
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

Senator Ben Hueso, Chair

2019 - 2020 Regular

Bill No:	AB 1083	Hearing Date:	7/10/2019
Author:	Burke		
Version:	6/20/2019 As Amended		
Urgency:	No	Fiscal:	No
Consultant:	Nidia Bautista		

SUBJECT: Long-term plans and procurement plans: energy and energy infrastructure procurement requirements: California Council on Science and Technology

DIGEST: This bill authorizes the California Council on Science and Technology (CCST), to undertake and complete an analysis of the effects of legislation pertaining to any of the following: 1) procurement of electricity; 2) electricity and gas products; 3) energy storage; 4) electrical or gas infrastructure by an electrical corporation; and 5) community choice aggregation.

ANALYSIS:

Existing law:

- 1) Requests the CCST to undertake and complete a study analyzing the regional and gas corporation specific issues relating to minimum heating value and maximum siloxane specifications adopted by the California Public Utilities Commission (CPUC) for biomethane before it can be injected into common carrier gas pipelines. (Public Utilities Code §784.1)
- 2) Requires the CPUC to adopt a process for each load-serving entity (LSE), defined as electric investor-owned utility (IOU), electric service provider (ESP), or community choice aggregator (CCA), serving end-use customers in the state, to file an integrated resource plan (IRP) and a schedule for a periodic updates to the plan to ensure that LSEs accomplish specified objectives. Requires each LSE to prepare and file an IRP consistent with those objectives on a time schedule directed by the CPUC and subject to CPUC review. (Public Utilities Code §454.52)
- 3) Requires that the IRP of each LSE contribute to a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy resources in a cost-effective manner, meets the emissions reduction targets for greenhouse gases (GHG) established

by the State Air Resources Board (ARB) for the electricity sector, and prevents cost shifting among LSEs. (Public Utilities Code §454.54)

- 4) Requires the California Health Benefits Review Program and a National Advisory Council provide independent analysis of legislation proposing to mandate a benefit or healthcare related service. (Health and Safety Code §§ 127660-127665)

This bill:

- 1) Requests, until January 1, 2023, CCST upon request by the chairperson of a fiscal committee or certain policy committees of either the Assembly or Senate, the Speaker of the Assembly, or the President pro Tempore of the Senate, to undertake and complete an analysis of the effects of legislation proposing to mandate procurement of electricity products, gas products, energy storage resources, or electrical or gas infrastructure by an electrical corporation, gas corporation, CCA, ESP, local publicly owned electric or gas utility, or any state-level energy procurement entity.
- 2) Requests that the analysis be in writing and include relevant data on specified subjects, and would request that the council provide the written analysis to those policy and fiscal committees of the Legislature within 60 days of the request. Upon providing the written analysis to those committees, this bill would request the council post the analysis on its internet website and make a copy of the analysis available to a member of the public upon request.
- 3) Requires CCST to establish a private fund to collect money to fund the analysis required by this bill.
- 4) Prohibits an assessment on ratepayers of an electrical corporation, gas corporation, CCA, ESP, or local publicly owned electric or gas utility of any fee or other charge to carry out the provisions of this act.
- 5) Requires that the strategies adopted in a long-term plan or procurement plan achieve efficiency in the use of fossil fuels and address emissions of GHGs.

Background

CCST. The CCST was established in 1988 pursuant to Assembly Concurrent Resolution (ACR) 162 (Farr and Garamendi) and modeled after the U.S. National Academies. CCST convenes experts from California's academic and research institutions to provide objective advice and analysis in response to requests from

the Governor, Legislature and other State entities on policy issues relating to science and technology. CCST is operated as a 501(c)(3) nonprofit governed by a Board of Directors, and its core funding is provided by the following institutions: University of California; California State University; California Community Colleges; California Institute of Technology; Stanford University; NASA Ames Research Center; NASA Jet Propulsion Laboratory; Lawrence Berkeley National Laboratory; Lawrence Livermore National Laboratory; Sandia National Laboratories and SLAC National Accelerator Laboratory.

CCST mission is carried out via two primary programs:

- Science Advice: CCST delivers policy-relevant science information via briefings, workshops, and peer-reviewed reports.
- Science Fellows: For a decade, CCST has collaborated with the Legislature to recruit, train and place 10 PhD scientists and engineers to spend a fellowship year working as staff in the California State Legislature. The CCST Science Fellows Program is funded by a statewide network of philanthropists and foundations and the program received partial funding in the State Budget for the first time in the 2018-19 fiscal year.

California Health Benefits Review Program (CHBRP). AB 1083 is modeled after the CHBRP. CHBRP was established in 2002 to provide independent analysis of the medical, financial, and public health impacts of proposed health insurance benefit mandates and repeals. A team of analytic staff (five people) at UC Berkeley works with a task force (seven members, 21 contributors) of faculty from several UC campuses, as well as actuarial consultants, to complete each analysis in a 60-day period before the Legislature finishes their formal consideration of this bill. A National Advisory Council (12 members) designed to provide balanced representation among groups with an interest in health insurance benefit mandates, reviews draft studies to assure their quality. Each report summarizes sound scientific evidence but does not make recommendations, deferring policy decision-making to the Legislature. The work is funded through an annual assessment of health plans and insurers in California. Over the last 10 years, CHBRP analyzed between 8-16 bills per year. Consistent with existing law, CHBRP's funding is capped at \$2 million annually. The funding stream is based on fees levied by the California Department of Managed Health Care on health care service plans and the California Department of Insurance on health insurers. Additional in-kind support has also been provided by University of California.

Comments

AB 1083. This bill would authorize the CCST to undertake and complete an analysis of the effects of legislation pertaining to the monetary costs of any of the following: 1) procurement of electricity; 2) electricity and gas products; 3) energy storage; 4) electrical or gas infrastructure by an electrical corporation; and 5) community choice aggregation. As currently drafted this bill would prohibit an assessment on ratepayers of an electrical corporation, gas corporation, CCA, ESP, or local publicly owned electric or gas utility of a fee to pay for the analysis.

Is a bill necessary? Currently, the Legislature can request and fund through the budget studies by CCST, to the extent they are desired. Many policies associated with procurement of specified resources are in place, including a renewable portfolio standard of 60 percent renewables by 2030 and a zero-carbon emissions goal of one hundred percent by 2045. Furthermore, the state has policies to reduce carbon emissions. It seems unnecessary to require analysis by CCST when the state has entities, including the CPUC that can conduct analysis on costs. Additionally, the opponents of this bill raise concerns that this bill as currently drafted is solely focused on monetary costs, without consideration for benefits. *In that respect, the author and committee may wish to amend this bill to incorporate benefits into the analysis provided by CCST.*

Funding. As currently drafted, this bill does not define what funding sources would pay for the analysis provided by CCST. Understandably, CCST is concerned about inclusion in this bill without commiserate funding. The author and CCST have acknowledged this gap and are in discussions to identify potential funding sources. Should the committee wish to allow this bill to move forward, this committee may wish to pull this bill back if there are amendments that include provisions related to the funding source(s), depending on the source(s).

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:

California Chamber of Commerce
California Municipal Utilities District
San Diego Gas & Electric Company
South Bay Association of Chamber of Commerce

OPPOSITION:

Center for Biological Diversity
Sierra Club California

ARGUMENTS IN SUPPORT: According to the author:

AB 1083 is modeled after the California Health Benefits Review Program (CHBRP). CHBRP was established in 2002 (AB 1996, Thomson) to produce a written analysis on the public health, medical, and economic impact of proposed healthcare service plans and health insurance benefit mandate and repeal legislation. Faculty and staff from across the University of California system complete analyses on requests made by the Legislature on germane legislation within 60 days. Analyses by CHBRP summarize scientific evidence relevant to each piece of legislation and are posted online for review. The Legislature has benefitted from this program for over a decade and it stands to reason that establishing this type of review for legislation proposing to mandate procurement of electricity products, gas products, energy storage resources, or electrical or gas infrastructure would be just as valuable.

ARGUMENTS IN OPPOSITION: In opposition to this bill, the Center for Biological Diversity (CBD) and Sierra Club California express concerns that this bill is limited to only costs and does not encompass benefits as part of the required analysis. CBD states:

These shortcomings are easily addressed by amending the bill to restate each of these components to include both costs and benefits; to include monetary benefits beyond the electricity market; to include benefits or costs to communities disproportionately affected by environmental pollution and hazards; and to include non-monetary benefits such as environmental quality, public health, and climate stability. Furthermore, the analysis should consider a procurement mandate's consistency with California's GHG emissions goals.

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