

Date of Hearing: April 22, 2025

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND
HOUSEHOLD IMPACT

José Solache, Chair

AB 1347 (Carrillo) – As Amended March 28, 2025

SUBJECT: Electrical modernization zones

SUMMARY: AB 1347 would establish six electrical infrastructure modernization zones, recognized as priority areas for load growth by the Public Utilities Commission (PUC) and Energy Commission. It would allow electrical corporations to update load projections with local jurisdictions and expedite cost recovery and micro-grid management. The act creates a state-mandated local program with no reimbursement required and includes legislative findings for a special statute for Altadena in Los Angeles County.

Specifically, **this bill:**

- a) Requires the Governor's Office of Business and Economic Development (GO-Biz), in conjunction with the California Independent System Operator (Cal ISO), to identify six electrical infrastructure modernization zones, as provided.
- b) Requires the PUC and the Energy Commission to recognize these zones as load growth priority areas.
- c) Authorizes an electrical corporation that serves a customer within an electrical infrastructure modernization zone to work with the local jurisdiction to update its electrical load projections.
- d) Requires the PUC to authorize an electrical corporation that serves a customer within an electrical infrastructure modernization zone to expedite cost recovery and to manage microgrids, as specified.
- e) Imposes a state-mandated local program.
- f) Provides that no reimbursement is required by this act for a specified reason.
- g) Makes legislative findings and declarations as to the necessity of a special statute for the unincorporated area known as Altadena in the County of Los Angeles.

EXISTING LAW:

- a) Existing law establishes the Governor's Office of Business and Economic Development, known as "GO-Biz," within the Governor's office to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

FISCAL EFFECT: According to the author, minor expenses to Go-Biz in order identify the priority zones and develop the pilot program.

COMMENTS: GO-Biz is focused on economic development, while CAISO oversees grid reliability and transmission planning. Modernization zones could align economic development with grid upgrades; ensuring businesses are located where the grid can support equitable growth, job creation and meet clean energy goals. Businesses need reliable, modern infrastructure. Cal

ISO data can inform where capacity exists or where upgrades are planned, enabling GO-Biz to steer development toward feasible areas.

California has a long history of driving innovations for climate, climate energy and environmental sustainability. California set the nation's first economy-wide greenhouse gas limit, the first climate emissions standards for cars, and is committed to 100% renewable energy by 2045.

- 1) California today is home to many of the world's largest investments in clean energy and sustainable transportation. Since 2014, there has been a total project investment in California of more than \$9.3 billion.
- 2) This commitment of private capital was matched in 2020 by more than \$3 billion in public investment, supporting 51,000 projects delivering jobs and environmental benefits to California communities.

GO-Biz has been actively involved in initiatives aimed at enhancing the state's energy infrastructure. For instance, the office has participated in the **ARCHES** project, a public-private partnership focused on developing a clean hydrogen hub in California. This initiative aligns with the state's goal of achieving carbon neutrality by 2045 and underscores GO-Biz's commitment to fostering a sustainable energy ecosystem.

Additionally, GO-Biz has been involved in efforts to streamline the permitting process for zero-emission vehicle fueling stations, aiming to expand California's hydrogen and electric vehicle capacity. This initiative reflects the office's recognition of the importance of modernizing energy infrastructure to support equitable economic growth and environmental objectives.

As of the latest available Census data, California Assembly District 39, represented by Assemblymember Juan Carrillo, encompasses parts of Los Angeles County, including the cities of Palmdale and Adelanto. The district's population is approximately 476,039, with a median age of 31.7 years and a per capita income of \$25,193. While both Palmdale and Adelanto face economic challenges, ongoing development efforts and strategic planning are paving the way for a more diversified and resilient economic future in the region.

Author's Statement: "My district, and other growing regions of the State are being stifled by the often insurmountable challenge of expanding the grid to currently unserved areas. The high desert is poised to develop significant housing, commercial and industrial opportunities, but despite an abundance of solar and wind resources, the region continues to face energy constraints. Over the past several years the legislature has considered and approved a number of bills aimed at addressing the interconnection process and timelines that are hampering Californians across the state. AB 1347 takes a unique approach by allowing the Governor's Office of Business and Economic Development to identify "electrical infrastructure modernization zones" in areas that are projected to grow quickly in the near future, and authorize the utilities that build new infrastructure to serve customers in these regions to expedite their cost recovery. This approach will both unlock the economic potential of these growing regions and protect existing ratepayers from the risk associated with building new grid infrastructure".

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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