SENATE COMMITTEE ON APPROPRIATIONS
Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 437 (Wieckowski) - Local publicly owned electric utilities: integrated resource planning: transportation electrification

Version: April 26, 2021
Urgency: No
Hearing Date: May 10, 2021

Policy Vote: E., U., & C. 11 - 3
Mandate: Yes
Consultant: Ashley Ames

Bill Summary: This bill would require 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.

Fiscal Impact:
- CEC estimates one-time costs of $75,000 (special fund) for either one-half of a position or to contract with a rate review expert for the CEC to implement the provisions of this bill.

Background: 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.

Proposed Law: This bill would:

1. Require 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. Require that the rate design be detailed for all transportation sectors to incentivize the purchase of zero-emission vehicles (ZEVs) and provide utility customers the ability, for example through a cost calculator, to readily and accurately predict the cost of paying for electricity for these vehicles and engines.

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

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.

Staff Comments:

The CEC's main funding source, the Energy Resources Program Account (ERPA), has a significant structural deficit. The ERPA was established to provide funds for ongoing energy programs and energy projects, including the operations of the CEC. The ERPA fund is supported by a statutory surcharge on electricity consumption. The surcharge was increased to its statutory maximum - from $0.00029 to $0.0003 per kilowatt-hour (kWh) - by the CEC effective January 1, 2019. The surcharge generated approximately $67.5 million in 2017-18 and costs the average household $2.01 annually.

ERPA is in a structural deficit that has overspent revenues by more than $17.4 million since 2014-15. The structural deficit results from the CEC's growing role in implementing aggressive climate policies that reduce electricity consumption thereby reducing ERPA revenues. California has the lowest per capita electricity usage in the nation - 44 percent lower than the average - due in part to the Energy Commission's efficiency and behind-the-meter solar programs. Even as revenues drop, ERPA is repeatedly tapped to support new programs and must cover increases in employee compensation and benefit contributions.

Given the ERPA structural deficit, the CEC notes that the Alternative and Renewable Fuel and Vehicle Technology Fund would be the most likely funding source for the costs associated with this bill.

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