

SUBCOMMITTEE NO. 2

Agenda

Senator Bob Wieckowski, Chair
Senator Brian Dahle
Senator Mike McGuire
Senator Henry I. Stern



Tuesday, May 11, 2021
9:00 a.m.
State Capitol - Room 3191

Consultant: James Hacker

PART A

PROPOSED FOR VOTE-ONLY

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3360	California Energy Commission	
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Issue 3	Continuous Appropriation of Natural Gas Subaccount, Public Interest Research, Development, and Demonstration Fund	3
8660	California Public Utilities Commission	
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PROPOSED FOR DISCUSSION

<u>Item</u>	<u>Department</u>	
3360	California Energy Commission	
Issue 5	Contract Authority to Implement AB 841	4

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ISSUES PROPOSED FOR VOTE-ONLY

3360 CALIFORNIA ENERGY COMMISSION (CEC)

Issue 1: Continuation of the School Bus Replacement Program (SB 110)

The budget includes two-year funding of \$750,000 annually for five temporary positions from the Alternative and Renewable Fuel and Vehicle Technology Fund to continue school bus replacement activities under the Clean Energy Job Creation Program. SB 110 (Committee on Budget and Fiscal Review), Chapter 55, Statutes of 2017 established the Clean Energy Job Creation Program with the purpose of funding projects in public schools and community colleges that create jobs in California improving energy efficiency and expanding clean energy generation. SB 110 also allocated up to \$75 million to the CEC to develop a program to replace the oldest school buses in California. Partial year funding was authorized in 2017-18 (Chapter 181, Statutes of 2017 (SB 113)) to begin necessary solicitation research and development activities for the School Bus Replacement Program. Authority for three-year funding to develop and implement the School Bus Replacement Program was authorized in the Budget Act of 2018. These temporary resources will expire June 30, 2021; however, funding for school bus replacement activities are authorized through June 30, 2023. Delivery of buses, collection of data, and management of grant agreements will take place through March 31, 2023. Given that the program is not slated to end until 2023, extending these resources is reasonable.

Staff Recommendation: Approve as Budgeted.

Issue 2: EPIC Program Follow-On Funding

Governor's Budget. The budget includes trailer bill language allowing the CEC to issue follow-on funding for the Electric Program Investment Charge (EPIC) program outside of the typical competitive funding process. The EPIC Program was created by the Public Utilities Commission in 2012 to support the development of new, emerging, and pre-commercialized clean energy technologies in California. The 2020 Budget Act included provisional language to provide short-term authority to the CEC to provide "follow-on" funding to EPIC projects. While follow-on funding may be a reasonable response to some of the business interruptions resulting from the COVID pandemic, it would represent a departure from the traditional program structure, and one that would result in significantly more discretion for the CEC in making funding decisions. As the LAO notes below, while this proposal has merit, it should be paired with additional opportunities for legislative oversight, to ensure that the program continues to meet the Legislature's expectations.

LAO Comments. Providing this type of authority could make sense, but the Legislature might want to consider adding a requirement that CEC notifies the Legislature before providing follow-on funding. This could be similar to the Joint Legislative Budget (JLBC) notification process CEC uses when awarding sole source contracts.

Staff Recommendation: Approve placeholder trailer bill language.

Issue 3: Continuous Appropriation of Natural Gas Subaccount, Public Interest Research, Development, and Demonstration Fund

The budget includes trailer bill language continuously appropriating funds in the Natural Gas Subaccount of the Public Interest Research, Development, and Demonstration Fund. This fund supports public interest research, development, and demonstration of emerging energy technologies. This fund is typically appropriated as part of the annual budget process. As projects expire or return unused funding, an additional appropriation is needed to reallocate unused funds. This language would allow the Energy Commission to reallocate returned funds to additional research and development projects, consistent with the statutory requirements of the fund source. This language would therefore provide CEC with additional flexibility and efficiency in managing this program. However, as the LAO notes below, a continuous appropriation does limit the Legislature's ability to perform oversight. As such, any continuous appropriation should be paired with additional oversight or reporting requirements.

LAO Comments. Relative to providing annual appropriations, this proposal would reduce legislative oversight. As a result, in our view, there needs to be a strong rationale for providing continuous appropriation authority. At this time, it is not clear that continuous appropriation authority is needed to successfully implement these programs.

Staff Recommendation: Approve placeholder trailer bill language.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**Issue 4: Funding for Program Claims Management System (PCMS)**

The budget includes \$1,628,000 from several special funds for fiscal year 2021-22 for project funding and \$290,000 from several special funds for 2022-23 and onwards for ongoing maintenance and support for the Programs Claims Management System (PCMS), an IT project that has been on hold since 2017. The proposed restart of the Program Claims Management System follows a cloud based approach that successfully restarted the Transportation Carrier Portal project. As such, it is a proven technology that may allow the CPUC to better protect public safety, promote reliable utility service at a reasonable rate, and increase transparency to the public, while improving business processes and transparency within the CPUC.

Staff Recommendation: Approve as Budgeted.

ISSUES PROPOSED FOR DISCUSSION

3360 CALIFORNIA ENERGY COMMISSION

Issue 5: Contract Authority to Support Implementation of AB 841

Governor's Budget. The budget requests \$250,000 per year in 2021-22, 2022-23 and 2023-24, for a total request of \$750,000 in contract authority from the School Energy Efficiency Program Fund to implement the requirements of AB 841 (Ting), Chapter 372, Statutes of 2020.

Background. AB 841 mandates that the CPUC require electrical corporations with 250,000 or more customer accounts in the state, and gas corporations with 400,000 or more customer accounts in the state, to establish the School Energy Efficiency Stimulus Program within each of its energy efficiency portfolios. The School Energy Efficiency Stimulus Program establishes and authorizes the CEC to act as program administrator for two new grant programs: the School Reopening Ventilation and Energy Efficiency Verification and Repair Program (SRVEVR) and the School Noncompliant Plumbing Fixture and Appliance Program (SNPFA).

Staff Comments. The CEC has indicated that it is developing the School Energy Efficiency Database System (SEEDS) to facilitate the contracting, reporting, and monitoring requirements of AB 841. Contract authority will be used for maintenance and operations services to support SEEDS. To meet the current year requirements, CEC staff are in the process of developing SEEDS to support online application submittal and reporting. However, the CEC is unable to provide maintenance and operations services with existing resources. Contract authority will support a maintenance and operations vendor, which will provide ongoing support and functionality enhancements upon SEEDS' implementation.

While this request is generally reasonable, questions of current year and budget year funding for AB 841 are still under consideration. Action on this proposal should be taken with the remainder of the AB 841-related requests.

Staff Recommendation. Hold Open.