

SENATE THIRD READING
SB 437 (Wieckowski)
As Amended April 26, 2021
Majority vote

SUMMARY

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

Major Provisions

Any POU with an annual electrical demand exceeding 700 gigawatt-hours (GWh) must 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) Efforts to educate customers of incentives and decision-making tools that can help customers predict the cost of electricity for their vehicles.

COMMENTS

POUs and Integrated Resource Plans – State law requires electric utilities—both privately owned and municipally owned—to adopt and periodically update integrated resource plans (IRPs), which 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. Investor-owned utilities (IOUs) (e.g. Pacific Gas and Electric) each submit their IRPs to the California Public Utilities Commission (CPUC) for review and approval. In contrast, publicly owned utilities (POUs) (e.g. Los Angeles Department of Water and Power), adopt and file their IRP with the California Energy Commission (CEC). The CEC has developed and issued guidelines to assist the POUs in their development of their IRPs. In particular, POUs with annual demand exceeding 700 GWh are required to address transportation electrification in their IRPs.

Transportation electrification in IRPs – The author contends POU IRPs generally do not adequately address transportation electrification, and are often limited to the light-duty sector. In a July 2020 report pursuant to SB 498 (Skinner, Chapter 628, Statutes of 2017), the California Air Resources Board (CARB) asserted 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 POUs 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 light-, medium-, and heavy-duty transportation sectors. CARB acknowledged that some POUs 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.

Addressing barriers to transportation electrification – 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. 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.

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."

Arguments in Support

Proponents of this bill, particularly those operating transit fleets, state that planning for the cost to charge and operate ZEVs has been difficult, and that this bill would reduce a cost and planning barrier to medium- and heavy-duty transportation sector electrification.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, implementing this bill will incur 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).

VOTES

SENATE FLOOR: 29-9-2

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Kamlager, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener

NO: Bates, Borgeas, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk

ABS, ABST OR NV: Limón, Stern

ASM UTILITIES AND ENERGY: 11-0-4

YES: Holden, Bauer-Kahan, Burke, Cristina Garcia, Eduardo Garcia, Mayes, Muratsuchi, Quirk, Reyes, Santiago, Ting

ABS, ABST OR NV: Patterson, Carrillo, Chen, Cunningham

ASM APPROPRIATIONS: 10-2-4

YES: Lorena Gonzalez, Bryan, Calderon, Carrillo, Chau, Gabriel, Levine, Quirk, Holden, Akilah Weber

NO: Bigelow, Megan Dahle

ABS, ABST OR NV: Davies, Fong, Eduardo Garcia, McCarty

UPDATED

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CONSULTANT: Jane Park / U. & E. / (916) 319-2083

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