Senate Budget and Fiscal Review—Scott Wiener, Chair
SUBCOMMITTEE NO. 2 **Agenda**

Senator Josh Becker, Chair
Senator Catherine Blakespear
Senator Brian Dahle

Tuesday, May 30, 2024
Upon Adjournment of Session
1021 O Street - Room 2200

PART B

Consultant: Eunice Roh

Item **Department** **Page**

VOTE-ONLY

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VOTE-ONLY

3355 Office of Energy Infrastructure Safety

Issue 1: Ongoing Funding for Core Contracts and Information Technology Resources

Governor's Proposal. The Governor's Budget includes $3,151,000 ($3,021,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) and $130,000 from the Safe Energy Infrastructure and Excavation Fund (SEIEF)) in 2024-25 and ongoing for information technology and contracting resources. More specifically, the request includes the following:

- $201,000 for 1.0 Information Technology (IT) Specialist II to develop and manage the various applications for the department.
- $450,000 for an Ongoing Ticketing System Managed Services Contract to maintain and support the Department's new IT ticketing system environment.
- $500,000 for permanent contract support to conduct the annual maturity model survey analysis.
- $500,000 for permanent contract support to conduct required independent safety culture assessment workforce surveys performed as part of the annual safety culture assessment for each electrical corporation.
- $1,500,000 for permanent contract support to conduct the statutorily required annual independent audit of nine electrical corporations' vegetation management activities.

According to the department, these resources are necessary to support and maintain IT systems key for operations as well as to conduct work that requires subject matter expertise not available within the department. The Administration does not expect any fee changes to be necessary for the PUCURA or SEIEF funds as a result of this proposal.

Staff Recommendation. Approve as budgeted.

3360 Energy Resources Conservation and Development Commission

Issue 2: 2023 California Vehicle Survey Supplemental Funding

Governor's Proposal. The Governor's Budget includes $200,000 in reimbursement authority to allow the California Energy Commission (CEC) to receive funding from the California Department of Transportation (Caltrans) to support the California Vehicle Survey (CVS). The survey collects information about California consumers' preferences for different types of vehicles. CEC uses this information to build their transportation energy demand forecasting and assessment, which supports their energy demand, planning, and policy assessment for the state. Caltrans also uses the survey to meet some of their vehicle and travel data needs. This funding will support CEC to complete survey design; execute the survey and collect survey data; conduct analysis of survey data to ensure data quality; and develop a final report for publication. In previous budgets, CEC has received $600,000 over three years for the survey in 2006 and 2014.

Staff Recommendation. Approve as budgeted.

Issue 3: Technical Assistance Support for Building Standards

Governor's Proposal. The Governor's Budget includes $497,000 ongoing from the Cost of Implementation Account for three positions to provide technical assistance regarding the California's Energy Code. More specifically, the request includes the following:

- One Associate Energy Specialist for the Standards Development Unit, to provide assistance to local jurisdictions seeking to adopt local ordinances and codes that exceed the current California Energy Code. These types of requests have increased more than 120 percent over the last three years, and is expected to continue to increase.
- One Energy Commission Specialist 1 for the Standards Tools Development Unit, to support compliance modeling and analysis; draft compliance forms; lead public-private partners to develop alternative compliance pathways; and provide technical assistance with compliance software and documents.
- One Electric Generation System Specialist for the Outreach and Education Unit, to lead the Energy Standards Hotline team as well as provide outreach, education, and technical assistance to various stakeholders. Currently, the Title 24 hotline receives 195 inquires each week, and has 1900 inquires in the backlog queue. As a result, response times are on average three and a half months for emails and six months for phone inquiries.

The department reports these additional positions are necessary to address the increasing requests for technical assistance, applications for review, and growing complexity of the California Energy Code.

Staff Recommendation. Approve as budgeted.

Issue 4: Energy Resources Programs Account (ERPA) Structural Deficit Relief Trailer Bill Language

Governor's Proposal. The Governor's Budget includes trailer bill language that raises the statutory cap on the ERPA surcharge, tie the statutory cap to the Consumer Price Index, and extend the surcharge to behind-the-meter (BTM) electricity consumption.

Background. ERPA is the main fund supporting the CEC. The primary source of revenue for ERPA is a surcharge on retail electricity sales, which is currently set to the statutory maximum of $0.0003 per kWh. This surcharge generated $71.6 million in 2022-23. On average, a California ratepayer pays about 16 cents per month for the surcharge—or about $2 annually.

According to the administration, the current level of revenues generated by this surcharge is insufficient to support CEC sustainably. In 2024-25, the Governor's Budget includes $95.7 million in expenditures from ERPA, which continues a structural deficit in the fund. Without action, ERPA is projected to become insolvent in 2027-28.

Energy Resources Program Account (ERPA) Fund Condition
(dollars in thousands)
2024-25 Governor's Budget

	Past Year - 1 21-22	Past Year 22-23	CY 23-24	BY 24-25	BY +1 25-26	BY +2 26-27	BY +3 27-28	BY +4 28-29
BEGINNING RESERVES	$91,874	$100,540	$86,410	$63,088	$44,710	$26,332	$12,227	-$1,878
REVENUES & TRANSFERS								
Revenues								
Revenue	$69,450	$71,691	$71,702	$77,333	$77,333	$77,333	$77,333	$77,333
Total Resources	**$161,324**	**$172,231**	**$158,112**	**$140,421**	**$122,043**	**$103,665**	**$89,560**	**$75,455**
EXPENDITURES								
Baseline Support Expenditures								
Energy Resources Conservation and Development Commission - Base Budget	$54,839	$75,064	$82,845	$83,278	$83,278	$83,278	$83,278	$83,278
Other Departments Including Pro Rata	$5,945	$6,457	$7,879	$8,160	$8,160	$8,160	$8,160	$8,160
SB 84 Loan Repayment	$0	$4,300	$4,300	$4,273	$4,273	$0	$0	$0
Total, Support Expenditures	**$60,784**	**$85,821**	**$95,024**	**$95,711**	**$95,711**	**$91,438**	**$91,438**	**$91,438**
Expenditure Total	**$60,784**	**$85,821**	**$95,024**	**$95,711**	**$95,711**	**$91,438**	**$91,438**	**$91,438**
FUND BALANCE	**$100,540**	**$86,410**	**$63,088**	**$44,710**	**$26,332**	**$ 12,227**	**$ (1,878)**	**$ (15,983)**
Fund balance falls below prudent reserve (approximately $20 million).								
ERPA Surcharge TBL Proposal - Additional Revenue								
Residential BTM Surcharge	$0	$0	$0	$2,243	$4,486	$4,486	$4,486	$4,486
Non-utility Generation Facility BTM Surcharge	$0	$0	$0	$1,024	$2,048	$2,048	$2,048	$2,048
Utility Scale Generation		$0	$0	$1,675	$3,351	$3,351	$3,351	$3,351
Total				$4,942	$9,885	$9,885	$9,885	$9,885
New Fund Balance with BTM Revenue only				**$49,652**	**$36,217**	**$22,112**	**$ 8,007**	**$ (6,098)**
Fund balance falls below prudent reserve (approximately $20 million).								

Source: Department of Finance

The administration reports that this imbalance between revenue and expenditures stem from a variety of factors. First, one factor is the growing capacity of BTM rooftop solar, wind, and non-utility generation. Because the ERPA surcharge only applies to retail electricity sales, revenues are expected to decrease as BTM makes a growing share of the total electricity consumption. Although transportation, building, and other forms of electrification is expected to increase electricity consumption in the coming years, the administration claims that the growth of ERPA expenditures currently outpace the growth of electricity consumption.

Second, the scope of CEC's roles and responsibilities have grown in the last several years, as clean energy, electrification, and energy reliability have become key in reaching the state's climate change goals. For example, ERPA expenditures grew about $6.5 million in 2023-24, in part to implement legislation, such as SB X1-2, SB 1158, and SB 1112.

To address this structural deficit, the Governor's Budget includes trailer bill that would, beginning January 1, 2025: (1) adjust the surcharge cap to $0.00066 per kWh; (2) tie the surcharge cap to the Consumer Price Index; and (3) apply the ERPA surcharge to BTM energy consumption.

If approved, the administration expects the revenues to ERPA to increase by $9.8 million from extending the surcharge to BTM. About $4.5 million of this revenue will come from the approximately 1.66 million residential BTM customers who, on average, would see a monthly bill increase of about 23 cents per month. About $2 million will come from non-residential locations with solar generation and $3.4 million will come from utility scale generation.

The administration is not proposing to increase the surcharge until ERPA dips below a prudent reserve—which according to the department, is approximately $20 million. Each year, the CEC will forecast the impact of projected expenditures (including the cost of new mandates, salary increases, etc.) on the fund balance. If those projections show the ERPA fund balance would drop below the prudent reserve in the upcoming year, the CEC would propose a surcharge increase for adoption at a November Commission business meeting sufficient to maintain the reserve – consistent with Revenue and Taxation Code section 40016(b).

Staff Recommendation. Reject the Governor's proposal.

Issue 5: Adjusted Staffing and Contract Resources for Division of Petroleum Market Oversight

Governor's Proposal. The May Revision includes $493,000 from the Energy Resources Programs Account (ERPA) in 2024-25 and ongoing to hire more specialized staff and fund contracting services. In 2023-24, the Division of Petroleum Market Oversight (DPMO) received $2.048 million for ten positions. DPMO now requests $231,000 ongoing to adjust the classifications of those ten positions, to hire individuals with specialized backgrounds. In addition, DPMO requests $240,000 ongoing for contracting services, specifically for consulting experts in the California fuels industry.

Staff Recommendation: Approve as budgeted.

Issue 6: Chapter 360, Statutes of 2023 (AB 1172): Integrated Energy Policy Report: Fusion

Governor's Proposal. The May Revision includes two years of limited-term of funding at $201,000 per year (total of $402,000) from the Energy Resources Programs Account (ERPA) to support CEC staffing needs to complete the requirements outlined in AB 1172 (Chapter 360, Statutes of 2023). AB 1172 requires the Energy Resources Conservation and Development Commission (CEC) to include an assessment of the future potential for fusion energy to contribute to California's power supply as part of the 2027 Integrated Energy Policy Report (IEPR). CEC requests $201,000 annually for two years for one Electric Generation System Specialist (EGSS I) position to support the technical analysis and development of the report.

Staff Recommendation: Approve as budgeted.

Issue 7: Chapter 379, Statutes of 2023 (SB 49): Renewable Energy: Department of Transportation Evaluation

Governor's Proposal. The May Revision includes $110,000 from the Energy Resources Programs Account (ERPA) to support the Department of Transportation (Caltrans) in developing an evaluation of the issues and policies impeding development of land within department-owned rights-of-way as renewable energy generation facilities, energy storage facilities, and electrical transmission and distribution facilities and submit to the legislature on or before December 31, 2025, as required by Chapter 379, Statutes of 2023 (SB 49, Becker). CEC requests contract expert technical support to complete these new requirements to support the development of the evaluation, including geospatial evaluation and contributing technical expertise to the evaluation.

Staff Recommendation: Approve as budgeted.

Issue 8: Chapter 390, Statutes of 2023 (SB 319): Electricity: Transmission Planning and Permitting

Governor's Proposal. The May Revision includes $225,000 ongoing from the Energy Resources Programs Account (ERPA) for one permanent position at the Electric Generation System Program Specialist I classification to supplement staff resources to develop and maintain the Guidebook required by Chapter 390, Statutes of 2023 (SB 319, McGuire). SB 319 requires new work for the CEC to develop an Electrical Transmission Infrastructure Development Guidebook, jointly with the California Public Utilities Commission (CPUC) and the California Independent System Operator (CAISO,) that describes the state's electrical transmission infrastructure planning and permitting processes for distribution and high-voltage transmission. The development of the Guidebook must include an opportunity for stakeholder input and an opportunity for public comment. The Guidebook is due by July 1, 2025.

Staff Recommendation: Approve as budgeted.

Issue 9: Chapter 405, Statutes of 2023 (SB 605): Wave and Tidal Energy

Governor's Proposal. The May Revision includes $701,000 from the General Fund in 2024-25 and $201,000 from the General Fund in 2025-26 and ongoing to complete the analysis and studies required in Chapter 405, Statutes of 2023 (SB 605). SB 605 requires the CEC to complete a comprehensive analysis on wave and tidal energy resources to be included in the CEC's 2024 Integrated Energy Policy Report, plus additional studies in coordination with other state and federal agencies to be submitted to the Governor and the Legislature by January 1, 2025. CEC requests one Electric Generation Systems Specialist I to evaluate wave and tidal electric generation methods, analyze potential environmental and economic impacts, prepare and analyze data, and consult with other division staff, state agencies, and parties as required by SB 605. In addition, CE C requests $500,000 for technical support to complete a comprehensive wave and tidal study and report for the Governor and Legislature. Contracted support funds will provide staff access to technical experts and subject matter experts necessary to complete the studies.

Staff Recommendation: Approve as budgeted.

Issue 10: Federal Funding Expenditure Authority

Governor's Proposal. The May Revision includes $390 million in federal expenditure authority and reimbursement authority to administer federal funding opportunities from the federal Inflation Reduction Act and Infrastructure Investment and Jobs Act (IIJA), including:

- Home Energy Performance-Based, Whole-House Rebates (HOMES Rebates, IRA Section 50121) - $292 million
    - CEC plans two program approaches for HOMES in California: first, CEC will allocate a portion of HOMES funding to the CEC's Equitable Building Decarbonization (EBD) Direct Install program, expanding the number of low-income households that will be served and allowing for administrative efficiencies.

  - Second, CEC will allocate a portion of funding toward a "Pay for Performance" program, through which incentives will be based on actual measured energy savings. Both approaches will have a building decarbonization focus and contribute toward the state's goal of installing 6 million heat pumps.

- State-Based Home Energy Efficiency Training for Residential Energy Contractors (TREC) (TREC Grants, IRA Section 50123) - $10 million

  - The CEC will administer the $4,522,300 in EECBG funds as follows: $2,713,380 (60%) will be available for grant awards through the Local Government Building Decarbonization Challenge (LGBDC) for local governments that were not eligible for a direct EECBG allocation from the DOE; $1,356,690 (30%) will be available for grant awards through the LGBDC for all California local governments; and $452,230 (10%) will be used by the CEC to cover administrative costs associated with the LGBDC program.

- Funding to Support Adoption of the Latest Model Energy Codes or Zero Energy Codes (IRA section 50131) - $17.8 million

  - The CEC plans to use approximately $6.8 million to create a revolving loan fund program for K12 schools. The program funds will be utilized to fund energy efficiency, building decarbonization, and renewable energy projects. The loans will be provided at zero percent interest for no more than 15 years. The loans will be repaid using the energy dollar savings the schools will attain once projects are completed.

- Energy Efficiency Revolving Loan Fund (EERLF) Capitalization Grant Program (IIJA section 40502) - $6.8 million

  - The CEC plans to obtain approximately $10 million to develop competitive grants for organizations to train, test, and certify residential energy efficiency and electrification contractors. The goals of this program are to reduce the cost of training contractor employees, provide testing and certifications of contractors trained and educated, and to partner with nonprofit and labor organizations to develop and implement a state-sponsored workforce program that delivers the local workforce necessary to deploy heat pumps and other key residential electrification and efficiency technologies in low-income and disadvantaged communities.

- Energy Efficiency & Conservation Block Grant (EECBG) Program (IIJA 40552) - $4.5 million

  - The CEC anticipates receiving up to $17.8 million and plans to conduct a detailed and comprehensive Energy Code compliance rate study to (1) establish the current order of magnitude of the value of Energy Code compliance to the state of California, and (2) identify and prioritize the specific policy prescriptions and associated actions that could be implemented to increase compliance with the Energy Code.

- EV Charger Reliability and Accessibility Accelerator (EVC RAA) -$63.7 million
  - The EV Charger Reliability and Accessibility Accelerator (EVC RAA) aims to improve reliability of existing electric vehicle infrastructure by funding the repair and replacement of existing, publicly accessible non-operational chargers across the United States. Caltrans, in partnership with the CEC, applied for EVC RAA grant funding in November 2023, and was subsequently awarded $63.7 million in one-time funding on January 2024. This funding will be used to repair, replace, and install at least 1,302 charging ports in California.

Staff Recommendation: Approve as budgeted.

Issue 11: Flexible Resource Authority in Support of the Power Plant Licensing and Compliance Programs

Governor's Proposal. The May Revision includes flexible resource authority from the Energy Facility Licensing and Compliance Fund to staff the California Energy Commission's multiple California Environmental Quality Act (CEQA) programs and support the Siting, Environmental, Engineering, and Safety and Reliability activities to process current and anticipated applications for certification, ensure compliance of a facility's CEC license, and successfully implement the new Opt-in expedited licensing program. These resources are necessary to comply with Chapter 61, Statutes of 2022 (AB 205), the Warren-Alquist Act's laws, ordinances, regulations, and standards, and implement the provisions of the CEQA. Flexible authority will allow the CEC to align resource deployment consistent with actual application and fee receipts.

Staff Recommendation: Approve as budgeted.

3860 DEPARTMENT WATER RESOURCES (DWR)

Issue 12: Diablo Canyon Loan

Governor's Proposal. The Governor's Budget includes a transfer of $400 million from the General Fund to the Diablo Canyon Extension Fund. Under this proposal, Department of Water Resources (DWR) will loan this amount to Pacific Gas & Electric (PG&E) to extend operations of the Diablo Canyon power plant facility.

Background.

SB 846. SB 846 (Dodd, Chapter 239, Statutes of 2022) included intent language that states the following: "It is the intent of the Legislature to make available a one billion four hundred million dollar ($1,400,000,000) loan from the General Fund to the Department of Water Resources for the purpose of being loaned to the borrower for extending operations of the Diablo Canyon powerplant facility, to dates that shall be no later than November 1, 2029, for Unit 1, and no later than November 1, 2030, for Unit 2. The Legislature intends to transfer an initial six hundred million dollars ($600,000,000) from the General Fund to the department. It is the intent of the Legislature that the remaining eight hundred million dollars ($800,000,000) shall require future legislative authorization before the transfer of funds."

This loan is intended to be primarily repaid with federal funds and excess operating revenues in the final year of operations.

SB 846 also included language regarding funding to be available in the following years, including:

- $5,000,000 General Fund for the California Energy Commission (CEC) and Public Utilities Commission (CPUC) for administrative programmatic workload, upon approval and order of the Director of Finance.
- $100,000,000 in 2023-24, $400,000,000 in 2024-25, and $500,000,000 in 2025-26 to support a Clean Energy Reliability Investment Plan, developed by CEC, in consultation with CPUC and the State Air Resources Board) for programs and projects that accelerate the deployment of clean energy resources, support demand response, assist ratepayers, and increase energy reliability.
- $10,000,000 in 2023-24 and $150,000,000 in 2024-25 to support a Land Conservation and Economic Development Plan developed by the Natural Resources Agency, in consultation with Labor and Workforce Development Agency and the Governor's Office of Business and Economic Development, that supports environmental enhancements and access of Diablo Canyon power plant lands and local economic development in a manner that is consistent with existing decommissioning efforts.

Prior Year Budgets. The 2022 Budget Act included $600 million for the first installment of the loan to PG&E. The 2023 Budget Act included $400 million for the second installment of the loan. In addition, the 2023 Budget included $100 million for the Clean Energy Reliability Investment Plan—specifically, $33 million for community renewable energy, $32 million for central procurement function, $19 million for Demand Side Grid Support Program, $11 million for permitting and interconnection, $4 million for transmission studies, and $1 million for administrative costs. The 2023 Budget Act also included $10 million for economic development.

2024 Governor's Budget. The Governor proposes to include the final $400 million for the Diablo Canyon loan in the 2024-25 budget. However, it is important to note that while the Governor's Budget maintains a General Fund loan to PG&E to extend the operations of the Diablo Canyon power plant, the Governor proposes to delay $150,000,000 to support the Land Conservation and Economic Development Plan as well as $400,000,000 for the Clean Energy Reliability Investment Plan (CERIP), originally intended for 2024-25. This is primarily due to the condition of the General Fund. As part of Early Action, the Administration and the Legislature agreed to delay $110,000,000 for the Land Conservation and Economic Development Plan and $100,000,000 for CERIP from 2024-25.

Status of Implementation. DWR executed a loan agreement with PG&E to facilitate the extension of the DCPP operating period on October 18, 2022. This agreement includes the terms of the loan, such as use of funds, records, disbursements, repayment, as well as forgiveness. DWR then submitted a written expenditure plan to Finance and the Joint Legislative Budget Committee (JLBC) on November 7, 2023. Based on the expenditure plan, DWR states that PG&E fully committed the initial $350 million authorization in October 2023. (In addition, DWR received $17.5 million for their administrative costs, with regards to this loan.) Soon after, Finance received a request for the release of additional funding in the amount of $232.5 million from the DWR for the extension of the Diablo Canyon Power Plant (DCPP). On November 6, 2023, Finance provided a letter to JLBC notifying the approval of this additional $232.5 million General Fund loan.

On January 17, 2024, the US Department of Energy (DOE) announced the signing of the credit award and payment agreement with PG&E to finalize terms for $1.1 billion in credit payments via the Civil Nuclear Credit (CNC) Program for the Diablo Canyon Power Plant. The credits are slated to be paid in installments for a four-year period of performance from 2023 through 2026, with the amount of the annual payment to be adjusted based on a number of factors, including actual costs incurred to extend the operation of the Diablo Canyon Power Plant. The first payment of awards is slated for 2025 based on the operation of the Diablo Canyon Power Plant in 2023 and 2024.

On February 5, 2024 Finance provided another letter to JLBC, stating that Finance received a notification of the need for additional funding in the amount of $400 million from the DWR for the purpose of continuing to support the extension of the DCCP. Finance concurred, and notified JLBC of its impending approval. DWR estimates that as of January 2024, total PG&E estimated loan requirements, including actual expenditures, performance-based disbursements, and commitments, has exceeded the initial $600 million allocation.

Staff Recommendation: Reject the Governor's proposal.

3900 STATE AIR RESOURCES BOARD

Issue 13: Advanced Clean Cars II ZEV Regulation Reporting Tool

Governor's Proposal. The Governor's Budget includes $1,327,000 in 2024-25 and $185,000 ongoing from the Cost of Implementation Account to develop and maintain a reporting tool to track compliance with the Advanced Clean Cars (ACC) II Zero Emission Vehicles (ZEV) Regulation.

Background. ACC II aims to curb criteria, toxic further, and GHG emissions by increasing stringency of emission standards for internal combustion engine vehicles (ICEVs) as well as increasing stringency of ZEV sales requirements and associated requirements to support wide-scale adoption and use from 2026 to 2035 model years. To implement the regulation, CARB requests a reporting tool to track and analyze manufacturer information in a streamlined system. Currently, CARB uses the Zero Emission Vehicle Credit Reporting and Data Tracking System (ZEV CRDTS) to track the implementation and compliance with ACC I. However, this system is now ten years old and was not built to support the compliance needs of the ACC II regulation. As such, this request includes $1,142,000 in one-time funding for a contract for services to develop this reporting tool and $185,000 ongoing for one Information Technology Specialist II permanent position to maintain this reporting tool. If approved, CARB reports that such a tool will enable staff to provide clear, measurable metrics on various aspects of regulatory implementation, and assess regulatory efficacy and potential revisions in the future, providing accountability and transparency.

Staff Recommendation. Approve as budgeted.

Issue 14: CARB Position Authority Adjustments

Governor's Proposal. The Budget includes $845,000 from the Air Pollution Control Fund (APCF) and $247,000 in reimbursement authority, both on an ongoing basis, to convert 16 expiring limited-term positions to permanent positions. Specifically, 11 of these positions are proposed to be funded with a portion of local assistance funding out of APCF to administer various incentive programs. The remaining five positions are proposed to be funded with reimbursements collected from other departments to support interdepartmental activities.

Staff Recommendation. Approve as budgeted.

Issue 15: Chrome Plating Airborne Toxic Control Measure (Chrome Plating Amendments)

Governor's Proposal. The Governor's Budget includes $658,000 ongoing from the Air Pollution Control Fund (APCF) for three permanent Air Pollution Specialist positions to implement the amendments to the Chrome Plating Airborne Toxic Control Measure.

Background. Chrome plating is the electrical application of a coating of chrome onto a surface for decoration, corrosion protection, and durability. Chrome plating has both decorative uses on car parts, musical instruments, tools, plumbing fixtures, and furniture as well as functional uses to make surfaces wear-resistant and operate under extreme conditions on items such as hydraulic cylinders, rotors, bearings, agricultural equipment, and aircraft landing gears. Unfortunately, chrome plating operations result in emissions of the highly toxic compound hexavalent chromium, which has the potential to cause cancer. On May 2023, the California Air Resources Board adopted the amendments to the Chrome Plating Airborne Toxic Control Measure, which will eventually eliminate community exposure to hexavalent chromium from chrome plating operations by phasing out hexavalent chromium over time. The requested staff will support the implementation of such policy, through community engagement, compliance assistance, incentive funding development and administration, and comprehensive technology reviews as required by the regulation.

Staff Recommendation. Approve as budgeted.

Issue 16: In-Use Off-Road Diesel-Fueled Fleets Regulation and Enforcement

Governor's Proposal. The Governor's Budget includes $1.1 million ongoing from the Air Pollution Control Fund for seven positions to implement and enforce amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulation.

Background. Off-road vehicles are one of the larger sources of particulate matter (PM) and ozone-forming emissions today. In November 2022, CARB adopted the Off-Road Regulation Amendments, which requires fleets to phase out the operation of their oldest and highest-emitting off-road diesel vehicles, prohibits the addition of high-emitting vehicles to a fleet, and require the use of R99 and R00 renewable diesel in off-road diesel vehicles. The Amendments will also require contracting entities to obtain and retain a fleet's Certificate of Reported Compliance and contain other requirements to increase regulatory enforceability and clarity. The Amendments' first compliance dates begin on January 1, 2024. This request includes resources to implement and enforce the Amendments.

More specifically, CARB requests seven positions: 3.0 Air Pollution Specialist and 4.0 Air Resources Technician II positions, which are necessary to conduct and process an increase in fleet audits and field inspections; handle an increase in correspondence with the regulated community; process new compliance certification requests; and manage increased direct outreach and training to the regulated community.

Staff Recommendation. Approve as budgeted.

Issue 17: Support Enhanced Portable Equipment Registration Program

Governor's Proposal. The Budget includes $447,000 ongoing from the Air Pollution Control Fund for three permanent positions to support the Portable Equipment Registration Program (PERP).

Background. PERP is a voluntary statewide program that registers portable engines and equipment, such as air compressors, generators, woodchippers, pile drivers, and water pumps. In 2017, CARB amended the PERP regulation to address compliance challenges, improve enforceability, and increase program fees to maintain full program funding, and obtained additional staff to implement the workload increase stemming from the amendments. When the 2018 amendments were implemented, there were some unforeseen consequences that led to larger than expected administrative workloads. This directly affects the timeline for registrants to receive registrations and come into compliance. In order to continue complying with the 30-day application completeness determination deadline and subsequent 90-day turnaround time to issue a registration as required by the PERP Regulation, and implement an electronic application submittal process, CARB is requesting (1) two Office Technician (Typing) (OT) positions, to perform data entry-related administrative tasks and handle application intake and (2) one Staff Air Pollution Specialist (SAPS) position to perform specialized assignments involving portable equipment and program implementation. CARB will fund these additional positions with fee increases as part of the 2018 regulatory amendments.

Staff Recommendation. Approve as budgeted.

Issue 18: Prescribed Burning and Exceptional Events

Governor's Proposal. The Governor's Budget includes $4,393,000 ongoing from the Cost of Implementation Account, Air Pollution Control Fund ($3 million from the Local Assistance portion and the remaining from the State Operations portion) to continue the Prescribed Burn Reporting and Monitoring Grant Program; prescribed burn air quality monitoring support; Smoke Spotter Application; modeling support and technical assistance to assess smoke impacts; as well as positions to support the Exceptional Event Process.

Background. Prescribed burning is the controlled application of fire to the land to reduce wildfire hazards, clear downed trees, control plant diseases, improve rangeland and wildlife habitats, and restore natural ecosystems. To improve forest resilience and reduce the devastation of wildfires, the state has encouraged and supported the expansion the use of prescribed burning. However, prescribed burning requires air quality monitoring, smoke forecasting, and other data collection and analysis to manage the impact of smoke from prescribed fires.

The California Air Resources Board's smoke management program provides some of this expertise through regional daily burn forecasts; collects data on agricultural and prescribed burning and associated smoke emissions; and oversees and maintains the State's Prescribed Fire Information Reporting System (PFIRS).

In addition, the smoke management program provides support to local air districts to expand their prescribed burning efforts by providing grants to streamline and subsidize the permit process; funding air quality monitoring; providing a public app that informs the public of nearby prescribed burn and wildfire activity; providing smoke forecasting data and other modeling support; and supporting air districts on the Exceptional Event process, which will allow prescribed burns that affect attainment status to be excluded from consideration in the attainment designation process.

Currently, CARB provides $2 million annually for local assistance funding. However, this funding is limited-term, and the last year of funding is 2023-24. The department requests to expand that amount to $3 million; $410,000 for prescribed burn air quality monitoring and maintenance of these air quality monitors; $150,000 for the regular maintenance and updates to the Smoke Spotter Application; $150,000 for daily smoke forecasts and ongoing update/maintenance of the modeling system; and $614,000 for three positions to support smaller air districts on the Exceptional Event process.

Staff Comments. In California, 15 air districts are now expected to be out of attainment with the recently updated federal standards for the particulate matter 2.5 (PM 2.5). Several of these air districts are in rural areas, where prescribed burning plays a critical role in maintaining forest health and improving wildfire resilience. In order for these areas to continue prescribed burning, the state will need to provide sufficient support and technical assistance—in particular to support the Exceptional Event process—so that prescribed burning is not detrimental in these air districts' plans to comply with the federal PM2.5 standards. This will likely be an ongoing need, given that many of these rural air districts lack the staffing and resources to do these activities on their own.

Staff Recommendation. Approve as budgeted.

Issue 19: Resources to Implement More Stringent PM2.5 National Ambient Air Quality Standard

Governor's Proposal. The Governor's Budget includes $3,842,000 ongoing from the Air Pollution Control Fund to meet the federal Clean Air Act requirements, as a result of a more stringent particulate matter (PM) 2.5 national ambient air quality standard.

Background. The US EPA sets standards for the allowable concentration levels of PM2.5 in ambient air. CARB is the state agency responsible for implementing programs to meet these standards. The current PM2.5 standard is set at the level of 12 ug/m3 PM2.5. CARB works with California air districts designated as not attaining these standards to develop State Implementation Plans (SIPs) containing measures and regulations designed to reduce PM2.5 concentrations. Currently, three out of 35 air districts in California are out of attainment for the 12 ug/m3 standard and are required to develop SIPs.

On February 7, 2024, the US EPA announced a final rule to strengthen the air quality standards for PM2.5—US EPA is setting the level at 9 ug/m3. According to CARB, the following areas record levels over the 9.0 ug/m3 annual PM2.5 standard based on preliminary data. This list could change slightly with final PM2.5 data and an evaluation of the impact of wildfire exceptional events. The first 3 districts on the list are the current nonattainment areas.

- South Coast Air Quality Management District*
- San Joaquin Valley*
- Northern Sierra Portola (Plumas)*
- Owens Lake (Mono County)
- Feather River Air Quality Management District
- Northern Sierra Quincy (Plumas)
- Sacramento County
- Siskiyou County
- Imperial County
- San Francisco Bay Area
- Coachella Valley
- San Diego County
- Mendocino County
- Mojave Desert San Bernardino
- Shasta County

SIPs are developed jointly with the local air district and CARB. However, CARB is responsible for meeting SIP planning requirements, including developing a comprehensive emission inventory, air quality modeling, and SIPs, in addition to providing emission reductions for mobile sources. On average, this process takes between 3-4 years per region and a significant level of staff and technical resources.

The new SIPs will be due 18 months after the US EPA determines regional non-attainment designations for the new standards—which will be about mid-2026. This is a very rapid timeline, as SIPs typically take 3 to 4 years to develop. If a nonattainment area fails to submit the required SIP, US EPA will issue a failure to submit notice, and sanction clocks will begin. The first sanction will begin in 18 months, where new or modified stationary sources in the nonattainment area will need to offset their emissions at a ratio of 2 to 1. In 24 months, highway sanctions will begin in which federal funds for transportation projects will be prohibited except for safety, transit, and beneficial air quality projects.

In order to meet the deadline to develop SIPs for the newly out of attainment regions, CARB requests $2.85 million for 12 full-time permanent positions in 2024-25 and ongoing, and $1 million for one-time air measurement equipment purchases in 2024-25, and an additional $1 million in 2025-26 and ongoing for air quality modeling computing resources ($500,000) and research ($500,000).

Staff Recommendation. Approve as budgeted.

Issue 20: Southern California Headquarters Building Operations & Maintenance Contracts

Governor's Proposal. The Governor's Budget includes $6,290,000 in 2024-25, $9,126,000 in 2025-26, and $9,586,000 in 2026-27 and ongoing to operate and maintain CARB's Southern Headquarters Building.

Background. In 2021, CARB completed building their Southern California Headquarters building in Riverside. This new facility gave CARB the ability to consolidate six previously existing Southern California locations, into a single location that houses more than 400 employees.

The building includes an extended range of dedicated test cells for testing light-duty and heavy-duty vehicles, an advanced chemistry laboratory, a workspace for accommodating new test methods for future generations of vehicles, space for developing enhanced onboard diagnostics and portable emissions measurement systems, visitor reception and education areas, a media center, flexible conference areas, and a large public auditorium.

Under standard state operations, the Department of General Services (DGS) would assume responsibility for building management upon completing newly constructed state-owned buildings. However, in November 2019, DGS confirmed that they do not have the staff necessary to maintain such a technical facility.

As such, CARB requests contract funding of $6.1 million in 2024-25, $9.0 million in 2025-26, and $9.4 million in 2026-27 and ongoing for building management, maintenance, custodial, security, and landscaping services for the facility. The building management contractor will manage critical facility systems (such as the photovoltaic system) and ensure equipment warranties remain in effect to ensure the facility achieves the Zero Net Energy (ZNE) rating.

In addition, CARB requests 1.0 permanent full-time Staff Services Analyst/Associate Governmental Program Analyst (SSA/AGPA) position that will be located at the Southern HQ locations to assist the Southern Facilities Unit (SFU) with Building Management and Maintenance Contract oversight and the Facilities Services Section (FSS) team with daily duties.

Staff Recommendation. Approve as budgeted.

Issue 21: Climate Corporate Data Accountability Act: Chapter 382, Statutes of 2023 (SB 253) and Climate-Related Financial Risk: Chapter 383, Statutes of 2023 (SB 261)

Governor's Proposal. The May Revision includes $8.4 million for 28.0 permanent positions, including $1.2 million in contract funds and $500,000 in estimated litigation costs in 2024-25; $12.3 million for 40.0 permanent positions and $3.2 million in contract funds in 2025-26; and $13.9 million for 42.0 permanent positions and $4.3 million in contract funds in 2026-27 and ongoing. Once established, funding will be provided by two new funds: the Climate Accountability and Emissions Disclosure Fund and the Climate-Related Financial Risk Disclosure Fund, with 2024-25 and 2025-26 costs initially funded by a loan from the Greenhouse Gas Reduction Fund (GGRF). Beginning in 2026-27, the requested funding from the Greenhouse Gas Reduction Fund will be phased out, fully repaid, and replaced by two statutorily authorized new funds that will generate revenue in the outyears: the Climate Accountability and Emissions Disclosure Fund (for SB 253), and the Climate-Related Financial Risk Disclosure Fund (for SB 261). The requested positions and funding will be used to implement CARB's responsibilities for rulemaking, development and implementation of the requirements under Senate Bill (SB) 253, the Climate Corporate Data Accountability Act (Chapter 382, Statutes of 2023), and SB 261, (Chapter 383, Statutes of 2023), referred to here as the Climate Related Financial Risk Disclosure Act. In addition, the trailer bill provides cleanup amendments.

Staff Recommendation. Approve as budgeted. Approve placeholder trailer bill language.

Issue 22: Heavy-Duty Inspection and Maintenance Program (HD I/M) for Continued Positions (SB 210)

Governor's Proposal. The May Revision includes $1.8 million in ongoing funding from the Truck Emissions Check (TEC) fund to support 10.0 positions established in the 2022 Budget Act (Chapter 43, Statutes of 2022). This request allows CARB to continue implementing and enforcing the Heavy-Duty Inspection and Maintenance (HD I/M) program.The 2022 Budget Act provided one-year funding to implement SB 210 and 10 permanent positions. The positions were granted to initiate the first phase of the HD I/M program, which includes field enforcement efforts and the use of CARB's remote emissions monitoring devices. The 10.0 positions for this effort were originally funded by the Air Pollution Control Fund as the TEC fund had not yet been established. Fee collection into the TEC started in 2023-24 and is now accumulating revenues by the fees collected through the HD I/M program. This proposal will move the funding for those positions to the TEC fund.

Staff Recommendation. Approve as budgeted.

Issue 23: Clean Cars 4 All

Legislative Proposal. The Legislature proposes to redirect $75 million from the statewide Clean Cars 4 All (CC4A) program and $30 million from the Clean Vehicle Assistance Program (CVAP) to the CC4A programs run by local air districts. The air district CC4A programs have seen an increased demand due to the closure of the Clean Vehicle Rebate Program (CVRP) program and increased availability of ZEVs in the secondhand market. Some air districts are projecting they will take their last applications in early summer. CARB has not yet launched their statewide CC4A program which covers 15% of the state that is not otherwise covered by an air district. This maintains $114 million from the 2022 and 2023 Budget Acts to implement the statewide CC4A program.

Staff Recommendation. Approve Legislative proposal.

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Issue 24: California Advanced Services Fund Local Assistance Budget

Governor's Proposal. The Budget proposes to increase the local assistance budget authority from the California Advanced Services Fund (CASF) program for the California Public Utilities Commission (CPUC) to $136.2 million in 2024-25 and ongoing. In addition, the administration requests budget bill language which makes expenditure authority contingent on the CPUC collecting sufficient revenue.

Background. The CASF program funds broadband infrastructure projects. It is funded by a single flat fee per access per access line, which applies to all telephone corporations. In 2021, AB 14 (Aguiar-Curry, Chapter 685) and SB 4 (Gonzalez, Chapter 671) extended the CASF program, and provided the CPUC the authority to collect up to $150 million for the program. Since then, CPUC has made changes to the surcharge mechanism that generates revenue for the CASF program, leading to the department now able to collect the full amount.

However, currently, CPUC only has the budget authority for $72.6 million for the program. There is growing demand for CASF—for example, in 2023, CPUC received 74 applications requesting $527 million total. Given the increasing demand for CASF, the CPUC requests the budget authority to increase to match the forecasted revenue. In addition, since the revenue mechanism is relatively new, the CPUC requests language to make the expenditure authority contingent on collecting sufficient revenue.

Staff Recommendation. Approve as budgeted.

Issue 25: Gas Transmission Pipeline Safety Staffing

Governor's Proposal. The Governor's Budget includes $550,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to ensure gas operators comply with recent federal gas transmission pipeline safety mandates.

Background. The Pipeline and Hazardous Materials Safety Administration (PHMSA) is a federal agency that regulates transportation of energy and other hazardous materials. PHMSA requires the CPUC's Gas Safety and Reliability Branch (GSRB) to review, at least once every five years, the associated procedures, implementation plans, field facilities, and records that gas operators have developed and implemented to address the federal mandates.

In recent years, the PHMSA added and revised several components of federal pipeline safety regulation. According to the CPUC, these enhanced regulations increase the GSRB workload to review documents, conduct field inspections, and other regulatory activities to provide oversight to gas operators. As a result, the CPUC requests two and a half Utilities Engineer positions to address this increased workload.

Staff Recommendation. Approve as budgeted.

Issue 26: IT Asset Tracking and Management System

Governor's Proposal. The Governor's Budget includes $300,000 ongoing from various special funds for maintenance and operation costs to sustain an information technology hardware/software asset management system. Previously, the CPUC's Information Technology Services Division (ITSD) has used multiple manual spreadsheets to track IT assets, which is both labor intensive and error prone. In addition, this is not incompliance with the State Administrative Manual. The California Department of Technology has also identified this practice to be improved in previous audits. According to the department, this funding will allow the CPUC to more efficiently and accurately track IT assets, and avoid property loss, misallocation, and inflated replacement costs.

Staff Recommendation. Approve as budgeted.

Issue 27: Permanent Position Technical Adjustment

Governor's Proposal. The Governor's Budget requests permanent position authority for fourteen positions across the Communication, Energy, Legal, and Utility Audits. Risk, and Compliance Divisions. In the 2018-19 budget, the CPUC received ongoing funding for these fourteen positions, but did not receive position authority. According to the department, this was to provide the CPUC with administrative flexibility to conduct its statutory obligations. The CPUC has determined that these fourteen positions are necessary on an ongoing basis to continue addressing the workload associated with the fourteen positions.

Staff Recommendation. Approve as budgeted.

Issue 28: Reauthorization of Appropriation for CPUC Respond to Utility Restructurings and Securitizations

Governor's Proposal. The Governor's Budget includes $2,800,000 from the PUCURA for an active legal services contract to provide advice and representation on corporate and utility restructuring, finance, securitization, and bankruptcy matters.

Background. In recent years, several investor-owned utilities faced increasing costs and liabilities from wildfires, which has affected the financial condition of these utilities. For example, Pacific Gas & Electric filed a voluntary Chapter 11 Bankruptcy proceeding in 2019 as a result of the 2017-18 wildfires. In this situation, the CPUC used bankruptcy counsel through a legal services contract to develop a case plan for the bankruptcy. As PG&E continues to recover from this bankruptcy, the CPUC also has to continue reviewing complex financial transactions, such as issuing bonds and transferring assets into a subsidiary company.

In the 2019-20 budget, CPUC received $28 million from PUCURA for a legal services contract related to utility bankruptcy and securitization matters. In the 2021-22 budget, $7.5 million of the original amount was reappropriated to continue with the legal services contract. Of the reauthorized $7.5 million, approximately $5 million remains unexpended. This remaining $5 million is set to expire on June 30, 2024. Of this amount, the CPUC requests to reappropriate $2.8 million in this request.

According to the department, this funding will allow CPUC to retain restructuring and securitization counsel as the department provides ongoing oversight of the complex financial transactions by the investor-owned utilities. CPUC attorneys lack subject matter expertise relating to bankruptcy, insolvency, and bond financing matters, and retaining these outside counsel services is necessary to ensure CPUC can adequately and responsibly represent Californians' interests in these complex and time sensitive transactions.

Staff Recommendation. Approve as budgeted.

Issue 29: Autonomous Vehicle Transportation Regulation

Governor's Proposal. The Governor's Budget includes $210,000 ongoing from the Public Utilities Commission Transportation Reimbursement Account (PUCTRA) to fund one position to develop and implement regulations for autonomous vehicle (AV) passenger services.

Background. Both CPUC and the Department of Motor Vehicles (DMV) have regulatory authority over AV operations. Whereas DMV assesses whether AVs operate safely on public roads in California, CPUC focuses on whether the AV transportation service provider can safely transport passengers.

CPUC currently has four AV permitting programs: (1) two pilot programs, one drivered and one driverless; and (2) two deployment programs, one drivered and one driverless. Pilot programs do not allow AV companies to charge monetary compensation for rides in test AVs, but deployment programs do allow companies to charge fares.

In addition, the CPUC has open Autonomous Vehicle (AV) rulemaking activities in rulemaking proceeding R.12-12-011, including unresolved policy questions on enhanced AV data reporting. The department also reports staff are currently developing recommendations on further AV rulemaking scope, which could cover passenger safety or other topics in a successor proceeding, to be opened as early as 2024. There are other AV-related regulatory workload, such as application review for the permitting programs, development of compliance and enforcement referral protocol, public engagement, among other activities.

The CPUC requests one Public Utility Regulatory Analyst V position to lead the AV program, support the related rulemakings, and address the aforementioned workload. These efforts are currently led by one PURA V, whose position was authorized to cover both AV and TNC rulemaking activities in the 2022-23 budget, but has been fully redirected to the AV Program rather than rulemaking for both AVs and TNCs (as originally intended for this position). If granted this position, CPUC will redirect the existing position to TNC rulemaking activities and the new position to the AV program.

Staff Recommendation. Approve as budgeted.

Issue 30: Ongoing Implementation of Broadband for All

Governor's Proposal. The Governor's Budget includes $9,929,000 ongoing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to fund 46 existing positions and four new permanent positions to continue implementing broadband programs.

Background. The 2021-22 budget included $6 billion over three years on broadband infrastructure. This plan included $2 billion for Last-Mile Projects and $750 million for the Broadband Loan Loss Reserve Fund. The Last-Mile Projects program provides grants to ISPs, public entities, and other organizations to fund last-mile infrastructure projects that connect unserved and underserved communities and households to middle-mile infrastructure. The Broadband Loan Loss Reserve Fund provides local government entities and nonprofit organizations with grants to help them finance broadband deployment projects. Both programs are implemented by the CPUC.

To implement these new broadband infrastructure programs, the 2021-22 budget also provided CPUC limited-term funding for 46 permanent positions and four limited-term positions. The limited-term funding availability was only budgeted for three fiscal year periods (2021-22, 2022-23, and 2023-24). At the time, the funding and positions were provided on a limited-term basis because these programs were new—CPUC would return with a request to establish permanent funding once they had a better assessment of the ongoing workload.

Since then, funding for broadband infrastructure has expanded, particularly at the federal level. For example, the federal government is currently implementing the Broadband Equity Access and Deployment (BEAD) program, which is expected to provide funding over the next decade. (However, BEAD funding will include some set aside for program implementation, but CPUC will only receive those funds once the state application is approved by the federal government.) In addition, the state funding for broadband infrastructure programs at the CPUC and California Department of Technology is proposed to be spread across the next several years.

Staff Recommendation. Approve the proposed positions and funding on a three-year limited-term basis.

Issue 31: Intervenor Compensation Programs Claims Support

Governor's Proposal. The Governor's Budget includes $280,000 ongoing from various special funds for two Associate Governmental Program Analyst (AGPA) positions to support the Intervenor Compensation (Icomp) program.

Background. The Icomp program reimburses certain groups, ranging from community-based to business, for their substantial contribution and participating in the CPUC's regulatory decision making process. The program is largely funded by ratepayers with a small portion funded by utility user fees. Public Utilities Code Section 1804(e) requires the CPUC to resolve and pay Icomp program claims within 75-days of filing. For claims not resolved within the 75-day statutory period, the intervenors accrue interest for payments that they eventually receive.

Historically, the CPUC has not been able to meet the 75-day deadline. As of February 2024, the department has 124 unresolved Icomp program claims, and 110 claims have already waited for 75 days or longer. However, this is an improvement from prior years.

The CPUC resolved more claims than it received in 2023 and continued to reduce the total number of unresolved claims. At the start of 2023, the CPUC had 209 pending ICOMP claims. In 2023, the CPUC received an additional 115 total claims. Recent Legislative approval authorizing the CPUC to hire and dedicate additional resources to ICOMP claims helped the CPUC to resolve 182 ICOMP claims in 2023, reducing the total number of ICOMP claims by 67. This is the most claims the CPUC has resolved in a single year in program history. This is an acceleration from 2022 when 147 claims were resolved.

In the 2022-23 budget, CPUC received four new permanent positions and limited-term funding for two AGPA positions for Icomp program claims support. Since then, CPUC has been able to hire for the four permanent positions, but has not been successful with hiring for the limited-term positions. The department requests to make these positions permanent, to more easily recruit and hire, and ultimately, to help address the Icomp program claims workload so that intervenors are more promptly reimbursed.

Staff Recommendation. Approve, but require reporting through the following provisional language: "The California Public Utilities Commission shall provide three reports on the Intervenor Compensation Program, including the number of processed claims, the number of unresolved claims, and the number of claims not resolved within the existing 75-day statutory timeframe. The first report shall cover the period beginning August 1, 2024 and be submitted to the Joint Legislative Budget Committee no later than October 30, 2024, with additional reports covering the preceding 3-month periods due to the JLBC on January 30, 2025 and April 30, 2025."

Issue 32: Ongoing Support for Clean Energy Resiliency

Governor's Proposal. The Governor's Budget includes $3,640,000 ongoing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) for 16 positions and resources to continue implementing SB 100 (De León, Chapter 312, Statutes of 2018).

Background. In the 2021-22 budget, the CPUC requested limited-term funding of $13,704,000 across three years, for 18 positions to implement SB 100. Because this program was so new, the department originally requested limited-term funding, acknowledging at the time supplemental funding may be requested in the 2024-25 budget cycle.

The last several years have provided the department a better understanding of the workload associated with implementing SB 100, and requests the following 16 positions:

- Energy Division (ED)
  - One (1.0) Program and Project Supervisor (PPS)
  - Five (5.0) Public Utilities Regulatory Analyst (PURA) V
  - One (1.0) PURA IV
  - Three (3.0) PURA III
  - One (1.0) Senior Utilities Engineer (Specialist) (SUE)

- Legal Division
  - Two (2.0) Attorney V (1 Advocacy and 1 Advisory)
  - Two (2.0) Attorney IV (1 Advocacy and 1 Advisory)
- Information Technology Services Division (ITSD)
  - One (1.0) Information Technology Specialist II (ITS II)

All of these positions with the exception of two in the Legal Division were funded in the original 2021-22 proposal. The two positions in the Legal Division—ALJ position and the Attorney III position—warranted ongoing funding due to workload levels. In addition, this proposal further differs from the original 2021-22 proposal in that there is no request for ongoing contract budget.

The majority of the positions are under the Energy Division, across the Integrated Resource Plan (IRP); Demand Response (DR); Grid Planning, Energy Storage; Resource Adequacy and Procurement Oversight (Electric Market Design); and Energy Resource Modeling (ERM) sections. More specifically, these positions support the planning and procurement processes and tools to meet the renewable energy procurement requirements and the goal of 100 percent clean energy, to implement SB 100.

The remaining positions are in Legal and Information Technology Services Divisions. The Legal Division positions advise staff and decision makers and represent ratepayers in Commission proceedings, particularly related to procurement and renewable energy. The one position in the IT division will support data collection and analytical work related to SB 100 reports and other relevant activities.

Staff Recommendation. Approve as budgeted.

Issue 33: California Lifeline Program

Governor's Proposal. The May Revision provides an update to the Universal LifeLine Telephone Service Program (California LifeLine Program). CPUC requests $376,984,000 for fiscal year 2024-25 from the Universal LifeLine Telephone Service Trust Administrative Committee Fund (0471) to provide low-income California households with basic, high-quality wireless and wireline services at affordable rates in accordance with the Public Utilities (Pub. Util.) Code section 871 et seq. Specifically, the California LifeLine Program requests: $346,927,000 for local assistance budget to reimburse claims from participating service providers that offer discounted phone service to program participants and $30,057,000 for state operations budget to administer the Program. The above request would represent an overall budget increase of $31,023,000 and 8.97 percent from the amounts appropriated in the 2023 Budget Act for the California LifeLine.

Staff Recommendation. Approve as budgeted.

Issue 34: Broadband Infrastructure: Mapping (Assembly Bill 286)

Governor's Proposal. The May Revision includes $1,333,000 from the Public Utilities Commission Utilities Reimbursement Account to implement Chapter 645, Statutes of 2023 (AB 286). AB 286 requires the CPUC to update their Broadband Map to identify, for each address in the state, each provider of broadband services that offers service at the address and the maximum speed of broadband services offered; include a feature to allow users to submit a verified speed test at their location; add five new features to collect new public feedback information, obtain consent to make this information publicly available, and display he information at the address level on the map; and to validate the new public feedback collected before using it as evidence in a proceeding. CPUC requests $390,000 ongoing for two positions; $141,000 annually for three years for one (1.0) temporary staff; $750,000 ongoing for consultant costs; $25,000 one-time for training and equipment; and $27,000 ongoing for equipment maintenance and licenses to implement AB 286.

Staff Recommendation. Approve as budgeted.

Issue 35: Electricity: transmission planning and permitting (Senate Bill 319)

Governor's Proposal. The May Revision includes $220,000 ongoing and $389,000 annually for two years from the Public Utilities Commission Utilities Reimbursement Account for implementation of Chapter 390, Statutes of 2023 (SB 319). SB 319 requires the joint agencies—California Public Utilities Commission (CPUC), California Energy Commission (CEC), and California Independent System

Operator (CAISO)—to keep their workplan and December 23, 2022, Memorandum of Understanding (MOU) updated to coordinate on the timely development of resources, resource interconnections, and needed transmission infrastructure to meet the state's energy and climate goals on an ongoing basis. The CPUC requests $220,000 ongoing for one permanent Utilities Engineer position and $389,000 on a two-year limited-term basis for one Public Utilities Regulatory Analyst (PURA) V and one PURA III.

Staff Recommendation. Approve as budgeted.

Issue 36: Oversight of Expanded California Rail Transit Systems and New Federal Mandates

Governor's Proposal. The May Revision includes $1,398,000 ongoing for seven positions from the Public Transportation Account (PTA) to address permanent increased workload from the expansion of rail transit systems and meet new federal requirements on establishing a risk-based inspection program. Since 2019, the number of Rail Transit Agencies (RTAs) in California increased from 13 to 16, with more systems coming online in the near future. The Federal Transit Administration (FTA) has also recently issued new federal mandates and the California Public Utilities Commission (CPUC) requires new, permanent resources to ensure public safety and perform its statutorily mandated activities, respond to the growth in rail transit and perform its oversight function as the designated state safety oversight program. To address this new and ongoing permanent workload, RSD requests $1,398,000 in ongoing budget authority for seven positions from the PTA. Specifically, the CPUC requests the following positions: one Program and Project Supervisor, one Senior Utilities Engineer (Specialist), one Utilities Engineer, one Associate Transportation Operations Supervisor, one Associate Railroad Track Inspector, one Associate Railroad Equipment Inspector, and one Associate Signal and Train Control Inspector. As with other positions in the Rail Transit Safety Branch, up to 80% of these costs may be reimbursed by the Federal Transit Administration grant program, pending availability of grant funds.

Staff Recommendation. Approve as budgeted.

Issue 37: Powering Up Californians Act (Senate Bill 410)

Governor's Proposal. The May Revision includes $2,166,000 ongoing from the Public Utilities Commission Utilities Reimbursement Account for seven positions, consultant services, training, travel, equipment, and software resources to implement the mandates of Chapter 394, Statutes of 2023 (Senate Bill 410) to oversee a process to reform and improve the rules that govern customer energization requests and related cost recovery from ratepayers. SB 410 requires the CPUC to establish by September 30, 2024, energization time periods for electric IOUs to connect new customers to the electrical grid and upgrade the service of existing customers. SB 410 also requires the CPUC to establish a process for customers to report energization delays to the Commission, as well as various IOU reporting requirements. Finally, the CPUC is required to authorize a ratemaking mechanism that the IOU can use for energization projects that exceed the costs projected in their authorized spending for energization. To implement SB 410, CPUC requests funding for facilitating a robust stakeholder process, managing new utility reporting requirements, conducting analysis and implementing ongoing process improvements based on that analysis, organizing public workshops and meetings, enhanced public engagement through energization delay reporting, and additional cost recovery oversight.

Staff Recommendation. Approve as budgeted.

Issue 38: Public Advocates Office – Implementation of SB 410 (Statues of 2023) and State Auditor

Governor's Proposal. The May Revision includes $384,000 from the Public Utilities Commission Public Advocates Office Account for one Public Utilities Regulatory Analyst (PURA) V position and one PURA III position to implement (i) recommendations in the State Auditor's August 2023 Report "Electricity and Natural Gas Rates" and (ii) SB 410 (Chapter 394, Statutes of 2023). The requested positions will augment the Office's review of the reasonableness of the electric utilities' costs, their proposed ratemaking mechanisms and costs recovery requests, and utility distribution system planning. The PURA V position is necessary to implement the State Auditor's recommendations. Specifically, the State Auditor recommends that the Office increase the number of utility ratemaking mechanisms, i.e., balancing accounts, it reviews. It also recommends that we increase our efforts to gain additional assurance that the utilities actually performed the work for which they seek cost recovery. The PURA III position is necessary to implement SB 410 because the actions required by the bill could have direct and significant rate and bill impacts on over 80% of California electric utility customers at a time when energy rates and overall customer bills have significantly increased and have increased faster than the rate of inflation.

Staff Recommendation. Approve as budgeted.

Issue 39: Public utilities: timely service: customer energization (Assembly Bill 50)

Governor's Proposal. The May Revision includes $453,000 ongoing for two positions to support the implementation of Chapter 317, Statutes of 2023 (AB 50) to make improvements to the customer energization process. AB 50 directs the CPUC to determine the criteria for timely service for electric customers to be energized; establish annual reporting requirements for electrical corporations to report customer energization projects; convene an annual public workshop for electrical corporations to discuss their reports with interested stakeholders; and collect annual information from the electrical corporations. To successfully implement the AB 50 provisions, the CPUC requests one Public Utilities Regulatory Analyst V and one Administrative Law Judge, PUC. Implementation of the provisions of this statute will be a substantial undertaking that will include a robust stakeholder process, managing new utility reporting requirements, conducting analysis and implementing ongoing process improvements based on that analysis, and organizing public workshops and meetings.

Staff Recommendation. Approve as budgeted.

Issue 40: Railroads: contract crew transportation vehicles (Senate Bill 757)

Governor's Proposal. The May Revision includes $328,000 ($200,000 one-time and $128,000 ongoing) from the Public Utilities Commission Transportation Reimbursement Account to implement Chapter 411, Statutes of 2023 (SB 757). SB 757 requires the CPUC to adopt regulations to add new statutory terms, definitions, and requirements related to railroad crew transportation and to revise CPUC General Order 115-G, Protection against liability required for all Charter-party carriers of passengers (General Order 115-G) to establish the statute's new insurance requirements. The CPUC requests $200,000 one-time to issue a contract to modify the CPUC Transportation Carrier Portal to incorporate the changes mandated by SB 757, $20,000 ongoing to support travel for statewide safety assurance compliance inspections, and $108,000 for ongoing licensing and storage related to Salesforce.

These resources will enable the CPUC to adopt and revise regulations, fund issuance of a new contract to modify the TCPortal to accommodate the new "crew transportation operator" subcategory, and fund ongoing system maintenance and operations costs including cloud subscription fees, product licensing fees, and storage fees to support the system changes required by SB 757 as well as to fund additional travel for statewide safety assurance compliance inspections for this new carrier subcategory.

Staff Recommendation. Approve as budgeted.

Issue 41: Renewable Energy: Department of Transportation: evaluation (Senate Bill 49)

Governor's Proposal. The May Revision includes $110,000 one-time from the Public Utilities Commission Utilities Reimbursement Account for contract(s) to support the Department of Transportation's evaluation of major expansion of use of the Caltrans right-of-way for energy, energy storage, and transmission and distribution projects, as per Chapter 379, Statutes of 2023 (SB 49). SB 49 requires, by December 31, 2025, the Department of Transportation (Caltrans), in coordination with the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) to evaluate the issues and policies impeding development of land within the Caltrans rights-of-way (ROW) for renewable energy, energy storage, and electric transmission and distribution facilities. This request is for $110,000 one-time for a third-party contract(s) for analysis support and/or contracts for analytical tools to help determine feasibility and impacts of some development of solar and other electricity infrastructure on highway ROW that will guide the development of Caltrans's evaluation.

Staff Recommendation. Approve as budgeted.

Issue 42: Support for Broadband Equity, Access, and Deployment (BEAD) Program

Governor's Proposal. The May Revision includes $1,860,000,000 in budget authority under the Federal Trust Fund for the Broadband Equity, Access, and Deployment (BEAD) program grant funds awarded to California in the Infrastructure Investment and Jobs Act (IIJA) of 2021 and 31 permanent positions. Additionally, the CPUC requests provisional language for the CPUC to have budget authority for the full term of the BEAD program. The BEAD program is a federal grant program that prioritizes unserved locations that have no internet access or that only have access to speeds under 25/3 megabits per second (Mbps) and underserved locations that have access to speeds under 100/20 Mbps. The goal is to ensure complete coverage to all BEAD-eligible unserved locations in California. In June 2023, the NTIA announced its approximately $1,860,000,000 BEAD funding allocation for California. The CPUC estimates a staffing resource need of thirty-one (31) permanent positions to support the development, oversight, and monitoring of the implementation of California's BEAD program.

Staff Recommendation. Approve the budget authority, but make 31 positions limited-term. In addition, add budget provisional language that requires (1) more detailed information about the standalone construction projects funded by the current spending plan, and (2) a business plan for the middle-mile network that explains how it will be maintained and operated going forward.