



September 1, 2022

TO: Director Elsa Ortiz, President, and
Members of the Board

Michael Hursh, General Manager

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FR: Steve Wallauch
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RE: Legislative Update

August 31st was the last day of the 2021-22 legislative session. The morning started with about 250 bills still pending votes between the two houses of the legislature, and more than 1,000 pending action by the Governor. The Assembly completed its work a little after midnight and the Senate adjourned about an hour later. The legislature will not return until early December for a short organizational session to commence the new legislative session. The Governor has until September 30th to act on legislation, as well as the latest budget bill junior and trailer bills which will be headed his way.

While August 24th was the last day to amend legislation per the rules, the Constitutional deadline which requires all bills to be in print for 72 hours was not until Sunday evening. Both the Senate and Assembly kept the "desk" open over the weekend in order to process amendments to budget trailer bills and any late breaking agreements. All of the budget trailer bills have now been approved by the legislature and sent immediately to the Governor for signature.

Climate Change: One of the largest remaining issues were the budget trailer bills allocating funds for various climate and energy programs, and several climate related policy bills making changes requested by the Governor. During the Summer Recess, Governor Gavin Newsom sent a [letter](#) to the California Air Resources Board (CARB), outlining goals for California's climate strategy. The real heat in this process came from the negotiations on the legislation to enact climate funding and the statutory changes to implement any agreement, in particular the operating extension for the Diablo Canyon Power Plan.

In addition to the budget trailer bills, other measures were amended to implement these climate priorities. AB 2133 (Quirk) would accelerate the GHG emissions reductions goals below the 1990 levels from 40% by 2030 to 55% by 2030, and SB 1137 (Gonzalez) would enact a buffer zone around any oil wells. The remaining bills in this package included SB 905 (Caballero),

which requires CARB to establish a Carbon Capture, Removal, Utilization, and Storage Program, and SB 846 (Dodd), regarding extending the operation of the Diablo Canyon Nuclear Power Plant. SB 846 was the final bill approved by the Senate.

The most controversial item negotiated was the Governor's request to extend the life of the Diablo Canyon Power Plant. The Governor's office leveraged his support for the entire climate package to secure an extension for operations at Diablo Canyon. SB 846, which was on the Assembly Appropriations Suspense File at the start of the day, was moved to the Floor and approved as the final piece of the climate & energy package. SB 846 would extend by five years the operation of the Diablo Canyon Power Plant. The bill also provides expedited mechanisms to facilitate the relicensing of the plant, and providing an initial loan to PG&E of up to \$600 million; and exempting the extension from CEQA.

AB 179 Budget Bill Junior 2022, amends the 2022-23 Budget Act including a number of new appropriations:

- \$280 million GGRF for the Cap-and-Trade Discretionary spending plan:
 - \$50 million to the Air Resources Board (ARB) for Clean Cars 4 All and other equity projects.
 - \$10 million to the ARB for AB 617 implementation.
 - \$75 million to State Coastal Conservancy and Ocean Protection Council to address sea level rise.
 - \$50 million to ARB for community air monitoring.
- Appropriates \$859 million from the Energy Package, including \$235 million to support zero emission vehicles and infrastructure.
- An additional \$185 million of the Zero Emission Vehicle Package, including \$40 million to reduce emissions in boats and \$130 million for Clean Cars for All.
- \$67 million to the Wildlife Conservation Board for the Land Acquisition and Habitat Enhancement Program for watershed climate resilience in Southern California.
- An additional \$100 million for wildfire prevention.
- \$594 million for Nature Based Solutions to Climate Change.
- \$224.5 million for watershed restoration.
- \$75 million for the Statewide Parks Program at the Department of Parks and Recreation
- \$25 million for Outdoor Equity Grants at the Department of Parks and Recreation.
- Appropriates \$150 million for the Extreme Heat Package.
- \$100 million for Climate Innovation Grants at the Energy Commission.
- An additional \$788 million for drought and water resilience.
- \$190 million for water recycling with \$80 million for the Metropolitan Water District and \$10 million for the City of Ontario at the State Water Resources Control Board.

- \$50 million for Metropolitan Water District resilience projects.
- \$56 million for the Sustainable Groundwater Management Act.
- \$70 million to implement a clinic workforce stabilization and retention payment program.
- \$57 million to support county costs for implementation of the CARE Act (SB 1338), including \$31 million for planning and preparation activities across all 58 counties, and \$26 million for the first cohort of counties implementing the program.
- \$41.5 million to the Department of Public Health for monkeypox response.

AB 152/SB 136 Supplemental Sick Leave Grants, makes necessary changes to implement COVID-19 relief provisions adopted as a part of the 2022-23 Budget Act. The measure:

- Extends the provisions of the 2022 COVID-19 Supplemental Paid Sick Leave program from September 30, 2022 to December 31, 2022.
- Authorizes an employer to require a third diagnostic test for COVID-19 within no less than 24 hours, if a second test is positive. Specifies that the employer has no obligation to provide supplemental paid sick leave for an employee who refuses to submit tests.
- Establishes the California Small Business and Nonprofit COVID-19 Supplemental Paid Sick Leave Relief Grant Program and authorizes a total appropriation for the program of up to \$320 million.

AB 211 -- Promissory Intent: AB 211 is the omnibus resources trailer bill.

It has long been known that the current legislature cannot “tie-the-hands” of a future legislature – meaning a future legislature can change or repeal anything a prior legislature enacted, which makes the use of future promises in the current crop of budget trailer bills interesting. Several of the bills specify through intent language that specific amounts of funding will be provided in future budget years. This was done in June to promise funding for transit projects through TIRCP, and AB 211 makes future funding commitments for zero emission vehicle programs as well as climate and wildfire programs.

This future commitment includes a general promise of \$2.4 billion for zero emission vehicle programs over three years, but it does not define how these funds would be split between light-duty and heavy-duty vehicles. The language states that \$1.25 billion would be appropriated in the 2023-24 fiscal year, \$781 million in the 2024-25 fiscal year, and \$384 million in the 2025-26 fiscal year.

Among the numerous provisions, AB 211 also includes the following:

- Appropriates \$484 million to the Energy Commission for heavy-duty zero emission infrastructure as follows:
 - \$96 million to support charging and hydrogen refueling infrastructure for the deployment of zero-emission drayage trucks.

- \$54 million to support emerging opportunities that line 40 includes support of zero-emission aviation, locomotive, and marine.
- \$99 million to support charging and hydrogen refueling infrastructure for the deployment of zero-emission clean trucks, buses, and off-road equipment.
- \$215 million to support charging infrastructure for zero-emission light-duty vehicles.
- \$20 million to support the deployment of equitable at-home charging.
- \$60 million is appropriated to CARB to reduce emission from commercial harbor craft, including ferries.
- Extends the sunset from January 1, 2023, to January 1, 2028, for the CEQA exemption related to prescribed fire, thinning, and fuel reduction projects undertaken on federal lands to reduce the risk of high-severity wildfire that have been reviewed under the National Environmental Policy Act if certain conditions are met.
- Establishes the Community Resilience Center Program, which is to be administered by the Strategic Growth Council, in coordination with the Office of Planning and Research.

AB 209, makes statutory changes to implement the energy provisions of the Budget Act of 2022-23 including the following:

- Establishes the Industrial Grid Support and Decarbonization Program at the California Energy Commission (CEC) to provide financial incentives for industrial facilities to purchase and deploy advanced technology and equipment to support grid reliability, electrify processes, incorporate energy storage or renewable energy resources, increase energy efficiency, and develop or deploy decarbonization technologies.
- Establishes the Food Production Investment Program at the CEC to provide financial incentives to projects that accelerate the adoption of advanced energy technologies, and other decarbonization technologies at facilities that are involved in food production and process, and other related support facilities to reduce emissions of greenhouse gasses.
- Establishes the Hydrogen Program at the CEC to provide financial incentives to eligible hydrogen projects, for demonstration or scale-up of production, processing, delivery, storage, or end use.
- Establishes the Equitable Building Decarbonization program at the CEC that includes a direct installation program and a statewide incentive program for low carbon building technologies.
- Requires the CEC to establish and administer a program to support offshore wind infrastructure improvements to advance the capabilities of California's ports, harbors, and other waterfront facilities to support the build out of offshore wind facilities.
- Authorizes the Climate Catalyst program to support clean energy transmission projects.
- Establishes the Carbon Removal Innovation Program to provide financial incentives for eligible projects that advance technologies for direct air capture of atmospheric carbon.

- Establishes the Voluntary Offshore Wind and Coastal Resources Program at the CEC to support state activities that complement or support federal laws related to the development of offshore wind facilities.
- Establishes a program within the Self-Generation Incentive Program to provide incentives to eligible residential customers, including those in publicly owned utilities, to support behind-the-meter solar photovoltaic systems and energy storage systems.
- Establishes the Climate Innovation Program at the CEC to provide financial incentives to California headquartered companies, for developing and commercializing technologies that help the state meet its greenhouse gas reduction targets and achieve its climate goals.
- Requires the California Public Utilities Commission to conduct a review or audit of books of records of every electrical or gas corporation at least once every five years, and every high-risk telephone, water, or sewer corporation at least once every ten years.
- Authorizes the California Alternative Energy and Advanced Transportation Financing Authority to provide an additional \$15 million of sales and use tax exclusions in the 2022, 2023, and 2024 calendar year for projects that manufacture, refine, extract, process, or recover lithium.