

**Senator Josh Becker, Chair**  
**Senator Brian Dahle**  
**Senator Mike McGuire**



**Thursday, April 20, 2023**  
**9:30 a.m. or Upon Adjournment of Session**  
**1021 O Street - Room 2200**

Consultant: Eunice Roh

<u>Item</u>	<u>Department</u>	<u>Page</u>
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**VOTE-ONLY**

<b>3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY</b> .....	<b>3</b>
Issue 1: Information Technology Transition Services and Support <b>3-0</b> .....	3
<b>3900 STATE AIR RESOURCES BOARD</b> .....	<b>3</b>
Issue 2: Policy and Technical Support for California Climate Investment Programs <b>2-1 (Dahle-No)</b> ....	3
Issue 3: Expanding Mobile Air Monitoring in Communities <b>2-1 (Dahle-No)</b> .....	3

**DISCUSSION**

<b>3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY</b> .....	<b>5</b>
<b>8660 PUBLIC UTILITIES COMMISSION</b> .....	<b>5</b>
Issue 4: Electricity: Expedited Utility Distribution Infrastructure Undergrounding Program (SB 884) <b>Held Open</b> .....	5
Issue 5: Ongoing Wildfire Safety Implementation <b>Held Open</b> .....	6
<b>8660 PUBLIC UTILITIES COMMISSION</b> .....	<b>8</b>
Issue 6: Public Utilities Commission: Customer Renewable Energy Subscription Programs and the Community Renewable Energy Program (AB 2316) <b>Held Open</b> .....	8
Issue 7: Water Compliance and Enforcement <b>2-0 (Dahle-Abstain)</b> .....	8
<b>3900 STATE AIR RESOURCES BOARD</b> .....	<b>8</b>
Issue 8: Implementing Evaluations and Recommendations for Hydrogen to Support Decarbonizing the California Economy (SB 1075) <b>Held Open</b> .....	8
<b>3480 DEPARTMENT OF CONSERVATION</b> .....	<b>9</b>
<b>3900 STATE AIR RESOURCES BOARD</b> .....	<b>9</b>
<b>3940 STATE WATER RESOURCES BOARD</b> .....	<b>9</b>
Issue 9: Carbon Capture, Removal, Utilization and Storage Program (SB 905) <b>Held Open</b> .....	9

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## VOTE-ONLY

### 3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY

#### Issue 1: Information Technology Transition Services and Support

**Governor’s Proposal.** The Governor’s budget requests \$717,000 in 2023-24 (\$552,000 from Public Utilities Commission Reimbursement Account (PUCURA) and \$165,000 from Safe Energy Infrastructure and Excavation Fund (SEIF)) and \$250,000 ongoing (\$192,000 from PUCURA and \$58,000 from SEIEF). This includes \$141,000 in personnel costs for 1.0 permanent position starting in fiscal year 2023-24, \$576,000 in administrative operating expenses for an IT Tenant Transition Services Contract in fiscal year 2023-24, and \$109,000 for ongoing operating expenses. Previously, the Office of Energy Infrastructure Safety (Energy Safety) was technologically supported by the California Natural Resources Agency (CNRA) IT and the Department of Water Resources (DWR) IT systems and support. This was mainly due to the fact that the department was new, and getting established. However, as the department has grown in recent years, Energy Safety now needs a standalone IT system and support. This proposal would support one-time transition costs and ongoing operating costs to manage their own IT system and services.

**Staff Recommendation.** Approve as budgeted.

### 3900 STATE AIR RESOURCES BOARD

#### Issue 2: Policy and Technical Support for California Climate Investment Programs

**Governor’s Proposal.** The Governor’s Budget includes \$629,000 ongoing from the Greenhouse Gas Reduction Fund (GGRF) for three permanent positions to undertake statutorily required duties providing policy and technical support to agencies administering ten new California Climate Investments programs established through the 2022 Budget Act along with other duties regarding the oversight and administration of California Climate Investments. The 2022-23 Budget established ten new California Climate Investments Programs: Community Air Monitoring, Community Emission Reduction Incentives, Lower Emission Boats, Methane Monitoring, Methane Data and Technical Assistance, Methane Reduction—Cattle Feed, Methane Reductions—landfills/wastewater infrastructure, Organic Waste, CalSHAPE, and Sea Level Rise. For each new program, CARB works closely with administering agencies and provides detailed guidance to ensure the statutory requirements around the use of GGRF dollars are met. CARB develops and implements new programs with the administering agencies as well as provide ongoing policy and technical support. For each of the ten new programs and project types, CARB is requesting 3.0 Air Pollution Specialists, who would each be assigned three to four programs each.

**Staff Recommendation.** Approve as budgeted.

#### Issue 3: Expanding Mobile Air Monitoring in Communities

**Governor’s Proposal.** The Governor’s Budget requests budget bill language to revert \$3 million from a 2022-23 appropriation and to use the reverted funds for a four-year limited-term appropriation of \$750,000 per year to support 4.0 limited-term positions to provide technical air monitoring and

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community engagement services to support the contracted deployment of new, mobile Community Air Monitoring data collection and visualization approaches. This request will fund 2.0 limited-term Staff Air Pollution Specialist (SAPS) and 2.0 Associate Governmental Program Analysts (AGPA) to administer and support technical and community engagement deliverables for the duration of the mobile air monitoring contract (2 years) plus two additional years (4 years total).

**Staff Recommendation.** Approve as budgeted.

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## DISCUSSION

### 3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY 8660 PUBLIC UTILITIES COMMISSION

#### Issue 4: Electricity: Expedited Utility Distribution Infrastructure Undergrounding Program (SB 884)

**Governor's Proposal.** The Governor's Budget includes two proposals to implement Chapter 819, Statutes of 2022 (SB 884, McGuire), one for the Office of Energy Infrastructure Safety (OEIS) and another for the Public Utilities Commission (CPUC).

- **OEIS:** The Governor's Budget requests 18 permanent positions and \$4,021,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2023-24 and ongoing to review and evaluate distribution infrastructure undergrounding plans submitted by large electrical utilities, as required by SB 884.
- **CPUC:** The Governor's Budget requests 6 permanent positions and \$2,068,000 in 2023-24 and 2024-25, \$1,618,000 in 2025-26, and \$1,435,000 ongoing from the PUCURA to develop, administer, and enforce new standards for an expedited electric utility distribution infrastructure undergrounding program, including providing maintenance and operating oversight, as required by SB 884.

**Background.** SB 884 requires the CPUC to establish an expedited electric utility distribution infrastructure undergrounding program for large electrical corporations. To implement SB 884, CPUC must first develop a transparent process for reviewing applications submitted under the new program and enforcing compliance. Once the review and enforcement processes are adopted, the CPUC will need to administer the program. For each application received from an electrical corporation, the CPUC will need to open a formal proceeding and issue a decision on whether or not to accept the plan within nine months of receiving the application. As part of this proceeding, electrical corporations are to submit a distribution infrastructure undergrounding plan to Energy Safety. Energy Safety is required to approve or deny the plan within nine (9) months. If OEIS approves an undergrounding plan, CPUC will need to monitor OEIS' ongoing evaluation of the plans and consider assessing penalties on the utilities for substantial noncompliance with their plans.

This request assumes the submission of one underground plan by the state's largest electrical utility. Pacific Gas and Electric (PG&E) has repeatedly expressed interest in such a program and has stated publicly it intends to underground 10,000 miles of electrical lines over the next ten years. In the event the other two eligible large electrical utilities submit undergrounding plans, this request also includes budget bill language authorizing the Department of Finance to approve up to five additional permanent positions and augment OEIS' budget by up to \$1 million ongoing.

This request is consistent with the fiscal estimate of the bill at time of enactment.

**Staff Recommendation.** Hold Open.

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**Issue 5: Ongoing Wildfire Safety Implementation**

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**Governor’s Proposal.** The Governor’s Budget includes two proposals to continue wildfire safety mitigation and enforcement work at the Office of Energy Infrastructure Safety (OEIS) and the Public Utilities Commission (PUC).

- **OEIS:** The Governor’s Budget includes 58 positions and \$12,269,000 in 2023-24 and ongoing (\$11,435,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$834,000 Safe Energy Infrastructure and Excavation Fund (SEIEF)) to allow the department to meet its public safety mission and reduce the current reliance and associated risk with the use of contractors. This includes \$9,489,000 in personnel costs for 58 new full-time permanent positions, and \$100,000 for a Spanish translation contract among other operating expenses. In addition, this proposal includes trailer bill language that amends statute to improve operational efficiency and “clean up” language.
- **CPUC:** The Budget includes \$6,342,000 ongoing from the Public Utilities Commission Utilities Reimbursement Account for 29 positions to ensure continued legal, ratemaking, and administrative support of the various wildfire prevention, cost recovery, and enforcement mandates.

**Background.** The Office of Energy Infrastructure Safety (OEIS) is a relatively new department—in 2021, the Wildfire Safety Division from the Public Utilities Commission transitioned into a new department under the California Natural Resources Agency called OEIS. A year after, OEIS also absorbed the California Underground Facilities Safe Excavation Board from the Department of Forestry and Fire Protection. To stand-up the new small department, various contracts were and are currently executed for standard services such as procurement, human resources, information technology, operational support, as well as significant programmatic services and support.

However, to ensure the department can fulfill its public safety mission in the long-term, the department proposes to transition away from a reliance on contracted services and use permanent positions for its Administrative Services Division, Communications and External Affairs Division, Compliance Assurance Division, Data Analytics Division, Electric Safety Policy Division, Legal Division, Wildfire Safety Advisory Board Unit, and the Underground Infrastructure Directorate. Some of these positions are directly replacing contracted services, and others are new positions, necessary for the department to operate and meet statutory responsibilities. The department estimates shifting to permanent positions will reduce annual contracting costs by roughly \$8 million, as seen below:

Appendix A: BCP Positions to Replace Contracted Services

Unit	# of PYs	Total (PS + OE)	Contracted Services to be Replaced by BCP Positions (Previous, current, and new contracts)	Total Annual Contracting Cost
<b>Administrative Services Division</b>	<b>6</b>	<b>\$855,000</b>	<b>1</b>	<b>\$860,000</b>
<ul style="list-style-type: none"> <li>1.0 Staff Services Manager I (Supervisor)</li> <li>4.0 Associate Governmental Program Analyst</li> <li>1.0 Staff Services Analyst (General)</li> </ul>			Project Management Services (Previous)	\$773,000
			Human Resources Services (Previous)	\$87,000*
<b>Legal Division</b>	<b>0</b>	<b>N/A</b>	<b>None</b>	<b>N/A</b>
<b>Communications and External Affairs Division</b>	<b>0</b>	<b>N/A</b>	<b>None</b>	<b>N/A</b>
<b>Data Analytics Division</b>	<b>0</b>	<b>N/A</b>	<b>None</b>	<b>N/A</b>
<b>Electric Safety Policy</b>	<b>7</b>	<b>\$1,477,000</b>	<b>1</b>	<b>\$2,681,000</b>
<ul style="list-style-type: none"> <li>4.0 Public Utilities Regulatory Analyst III</li> <li>2.0 Public Utilities Regulatory Analyst V</li> <li>1.0 Program and Project Supervisor</li> </ul>			Safety Culture Assessment Services (Current)	\$2,681,000
<b>Wildfire Safety Advisory Board</b>	<b>0</b>	<b>N/A</b>	<b>None</b>	<b>N/A</b>
<b>Compliance Assurance Division</b>	<b>14</b>	<b>\$2,923,000</b>	<b>1</b>	<b>\$4,500,000</b>
<ul style="list-style-type: none"> <li>1.0 Program and Project Supervisor</li> <li>1.0 Senior Utilities Engineer (Supervisor)</li> <li>2.0 Senior Utilities Engineer (Specialist)</li> <li>2.0 Senior Environmental Scientist (Supervisor)</li> <li>2.0 Senior Environmental Scientist (Specialist)</li> <li>3.0 Utilities Engineer</li> <li>3.0 Environmental Scientist</li> </ul>			Inspections Services & Audit Services (Current)	\$4,500,000
<b>Underground Safety Directorate</b>	<b>0</b>	<b>N/A</b>	<b>None</b>	<b>N/A</b>
<b>TOTAL</b>	<b>27</b>	<b>\$5,255,000</b>		<b>\$8,041,000</b>

*\*This figure represents the proportional amount of the previous interagency agreement for human resources services with the California Public Utilities Commission for just three (3) services not offered through current DGS HR interagency agreement: health and safety, training management, and equal employment opportunity program services.*

Concurrently, CPUC has received funding in recent years to support their responsibilities with regards to wildfire safety. In 2020-21, CPUC requested 93 positions and \$27.6 million to address the destabilizing effect of catastrophic wildfires on the state’s electric utilities. Included in these 93 positions were 22 positions for the Wildfire Safety Division (WSD). Effective July 1, 2021, the functions of the WSD and the 22 WSD positions were transferred to the Office of Energy Infrastructure Safety (OEIS). Of the 71 positions remaining with the CPUC, the Legislature approved ongoing budget authority for 40 positions and three-year limited-term funding for 31 temporary positions. As these limited-term positions come to an end, this proposal requests 29 permanent positions. Specifically, the department requests:

- Ongoing Legal, Energy, and ALJ Division resources to address utility requests for recovery of costs associated with wildfire mitigation, including approvals of cost allocations proposals to implement WMPs and utility applications seeking cost recovery and subsequent financing orders to securitize costs due to catastrophic wildfires.
- Ongoing Executive Division resources to lead the organizational changes needed for the CPUC to become a nimbler agency, including supporting coordination between the CPUC and other state agencies.
- Resources to meet ongoing workload to develop and implement enhanced enforcement activities and to streamline and reform the CPUC’s decision-making process.

**Staff Recommendation.** Hold Open.

## 8660 PUBLIC UTILITIES COMMISSION

### Issue 6: Public Utilities Commission: Customer Renewable Energy Subscription Programs and the Community Renewable Energy Program (AB 2316)

**Governor’s Proposal.** The Governor’s Budget provides \$1,413,000 in 2023-24, \$1,313,000 in 2024-25, \$1,113,000 in 2025-26 and 2026-27, and \$1,103 in 2027-28 and ongoing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to review, evaluate, and modify existing customer renewable energy subscription programs, as required by Chapter 350, Statutes of 2022 (AB 2316, Ward).

**Background.** AB 2316 requires the CPUC to review existing community renewable energy subscription programs and to evaluate whether those programs achieve the specified goals of this new legislation and to order any necessary modifications to the programs to bring them into conformity with legislative goals. In addition, it also asks the CPUC to consider whether it is beneficial to ratepayers to establish the CRE Program—a new community renewable energy program. This request includes five positions for program administration and oversight, legal analysis and guidance, and oversight of a new proceeding to implement AB 2316. This request is generally aligned with the fiscal estimate of the bill at time of enactment.

**Staff Recommendation.** Hold Open.

### Issue 7: Water Compliance and Enforcement

**Governor’s Proposal.** The Governor’s Budget requests \$419,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) on a three-year limited-term basis for two positions dedicated to compliance and enforcement in the CPUC Water Division.

**Background.** Currently, the Water Division has no dedicated staff solely responsible for compliance and enforcement actions. According to the CPUC, a dedicated compliance and enforcement team will help the Division act on water quality concerns for the large number of small water utilities subject to CPUC jurisdiction that have potential health and safety implications. The two positions in this request will staff the Water Division Enforcement Team. The department expects having these dedicated positions will increase the number of staff-initiated citations and administrative enforcement orders.

**Staff Recommendation.** Approve as budgeted.

## 3900 STATE AIR RESOURCES BOARD

### Issue 8: Implementing Evaluations and Recommendations for Hydrogen to Support Decarbonizing the California Economy (SB 1075)

**Governor’s Proposal.** The Budget includes \$3.1 million from the Cost of Implementation Account in 2023-24 (\$849,000 ongoing) for four permanent positions and one-time contract services to develop and publish an evaluation and provide policy recommendations on the use of hydrogen, as required by Chapter 363, Statutes of 2022 (SB 1075, Skinner).



**Background.** SB 1075 requires CARB, in consultation with other state agencies and labor and workforce organizations, to prepare an evaluation with policy recommendations by June 1, 2024, regarding the deployment, development, and use of low-carbon hydrogen for achieving emission reductions that can contribute to achieving the state’s climate, clean energy, and clean air objectives. CARB is requesting resources for contracts to provide specialized expertise to develop and conduct modeling needed to support the prescribed analyses and assessments. The new CARB staff would establish and manage these contracts, as well as evaluate and make policy recommendations for the deployment, development, and use of low-carbon hydrogen. Ongoing staff are needed to assess and consider other potential uses of low-carbon hydrogen in decarbonization strategies; coordinate across programs and agencies; maintain subject matter expertise; and monitor sectors such as heavy-duty transportation, industry, electricity, and energy storage.

**Staff Recommendation.** Hold Open.

**3480 DEPARTMENT OF CONSERVATION**  
**3900 STATE AIR RESOURCES BOARD**  
**3940 STATE WATER RESOURCES BOARD**

**Issue 9: Carbon Capture, Removal, Utilization and Storage Program (SB 905)**

**Governor’s Proposal.** The Governor’s Budget requests funding for the Air Resources Board (CARB), Department of Conservation (DOC), and the State Water Resources Control Board (State Water Board) to implement Chapter 359, Statutes of 2022 (SB 905, Caballero). More specifically, the request includes:

- **CARB.** \$5.5 million from the Cost of Implementation Account, Air Pollution Control Fund (COIA) and 18 permanent positions in 2023-24 and \$4.5 million ongoing to implement the requirements established by SB 905. Included in the request is \$1,700,000 in ongoing contract funds: \$700,000 to establish an electronic unified permit submittal system for carbon sequestration project operators pursuing permits to operate in California, and \$1 million in ongoing contract funds to perform evaluations of new and emerging carbon capture, removal, utilization and storage (CCUS) and carbon dioxide removal (CDR) technology.
- **DOC.** \$3,682,000 from COIA and 4 permanent positions to create a Geologic Carbon Sequestration Group (Group).
- **State Water Board.** \$280,000 ongoing from COIA for one permanent position to collaborate with CARB to develop and implement a unified permit application process for the construction and operation of CCUS projects and provide technical expertise to ensure these projects are protective of groundwater resources.

**Background.** SB 905 requires CARB to establish a Carbon Capture, Removal, Utilization and Storage Program to evaluate the efficacy, safety, and viability of various CCUS technologies and CDR technologies and facilitate the capture, remove and sequestration of carbon dioxide from those technologies, where appropriate. CARB requests to contract resources to conduct ongoing evaluations of these technologies and permanent positions to make findings from such studies publicly available via workshops and on CARB’s website.

In addition, SB 905 requires CARB to adopt regulations for a unified permit submittal portal for the construction and operation of carbon dioxide capture, removal, or sequestration projects to expedite the issuance of permits or other authorizations for the construction and operation of those projects by the

respective approving authorities. This request includes funds for the permit system as well as permanent positions to continually update and maintain regulations and the permit portal.

CARB is also required to meet several other requirements:

- Develop a centralized public database to track the deployment of CCUS and CDR technologies and the development of carbon dioxide capture, removal, and sequestration projects throughout the state;
- Develop monitoring and reporting schedules to state regulatory agencies for carbon dioxide capture, removal, or sequestration projects to ensure efficacy, safety, and viability of the projects;
- Consider the development, adoption, and update of protocols to support additional methods of utilization or storage of captured carbon dioxide;
- Adopt regulations for financial responsibility for carbon dioxide capture, removal, or sequestration projects

CARB requests permanent positions to address these statutory requirements. In the initial 2-3 years of the program, the 18 PYs will be dedicated to conducting the time-sensitive requirements of SB 905, which include conducting CCUS/CDR technology reviews, updating CCS protocols for technologies/project types, developing regulations for financial responsibility (due Jan 1, 2025) and permit portal (due Jan 1, 2025), establishing a centralized public project database, and conducting program/project reporting for reports due to the Legislature (due Jan 1, 2025, and every two years after). After the initial regulatory efforts are completed, the resources will transition into conducting a mix of ongoing technology reviews, updating regulations, implementing/supporting the permitting portal, reporting to the public/legislature pursuant to SB 905, and supporting reviewing permanence certifications under the CCS protocol(s).

SB 905 further mandates the establishment of a Carbon Sequestration Group in the California Geologic Survey (CGS) to assess the suitability of the state's geologic carbon sequestration and removal potential by identifying high-quality carbon sequestration sites. The Group is mandated to identify hazards that may require the suspension of carbon dioxide injections. In addition, the Group will identify suitable and safe sites for early sequestration projects to support implementation of SB 905. DOC requests four positions to develop the evaluation framework, perform the assessment and evaluations, and collaborate with stakeholders and partner agencies.

SB 905 also directs CARB to prioritize the approaches that minimize environmental impacts, such as impacts to water quality. Proposed CCUS or CDR projects will require the State Water Board and applicable regional water quality control boards (collectively Water Boards) be involved in evaluating the risks that these projects may pose to water quality. More specifically, the State Water Board requests one position to collaborate with partner agencies to develop the permit portal, evaluate public health and water quality when reviewing projects, and increase publicly available information and data associated with CCUS and CDR related activities.

**Staff Recommendation.** Hold Open.