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

Senator Steven Bradford, Chair

2023 - 2024 Regular

Bill No: AB 1198 **Hearing Date:** 7/10/2023
Author: Grayson
Version: 6/8/2023 Amended
Urgency: No **Fiscal:** Yes
Consultant: Nidia Bautista

SUBJECT: GO-Biz: Energy Unit: equity

DIGEST: This bill requires the Energy Unit within the Governor’s Office of Business and Economic Development (GO-Biz) to identify non-ratepayer-funded energy resources, work with specified agencies to identify workforce development programs in California, provide recommendations on addressing barriers to access the energy industry resources, and write an annual report on its findings.

ANALYSIS:

Existing law:

- 1) 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. (Government Code §12096.1 *et seq.*)
- 2) Establishes, within GO-Biz, the Energy Unit to accelerate the planning, financing, and execution of critical energy infrastructure projects that are necessary for the state to reach its climate, energy, and sustainability policy goals, including by identifying barriers, making recommendations, creating a working group, coordinating between the state’s climate and energy agencies, and cooperating with local, regional, federal, and California public and private businesses and investors. Requires the Energy Unit to submit a report to the Legislature on its activities on or before February 1st of each year. (Government Code §12100.110)
- 3) Establishes a supplier diversity program by requiring the California Public Utilities Commission (CPUC) to direct each electrical corporation, gas corporation, water corporation, telephone corporation, and wireless

telecommunications service provider with gross annual revenues exceeding \$15 million, to annually submit a plan for increasing procurement with women, minority, disabled veteran, and lesbian, gay, bisexual, and transgender (LGBT) business enterprises (WMDVLGBTBEs). (Public Utilities Code §8283(a))

- 4) Supplier diversity program plans must include short-term and long-term goals and timetables and must include methods for encouraging contractors to engage WMDVLGBTBEs in all subcontracting categories, including, but not limited to renewable energy, wireless telecommunications, broadband, smart grid, and rail projects. The CPUC must develop guidelines for programs implemented pursuant to the plans and each participating company must submit an annual report on the implementation of programs established under a supplier diversity plan. (Public Utilities Code §8283(b-d))
- 5) Each electrical, gas, water, mobile telephone service provider, telephone corporation, cable television corporation, and direct broadcast satellite provider that is not otherwise required to submit a plan is encouraged to voluntarily adopt a plan for increasing WMDVLGBTBEs procurement and to voluntarily report activity in this area to the Legislature on an annual basis. (Public Utilities Code §8283(e))
- 6) Requires the CPUC to adopt eligibility criteria for women, minority, and LGBT business enterprises for procurement contracts and requires participating utilities to develop outreach plans to recruit WMDVLGBTBEs to apply for procurement contracts. (Public Utilities Code §8284)
- 7) Requires the California Energy Commission (CEC) to develop and implement an outreach program to inform the most qualified loan and grant applicants, and contractors, including, but not limited to, WMDVLGBTBEs, about workshops, trainings, and funding opportunities. The purpose of the program is to ensure that the CEC recognizes the demographic shifts of the California marketplace and is nurturing the new and next generation of energy technology leaders. (Public Resources Code §25230)

This bill:

- 1) Requires the Energy Unit to identify, among other things, nonratepayer-funded energy industry resources, including grants, tax credits, loans, and technical assistance, across local, state, and federal departments and agencies that are available to assist businesses and workers in the transition to a net-zero-powered economy.

- 2) Requires the Energy Unit to work with the Small Business Advocate, the California Workforce Development Board, and the California Community Colleges, to identify workforce development programs specific to the energy industry and gather data on how education and outreach is conducted to disadvantaged communities.
- 3) Requires the Energy Unit, in collaboration with the Small Business Advocate, to identify the participation levels in energy industry resources by businesses owned by women, minorities, disabled individuals, and veteran-owned businesses, as well as individuals from disadvantaged communities.
- 4) Requires the Energy Unit to hold at least three public workshops and engage with stakeholders and specified representatives to develop recommendations on addressing barriers to access to those energy industry resources faced by business-owner groups and individuals who live in disadvantaged communities and how to increase their participation levels to the extent that there are disparities.
- 5) Requires the Energy Unit to convene a technical advisory group for related purposes, including overcoming systemic barriers to obtaining information,
- 6) Requires the Energy Unit to include findings and recommendations and other related information in its annual report to the Legislature.
- 7) Makes related legislative findings and declarations.

Background

GO-Biz Energy Unit. The Energy Unit within GO-Biz was recently established in the 2021 budget cycle by AB 137 (Committee on Budget, Chapter 77, Statutes of 2021). The purpose of the Energy Unit within GO-Biz is to accelerate the planning, financing, and execution of critical energy infrastructure projects that are necessary for the state to reach its climate, energy, and sustainability policy goals, including by identifying barriers, making recommendations, creating a working group, coordinating between the state's climate and energy agencies, and cooperating with local, regional, federal, and California public and private businesses and investors, as specified. The legislation requires the Governor to appoint a deputy director who would have direct authority over the Energy Unit and serve at the pleasure of the Governor.

Supplier diversity at the CPUC. In 1988, the CPUC adopted GO 156 (D. 88-04-057) to implement AB 3678 (Moore, Chapter 1259, Statutes of 1986), which required the CPUC to direct certain utilities to submit plans for the purpose of encouraging greater participation in utility contracts by women and minority-owned businesses. Disabled veteran-owned business enterprises were added in 1990, and in 2014, LGBT business enterprises were added through statute. GO 156 applies to regulated utilities including electrical, gas, water, wireless telecommunications service providers, telephone corporations, and electric service providers with gross annual revenues over \$15 million including CPUC-regulated subsidiaries and affiliates. These entities must participate in the Supplier Diversity Program and are required to annually submit a detailed and verifiable plan, with goals and timetables, for increasing participation from these aforementioned demographic groups in all categories of procurement, including technology, equipment, supplies, services, materials, and construction. Additionally, community choice aggregators must also report on their procurement with small, diverse, local, and WMDVLGBTBE businesses. Although there is no penalty for failure of a utility and entity to meet its goals, each utility and entity is required to report annually on its progress. The CPUC, in turn, is required to make an annual progress report to the Legislature.

CEC required to conduct outreach to diverse populations. In addition to the CPUC program, through the passage of legislation in 2013, the CEC is required to develop and implement an outreach program to inform loan and grant applicants, and contractors, including, but not limited to, WMDVLGBTBEs, about workshops, trainings, and funding opportunities. The purpose of the program is to ensure that the CEC recognizes the demographic shifts of the California marketplace and is nurturing the new and next generation of energy technology leaders.

Comments

Need for this bill. This bill hopes to further incentivize small businesses to make clean energy investments by requiring the Energy Unit to identify non-ratepayer-funded energy resources; working with OSBA, the California Workforce Development Board, and the California Community Colleges to identify workforce development programs in California; providing recommendations on addressing barriers to access the energy industry resources; and writing an annual report on its findings, among other things.

Standing Up the GO-Biz Energy Unit. With the enactment of AB 137 (Budget Bill, 2021), GO-Biz received appropriation for the Energy Unit to stand up the office.

The first hire was made in July 2022. The Energy Unit is an active member of the Tracking Energy Development (TED) Task Force, which also includes staff from the CPUC, CEC and California Independent System Operator. The primary goal of the TED Task Force is to provide support for high priority energy projects expected to come online in the next two to three years with a focus on new generation and battery storage projects under contract for summer reliability. In addition to the assistance provided on a project-by-project basis, the TED Task Force tracks future projects through outreach to project developers and agency coordination to ensure that project are timely delivered. TED Task Force members meet on a regular basis to review and share information on projects, identify barriers, and coordinate action across agencies. The facilitation provided by the TED Task Force includes assistance with local and state permitting and approvals, interconnection issues, supply chain matters and other complications that may arise in the course of project development.

In the near term, the GO-Biz Energy Unit plans to build out the newly formed unit by hiring additional staff in 2023. With the additional staff, the Energy Unit will:

1. Proactively engage and field more inquiries from the project developers and provide support to the developer to achieve project's commercial operational date; Enhance coordination with state, federal and local stakeholders to bring more renewable energy projects online;
2. Develop a project tracking tool to help better monitor impediments to project completion, delays and outcomes;
3. Analyze and assess energy project development challenges and opportunities to accelerate energy infrastructure projects; and
4. Collaborate and coordinate with the other units within GO-Biz to provide assistance to businesses seeking to do business in California.

Finding the right home. This bill houses the various functions proposed to address needs of minority small businesses, disadvantaged and minority communities within the Energy Unit at GO-Biz. While laudable and understandable to place some of these functions at GO-Biz given the focus on small businesses, it may turn out to be better suited for a different agency or entity, perhaps the CEC. As noted above, the Energy Unit is just getting staffed up and has much responsibility in ensuring the state is advancing towards its clean energy, emissions reductions, and reliability goals. It's likely the Energy Unit would need to hire more staff to conduct the various functions noted in this bill.

Double referral: This bill passed out of the Senate Committee on Business, Professions and Economic Development by a vote of 12-0 on June 12, 2023.

Prior/Related Legislation

SB 150 (Durazo, 2023) embeds workforce and community benefit requirements in procurement and contracting for infrastructure and manufacturing investments related to the federal Infrastructure and Investment Jobs Act (IIJA), the Inflation Reduction Act (IRA) and the CHIPS and Science Act (CHIPS Act). The bill is currently in the enrollment process.

SB 255 (Bradford, Chapter 407, Statutes of 2019) expanded the CPUC supplier diversity program by lowering the annual revenue threshold for participation from \$25 million to \$15 million, including electric service providers in the program, and requiring community choice aggregators to report specified information.

AB 137 (Committee on Budget, Chapter 77, Statutes of 2021) among its provisions, creates the Energy Unit within GO-Biz to accelerate the planning, financing, and execution of critical energy infrastructure projects that are necessary for the state to reach its climate, energy, and sustainability policy goals, including by identifying barriers, making recommendations, creating a working group, coordinating between the state's climate and energy agencies, and cooperating with local, regional, federal, and California public and private businesses and investors, as specified.

AB 865 (Alejo, Chapter 583, Statutes of 2015) required the CEC to develop an outreach program to inform WMDVLGBT individuals of CEC funding programs and procurement opportunities.

AB 1678 (Gordon, Chapter 633, Statutes of 2014) added LGBTBEs to the supplier diversity program and required the CPUC to adopt LGBT status qualifiers created by the National Gay and Lesbian Chamber of commerce with initially adopting eligibility criteria for LGBTBEs.

AB 1386 (Bradford, Chapter 443, Statutes of 2011) encouraged cable television corporations and direct broadcast satellite providers to voluntarily adopt plans to increase diverse spending.

AB 1918 (Davis, Chapter 456, Statutes of 2010) clarified certain certification requirements for the supplier diversity program, added wireless telecommunications service providers to the program, and encouraged providers below the \$25 million eligibility threshold to voluntarily report.

AB 3678 (Moore, Chapter 1259, Statutes of 1986) established the supplier diversity program by requiring each electrical, gas, and telephone corporation with gross annual revenues exceeding \$25 million to annually submit a detailed, verifiable plan for increasing diverse business procurement in all categories.

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

SUPPORT:

California African American Chamber of Commerce, Co-sponsor
California Asian Pacific Chamber of Commerce, Co-sponsor
California Hispanic Chambers of Commerce, Co-sponsor
David Chiu Former Assemblymember, California State Legislature
California Association for Micro Enterprise Opportunity
California Forward Action Group
CDC Small Business Finance
National Association of Women Business Owners – California Chapter
Rewiring America
Roberts Enterprise Development Fund
Sacramento Asian Pacific Chamber of Commerce
Sacramento Black Chamber of Commerce
Sacramento Metropolitan Chamber of Commerce
San Bernardino Community College District
San Francisco Filipino American Chamber of Commerce
Small Business Majority
UNITE-LA
An Individual

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

California has been and continues to be a global leader on climate change policy, with goals of achieving carbon neutrality by 2045. However, the state's ambitious plan to achieve 100 percent clean energy and net-zero emissions is unlikely to be met without measures that incentivize small businesses to make clean energy investments. Despite the significant role that minority small businesses have in the clean energy transition, there remains a huge gap in minority small business enterprise participation in the

market transition to a low carbon future. As such, the state needs to support disadvantaged businesses by providing effective pathways and resources to create community wealth-building opportunities. AB 1198 will identify existing gaps in participation and put forward solutions to help support disadvantaged businesses in the market transition.

-- END --