
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No: SB 437 **Hearing Date:** 4/19/2021
Author: Wieckowski
Version: 4/8/2021 Amended
Urgency: No **Fiscal:** Yes
Consultant: Nidia Bautista

SUBJECT: Local publicly owned electric utilities: integrated resource planning: transportation electrification

DIGEST: This bill requires local publicly owned utility to include in each updated integrated resource plan (IRP) details of the utility's electrical service rate design that supports transportation electrification.

ANALYSIS:

Existing law:

- 1) Requires the governing board of a local publicly owned electric utility with an annual electrical demand exceeding 700 gigawatt-hours (GWh) adopt an IRP and a process for updating the plan at least once every five years to ensure the utility achieves specified objectives. (Public Utilities Code §9621)
- 2) Requires that the local publicly owned electric utility's IRP address procurement for, among other things, transportation electrification. (Public Utilities Code §9621(d)(1)(C))

This bill:

- 1) Requires local publicly owned utility (POU) to include in each updated IRP include details of the utility's electrical service rate design that supports transportation electrification.
- 2) Requires that the rate design be detailed for all transportation sectors to incentivize the purchase of zero-emission vehicles (ZEVs) and engines and provide utility customers the ability, through a cost calculator, to readily and accurately predict the cost of paying for electricity for these vehicles and engines.

- 3) Imposes a state-mandated local program by placing additional requirements upon local publicly owned electric utilities.

Background

Transportation electrification. California has adopted ambitious climate and air quality goals, including policies to reduce emissions from the transportation sector, the state's largest source of greenhouse gas (GHG) emissions, as well as, criteria pollutants. The state has tackled vehicle emissions through a combination of regulations of vehicle emissions standards, incentives for the purchase of cleaner vehicles, as well as, state incentives for deployment of charging infrastructure. Additionally, California has adopted policies for the widespread deployment of zero-emissions and near-zero emissions vehicles, including adopting a goal to ensure a million of these vehicles by 2023. In relation to electric utilities, SB 350, (De León, Chapter 547, Statutes of 2016) required electric investor-owned utilities (IOUs) to support the widespread adoption of transportation electrification with specified requirements, including a requirement to include procurement for transportation electrification within each electric utility's IRP. In the case of POUs, this requirement applies to electric utilities with over 700 GWh of annual electric demand, roughly 16 electric POUs.

SB 498 (Skinner, Chapter 628, Statutes of 2017). SB 498 directs the California Air Resources Board (CARB) to review its programs that affect the adoption of light-, medium-, and heavy-duty ZEVs, including identifying each program's goals and status in meeting those goals, performing a cost-benefit analysis, and comparing CARB's ZEV programs with those of other jurisdictions. SB 498 also directs CARB to make policy recommendations for increasing the use of ZEVs in the State, and recommendations for vehicle fleet operators to increase the use of ZEVs. CARB released the SB 498 report in July of 2020 and included numerous recommendations. One of the recommendations proposed in the report is a recommendation to require the IRPs submitted by POUs to the California Energy Commission (CEC) include details of the electricity rate design for transportation electrification. CARB also recommended that each POU develop electricity rates that support transportation electrification across all transportation sectors and report on progress made. CARB did acknowledge that some POUs have already deployed electricity rates to support ZEVs, including: Alameda Municipal Power, Burbank Water and Power, Los Angeles Department of Water and Power, Azusa Light and Water, and Sacramento Municipal Utility District.

Executive Order B-55-18 To Achieve Carbon Neutrality (September 10, 2018). In September 2018, then-Governor Brown issued Executive Order B-55-18 which

establishes a new statewide goal to achieve carbon neutrality as soon as possible and no later than by 2045.

SB 437. This bill attempts to respond to the recommendation in the SB 498 report and require specified information regarding transportation electrification efforts within an electric POU's IRP. This bill proposes the POU's include information for light-, medium-, and heavy-duty on- and off-road vehicles and engines. In so far as POU's have included this information in their IRPs, much of the data and efforts are focused on the light-duty vehicles. However, several POU's have embarked on efforts to support medium- and heavy-duty uses. This bill goes further than the recommendation in the report by requiring the development and inclusion of a fuel cost calculator. The SB 498 report notes the difficulty with predicting electricity costs for transportation electrification, which the report notes can be high, especially for commercial entities. However, the recommendations did not include a recommendation for a cost calculator. In fact, the report noted CARB's cost calculator which provides an estimate for some fuel costs in some utility service territories. Given the complicated nature of electric rates, CARB's calculator itself acknowledges it is strictly an estimate.

Need for Amendments. *The author and committee may wish to amend this bill to remove reference to "engines" and to have the cost calculator included as an example of the information that a utility can provide to their customers to estimate fuel costs.*

Prior/Related Legislation

SB 350 (De Leon, Chapter 547, Statutes of 2015) created the requirement that each POU file an IRP with the CEC and required utilities to make investments supporting widespread transportation electrification to meet California's climate goals.

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

SUPPORT:

Elders Climate Action, NorCal Chapters
Elders Climate Action, SoCal Chapters

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

California's transportation sector currently generates 40% of the state's greenhouse gas emissions and 80% of the state's air pollution. Transitioning to zero emission vehicle (ZEV) technology throughout the transportation sector is critical for reaching our goals to reduce greenhouse gas emissions and air pollution.

The integrated resource plans submitted by publicly owned utilities generally do not address transportation electrification comprehensively; they are often limited to the light-duty sector. By requiring all sectors of transportation electrification are explicitly included into their integrated resource plans SB 437 ensures comprehensive electricity rate design and can encourage ZEV adoption.

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