SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No:	AB 33	**Hearing Date:**	7/12/2021
Author:	Ting		
Version:	7/1/2021 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Energy Conservation Assistance Act of 1979: energy storage systems and transportation electrification infrastructure: Native American tribes

DIGEST: This bill expands the eligibility of projects under the California Energy Commission's (CEC's) Energy Conservation Assistance Account (ECAA) to include installation of energy storage systems and transportation electrification infrastructure. This bill also expands the eligible institutions who can participate in the program to include California Native American tribes and establishes a subaccount to track awards and repayment of loans to tribes.

ANALYSIS:

Existing law:

1) Establishes the Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission, also known as the California Energy Commission (CEC). (Public Resources Code §25000, et seq)

2) Authorizes, through the ECAA of 1979, a school, hospital, public care institution, or unit of local government to submit an application to the CEC for an allocation for the purpose of financing all or a portion of the costs incurred in implementing a project, which includes an energy audit, energy conservation and operating procedure, or energy conservation measure in an existing or planned building or facility, an energy conservation project, or a technical assistance program. (Public Resources Code §25410, et seq)

3) Requires the CEC to approve only those applications for projects that will recover costs through savings in the cost of energy to the eligible institution during the repayment period of the allocation. (Public Resources Code §25413)

4) Creates the State Energy Conservation Assistance Account, which is continuously appropriated to the CEC for purposes of the act. (Public Resources Code §25416)

5) Repeals the Energy Conservation Assistance Act of 1979 on January 1, 2028, as specified. (Public Resources Code §25421)

6) Requires the CEC, working with the State Air Resources Board (CARB) and the California Public Utilities Commission (CPUC), to prepare and biennially update a statewide assessment of the electric vehicle (EV) charging infrastructure needed to support the levels of EV adoption required for the state to meet its goals of putting at least 5,000,000 zero-emission vehicles (ZEVs) on California roads by 2030 and of reducing emissions of greenhouse gases (GHG) to 40 percent below 1990 levels by 2030. (Public Resources Code §25229)

This bill:

1) Requires the CEC, in administering the ECAA, to provide grants and loans to local governments and public institutions to maximize energy use savings, expand installation of energy storage systems, and expand the availability of transportation electrification infrastructure, including technical assistance, demonstrations, and identification and implementation of cost-effective energy efficiency, energy storage, and transportation electrification infrastructure measures and programs in existing and planned buildings or facilities.

2) Authorizes an eligible institution to propose to bundle multiple projects where the determination of whether the costs of the projects will be recovered through savings during the repayment period of the allocation would be determined by the savings of those multiple projects bundled together.

3) Makes changes to some terminology used in the ECAA of 1979 by deleting some references to "conservation."

4) Makes an appropriation by expanding the purposes for which moneys in the account can be expended.

5) Includes Native American tribes as entities eligible for financial assistance under the ECAA of 1979, thereby expanding the purposes for which moneys in the continuously appropriated account can be used and making an appropriation.

6) Establishes a subaccount within the ECAA account to track the award and repayment of loans to tribes. Continuously appropriates the moneys in the subaccount to the CEC for loans only to tribes, thereby making an appropriation.

7) Authorizes the CEC to transfer moneys from the account to the subaccount and from the subaccount to the account.

Background

ECCA program. The ECAA program was established in statute in 1979. ECAA is a low-interest and no-interest loan program administered by the CEC to provide loans to local governments, public schools, hospitals, and public care institutions to fund energy efficiency and renewable energy projects. These projects include: energy efficient lighting, high efficiency heating, ventilating and air conditioning (HVAC) systems, and most recently, solar photovoltaic installations. The ECAA statute requires that the costs of the project, plus interest on state funds loaned, be recovered through energy cost savings during the repayment period of the loan awarded. The repayment period cannot exceed the useful life of the equipment funded by the loan and must not exceed 20 years. ECAA loans are capped at $3 million and are awarded to eligible entities on a first-come, first-served basis.

Most recent additions to ECAA. The ECAA program has been revised and updated numerous times as the ECAA program has evolved. In 2013, SB 73 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2013) implemented Proposition 39 – the Clean Energy Jobs Act from the November 2012 general election, and established a subaccount of ECAA to fund the ECAA-Ed program to fund energy efficiency and clean energy projects at schools, including K-12 public schools, charter schools, and county offices of education. Most recently, SB 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017) made further changes to the ECAA-Ed program, including requiring a competitive solicitation process for remaining funds, up to $100 million, from Proposition 39.

Current ECAA funding. The ECAA program is a revolving loan program which allows for the funding of new loans using monies receipted twice a year from loan repayments. Since its inception, the ECAA program has awarded nearly 1,000 loans and never experienced a default on a loan repayment. Currently, the CEC reports there are 101 ECAA regular loans (one percent interest loans for eligible public institutions that are not K-12 schools) in repayment status with total outstanding balance due of $74.5 million. The CEC expects repayment receipts for ECAA-regular loans in the amount of $5.3 million as of July 2021, plus about $6.5 million currently available in the account (total of $11.8 million). For the ECAA-

Ed subaccount, the CEC notes there is currently about $18.5 million available and anticipated repayment receipts of about $1.7 million by July 2021 (total of $20.2 million). As such, as of this month, the anticipated total amount for the ECAA program is roughly $31 million with continued loan repayments expected to grow the fund.

AB 33. This bill expands the ECAA program in two ways: (1) this bill expands the eligibility of projects to include installation of energy storage systems and EV charging infrastructure, and (2) expands the eligible institutions to include California Native American tribes and establishes a subaccount to track awards and repayment of loans to tribes.

Energy savings via energy storage and EV charging infrastructure? Statute requires each eligible institution to pay back the amount of the ECAA loan through savings in energy costs and prohibits institutions from levying taxes to cover the payments. Energy savings can be realized when implementing measures that result in the consumption of less energy, such as installation of building insulation or improved efficiency lighting systems. However, the use of energy storage and EV charging would necessarily increase the consumption of energy since an energy storage battery for a building or EV battery will need to be re-charged (often with electricity from the grid). To the extent the energy storage battery is utilized to store on-site generation, such as from on-site solar photovoltaic system, there is the potential for net energy savings, depending on the overall costs of the systems and how well the systems are used to minimize additional energy consumption costs. However, the net energy savings are even less clear with the use of EV charging which would likely increase energy consumption overall. Nonetheless, this bill would continue to require net energy savings are achieved for projects funded by the ECAA program, but allow the bundling of projects in order to achieve these savings. As such, this bill would allow eligible institutions to fund a combination of energy projects for their respective institution that, bundled together, would achieve the required energy savings threshold of the program. While there are other programs that provide funding, mostly in the form of grants and rebates, to fund energy storage (such as the Self Generation Incentive Program funded by electric investor-owned utility ratepayers) and EV charging infrastructure (including the CEC's Clean Transportation Program, and investments from electric investor-owned utilities and the Volkwagen settlement), the limited funding in the ECAA program and the structure of the loans, with the required net energy savings, help to minimize any risks with these awards. In fact, the expansion of the eligible projects may prove useful for some public institutions that seek to make these investments and a preferable method for funding efforts to achieve the state's climate and ZEV policies. As The Utility Reform Network notes in support of this bill: "Low-interest loan programs for public institutions are a sensible and sustainable way to support transportation electrification without using regressive utility spending."

Native American tribes. The proposal in this bill to expand the eligible entities to include California Native American tribes for the ECAA program would seem to originate from the California Tribal Energy Summit held in November 2018, in the City of Temecula. The CEC sponsored the summit, alongside the Pechanga Band of Luiseño Indians, the Governor's Office of the Tribal Advisor, and the CPUC, with participation from the California Independent System Operator. The goal of the summit was to initiate or advance dialogue between California Native American tribes and the state's energy agencies on advancing climate change and energy goals. The event focused on knowledge exchange regarding state energy functions, policies, programs, and services and case studies of clean energy and transportation projects on tribal lands. There were approximately 120 participants, including representatives from 30 tribes. Among the recommendations from the Summit was a recommendation to incorporate tribes in clean energy programs, including the CEC's ECAA program. Although there do not seem to be any tribes expressing support for this bill, adding tribes to the eligible participants would support the state's policy to seek increased collaboration with tribes in order to achieve strategic energy goals.

Clarifying amendments. In order to ensure the investments for transportation electrification are exclusively focused on the charging infrastructure, *the author and committee may wish to amend this bill to replace the references of "transportation electrification" with "electric vehicle charging infrastructure."*

Prior/Related Legislation

AB 2127 (Ting, Chapter 365, Statutes of 2018) required the CEC to assess the amount of EV infrastructure needed to meet the goals of putting at least five million ZEVs on the road and reducing GHG emissions 40 percent below 1990 levels by 2030.

SB 110 (Committee on Budget and Fiscal Review, Chapter 55, Statutes of 2017) allocated remaining funds from Proposition 39 to the ECAA-Ed program and established a competitive solicitation process for those awards.

SB 1207 (Hueso, Chapter 675, Statutes of 2016) extended the sunset on ECAA from January 1, 2018 to January 1, 2028, and makes other technical and clarifying changes.

SB 73 (Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2013) implemented Proposition 39 from the November 2012 general election, and established a subaccount of ECAA to fund the ECAA-Ed program.

SB 1268 (Pavley, Chapter 615, Statutes of 2012) extended the sunsets of the ECAA from 2013 to 2018.

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

SUPPORT:

California Energy Storage Alliance
California Solar & Storage Association
Center for Sustainable Energy
East Bay Community Energy
Rural County Representatives of California
The Utility Reform Network

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

> AB 33 expands a successful low interest loan program that allows our schools and local governments [to] pay back energy efficiency upgrades over time as they realize lower bills. This bill allows the loan program to include energy storage and transportation electrification infrastructure. This will help schools and local governments comply with zero-emission bus and truck mandates while reducing costs and greenhouse gas emissions. Additionally, allowing investments in energy storage will make our communities more resilient when faced with power outages.

-- END --