
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**
Senator Ben Hueso, Chair
2019 - 2020 Regular

Bill No: SB 497 **Hearing Date:** 3/27/2019
Author: Bradford
Version: 2/21/2019 As Introduced
Urgency: No **Fiscal:** Yes
Consultant: Sarah Smith

SUBJECT: State Energy Resources Conservation and Development Commission:
chair: report to the Legislature

DIGEST: This bill requires the chair of the California Energy Commission (CEC) to appear annually before the appropriate policy committees of the Legislature to report on the CEC's activities.

ANALYSIS:

Existing law:

- 1) Establishes the CEC, consisting of five members appointed by the governor, and specifies the duties of the commission. Every two years, the governor must designate a chair and vice chair from the CEC's membership. The CEC must appoint a public adviser every three years to carry out certain public engagement duties. (Public Resources Code §25200 et. seq.)
- 2) Requires the CEC to assess trends in energy consumption and analyze the social, economic, and environmental consequences of these trends. The CEC must establish energy conservation measures, including building and appliance energy efficiency standards, and recommend additional conservation measures to the governor and the Legislature. (Public Resources Code §25216)
- 3) Establishes the California Public Utilities Commission (CPUC), consisting of five members appointed by the governor, and authorizes the CPUC to fix rates and establish rules for public utilities. (Article 12 of the California Constitution)
- 4) Requires the CPUC to prepare an annual report on its activities and performance and requires the president of the CPUC to annually appear before the appropriate policy committees of the Legislature to present the report. (Public Utilities Code §§910 and 321.6)

This bill:

- 1) Requires the chair of the CEC to annually appear before the appropriate policy committees of the Legislature to report on the CEC's activities, including the following:
 - a) Energy research, development and demonstration
 - b) Building and appliance energy efficiency standards
 - c) Electricity and natural gas demand forecasts
 - d) Powerplant siting
 - e) Implementation of the Renewable Portfolio Standard (RPS) program
 - f) Transportation fuels and alternative fuel vehicles
- 2) Requires the CEC Chair or Public Adviser to report on efforts to solicit input from diverse regions within the state, including low-income and disadvantaged communities.
- 3) Requires the CEC Chair to report on the successes and challenges associated with the CEC's activities.

Background

The CEC's role in energy policy is extensive and reaches to other agencies. While the CPUC is the only energy agency required to appear before the Legislature on a regular basis, the CEC is California's primary energy policy planning agency. Existing law tasks the CEC with a number of duties, including, but not limited to the following:

- analyzing state demand and supply for electricity and natural gas;
- administering the RPS program;
- environmental review and certification of proposed large thermal power plants;
- establishment of building and appliance efficiency standards that promote energy conservation;
- coordination and development of zero-emission vehicle (ZEV) technology and infrastructure;
- managing the largest state-level energy research and development program in the nation; and
- making recommendations on how to address disadvantaged communities' barriers to greater participation in energy efficiency and renewable energy efforts.

The CEC frequently coordinates with other departments and entities to execute these duties, including coordination with the CPUC and California Independent System Operator (CAISO).

The changing energy landscape necessitates more meaningful interaction and engagement. This bill establishes a reporting requirement for the CEC that is similar to the one that already exists for the CPUC by requiring the CEC to appear before the appropriate policy committees of the Legislature. The Legislature has proposed requiring the CEC's Chair to report annually to the appropriate policy committees in prior bills. While a statutory requirement is not necessary to compel the CEC's Chair to appear before a legislative committee, establishing a regular opportunity to discuss the CEC's activities across programs could better facilitate discussions with the CEC across multiple programs. Additionally, the energy landscape context has changed since the Legislature last considered a statutory requirement for the CEC to annually report to relevant policy committees.

On March 19, 2019, this committee held an informational hearing on the changing electricity landscape and potential needs for changes to California's regulatory approach. As California continues to work to ensure that adequate energy resources exist at affordable rates while integrating renewable energy, holding a regular, planned opportunity to engage in in-depth conversations with the CEC about the degree to which its activities impact and support these goals is likely necessary. The CEC annually submits reports to the Legislature on a number of its activities. Every two years, the CEC submits the comprehensive Integrated Energy Policy Report, with updates to the report submitted every other year. The CEC also submits reports on energy research, development, and demonstration activities and transportation investments. Despite these reports, opportunities for legislators and stakeholders to engage in interactive discussions with the CEC and each other on issues that cover multiple CEC programs are not a regular occurrence. The CEC also administers programs that impact energy policies administered by other agencies. For example, the CEC's building standards requiring a certain amount of on-site solar photovoltaic generation for new and re-built construction substantively impacts the net energy metering policies administered by the CPUC and grid management policies of the CAISO. The CEC's demand and supply forecasts are critical to planning electricity and natural gas resources, including identifying risks associated with potential resource shortages.

Need for amendments. As currently drafted, this bill would require the CEC to report on transportation fuels and alternative fuel vehicles; however, it is silent on the need to report on ZEV infrastructure deployment, which is a significant component of the CEC's transportation-related work. Additionally, by requiring either the Chair or the Public Adviser to report on public engagement efforts, it is

not clear whether the Public Adviser would be required to appear before the legislative committees to discuss duties assigned to the Public Adviser in statute. While the duties assigned to the CEC's Public Adviser differ from those assigned to the CPUC's Public Advocate, existing law requires both the President of the CPUC and the Public Advocate to both appear before the appropriate legislative committees. *The committee may wish to amend this bill to clarify that the CEC Chair must report on ZEV infrastructure deployment and that the Public Adviser must appear to discuss public engagement efforts.*

Prior/Related Legislation

SB 708 (Hueso, 2019) would establish transparency requirements for the CAISO and require CAISO's chief executive officer to appear annually before the appropriate policy committees of the Legislature to present on the CAISO's grid operations. The bill is currently pending in the Senate Committee on Energy, Utilities and Communications.

SB 376 (Bradford, 2017) was substantively similar to this bill and would have required the chair of the CEC to annually report to the relevant policy committees of the Legislature. The bill died in the Assembly Committee on Appropriations.

SB 1467 (Padilla, 2010) would have made various technical changes to Public Utilities Code and required the chair of the CEC to annually appear before the relevant policy committees of the Legislature. The bill was vetoed.

AB 1735 (Committee on Utilities and Commerce, Chapter 452, Statutes of 2003) established deadlines for certain CPUC proceedings and required the President of the CPUC to annually appear before the relevant policy committees of the Legislature.

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

SUPPORT:

None received

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

“The California Energy Commission (CEC) has a significant influence on state policy, but members of the public and the Legislature sometimes underappreciate its role. SB 497 will use the standard practice of an annual hearing in the relevant legislative committees to ensure that the CEC’s work on energy policy issues is better understood by the public and elected officials.

SB 497 enables the CEC to communicate its current and ongoing areas of focus directly to the Legislature and also allow elected officials to be better-informed about energy policy issues. These problems span the work of both the California Public Utilities Commission (CPUC) and the CEC, which each possess significant expertise and institutional knowledge. But while the CPUC president appears annually before the relevant legislative committees to update elected officials, the CEC chair does not. Given all of the complex responsibilities that the CEC is tasked with, along with the unusual degree to which this activity is interwoven with the CPUC’s work, SB 497 rectifies a detrimental deficiency. It will enable the Legislature to be updated on the State’s energy policy directly from the two state agencies that primarily administer it.”

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