
THIRD READING

Bill No: SB 437
Author: Wieckowski (D)
Amended: 4/26/21
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 11-3, 4/19/21

AYES: Hueso, Becker, Bradford, Dodd, Eggman, Gonzalez, Hertzberg, McGuire,
Min, Rubio, Stern

NOES: Dahle, Borgeas, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/10/21

AYES: Portantino, Bradford, Kamlager, Laird, Wieckowski

NOES: Bates, Jones

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

SOURCE: Author

DIGEST: This bill requires local publicly owned electric utility to include, as applicable, 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 (electric POU) 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 electric POU to include in each updated IRP details of the utility's electrical service rate design that support transportation electrification, and existing or planned incentives to support transportation electrification, as specified.
- 2) Requires that the rate design include details for all applicable transportation sectors.
- 3) Requires that each integrated resource plan include information about the utility's customer education and outreach efforts being implemented to inform utility customers of available incentives and decision-making tools, such as cost calculators or cost estimates that can assist customers in predicting the cost of paying for electricity for vehicles.

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 zero-emissions vehicles (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 electric POUs to the California Energy Commission (CEC) to 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. In the report, CARB acknowledged that some electric 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 Orders. In September 2018, then-Governor Brown issued Executive Order B-55-18, which established a new statewide goal to achieve carbon neutrality as soon as possible and no later than by 2045. More recently, on September 18, 2020, Governor Newsom issued Executive Order N-79-20, to support the goals of achieving carbon neutrality. Specifically, Executive Order N-79-20 establishes goals of the state:

- That 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035;
- That 100 percent of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks (those serving the ports); and
- To transition to 100 percent zero-emission off-road vehicles and equipment by 2035, where feasible.

SB 437. This bill is a response to the recommendation in the SB 498 report to have electric POUs include specified information regarding transportation electrification efforts within an electric POU's IRP. This bill proposes electric POUs include information regarding transportation electrification for light-, medium-, and heavy-duty on- and off-road vehicles, including, where applicable, electric service rate design and information about incentives and rebates. Insofar as, electric POUs have included information regarding transportation electrification in their IRPs, much of the data and efforts are focused on passenger light-duty vehicles.

However, some electric POU's have embarked on efforts to support medium- and heavy-duty uses. 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 who are high fuel users. This bill appropriately requires electric POU's to include information in their IRPs regarding their customer education and outreach, including decision-making tools, to help inform customers of their options.

Related/Prior 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

According to the Senate Committee on Appropriations, the 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.

SUPPORT: (Verified 5/11/21)

Coalition for Clean Air
Elders Climate Action, NorCal Chapter
Elders Climate Action, SoCal Chapter
Environmental Defense Fund
Silicon Valley Democratic Club

OPPOSITION: (Verified 5/11/21)

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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