outcomes it expects to accomplish with the funding provided. The lack of information about expected outcomes limits the Legislature's ability to evaluate the merits of each program, making it more difficult to ensure funds are allocated in a way that is consistent with its priorities and achieves its goals. The figure below shows some of the proposals that the Administration provided no, or limited information on expected outcomes:

**Selected New 2019-20 Spending Proposals—
Number of Projects and Outcomes**

Program	Expected Projects and/or Outcomes
AB 617 incentives	Not available.
Heavy-duty vehicle and off-road equipment programs	Not available.
Low-income light-duty vehicles and school buses	Not available.
Transformative Climate Communities	Community-proposed projects that reduce an estimated 40,000 tons of CO2e.
Workforce development	Add a total of 5,000 pre-apprenticeship slots in construction or other jobs in climate-impacted industries over a five-year period.
Agricultural diesel engine replacements	Not available.
Methane reductions from dairies	5 to 7 dairy digester projects to reduce an estimated total of 100,000 to 140,000 tons of carbon dioxide equivalent per year; 6 to 11 alternative manure management projects that reduce an estimated total of 15,000 to 27,500 tons of CO2e per year.
Waste diversion	Not available.
Healthy Soils	18,750 to 22,500 acres of agricultural land managed to sequester carbon to reduce an estimated 38,000 to 47,000 tons of CO2e per year.
Climate and energy research	Not available.
Low-income weatherization	Not available.

CO2e = carbon dioxide equivalent.

Source: Legislative Analyst's Office

The LAO recommends the Legislature direct the Administration to report on the following information at budget hearings: (1) expected outcomes that will be achieved with the proposed funding; (2) any programmatic adjustments to existing programs that might be needed in order to stay within their proposed allocations; (3) additional information on the proposal to expand workforce apprenticeship programs, including key outcomes of the apprenticeship programs and how it will ensure participants are connected to career jobs; and, (4) additional information about the new worker transition pilot, including how the California Workforce Development Board (CWDB) plans to expand the program in the first several years and whether $5 million is the correct funding level during this initial ramp-up.

STAFF COMMENTS

The Administration's proposed expenditure plan continues to fund past priorities and make investments in the areas of air toxic and criteria air pollutants, low carbon transportation, and forest health, in addition to new proposals focused on workforce development. With these programs, California has made strides to reduce GHG emissions, served as a laboratory by developing and implementing programs that can be replicated in other states and around the world, and it has also funded efforts to develop new technologies. In these respects, California is a model for the Green New Deal that is being discussed at the federal level.

However, as the LAO has found, the state has not done a good job of evaluating the effects of the state's climate change policies and, in turn, consistently used that information to determine where to make future investments. Since cap-and-trade funds are limited, it will be important for the Legislature to continue to put intention behind what is being funded, and it will need to be clear on the objectives it wants to accomplish. For example, given that the pace of climate change appears to be happening faster than anticipated, what balance should the state strike in making greater investments in cutting edge, emerging technologies; resiliency, mitigation and adaptation activities; or funding activities that reduce GHGs which can be replicated elsewhere? It will also be important to consider the value of providing stable multi-year funding (5-7 years) to programs as opposed to making annual investments with fluctuating funding levels.

The Committee may want to ask the following questions:

- What are the expected outcomes that will be achieved by each program that the Administration proposes to fund?
- How does the Administration make decisions about what activities to fund, and what does it think is the appropriate balance between funding innovative technologies that may fail or succeed, funding adaptation/ mitigation, or funding activities that reduce emissions?
- What more could California do to better serve as a model for other states?

- How can California better test which climate policies work and which ones are ineffective or too costly?
- What is being done to improve data collection and assessment?
- What criteria will the Department of Finance use to determine when revenue is insufficient, and how would it reduce allocations to various programs if needed?

Staff Recommendation: Hold Open.

0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
3360 CALIFORNIA ENERGY COMMISSION
3900 AIR RESOURCES BOARD
8660 CALIFORNIA PUBLIC UTILITIES COMMISSION

ISSUE 2: ZERO EMISSION VEHICLE CHARGING INFRASTRUCTURE (INFORMATIONAL ONLY)

The Governor's budget proposes $32.7 million for electrical vehicle charging and $20 million for hydrogen fueling infrastructure projects through the Alternative Renewable Fuel and Vehicle Technology Program (ARFVTP).

PANEL

Update on Deployment of Zero-Emission Vehicle Charging Infrastructure:

- Tyson Eckerle, Deputy Director of Zero Emission Vehicle Infrastructure, Governor's Office of Business and Economic Development (GoBiz)
- Drew Bonham, Executive Director, California Energy Commission
- Carolyn Sisto, Senior Transportation Electrification Analyst, California Public Utilities Commission (CPUC)

  Sara Kamins, Supervisor of the Transportation Electrification Section, CPUC

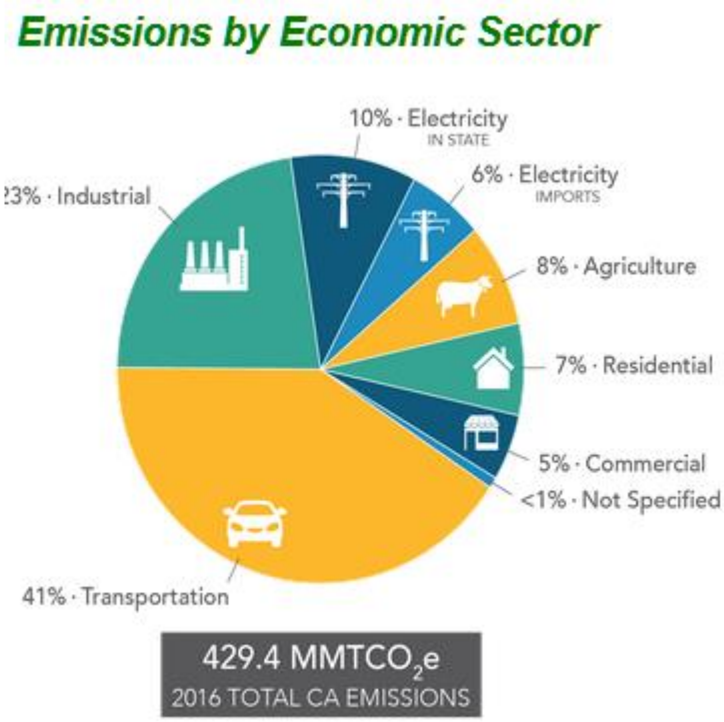
  Pete Skala, Deputy Director, Energy Division, CPUC
- Edie, Chang, Deputy Executive Director, Air Resources Board
- Amanda Martin, Principal Program Budget Analyst, Department of Finance
- Ross Brown, Principal Analyst, Legislative Analyst's Office

BACKGROUND

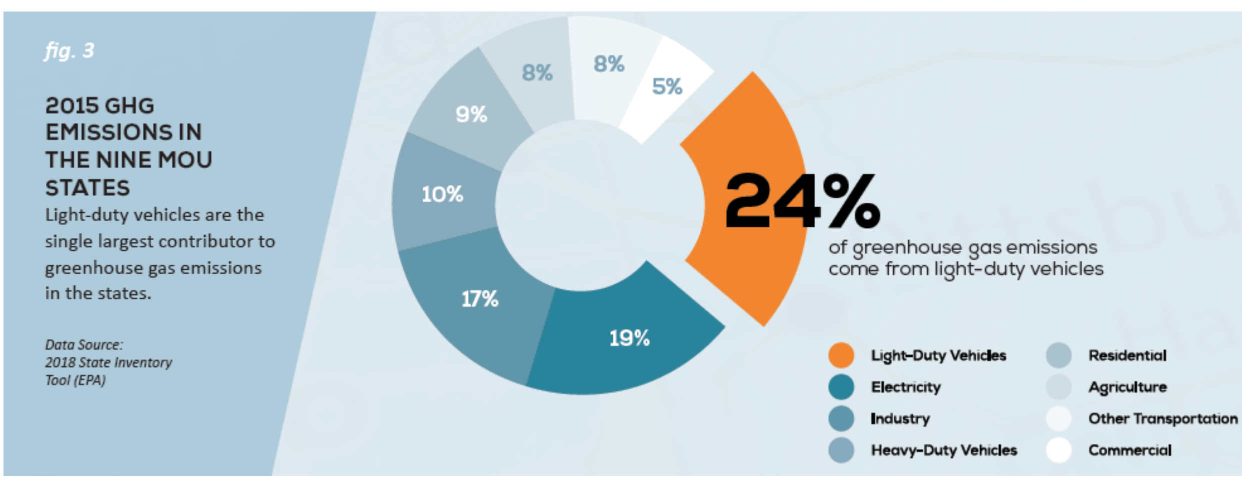
The transportation sector accounts for 41 percent (2016 data) of California's greenhouse gas (GHG) emissions (as shown below), and the greatest amount of emissions come from passenger vehicles. Decreasing emissions from the transportation sector is essential to the state meeting its GHG emission reduction targets; yet, despite efforts in this area, emissions continue to increase.

Last year, then Governor Brown issued Executive Order B-48-18, establishing new goals and a $2.5 billion investment plan over eight years to reduce carbon emissions from transportation.

The plan includes the goals of: (1) 5 million zero-emission vehicles (ZEV) on the road by 2030 ($1.6 billion over eight years); and, (2) 250,000 ZEV chargers, including 10,000 fast charging stations and 200 hydrogen fueling stations by 2025 ($900 million over eight years).



Of all transportation sector emissions, light-duty vehicles are the single largest contributor, based on data from nine states, including California:

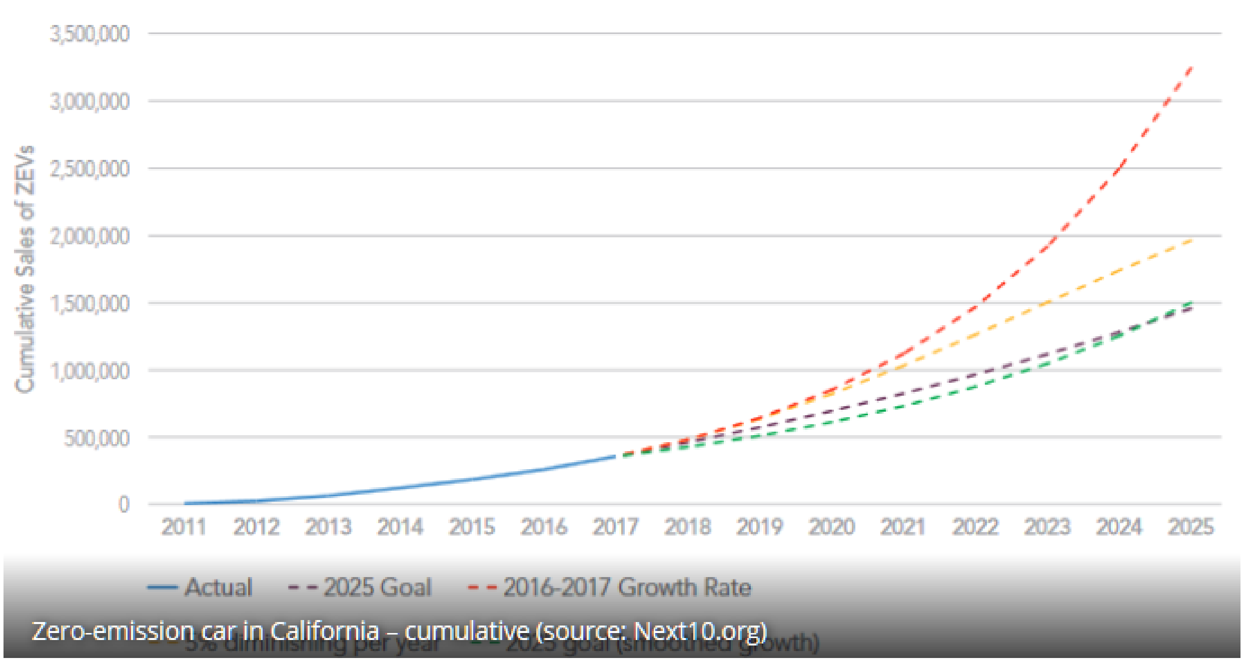


Increased ZEVs Will Help Reduce Greenhouse Gas Emissions. The goals of increasing the number of ZEVs on the road and building ZEV charging infrastructure go hand in hand; some people are reluctant to purchase a ZEV because of concerns about how far a vehicle can go on a single charge, and the ability to recharge quickly. Therefore, having a sufficient ZEV charging infrastructure is critical to ensuring that the state meets its GHG reduction target goals.

There are two primary types of ZEVs: (1) battery-electric vehicles that are recharged using an electric outlet or charging station; and, (2) hydrogen fuel cell electric vehicles (FCEV) powered by hydrogen gas distributed at hydrogen fueling stations.

There are currently about 500,000 light-duty electric vehicles on the road in California, with the highest projection indicating that there could be more than 3 million by 2025. Market share for hybrid and electric vehicles increased from 9.4 percent in 2017 to 12 percent in 2018, according to year-end numbers released by the California New Car Dealers Association. The most recent industry estimates indicate a total of 5,179 FCEV were deployed through August 2018. The CARB's 2018 Annual Evaluation of Hydrogen FCEV Deployment and Hydrogen Fuel Station Network Development projects more than 23,000 FCEVs will be on the road by 2021 and 47,000 by 2024.

Figure 5: Historical and Projected Cumulative ZEV Sales, Accounting for Vehicle Scrappage Rates for 2025 Goal



Zero-emission car in California – cumulative (source: Next10.org)

Various Efforts Are Underway to Increase ZEV Charging Infrastructure. The state funds or oversees numerous ZEV charging infrastructure efforts that include:

- 2016 VW Settlement that requires VW to invest $800 million in ZEV projects.
- Investor-owned utility EV infrastructure investments. Since, 2016 over $750 million has been approved by CPUC.
- NRG Settlement requires NRG to install at least 200 public fast charging station and 10,000 privately owned charging stations.

- Annual funding from the Energy Commission of about $33 million in 2019-20.
- Caltrans' projects at 37 locations that are highway rest stops or in rural areas.
- Installation of vehicle chargers at state buildings. Budget proposes $18.6 million in 2019-20 to continue these activities.
- Ongoing CEC charging infrastructure assessments, including the California Plug-In Electric Vehicle Infrastructure Projections 2017-2025 report and a statewide assessment required by recent legislation. These assessments examine infrastructure deployment, electrical grid impacts, projected charging demands, and electric vehicle deployment and regional distribution.

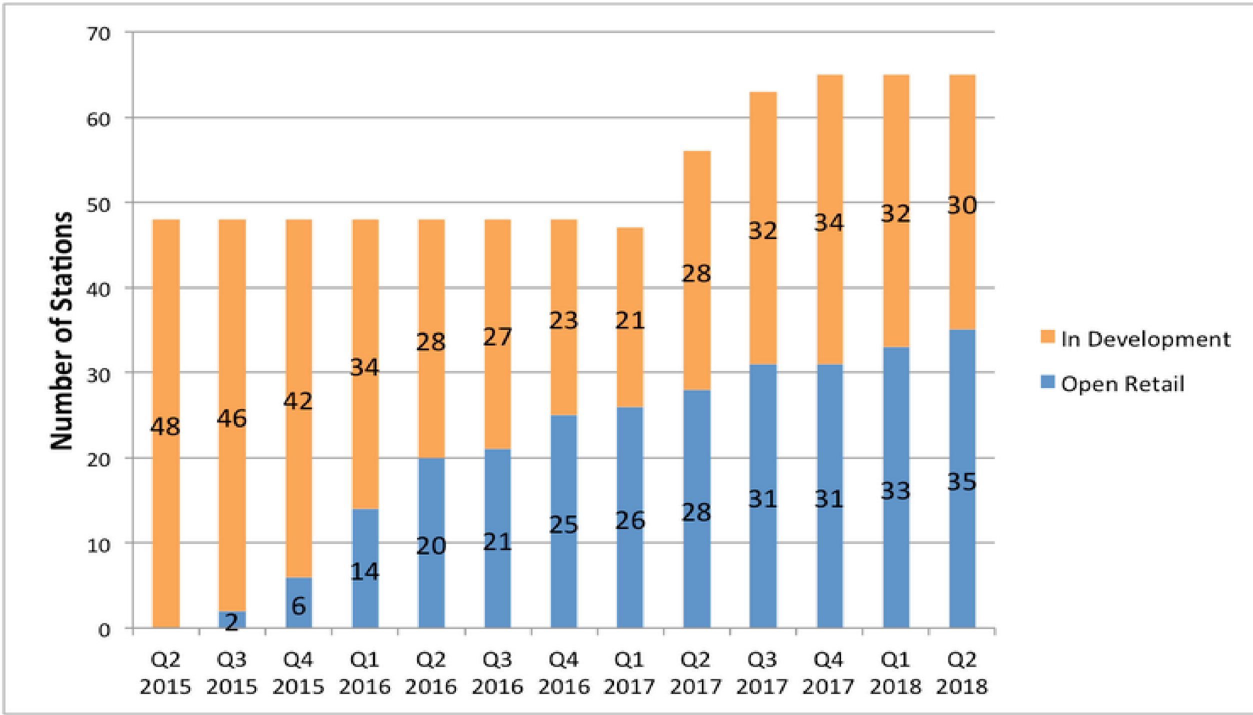
ZEV Fueling Infrastructure Gap Analysis

Number of Electric Chargers Available Continues to Grow. California is making modest but steady progress towards increasing the number of electric and hydrogen charging stations. As shown below, based on current data and the average number of electric vehicle chargers that are estimated to be needed—there is a gap of roughly 125,000 electric chargers. The costs to install a charger can vary from $1,500 to $300,000, depending on the type of charger and access to power.

Type of Electric Vehicle Charger	2018 Available	2019 Available	Low Estimate of Need (2025)	High Estimate of Need (2025)
Direct current fast chargers	1,560	2,875	9,064	24,967
Level 2 in public locations	12,100	16,167	47,596	75,895
Level 2 in known private locations	unknown	2,511		
Level 2 near workplaces	*	*	51,737	57,375
Level 2 at or near multiunit dwellings	*	*	60,000	60,000
Level 1 at or near multiunit dwellings	560	*	61,000	61,000
Level 1 in public and known private locations		576		
Total	**14,220**	**22,129**	**229,397**	**279,237**
Projected Number of Chargers by 2025 with Current Funding Levels	104,000		132,000	132,000
Gap	**NA**	**NA**	**97,397**	**147,237**

*Level 2 chargers by location are not broken out.

Number of Hydrogen Stations Available Continues to Grow. Approximately 200 hydrogen stations are estimated to be needed to support at least 200,000 hydrogen fuel cell vehicles by 2025. The chart on the following page shows the state's progress in meeting this goal:



It is projected that the state will meet its goal of about 200 stations by 2025.

STAFF COMMENT

There are numerous ZEV charging infrastructure issues that the Legislature may want to consider addressing, that include:

- ***Gaps in Underserved Areas that Have the Worst Air Quality.*** Various pieces of legislation enacted last year will provide data in the future that will enable the Legislature to target limited state dollars to fill gaps in high-need areas.

- ***Adequacy of the Grid and Alternatives.*** The Legislature may want to consider if it needs to enact legislation to better ensure adequacy of the electric grid as demands on it increase. At the same time there are greater requirements to shift to more renewable energy sources. In addition, the Legislature may need to explore contingency plans if grids are not operable due to natural disasters, such as wildfires.

- ***Autonomous Vehicles and Congestion.*** The Legislature may want to conduct oversight of the impact of recently enacted legislation, SB 1014 (Skinner, Chapter 369, Statutes of 2018), on the deployment of electric vehicles in ride-hailing fleets; the widespread deployment of autonomous vehicles is expected to be as ride-hailing fleets. The Legislature may want to explore ways to align incentives in order to maximize the use of ZEVs and limit congestion from autonomous vehicles.

- ***Charging Infrastructure for Medium and Heavy Duty Vehicles.*** The Legislature may want to consider making investments in charging infrastructure for medium and heavy-duty vehicles in order to support the transition of more of these types of vehicles to zero emission vehicles.

- ***State Role in Establishing Standards for ZEV Charging Infrastructure.*** The Legislature may want to consider its role in adopting statewide policies that facilitate the rapid expansion of charging infrastructure, while ensuring adherence to state policies of public access for all communities and income levels. Specifically, the Legislature may want to consider the balance between strict statewide requirements for charging equipment, and flexibility for charging equipment operators to meet market needs.

Staff Recommendation: Informational Only.

3900 AIR RESOURCES BOARD

ISSUE 3: INCREASE GRANTS FOR TRUCK LOAN PROGRAM

The Governor's budget requests $19.36 million Air Quality Improvement Fund one-time for the Air Quality Improvement Program grant program. The additional funds will further contribute to the Truck Loan Program, which assists small business truck owners with replacing their trucks to reduce air toxics, criteria and climate pollutants, and comply with the statewide Truck and Bus Regulation.

BACKGROUND

In-Use Truck and Bus Regulation. The statewide Truck and Bus Regulation requires retirement of diesel trucks with engines that are 20 years or older beginning in 2020. Further, truck owners will face immediate consequences to their business operations if they do not retire older trucks on time.

Truck Loan Assistance Program. The Truck Loan Assistance Program helps small-business fleet owners affected by the In-Use Truck and Bus Regulation to secure financing for upgrading their fleets with newer trucks or with diesel exhaust retrofits. The program is implemented in partnership with the State Treasurer's Office's California Pollution Control Financing Authority, through its California Capital Access Program, and leverages public funding with private funding from participating lending institutions.

The Truck Loan Assistance Program specifically helps small business truck owners that fall below conventional lending criteria and are unable to qualify for traditional financing for cleaner trucks or retrofits. State funds are deposited as "contributions" (based on a percentage of each enrolled loan amount) into a loan loss reserve account for each participating lender, to cover potential losses resulting from loan defaults. The program is available for small fleets with 10 or fewer trucks at the time of application. Lenders use their traditional underwriting standards to establish loan terms; however, the program currently includes an interest rate cap of 20 percent.

Air Quality Improvement Program (AQIP). AQIP was established by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118 (Nunez, Chapter 750, Statutes of 2007)). The program provides incentives to reduce criteria pollutant and toxic air contaminant emissions through the deployment of advanced technology and clean transportation in the light-duty and heavy-duty sectors. There are multiple programs under AQIP that focuses funding in various areas, including clean vehicle and equipment projects, research on biofuels production, air quality impacts of alternative fuels, and workforce training. Each year, the legislature appropriates funding to CARB for these incentives. Funding for AQIP varies, but averages around $25 million annually.

STAFF COMMENTS

Beginning in 2020, trucks that are not in compliance with the Truck and Bus Regulation will not be able to obtain registration from the DMV. As we near this deadline, ARB anticipates increasing demands on the Truck Loan Assistance Program. Currently, AQIP is the only source of funds for the Truck Loan Program. Increasing AQIP's expenditure authority would help small businesses comply with air quality regulations, in furtherance of CA's air emission reduction goals.

Staff Recommendation: Approve as Budgeted.

ISSUE 4: TRUCK AND BUS REGULATION COMPLIANCE CERTIFICATION (SB 1)

The Governor's budget requests $1.9 million from various state transportation-related funds and 15 positions for three years, and $195,000 and one position ongoing thereafter to implement SB 1 (Beall, Chapter 5, Statutes of 2017).

BACKGROUND

SB 1 includes requirements for ARB. SB 1 (Beall, Chapter 5, Statutes of 2017) created the Road Maintenance and Rehabilitation Program and the Solutions for Congested Corridors Program and provides funding for transportation infrastructure. SB 1 also acknowledges the impact of the transportation sector on California's air quality. As such, SB 1 requires the ARB to establish programs to reduce emissions from motor vehicles and to work with other state agencies on air quality and greenhouse gas-related elements in the bill. Specifically, the bill requires the ARB to develop and implement new tracking, compliance, and enforcement processes so that reductions in emissions from motor vehicles are achieved.

The ARB intends to use the requested positions to:

1. Develop a database that provides the Department of Motor Vehicles with a list of vehicles approved to operate in California,
2. Address the anticipated increase in compliance assistance and enforcement resolution calls,
3. Track the emissions impacts of the Truck and Bus Regulation's enhanced compliance provision,
4. Evaluate the impact of a "useful life" provision on meeting clean air goals, and developing local and regional planning grant guidelines and scoring criteria for the Congested Corridors Program and consulting for new programs created by SB 1.

Joint database for ARB and DMV. SB 1 also requires the DMV, starting January 1, 2020, to verify that a medium-duty or heavy-duty vehicle is compliant with, or exempt from, CARB's Truck and Bus Regulation before allowing registration. This requires a database of all California-registered trucks which both DMV and ARB can use.

The Budget Act of 2018 provided $600,000 for the development of the joint database and an additional $300,000 is proposed in 2019-20, through a technical BCP, as a continuing technology project. ARB estimates that, of the approximately 300,000 non-compliant vehicles operating in California, approximately 82,000 of those are registered in California and will be affected by SB 1.

STAFF COMMENTS

The Truck and Bus Regulation requires nearly all heavy-duty trucks to upgrade to a 2010 or newer model year engine by 2023. Successful implementation of this regulation would require compliance assistance, additional enforcement assistance, and ensuring the Truck and Bus reporting system can communicate seamlessly with DMV's registration database. Providing ARB with the requested resources would ensure successful implementation of SB 1, as well as the Truck and Bus Regulation.

Staff Recommendation: Approve as Budgeted.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION

The Governor's budget includes $1.6 billion, all funds, for the California Public Utilities Commission (CPUC) in 2019-20, a reduction of $24.4 million or about 1 percent from the current fiscal year. The CPUC has 1,079 staff and receives no General Fund support.

The Public Advocate's Office (PAO) (formerly the Office of the Ratepayer Advocate), within the CPUC, is an independent consumer advocate representing the interest of investor owned utility customers. PAO is mandated to represent the interests of ratepayers in virtually all CPUC proceedings. PAO has about 165 staff.

ISSUE 5: STRENGTHEN ADMINISTRATIVE CORE

The Governor's budget requests eight new permanent positions, limited-term funding for three positions, and $1.4 million from various funds to strengthen the administrative core.

BACKGROUND

CPUC increases its staffing levels each year to address responsibilities added through the legislative process. In part, because of the continuous expansion of its role, there is a need to expand the "business services" functions that supports the CPUC as a whole. Historically, CPUC's administrative core has not expanded as responsibilities have increased resulting in, "chronic understaffing," according to CPUC. To address this problem, last year, the Legislature approved the Administration's request for $2.6 million from various funds for 23 permanent full-time positions, training, and travel. Approval of this proposal would add the following staff:

Unit/ Office	**Number of Positions**
Budget	3
Accounting	3 (3-year limited-term)
Business Services	1
Contracts and Procurement	1
Public Records Act Response	1
Total	**11**

STAFF COMMENTS

Staff has no concerns about the requests for additional staff in Accounting, Business Services, Contracts and Procurement, and for PRA Response. However, the justification for additional staff in the Budget unit has not been well demonstrated, nor has there been an explanation of what more would be accomplished with additional staff. Also, the Subcommittee may wish to ask CPUC about vacancies in the areas proposed for additional staff.

Staff Recommendation: Hold Open.

ISSUE 6: OFFICE OF THE SAFETY ADVOCATE STATUTORY AUTHORITY

The Governor's budget proposes trailer bill language to eliminate the sunset date of January 1, 2020 for the Office of the Safety Advocate (OSA).

BACKGROUND

SB 62 (Hill, Chapter 806, Statutes of 2016) created OSA within CPUC in reaction to events like the 2010 San Bruno pipeline explosion and the 2015 Aliso Canyon gas leak. The OSA was intended to improve utility safety and hold utilities accountable for safe operations. SB 62 mandates that OSA, among other things:

- Advocate for improvements to public utility safety management systems, safety culture, and aging infrastructure.
- Recommend improvements to the CPUC's own safety management systems and safety culture (advisory role to the Commission).
- Advocate as a party in proceedings to assist the Commission in its efforts to hold public utilities accountable for their safe operation.

STAFF COMMENTS

Senator Hill, whose bill SB 62 established the OSA and the sunset date, would like to hear this as a policy bill.

Staff Recommendation: Reject without prejudice to the proposal and direct the Administration to go through the policy process.

ISSUE 7: PUBLIC ADVOCATE'S OFFICE—GREENHOUSE GAS REDUCTION AND ENERGY INFRASTRUCTURE

The Governor's budget requests, for the Public Advocate's Office (formerly known as the Office of the Ratepayer Advocate), $566,000 and three positions in 2019-20 and $563,000 and three positions ongoing to address increased workload in the areas of distribution infrastructure programs and transmission infrastructure projects.

BACKGROUND

AB 327 (Perea, Chapter 611, Statutes of 2013) requires the electric investor-owned utilities (IOUs) to submit Distribution Resource Plans (DRP) to the CPUC. On an ongoing basis, the DRPs are to identify optimal locations for the deployment of low or no GHG-emitting distributed energy resources (DERs) onto the IOUs' electric distribution systems. The statute broadly defines distributed energy resources as distributed generation, energy efficiency, energy storage, electric vehicles, and demand response technologies. Pursuant to AB 327, the CPUC initiated the DRP rulemaking, in August 2014, to develop analytical methods and tools, and to establish policies and procedures to guide the utilities in implementing their DRPs. Subsequently, in July 2015, the IOUs submitted their initial DRPs to the CPUC. Since then, PAO has actively participated in all DRP-related activities, including providing written comments on CPUC and stakeholder proposals, attending numerous workshops and hearings, and meeting with CPUC commissioners and staff. The CPUC has adopted the majority of PAO's recommendations.

STAFF COMMENTS

PAO received four positions in 2017-18 to address the workload associated with AB 327. Since that time, PAO has determined that the workload is greater than originally anticipated.

Staff Recommendation: Hold Open.