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

Bill No: SB 733 **Hearing Date:** 4/26/2021
Author: Hueso
Version: 4/19/2021 Amended
Urgency: No **Fiscal:** Yes
Consultant: Sarah Smith

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

DIGEST: This bill would require the California Energy Commission (CEC) to appear annually before the relevant policy committees of the Legislature to report on specified activities.

ANALYSIS:

Existing law:

- 1) Establishes the CEC, consisting of five members appointed by the governor, and specifies the duties of the CEC. 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 relevant policy committees of the Legislature to report on the CEC's responsibilities, including the following activities:
 - a) Research, development, and demonstration.
 - b) Building and appliance efficiency standards.
 - c) Electricity and natural gas demand forecasts.
 - d) Siting of thermal powerplants.
 - e) Implementation of the Renewables Portfolio Standard Program and energy labeling.
 - f) Transportation fuels and alternative fuel vehicles.
- 2) Requires the CEC's chair to report on the CEC's activities from the prior year and efforts taken to solicit input from Californians in diverse parts of the states.
- 3) Requires the CEC's chair to report on the successes and challenges encountered in carrying out its responsibilities and outreach efforts.

Background

The CEC has extensive energy planning and development responsibilities that influence other agencies. Under existing law, the CPUC is the only energy agency required to regularly appear before the Legislature to report on its activities. However, the CEC retains a significant amount of responsibility for energy programs and planning that influence other agencies' activities, including those of the CPUC and the California Independent System Operator (CAISO). 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 Renewable Portfolio Standard (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.

In addition to these activities, the Legislature recently passed the following bills assigning new duties to the CEC:

- AB 1657 (Garcia, Chapter 271, Statutes of 2020) authorized the CEC to convene a blue ribbon commission on lithium extraction.
- AB 841 (Ting, chapter 372, Statutes of 2020) required the CEC to administer incentives for schools to carry out specified building upgrades.

Requiring the CEC to report to the Legislature on its activities on a regular basis could ensure meaningful engagement between the CEC and the Legislature on the development and implementation of these new programs in addition to the ongoing execution of long-standing CEC activities.

Changes in the energy sector require greater communication and coordination to ensure reliability, affordability, and safety for consumers. In March 2019, this committee held an informational hearing on the changing electricity landscape and the potential need for updates to California's regulatory approach towards resource planning and utility oversight. This hearing highlighted the challenges that California may face in seeking to ensure that adequate electricity resources exist at affordable rates while increasing the integration of utility-scale and behind-the-meter renewable resources. In August 2020, the CAISO carried out rotating electricity outages in California in response to a historic heatwave and shortfall in dispatchable energy resources. These outages underscored long-term planning challenges facing California as climate change increases the likelihood of extreme weather events. In response to the outages, the CAISO, CPUC, and CEC published a root cause analysis identifying the factors that contributed to the outages and recommendations for preventing future outages. Several long-term planning recommendations included in the report rely on the CEC's appliance efficiency regulatory authority. While the CEC has no ratemaking authority, the report implies that these appliance standards would necessitate or occur in conjunction with substantial ratemaking changes at the CPUC. Requiring the CEC to regularly report to the Legislature on these efforts could enhance legislative oversight for CEC regulatory changes that may have rate impacts.

Prior/Related Legislation

SB 708 (Hueso, 2019) would have required the CAISO to disclose information relating to tariff or rule of conduct violations by market participants or scheduling coordinators and established other transparency requirements. The bill also would have required the CAISO's Chief Executive Officer to appear annually before the relevant policy committees of the Legislature to report on the CAISO's operations and state of the grid. The bill died in the Assembly.

SB 497 (Bradford, 2019) was substantially similar to this bill and would have required the CEC to appear annually before the appropriate policy committees of the Legislature to report on specified activities. The bill died in the Assembly.

SB 376 (Bradford, 2017) was substantially similar to this bill and would have required the CEC to appear annually before the appropriate policy committees of the Legislature to report on specified activities. The bill died in the Assembly.

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 CEC plays a lead role in the planning and development of energy resources and recent legislation has expanded those roles. In administering research and development, energy efficiency, powerplant siting, zero-emission vehicle and technology deployment, and energy resource planning, the CEC exercises significant influence over activities of other agencies, including the CPUC. But while existing law requires the CPUC's president to annually appear before the Legislature to discuss the CPUC's successes and challenges, no similar requirement exists for the CEC. SB 733 would require the Chair of the CEC to annually appear before the relevant legislative policy committees to ensure that the Legislature has a regular opportunity to meaningfully engage with CEC on the implementation of legislatively mandated duties. This engagement is needed to discuss the

extent to which the CEC's efforts may impact other agencies and help ensure Californians' access to safe, reliable, and affordable energy resources.

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