Date of Hearing: June 30, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

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

Policy Committee: Utilities and Energy Vote: 11 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires each large publicly owned electric utility (POU) to provide details of its electric service rate design to support transportation electrification.

Specifically, this bill requires any POU with an annual electrical demand exceeding 700 gigawatt-hours (GWh) to provide in its integrated resource plan (IRP):

- 1) Details of the POU's 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.
- 3) Outreach efforts to educate customers of incentives and decision-making tools that can help customers predict the cost of electricity for their vehicles.

FISCAL EFFECT:

Minor cost to the California Energy Commission (CEC), likely less than \$100,000 annually, to contract with an entity with electric rate expertise to allow CEC to update its POU IRP guidelines (special fund).

COMMENTS:

State law requires electric utilities—both privately owned and municipally owned—to adopt and periodically update what are known as "integrated resource plans," or IRPs, that demonstrate how the utility will procure energy resources to ensure California has a safe, reliable and cost-effective electrical supply while meeting its environmental and related goals. Statute requires the privately owned utilities, such as Pacific Gas and Electric and San Diego Gas and Electric, to each submit their IRPs to the California Public Utilities Commission (CPUC) for review and approval. In contrast, statute requires the governing body of a large municipally owned utility (also known as a POU), such as the Los Angeles Department of Water and Power (LADWP) and the Sacramento Municipal Utility District (SMUD), to adopt and IRP and submit it to the California Energy Commission (CEC) for CEC review. Statute does not authorize the CEC to "approve" the IRP of a POU. The CEC has developed and issued guidelines to assist the POUs in their development and adoption of their IRPs. Existing law requires the IRP of each utility to address transportation electrification.

The author contends POU IRPs generally do not adequate address transportation electrification, given the transportation sector's significant emissions of greenhouse gases and the state's increasingly ambitious electrification goals. 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.

Analysis Prepared by: Jay Dickenson / APPR. / (916) 319-2081