SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Steven Bradford, Chair
2023 - 2024 Regular

Bill No:	SB 1351	**Hearing Date:**	4/22/2024
Author:	Padilla		
Version:	4/10/2024 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Electricity: state policy

DIGEST: This bill requires the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), and California Air Resources Board (CARB), in consultation with all California balancing authorities, by January 1, 2026, to issue a report to the Legislature that contains a clean energy infrastructure development plan setting out the infrastructure and processes necessary for the state to accomplish its clean energy goals.

ANALYSIS:

Existing law:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities are under the direction of their governing boards. (Article XII of the California Constitution)

2) Provides that the CPUC may supervise and regulate every public utility in the state and may do all things, whether specifically designated or in addition, which are necessary and convenient in the exercise of such power and jurisdiction. (Public Utilities Code §701)

3) Prohibits an electrical corporation from beginning construction of a line, plant, or system, or of any extension thereof, without having first obtained from the CPUC a certificate that the present or future public convenience and necessity requires, or will require, its construction. (Public Utilities Code §1001)

4) States the state policy that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customer by December 31, 2035, 95 percent by December 31, 2040, and 100 percent by December 31, 2045, and 100 percent of electricity procured to serve all state agencies by December 31, 2035. (Public Utilities Code §454.53(a))

5) Requires the CPUC, the CEC, and the CARB, on a four-year basis, to issue a joint agency report to the Legislature that includes, among other things, alternative scenarios in which that state policy can be achieved and the estimated costs and benefits of each scenario. (Public Utilities Code §454.53(d)(2))

This bill:

1) Requires the CPUC, CEC, and CARB, in consultation with all California balancing authorities and as part of a public process, by January 1, 2026, and subsequently as part of the SB 100 joint agency report, to issue a report to the Legislature that contains a clean energy infrastructure development plan setting out the infrastructure and processes necessary for the state to accomplish the SB 100 goals. The plan is required to include:

   a) A timeline and milestones by which each portion of the clean energy infrastructure shall be functional.

   b) The necessary actions each state agency, local government, load-serving entity, transmission owner, independent system operator, and local publicly owned electric utility will take and when they will be taken.

   c) Any recommended statutory changes necessary or helpful to achieve the SB 100 policy.

2) Requires each subsequent plan after the plan to include an evaluation of the extent to which the prior plan has been achieved, the reasons for not achieving the plan, and the steps needed to achieve the policy.

Background

SB 100/SB 1020 clean energy goals. With the adoption of SB 100 (De León, Chapter 312, Statutes of 2018) and SB 1020 (Laird, Chapter 361, Statutes of 2022) statute establishes the policy of the state that eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035, 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040, 100 percent of all retail sales of electricity to California end-use customers by December 31, 2045, and 100 percent of electricity procured to serve all state agencies by December 31, 2035.

In March 2021, the CEC, CPUC and the CARB released the joint agency SB 100 report, to determine how best to implement the 100 percent clean energy policy, and found that in order to meet the state's energy goals, California will need to roughly triple its current electricity power capacity. Most of California's electric transmission system was built four decades ago to deliver electricity from fossil, nuclear, and hydroelectric generation. As such, upgrades are needed to meet our zero-carbon and renewable energy future. Currently, many reforms are underway; either through better coordination amongst the energy entities to streamline planning, or through efforts to expedite permitting, including much focus on environmental review, or through reforms to the interconnection process to ensure new resources can be delivered.

CAISO transmission planning. The California Independent System Operator (CAISO) conducts its transmission planning process to identify potential system limitations, as well as, opportunities for system reinforcements that improve reliability and efficiency. The annual transmission plan fulfills the CAISO's core responsibility to identify and plan the development of solutions, transmission or otherwise, to meet the future needs of the electricity grid. In 2021, the CAISO created a 20-Year Transmission Outlook for the electric grid with the goal of exploring the longer-term grid requirements and options for meeting the state's SB 100 clean energy objectives reliably and cost-effectively. The 20-Year Transmission Outlook estimates a significant amount, and expense, to construct and expand transmission facilities, including an estimated $10.74 billion in upgrades to existing facilities and estimates that more than $30 billion in new transmission capacity will be needed by 2040.

CAISO Annual Transmission Planning Process (TPP) which evaluates the electricity system's needs based on energy resource portfolios developed by the CPUC, and in consultation with the CEC, identifies the necessary new transmission lines and upgrades to existing transmission lines required to assure reliability and to further public policy goals. The 2023-24 TPP Portfolios were transmitted to CAISO planning for approximately 86 gigawatts of new resources by 2035.

Transmission Development Forum. The Transmission Development Forum is a more recent joint effort between the CAISO and the CPUC to discuss and track Participating Transmission Owners' expansion and network upgrade projects and schedules. The Transmission Development Forum creates a single forum to track the status of transmission network upgrade projects that affect generators and all other transmission projects approved in the CAISO's transmission planning process. The effort allows for increased transparency for all stakeholders about transmission projects and enhances accountability of transmission owners by

having them explain schedule changes, delays, and address stakeholders' questions.

Tracking Energy Development (TED) Task Force. The TED Taskforce is complimentary joint effort of the CPUC, CEC, CAISO, and Office of Business and Economic Development (GO-Biz) to track new energy projects under development. According to the CPUC, the objective is to build on the success of ad hoc efforts in 2021 to provide energy resource project development support, as appropriate, and identify barriers and mitigation strategies to accelerate energy project development.

Comments

Need for this bill. The supporters of this bill contend that the state has much work to do in order to build-out the necessary infrastructure to achieve its clean energy goals. They cite the findings of the SB 100 joint agency report which found that California needs to triple its electricity capacity, triple the build rate for solar and wind resources, and increase the build rate for battery storage eightfold. The author and supporters argue that the state must do more to meet its clean energy goals and the state needs a plan to get it done. They contend this bill attempts to provide these plans into one plan, and as part of the update to the SB 100 joint agency report.

Need for amendments. In so far as this bill requires a plan and reporting to the Legislature of the needed infrastructure build-out to achieve the state's goals. *However, the author and committee may wish to amend this bill to make clarifying changes that this plan and the reporting are to maintain tracking of the state's efforts, but not to infer this plan and reporting are to circumvent the state's existing processes for transmission, distribution, and energy generation buildout.*

Prior/Related Legislation

SB 1165 (Padilla, 2024) authorizes an electrical corporation that applies to the CPUC to authorize construction of a high voltage electrical transmission line, rated at 138 kilovolts (kV)or greater, to apply to the CEC for certification of the facility pursuant to the California Environmental Quality Act (CEQA), instead of the CPUC conducting the CEQA review. The bill provides that the CEC certification authorizes the project to be eligible for the CEQA judicial streamlining afforded to Environmental Leadership Development Projects (ELDPs) and the CEC's "Opt-in" permitting process. The bill is pending before the Senate Committee on Environmental Quality.

SB 1311 (Stern, 2024) requires the CEC to include extreme weather events within the existing energy demand forecasts and, as part of an existing assessment with the CPUC, include specified reporting on the status of electric infrastructure projects and the contracting of fossil fuel resources as part of a statewide program for electricity supply reliability. The bill is pending in the Committee on Appropriations.

SB 619 (Padilla, 2023) would have authorized an electrical corporation that applies to the CPUC to authorize construction of a high voltage electrical transmission line, rated at 138 kV or greater, to apply to the CEC for certification of the facility pursuant to the CEQA, instead of the CPUC conducting the CEQA review. The bill provides that the CEC certification authorizes the project to be eligible for the CEQA judicial streamlining afforded to ELDPs and the CEC's "Opt-in" permitting process. The bill was vetoed.

SB 149 (Caballero, Chapter 60, Statutes of 2023) among its provisions, revised the procedures regarding CEQA administrative records and expedited administrative and judicial review procedures for ELDPs for specified projects, including transmission projects, that required the courts to resolve CEQA litigation within 270 days to the extent feasible and extends the ELDP sunset to January 1, 2034.

SB 319 (McGuire, Chapter 390, Statutes of 2023) required the CEC and the CPUC, in coordination with the CAISO, to better and regularly coordinate planning and permitting of energy transmission infrastructure to ensure the state meets its clean energy goals and to evaluate and report on that planning and related infrastructure development. The bill also required these state energy agencies to jointly develop an electrical transmission infrastructure development guidebook.

SB 529 (Hertzberg, Chapter 357, Statutes of 2022) exempted an extension, expansion, upgrade, or other modification of an existing transmission line or substations from the requirement of a Certificate of Public Convenience and Necessity and directed the CPUC to revise its General Order, by January 1, 2024, to instead use its permit to construct process for these approvals.

SB 1020 (Laird, Chapter 361, Statutes of 2022) established interim targets to reach SB 100 clean energy goals and required state agencies to purchase 100 percent zero carbon electricity by 2035 to serve their load, including obligations on State Water Project.

SB 887 (Becker, Chapter 358, Statutes of 2022) directed, among other provisions, the CPUC, on or before January 15, 2023, to request CAISO to identify the highest priority anticipated transmission facilities that are needed to deliver renewable energy resources or zero-carbon resources.

SB 846 (Dodd, Chapter 239, Statutes of 2022) included a requirement that the CEC and CPUC submit a joint Agency Reliability Report by December 15, 2022 and quarterly thereafter.

SB 1174 (Herzberg, Chapter 229, Statutes of 2022) required certain CPUC reports and assessments, including reporting relating to the California Renewables Portfolio Standard (RPS) Program, to consider the role of transmission.

AB 205 (Committee on Budget, Chapter 21, Statutes of 2022) allowed certain energy projects, including electric transmission lines between certain non-fossil fuel energy generation facilities to become certified leadership projects under the Jobs and Economic Improvement Through Environmental Leadership Act of 2021 through a certification process through the CEC. With this certification, actions or proceedings related to the certification of an environmental impact report need to be resolves within 270 days to the extent feasible.

SB 423 (Stern, Chapter 243, Statutes of 2021) required the CEC to submit to the Legislature an assessment by December 31, 2023, of firm zero-carbon resources that support a clean, reliable, and resilient electrical grid and will help achieve the existing statutory goal of ensuring renewable energy and zero-carbon resources supply 100 percent of all retail sales of electricity to California customers by December 31, 2045.

SB 100 (De León, Chapter 312, Statutes of 2018) established the 100 Percent Clean Energy Act of 2017 which increases the RPS requirement from 50 percent by 2030 to 60 percent, and created the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100 percent clean energy

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

SUPPORT:

California State Association of Electrical Workers
Coalition of California Utility Employees

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

> California has committed to aggressive but necessary clean energy goals, however, the state has not developed its grid infrastructure at the required rate to reach these targets. Creating an energy infrastructure plan with detailed steps to expand our grid's capacity and speed up its development is vital to reaching 100% clean energy in compliance with our goals.

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