

SENATE THIRD READING

SB 887 (Becker and Stern)

As Amended June 27, 2022

Majority vote

SUMMARY

Directs the state's energy agencies to provide 15-year projections of portfolios of resources and energy demand in order to accelerate identification and development of electricity transmission facilities needed to meet the state's clean energy goals.

Major Provisions

- 1) Directs the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), as soon as possible and not later than March 31, 2024, to annually provide to the California Independent System Operator (CAISO) projections of resource portfolios and electricity demand by region for at least 15 years into the future so as to allow CAISO to identify and approve electricity transmission facilities needed to achieve the state's renewable energy and zero-carbon energy goals.
- 2) Requires the CPUC, on or before January 15, 2023, to request the CAISO identify the highest priority transmission facilities that are needed to allow for reduced reliance on nonpreferred resources in transmission-constrained urban areas, and to consider whether to approve the identified transmission projects as part of the CAISO's 2022–23 transmission planning process.

COMMENTS

The state has ambitious clean energy goals. To achieve those goals, the state will need significant expansion of its electrical transmission system. Planning for transmission involves several entities and several interrelated processes. CAISO – a nonprofit public benefit corporation established by state law and operating under federal regulation – directs the operations of transmission facilities and is responsible for the reliability of such facilities by balancing electricity supply and demand at every moment. Each year, CAISO conducts a transmission planning process (TPP) to identify inadequacies and upgrades needed to ensure reliability and meet state policy goals.

The CPUC, as directed by statute, regularly develops integrated resource plans (IRPs) to "identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner." The CPUC's IRPs are input into CAISO's TPP.

Foundational to the work of both the CAISO and the CPUC is the CEC's forecast of demand for electricity and natural gas, both for California as a whole, but also for regions and subregions. Traditionally, the CEC's demand forecast has looked out ten years but the CEC's demand forecast published in January 2022 looked out 15 years.

Building off of, but distinct from these processes, CAISO, in collaboration with the CPUC and the CEC, published a "20-year Transmission Outlook" in January 2022. Though CAISO describes the 20-year outlook as a "blueprint," it did not intend the publication to be used as a

planning document. Rather, the outlook is meant to be a conceptual exploration that informs the more specific planning and forecasting efforts at CAISO, the CPUC and the CEC.

According to the Author

The author acknowledges the need to significantly expand the state's transmission resources. The author intends this bill to extend the state's energy planning efforts to 15 years and explicitly directs the energy agencies to identify the highest priority transmission facilities that are needed to allow for increased transmission capacity into local capacity areas to deliver renewable energy resources or zero-carbon resources that are expected to be developed by 2035. The author has noted the 20-year outlook and asserts existing planning processes prevent CAISO from being able to plan for the coming transmission needs.

Arguments in Support

A broad coalition of energy developers, labor, environmental organizations, and load serving entities, support this measure acknowledging the development of transmission resources are greatly needed to achieve the state's clean energy and climate goals. They view the longer planning horizon called for in this measure as helping accelerate transmission construction, freeing the current transmission "logjam."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, this bill will result in approximately \$500,000 in annual, ongoing costs and \$400,000 per year for four years to the CPUC to update the resource portfolio modeling. The CEC anticipates no new costs to implement this measure.

VOTES

SENATE FLOOR: 29-6-5

YES: Allen, Atkins, Becker, Borgeas, Bradford, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hueso, Hurtado, Kamlager, Laird, Leyva, Limón, McGuire, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

NO: Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk

ABS, ABST OR NV: Archuleta, Bates, Caballero, Hertzberg, Min

ASM UTILITIES AND ENERGY: 15-0-0

YES: Eduardo Garcia, Patterson, Bauer-Kahan, Carrillo, Chen, Cunningham, Mike Fong, Cristina Garcia, Holden, Mayes, Muratsuchi, Quirk, Reyes, Santiago, Ting

ASM APPROPRIATIONS: 16-0-0

YES: Holden, Bigelow, Bryan, Calderon, Arambula, Megan Dahle, Davies, Mike Fong, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, McCarty

UPDATED

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