

Date of Hearing: June 16, 2021

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Chris Holden, Chair

SB 437 (Wieckowski) – As Amended April 26, 2021

SENATE VOTE: 29-9

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

SUMMARY: Requires large publicly owned electric utilities (POUs) to provide details of their electric service rate design to support transportation electrification. Specifically, **this bill:**

Requires POUs with annual electrical demand exceeding 700 gigawatt-hours (GWh) to provide in their Integrated Resource Plan (IRP):

- 1) Details of their rate design that supports transportation electrification for light-, medium-, and heavy-duty vehicles to the extent feasible;
- 2) Existing or planned incentives to promote transportation electrification; and
- 3) Outreach efforts to educate customers of incentives and decision-making tools that can help customers predict the cost of electricity for their vehicles.

EXISTING LAW:

- 1) Requires the governing board of a POU with an annual electrical demand exceeding 700 GWh to 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 POUs IRP address procurement for transportation electrification. (Public Utilities Code § 9621(d)(1)(C))

FISCAL EFFECT: According to the Senate Committee on Appropriations, there is an estimated one-time cost of \$75,000 for either one-half of a position or to contract with a rate review expert for the California Energy Commission (CEC) to implement this bill.

BACKGROUND:

Transportation electrification goals – California has adopted ambitious climate change and air quality goals, including policies to reduce greenhouse gas (GHG) emissions and promote widespread deployment of zero-emission vehicles (ZEVs). Notable policies include SB 350 (De León, Chapter 547, Statutes of 2015), which requires electric utilities to include transportation electrification plans in their IRPs. SB 498 (Skinner, Chapter 628, Statutes of 2017) directs the California Air Resources Board (CARB) to review its programs that affect the adoption of light-, medium-, and heavy-duty ZEVs and provide policy recommendations for increasing the use of ZEVs in vehicle fleet operators. In 2018, then-Governor Brown issued Executive Order B-55-18, which adopted statewide goals to achieve carbon neutrality no later than by 2045 and reach 5 million zero-emission vehicles by 2030. According to CARB:

“Transitioning the transportation sector to zero-emission technology is critical to achieving California’s public health protection goals, minimizing air pollution exposure, and mitigating climate change impacts. The transportation sector is [...] the largest source of [GHG] emissions.”¹

Current barriers to transportation electrification include not only the price, durability, and range of ZEVs but also the availability and accessibility of public or at-home charging infrastructure and electricity costs of charging. Various state efforts have attempted to address all aspects of these barriers.

*Transportation electrification and POU*s – Among its provisions, SB 350 (De León, Chapter 547, Statutes of 2015) requires POU^s with annual electrical demand exceeding 700 GWh to have transportation electrification plans to the extent feasible. The plans are included in their IRPs and filed with the California Energy Commission (CEC) every five years. In addressing procurement for transportation electrification, POU^s are encouraged to include information on:

- The charging profiles and planned infrastructure for light-, medium-, and heavy-duty vehicle electrification as applicable;
- Investments that promote transportation electrification;
- Programs that promote transportation electrification in disadvantaged communities;
- Costs associated with transportation electrification; and
- Outreach efforts to inform customers about incentives and programs that advance transportation electrification.²

SB 498 Report – CARB released the SB 498 report in July of 2020 and provided policy recommendations for increasing ZEV use in the state. The report asserts that predictable, cost-competitive, and stable fuel costs are critical to encourage consumers and fleets to choose ZEVs. However, current electricity costs for transportation electrification are difficult to predict, especially for commercial entities, which can be prohibitively high at times. One recommendation by CARB to address this barrier was to require POU^s to include details of their electricity rate design for transportation electrification in their IRPs, and for each POU to develop electricity rates that support transportation electrification across all transportation sectors. CARB acknowledged that some POU^s³ have already deployed electricity rates to support ZEVs, but stated that more should do so, and expand their programs to support electrification of medium- and heavy-duty vehicles and off-road equipment to promote ZEV adoption in commercial entities.

¹ California Air Resources Board, *Assessment of CARB’s Zero-Emission Vehicle Programs Per Senate Bill 498*, July 2020, p. iii.

² California Energy Commission, *Publicly Owned Utility Integrated Resource Plan Submission and Review Guidelines*, CEC-200-2017-004-CMF, July 2017.

³ Alameda Municipal Power, Burbank Water and Power, Los Angeles Department of Water and Power, Azusa Light and Water, and Sacramento Municipal Utility District

COMMENTS:

- 1) *Author's statement.* "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."
- 2) *Information to aid customer decision-making.* This bill seeks to address one of the barriers to ZEV adoption described by CARB in their SB 498 report, namely the difficulty of predicting rates, which can also at times be prohibitively high for commercial users. Though some POU's already include information on their rate design for light-duty vehicle electrification in their IRPs, this bill responds to CARB's policy recommendations by requiring all large POU's (POU's with annual electric demand greater than 700 GWh) to provide these details for all transportation sectors (light-, medium-, and heavy-duty) to the extent possible. Proponents of this bill state that the inclusion of rate design information will assist operators in planning for the cost of operation of ZEVs. Codifying this recommendation aligns with the state's goal of promoting widespread ZEV adoption, and seems reasonable for ensuring that POU's can provide sufficient decision-making tools and resources for their customers in this transition.
- 3) *Related/Prior legislation.*

AB 641 (Holden) requires all POU's to facilitate and ensure the availability of charging infrastructure in their service territory and include transportation electrification plans, as specified, in their IRP. Status: Scheduled to be heard in the Senate Energy, Utilities, and Communications Committee on June 28th, 2021.

SB 498 (Skinner) requires CARB to review all programs affecting the adoption of light-, medium-, and heavy-duty ZEVs and report to the legislature their recommendations for increasing ZEV use in the state. Status: Chapter 628, Statutes of 2017.

SB 350 (De Leon) 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. Status: Chapter 547, Statutes of 2015.

REGISTERED SUPPORT / OPPOSITION:**Support**

Alameda-contra Costa Transit District (ac Transit)
Chargepoint, INC
Coalition for Clean Air
Environmental Defense Fund

Opposition

None on file.

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