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

Senator Ben Hueso, Chair

2021 - 2022 Regular

Bill No:	AB 641	Hearing Date:	7/5/2021
Author:	Holden		
Version:	6/14/2021 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Transportation electrification: local publicly owned electric utilities

DIGEST: This bill requires all electric publicly owned utilities (POUs) to facilitate and ensure the availability of infrastructure for the charging of passenger electric vehicles (EVs) within its service territory.

ANALYSIS:

Existing law:

- 1) Requires the governing board of a local POU with an annual electrical demand exceeding 700 gigawatt-hours (GWh) adopt an integrated resource plan (IRP) and a process for updating the plan at least once every five years to ensure the utility achieves specified objectives. (Public Utilities Code §9621)
- 2) Requires the local POU, as a part of its IRP update, to consider establishing EV grid integration strategies and evaluating how its EV grid integration programs further the EV grid integration strategies it has established. (Public Utilities Code §740.16(d))
- 3) Requires that the local POU's IRP address procurement for, among other things, transportation electrification. (Public Utilities Code §9621(d)(1)(C))

This bill:

- 1) Requires each local POU to facilitate and ensure the availability of infrastructure for the charging of passenger motor vehicles within its service territory.
- 2) Requires each local POU to develop and adopt a transportation electrification plan, individually, or in collaboration with other local POUs, local governments, or local or regional transportation planning organizations, to

include certain information to support the level of EV adoption required for the state to meet certain goals.

- 3) Requires local POU's to make their adopted plans available on their internet websites.
- 4) Deems a local POU that has adopted an IRP or a transportation electrification plan before January 1, 2022, to be in compliance with this bill's requirements and would require the utility to update the adopted plan at least once every five years.
- 5) Imposes a state-mandated local program because this bill would increase the duties of local POU's. Deems that no reimbursement is required because local agency has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act.

Background

Transportation electrification. California has adopted ambitious climate and air quality goals, including policies to reduce emissions from the transportation sector, the state's largest source of greenhouse gas (GHG) emissions, as well as, criteria air pollutants. The state has tackled vehicle emissions through a combination of regulations of vehicle emissions standards, incentives for the purchase of cleaner vehicles, as well as, state incentives for deployment of charging infrastructure. Additionally, California has adopted policies for the widespread deployment of zero-emissions and near-zero emissions vehicles, including adopting a goal to ensure a million of these vehicles by 2023. In relation to electric utilities, SB 350, (De León, Chapter 547, Statutes of 2016) required electric investor-owned utilities (IOUs) to support the widespread adoption of transportation electrification with specified requirements, including a requirement to include procurement for transportation electrification within each electric utility's IRP. In the case of POU's, this requirement applies to electric utilities with over 700 GWh of annual electric demand, roughly 16 electric POU's.

SB 498 (Skinner, Chapter 628, Statutes of 2017). SB 498 directed the California Air Resources Board (CARB) to review its programs that affect the adoption of light-, medium-, and heavy-duty zero-emissions vehicles (ZEVs), including identifying each program's goals and status in meeting those goals, performing a cost-benefit analysis, and comparing CARB's ZEV programs with those of other jurisdictions. SB 498 also directed CARB to make policy recommendations for increasing the use of ZEVs in the state, and recommendations for vehicle fleet operators to increase the use of ZEVs. CARB released the SB 498 report in July of

2020 and included numerous recommendations, including a recommendation to require the IRPs submitted by electric POU to the California Energy Commission (CEC) to include details of the electricity rate design for transportation electrification. CARB also recommended that each POU develop electricity rates that support transportation electrification across all transportation sectors and report on progress made. In the report, CARB acknowledged that some electric POU have already deployed electricity rates to support ZEVs, including: Alameda Municipal Power, Burbank Water and Power, Los Angeles Department of Water and Power, Azusa Light and Water, and Sacramento Municipal Utility District.

Executive Orders. In September 2018, then-Governor Brown issued Executive Order B-55-18, which established a new statewide goal to achieve carbon neutrality as soon as possible and no later than by 2045. More recently, on September 18, 2020, Governor Newsom issued Executive Order N-79-20, to support the goals of achieving carbon neutrality. Specifically, Executive Order N-79-20 establishes goals of the state:

- That 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035;
- That 100 percent of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks (those serving the ports); and
- To transition to 100 percent zero-emission off-road vehicles and equipment by 2035, where feasible.

AB 641. This bill requires all electric POU to facilitate and ensure the availability of infrastructure for the charging of passenger EVs within its service territory. This bill also requires each POU to develop a transportation electrification plan, individually, or in collaboration with other POU, local governments, or local or regional transportation planning organizations, to support the levels of EV adoption required for the state to meet the goals of putting at least five million ZEVs on California roads by 2030 and of reducing emissions of GHGs to 40 percent below the 1990 level by 2030.

According to the author, the original version of this bill was fashioned after the *CEC's Publicly Owned Utility Integrated Resource Plan Submission and Review Guidelines* which includes many of the same elements. However, in those guidelines, the larger POU are "encouraged" to include specified information "to the extent possible." This bill went further and mandated that the smaller POU include specified information regardless of feasibility. Representatives of the POU report that this bill lacked sufficient flexibility for the POU to account for smaller territories, many of which do not have smart meters (which would restrict EV rates), fleets, and public transportation, for example. The author amended this

bill with the intent to provide the POU's more flexibility. However, electric POU's remain concerned with the language in this bill and the potential mandate on them to "ensure" EV chargers are available.

Ensure – is it meant as a guarantee? As raised by the opposition, the electric POU's take issue with the word "ensure" in this bill because they worry that their ratepayers will be required to shoulder costs in order to guarantee EV charging infrastructure is available. In conversations with the author's office, there seems to be a willingness to provide some flexibility to the electric POU's. Specifically, the author has agreed to clarify that electric POU's are not responsible for ensuring the operation and maintenance of public EV chargers owned and operated by another entity in their service territory. Additionally, the author has noted the attempt to provide the electric POU's flexibility may have resulted in vague language which is raising concerns by the electric POU's that they will be held to an unidentified requirement. The electric POU's fear that the lack of clarity could result in impacts to their ratepayers in order to satisfy the requirements of this bill. The author expresses a desire to see more proactive movement by the electric POU's to support the state's goals for ZEV deployment. The author notes that electric IOU's ratepayers are investing over \$1 billion, in the aggregate among the three largest electric IOU's, to support EV charging infrastructure. The electric IOU's were authorized in SB 350 (De León, 2016) to submit applications for EV charging installations to the CPUC. However, the CPUC has also denied some of the applications of the electric IOU's due to the potential impact to their ratepayers. Unlike electric POU's, electric IOU's, as for-profit electrical corporations, have an additional incentive to expand their rate of return on capital infrastructure, which includes EV chargers that may not always be to the benefit of their ratepayers. As such, the CPUC must review these applications to ensure they are in the interest of their ratepayers. In the case of electric POU's, the decisions regarding what is just and reasonable for their customers is decided by their governing boards. As noted by the author, in many cases, some electric POU's have funded and installed EV chargers, although in some situations these have been funded by state allocations from the Cap-and-Trade allowance revenue or from settlement agreements with Volkswagen.

Amendments needed. In order to clarify the author's intent to not hold electric POU's responsible for ensuring the operation of public chargers in their service territory not owned or operated by them, *the author and committee may wish to amend this bill to add intent language to clarify that this bill does not intend to mandate electric POU's to maintain or fix public EV chargers hat they do not own.* In order to help address the concerns that the language in this bill could be more clear in its requirements, *the author and committee may wish to amend this bill to*

clarify that electric POU's shall facilitate and ensure the availability of at least one public charging station in their service territory.

Prior/Related Legislation

SB 437 (Wieckowski, 2021) requires local electric POU's to include, as applicable, in each updated IRP, details of the utility's electrical service rate design that supports transportation electrification. The bill is pending in the Assembly Committee on Appropriations.

SB 350 (De Leon, Chapter 547, Statutes of 2015) created the requirement that each POU file an IRP with the CEC and required utilities to make investments supporting widespread transportation electrification to meet California's climate goals.

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

SUPPORT:

Coalition of California Utility Employees

OPPOSITION:

Northern California Power Agency

ARGUMENTS IN SUPPORT: According to the author:

The vehicle manufacturing market is responding strongly to California's call for moving to zero-emission vehicles. General Motors is on its way to an all-electric future by 2035 with a commitment to 30 bring new global electric vehicles to the market by 2025. Most manufacturers are following and also have plans to add several EV models to their portfolios. Consequently, we must have a strong charging infrastructure to keep up with the deployment of electric vehicles. The state has several initiatives in place to meet this need but there is still a gap in the POU sector. The state's electric IOUs have transportation electrification plans and about one-third of the approximately four dozen POU's have plans, but not all. This bill fills that gap and requires the remaining POU's to come on board and ensure that their grid can support charging and that public charging is also available in their region.

ARGUMENTS IN OPPOSITION: The majority of the state's electric POU's raise concerns with this bill based on the use of the word "ensure" in this bill. Specifically, the electric POU's note, as expressed by California Municipal Utilities Association (CMUA), that they can not guarantee "that every publicly available

charger in its service territory is always in working condition, when in reality EV chargers are often installed by private companies that are responsible for their maintenance, and fully out of the control of POU's." Additionally, some of the electric POU's contend that their ratepayers should not be forced to shoulder the costs of installing EV chargers when there is no demand for EV public chargers by their customers in their service territory. Electric POU's note that the governor is proposing significant funding (\$3.2 billion) for clean transportation, including \$500 million for charging infrastructure. As such, they believe the state should fund EV charger installations to meet the state's ZEV goals.

-- END --