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AB-205 Energy. (2021-2022)

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Assembly Bill No. 205

CHAPTER 61

An act to add Article 13 (commencing with Section 16429.8) to Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code, to amend Sections 25403.2 and 25806 of, to add Chapter 6.2 (commencing with Section 25545), Chapter 7.4 (commencing with Section 25640), and Chapter 8.9 (commencing with Section 25790) to Division 15 of, and to add and repeal Section 25216.8 of, the Public Resources Code, to amend Sections 381, 739.1, 739.9, and 2827.1 of the Public Utilities Code, to add and repeal Section 17131.20 of the Revenue and Taxation Code, and to add Division 29 (commencing with Section 80700) to the Water Code, relating to energy, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 30, 2022. Filed with Secretary of State June 30, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 205, Committee on Budget. Energy.

(1) Existing law, until January 1, 2026, establishes the California Arrearage Payment Program (CAPP) within the Department of Community Services and Development. Existing law requires the department to survey utility applicants to obtain data pertaining to the total number of residential and commercial customer accounts in arrears to determine the total statewide energy utility arrearage and to develop an allocation formula for determining an individual utility applicant's share of CAPP funds. Existing law authorizes specified utilities to apply for CAPP funds on behalf of their customers, and requires the utility to use any funds received to offset customer arrearages that were incurred during the COVID-19 pandemic bill relief period, as specified. Existing law prohibits service from being discontinued due to nonpayment for those customers included in a utility's CAPP application while the department reviews and approves all pending CAPP applications, and requires the utility applicant to waive any associated late fees and accrued interest for customers who are awarded CAPP benefits. Existing law requires the department to report specified data to the Legislature and on its public-facing internet website relating to distribution of CAPP benefits.

This bill would, upon appropriation, establish the 2022 California Arrearage Payment Program (2022 CAPP) within the Department of Community Services and Development. The bill would require the department to release program notices and post program notices related to 2022 CAPP administration on its public-facing internet website. The bill would require the department to make available an online application for utility applicants to request 2022 CAPP funding for residential customers. The bill would require the department to develop an allocation formula for determining an individual utility applicant's share of 2022 CAPP funds based on the proportional share of the total statewide energy utility arrearages. The bill would require the department to approve utility applicant's 2022 CAPP applications, set statewide allocations, and disburse funds within 7 months of the appropriation for the CAPP.

This bill would require a utility applicant to issue 2022 CAPP benefits to residential customers within 60 days of receiving 2022 CAPP funds. The bill would require a utility applicant to submit all reporting required by the department detailed in a program

notice within 6 months of the utility applicant's receipt of its 2022 CAPP allocation. The bill would require the department to report specified data to the Legislature and on its public-facing internet website relating to distribution of 2022 CAPP benefits within 60 days of receiving reporting from utility applicants.

This bill would require that any payment authorized by the 2022 CAPP be treated in the same manner as the federal earned income refund for purposes of determining the individual's eligibility to receive benefits under specified public social services laws. The bill would also prohibit the payment from being taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of the individual, or any other individual, for benefits or assistance for any other state or local program, as provided.

(2) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake various actions in furtherance of meeting the state's clean energy and pollution reduction objectives.

This bill would require the Energy Commission to establish and implement the Long-Duration Energy Storage Program to provide financial incentives for projects that have power ratings of at least one megawatt and are capable of reaching a target of at least 8 hours of continuous discharge of electricity in order to deploy innovative energy storage systems to the electrical grid for purposes of providing critical capacity and grid services. The bill would authorize the Energy Commission to adopt guidelines or other standards for, use financial incentives to provide moneys to participants in, and provide technical assistance for, that program. The bill would authorize the Energy Commission to noncompetitively award moneys for that program under specified circumstances.

Existing law vests the Energy Commission with the exclusive jurisdiction to certify the construction of a stationary or floating electrical generating facility using a source of thermal energy with a generating capacity of 50 megawatts or more. Existing law prohibits a person from constructing such a facility unless that person obtains a certificate from the commission, as provided.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if the lead agency finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

The Jobs and Economic Improvement Through Environmental Leadership Act of 2021 authorizes the Governor, until January 1, 2024, to certify a leadership project, as defined, that meets specified requirements for streamlining benefits related to CEQA, as provided. The act authorizes a person proposing to construct a leadership project to apply to the Governor for certification that the leadership project is eligible for streamlining pursuant to the act.

This bill would establish a new certification process for a solar photovoltaic, terrestrial wind electrical generation powerplant, or thermal powerplant that does not use fossil or nuclear fuels, with a generating capacity of 50 megawatts or more, an energy storage system capable of storing 200 megawatthours or more of electricity, an electric transmission line from those generating or storage facilities to a point of junction with an interconnected electrical transmission system, or a facility for the manufacture, production, or assembly of energy storage systems or their components, wind systems or their components, solar photovoltaic systems or their components, or specialized products, components, or systems that are integral to renewable energy or energy storage technologies with a capital investment of at least \$250,000,000 over a period of 5 years. The bill would authorize a person proposing to construct those facilities, no later than June 30, 2029, to file an application for certification with the Energy Commission. The bill would require the Energy Commission to review the application, as provided, and to determine whether to issue the certification within a specified time period. The bill would require the Energy Commission to forward the application to a local government having land use and related jurisdiction in the areas of the proposed site and related facility and would require the local agencies to review the application and submit comments on the application, as provided, thereby imposing a state-mandated local program. The bill would authorize local agencies to request a fee from the Energy Commission to reimburse the local agency for the actual and added costs of the review by the local agency. The bill would prohibit the Energy Commission from issuing the certificate unless the Energy Commission makes certain findings. The bill would, except as provided, specify that the issuance of the certification is in lieu of any permit, certificate, or similar document required by a state, local, or regional agency, or federal agency, to the extent permitted by federal law, for those facilities. The bill would designate the Energy Commission as the lead agency for purposes of CEQA in regards to the certification decision. The bill would specify procedures by which the Energy Commission is to conduct the environmental review for its certification decision. The bill would provide that a facility certified under these provision is a certified leadership project under the Jobs and Economic Improvement Through Environmental Leadership Act of 2021, without the need for any action from the applicant or the Governor, if the commission makes certain findings and takes certain actions. The bill would require the Judicial Council to adopt a rule of court to establish procedures that require actions or proceedings related to the certification of an environmental impact report or the issuance of the

certification for any site and related facility to be resolved within 270 days, and, if the Jobs and Economic Improvement Through Environmental Leadership Act of 2021 is inoperative or repealed, would require those procedures to become operative.

(3) This bill would require the Energy Commission to implement and administer the Distributed Electricity Backup Assets Program to incentivize the construction of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events, as provided. The bill would require the Energy Commission to implement and administer the Demand Side Grid Support Program to incentivize dispatchable customer load reduction and backup generation operation as on-call emergency supply and load reduction for the state's electrical grid during extreme events, as provided. The bill would create the Strategic Reliability Reserve Fund, and the Distributed Electricity Backup Assets Account and the Demand Side Grid Support Account in the fund. The bill would continuously appropriate to the Energy Commission moneys in the fund for purposes of adding resources to the electrical grid to ensure electrical grid reliability and support the clean energy transition, thereby making an appropriation. The bill would continuously appropriate moneys into the accounts to the Energy Commission for the implementation of the above-described programs, respectively, thereby making an appropriation.

This bill would require the Department of Water Resources, in consultation with the Energy Commission, to implement those projects, purchases, and contracts to carry out the above-described purposes. The bill would provide that CEQA does not apply to contracts entered into, or approval granted by, the department to implement those projects, purchases, and contracts. The bill would establish the Department of Water Resources Electricity Supply Reliability Reserve Fund and would continuously appropriate moneys in the fund to the Department of Water Resources to cover the costs incurred by the department in the implementation of the bill, thereby making an appropriation.

This bill would, until July 1, 2027, vest the Energy Commission with the exclusive jurisdiction to certify sites on which facilities for actions described above that are undertaken by the department are proposed to be located. The bill would require the department to submit an application for certification for those sites, as provided. The bill would require the Energy Commission to establish a process to expedite the review of an application, as provided, and to determine whether to issue the certification within a specified time period. The bill would prohibit the certification of a site under certain circumstances. The bill would exempt from CEQA the certification of a site and related facilities by the Energy Commission.

(4) Existing law vests the Public Utilities Commission (PUC) with regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to require each electrical corporation to identify a separate rate component to collect revenues used to fund certain programs. Existing law requires the rate component to be a nonbypassable element of local distribution service and collected on the basis of usage.

This bill would repeal the requirement that the nonbypassable element be collected on the basis of usage.

Existing law requires the PUC to continue the California Alternative Rates for Energy (CARE) program to provide assistance to low-income electric and gas customers with annual household incomes that are no greater than 200% of the federal poverty guideline levels. For electrical corporations with 100,000 or more customer accounts, existing law requires the PUC to ensure, among other things, that the average effective CARE discount is not less than 30% or more than 35% of the revenues that would have been produced for the same billed usage by non-CARE customers and that the average effective discount, as determined by the PUC, reflects any charges not paid by CARE customers.

This bill would instead require that the average effective discount, as determined by the PUC, not reflect any charges for which CARE customers are exempted, discounts to fixed charges or other rates paid by non-CARE customers, or bill savings resulting from participation in other programs.

Existing law authorizes the PUC to adopt new, or expand existing, fixed charges, as defined, for the purpose of collecting a reasonable portion of the fixed costs of providing electric service to residential customers. Existing law requires the PUC to require each electrical corporation to offer default rates to residential customers with at least two usage tiers, as provided. Existing law requires the PUC to ensure that the approved charges do not, among other things, unreasonably impair incentives for conservation and energy efficiency. Existing law authorizes the PUC to authorize fixed charges that do not exceed certain amounts per residential customer account per month, as provided.

This bill would delete the requirement that each electrical corporation offer default rates to residential customers with at least two usage tiers. The bill would additionally require the PUC to ensure that the approved fixed charges do not unreasonably impair incentives for beneficial electrification and greenhouse gas reduction. The bill would instead authorize the PUC to authorize fixed charges for any rate schedule applicable to residential customer accounts. The bill would eliminate the cap on the amount of the fixed charge that the PUC may authorize. The bill would require the fixed charge to be established on an income-graduated basis, as provided, with no fewer than 3 income thresholds so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage. The bill would require the PUC, no later than July 1, 2024, to

authorize a fixed charge for default residential rates. The bill would prohibit the PUC from applying the composite tier method to the treatment of any revenues resulting from any fixed charge adopted pursuant to these provisions.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because the provisions of this bill are within the act and require action by the PUC to implement their requirements, a violation of these provisions would impose a state-mandated local program.

(5) The Personal Income Tax Law and the Corporation Tax Law, in conformity with federal income tax law, generally define “gross income” as income from whatever source derived, and provide various exclusions from gross income.

This bill, for taxable years beginning on or after January 1, 2022, and before January 1, 2027, would exclude from gross income any amount of bill credits received by a customer from a utility applicant pursuant to those acts. The bill would repeal these provisions on December 1, 2027.

(6) Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill, for specified provisions, would provide findings to comply with the additional information requirement for any bill authorizing a new tax expenditure.

(7) The bill would include findings that certain changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

(9) This bill would appropriate \$200,000,000 from the General Fund to the Energy Commission for the 2021–22 fiscal year to be used for a program to provide incentives for demand side grid support and associated mitigation costs, as specified.

(10) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 13 (commencing with Section 16429.8) is added to Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code, to read:

Article 13. 2022 California Arrearage Payment Program

16429.8. The Legislature finds and declares all of the following:

(a) On March 4, 2020, Governor Newsom proclaimed that a state of emergency exists in California as a result of the rise of COVID-19.

(b) A nationwide emergency in response to COVID-19 was declared on March 13, 2020, pursuant to the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Sec. 5121 et seq.). A federal major disaster declaration for California was approved on March 20, 2020, and is still in effect.

(c) Under Section 139 of the Internal Revenue Code, certain payments made by the state to individuals in connection with the COVID-19 pandemic qualify as disaster relief payments that are excluded from the recipient’s gross income.

(d) As a federal declared disaster, the COVID-19 pandemic is considered a qualified disaster for purposes of Section 139 of the Internal Revenue Code. Those payments made in the 2021–22 state fiscal year towards utility bills under the California Arrearage Payment Program (Article 12 (commencing with Section 16429.5)), which was established in the 2021 State Budget, were considered qualified disaster relief payments by the Internal Revenue Service and excluded from an individual’s gross income.

(e) Californians continue to struggle to afford the cost of energy due to the economic impacts of the ongoing COVID-19 pandemic.

(f) Benefits issued under this chapter are for past due energy utility bills accrued during the COVID-19 pandemic and the Legislature intends for them to be treated as qualified disaster relief payments that are to be excluded from individual taxable

gross income pursuant to Section 139 of the Internal Revenue Code.

16429.9. For purposes of this article, the following definitions apply:

- (a) "2022 CAPP" means the 2022 California Arrearage Payment Program established in Section 16429.10.
- (b) "COVID-19 pandemic bill relief period" means the period starting March 4, 2020, and ending December 31, 2021, inclusive of both start and end dates.
- (c) "Department" means the Department of Community Services and Development.
- (d) "Electrical cooperative" has the same meaning as defined in Section 2776 of the Public Utilities Code.
- (e) "Electrical corporation" has the same meaning as defined in Section 218 of the Public Utilities Code.
- (f) "Gas corporation" has the same meaning as defined in Section 222 of the Public Utilities Code.
- (g) "Load-serving entity" has the same meaning as defined in Section 380 of the Public Utilities Code.
- (h) "Local publicly owned electric utility" has the same meaning as defined in Section 224.3 of the Public Utilities Code.
- (i) "Past due bills" means active residential customer accounts with a past due balance incurred during the COVID-19 pandemic bill relief period and includes 2022 CAPP-eligible residential customer accounts that have payment plans or payment arrangements.
- (j) "Program notice" means official guidance issued by the department regarding 2022 CAPP implementation and administration.
- (k) "Utility applicant" means any of the following:
 - (1) A local publicly owned electric utility.
 - (2) An electrical corporation.
 - (3) A gas corporation.
 - (4) An electrical cooperative.

16429.10. (a) Upon appropriation, the 2022 California Arrearage Payment Program is established in the Department of Community Services and Development.

(b) The department shall release program notices and post program notices related to 2022 CAPP administration on its public-facing internet website.

(c) All active residential utility customers with past due bills incurred during the COVID-19 pandemic bill relief period are considered eligible for 2022 CAPP assistance and shall be included in a utility applicant's request for 2022 CAPP funding.

(1) The department and utility applicants shall prioritize the issuance of 2022 CAPP assistance in the following order:

(A) Active residential customers with past due bills and who, absent the 2022 CAPP assistance or any other protection or assistance provided by the utility applicant, might be subject to service disconnection, consistent with current law, due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period.

(B) Active residential customers with past due bills incurred during the COVID-19 pandemic bill relief period.

(2) The department, in its application approval and allocation notice to utility applicants, shall direct utility applicants on how 2022 CAPP assistance will be applied to each of the priority groups. A utility applicant shall be responsible for correcting any misapplication of 2022 CAPP assistance when that failure was due to a utility applicant not properly applying 2022 CAPP assistance to residential customer accounts in accordance with program notices, 2022 CAPP application terms and conditions, and guidance issued by the department.

(d) Within 90 days of receiving funds, upon appropriation, the department shall make available an online application for utility applicants to request 2022 CAPP funding for residential customers.

(1) To receive 2022 CAPP funding, a utility applicant shall complete a 2022 CAPP application, submit all necessary data and information to support the utility applicant's 2022 CAPP application, execute the 2022 CAPP terms and conditions document, and comply with all department-issued program notices.

(2) All utility applicant 2022 CAPP applications shall include the total number of eligible residential accounts, the total amount of eligible residential account arrearages incurred during the COVID-19 pandemic bill relief period, and identify for each eligible residential account the corresponding account number and past due bill balance accumulated during the COVID-19 pandemic bill relief period.

(3) The general manager, utility director, or a designee shall certify that the 2022 CAPP application is true and accurate and execute the 2022 CAPP terms and conditions.

(4) (A) Customer information shall be subject to Section 6254.16. This subparagraph shall become inoperative on January 1, 2023.

(B) Customer information shall be subject to Section 7927.410. This subparagraph shall become operative on January 1, 2023.

(e) There shall be a 30-day application timeframe in which utility applicants may apply to the department for 2022 CAPP funds. The department shall contact a utility applicant that does not respond during the initial application period to inquire as to the status of the utility applicant's 2022 CAPP application.

(f) The department shall review utility applicant 2022 CAPP applications for completeness and confirm that utility applicants' submissions support the total amount of financial assistance requested on behalf of residential customers. Incomplete 2022 CAPP applications shall be returned to the utility applicant for corrections or amendments consistent with department notes or directives.

(g) One billion one hundred ninety-seven million dollars (\$1,197,000,000) appropriated in Item 4700-101-3398 of the Budget Act of 2022 shall be used for the 2022 CAPP program. The allocation may be adjusted for the purposes of administrative costs. Upon appropriation, the following specified amounts shall be allocated for each utility category. Funding allocation to one of the categories that is not necessary for assistance for that category maybe reallocated to another category.

(1) Two hundred thirty-nine million four hundred thousand dollars (\$239,400,000) shall be allocated for financial assistance to customers of local publicly owned electric utilities and electrical cooperatives.

(2) Nine hundred fifty-seven million six hundred thousand dollars (\$957,600,000) shall be allocated for financial assistance to customers of electrical corporations and gas corporations, including customers served by a community choice aggregator.

(h) To establish statewide 2022 CAPP allocations, the department shall develop an allocation formula for determining an individual utility applicant's share of 2022 CAPP funds based on the proportional share of the total statewide energy utility arrearages.

(1) When determining statewide 2022 CAPP allocations, the department shall ensure utility applicant allocations do not exceed the total amount of eligible arrearages reported in the utility applicant's 2022 CAPP application. If there are remaining 2022 CAPP funds after the initial allocation determination, the department shall redistribute the remaining 2022 CAPP funds to utility applicants according to their proportional share of the total statewide energy utility arrearages within each utility category.

(2) Upon approving a utility applicant's 2022 CAPP application, the department shall submit to the utility applicant an application approval and allocation notice that identifies the utility applicant's allocation along with directions on how to apply 2022 CAPP funds to customer accounts by priority group. The department shall make all application approval and allocation notices available on its public-facing internet website.

(3) Utility applicants shall provide benefits to residential customers in accordance with program notices, the 2022 CAPP application terms and conditions document, and guidance issued by the department.

(4) The department shall approve utility applicant's 2022 CAPP applications, set statewide allocations, and disburse funds within seven months of the appropriation for the 2022 CAPP.

(i) Within 60 days of receiving 2022 CAPP funds, a utility applicant shall issue 2022 CAPP benefits to its residential customers as bill credits to help address the past due bills and shall include a statement that the credits are a result of 2022 CAPP funding or other statement as approved by a department-issued program notice.

(1) Between the time when a utility applicant submits its 2022 CAPP application and the department completes the disbursement of CAPP allocations to all utility applicants, a utility applicant shall not discontinue service due to nonpayment by those residential customers with arrearages accrued during the COVID-19 pandemic bill relief period.

(2) A utility applicant shall not disconnect a residential customer's utility service, regardless of balance owed after applying a 2022 CAPP benefit, for 90 days after a 2022 CAPP benefit is applied.

(3) If a residential customer has a remaining balance after a 2022 CAPP benefit is applied, the utility applicant shall notify the residential customer of the option to enter into an extended payment plan with late fees and penalties waived. The utility applicant shall not discontinue service to the residential customer while the residential customer remains current on the repayment plan.

(4) Utility applicants shall waive any associated late fees and accrued interest for residential customers that are awarded 2022 CAPP benefits.

(5) An electrical corporation shall use existing proportional payment processes adopted by the Public Utilities Commission in response to the COVID-19 pandemic to allocate any partial payments made by residential customers to the utility applicant and other load serving entities in proportion to their respective shares of the outstanding customer charges.

(j) An electrical corporation shall issue 2022 CAPP benefits to residential customer for past due bills owed to the utility applicant and other load-serving entities serving the residential customer in proportion to their respective shares of customer arrearages.

(k) Within six months of a utility applicant's receipt of its 2022 CAPP allocation, the utility applicant shall submit all reporting required by the department detailed in a program notice. The utility applicant shall remit payment of any unapplied 2022 CAPP benefits to the department as part of its reporting to the department.

(l) Within 60 days of receiving reporting from utility applicants pursuant to subdivision (k), the department shall provide to the Legislature, and make available on its public-facing internet website, a report. The report shall be submitted in conformance with Section 9795 and shall include all of the following:

- (1) Total arrearage amount applied for statewide.
- (2) Total active residential customers in arrears applied for statewide.
- (3) Total 2022 CAPP funds applied for by utility applicants.
- (4) Total 2022 CAPP funds approved by the department and disbursed to utility applicants statewide.
- (5) Total 2022 CAPP funds distributed by utility applicants.
- (6) Total 2022 CAPP funds not expended and returned to the department by utility applicants.
- (7) Total active residential customers, statewide, included in 2022 CAPP applications received by the department.
- (8) Total active residential customers, by utility applicant, included in 2022 CAPP applications received by the department.
- (9) Total active residential customers, statewide, that received a 2022 CAPP benefit.
- (10) Average 2022 CAPP benefit, statewide, received by active residential customers.
- (11) Total active residential customers, by utility applicant, that received a 2022 CAPP benefit.
- (12) Average 2022 CAPP benefit, by utility applicant, received by active residential customers.
- (13) Total expenditures by the department for the administration of 2022 CAPP.

(m) Utility applicants shall provide all documents and data necessary for the department, or its designee, to complete a review and audit of 2022 CAPP benefits applied to eligible residential accounts. The department shall provide 30 days' notice to utility applicants of any document requests to support departmental review and audit.

(n) Notwithstanding any other law, the payment authorized pursuant to this section shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, excluding benefits under Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, or amounts of those benefits.

(o) Notwithstanding any other law, the payment authorized pursuant to this section shall not be considered as income and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of the individual, or any other individual, for benefits or assistance or the amount or extent of benefits or assistance under any state or local program not covered in subdivision (n). With respect to a state or local program, this subdivision shall only be implemented to the extent that it does not conflict with federal law relating to that program, and that any required federal approval or waiver is first obtained for that program.

SEC. 2. Section 25216.8 is added to the Public Resources Code, to read:

25216.8. (a) On or before January 31, 2023, the commission, in consultation with the Public Utilities Commission, the Department of Water Resources, and California balancing authorities, including, but not limited to, the Independent System Operator, shall issue a written report to the Joint Legislative Budget Committee addressing all of the following:

(1) An evaluation of how the state, load-serving entities, as defined in Section 380 of the Public Utilities Code, local publicly owned electric utilities, as defined in Section 224.3 of the Public Utilities Code, and California balancing authorities managed summer reliability during 2022.

(2) The magnitude of projected reliability problems in 2023 to 2026, inclusive.

(3) Potential solutions to addressing reliability concerns. In doing so, the commission shall evaluate options that rely on state budget actions, statutory changes, and using existing resource adequacy, integrated resource planning, and other reliability processes at the Public Utilities Commission and the Independent System Operator to ensure reliability.

(b) (1) A report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.

(2) Pursuant to Section 10231.5 of the Government Code, this section is repealed on January 1, 2027.

SEC. 3. Section 25403.2 of the Public Resources Code is amended to read:

25403.2. (a) Using the moneys appropriated pursuant to Items 3360-105-0001 and 3360-005-0001 of Section 2.00 of the Budget Act of 2021, the commission shall implement and administer a statewide program to incentivize the construction of new multifamily and single-family market-rate residential buildings as all-electric buildings or with energy storage systems. The commission shall provide a combined incentive if a building is both all electric and has an energy storage system.

(b) The program implemented and administered pursuant to this section shall be known as the Building Initiative for Low-Emissions Development Program Phase 2.

(c) In implementing and administering the Building Initiative for Low-Emissions Development Program Phase 2, the commission shall do all of the following:

(1) Before June 30, 2022, develop and approve program guidelines in a public process. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the development and approval of the guidelines.

(2) Make program applications available within 30 days of the commission approving the guidelines pursuant to paragraph (1).

(3) Ensure, to the extent reasonable, that the program incentivizes the construction of buildings as all electric or with energy storage systems that would not have otherwise been constructed as all electric or with energy storage systems but for the Building Initiative for Low-Emissions Development Program Phase 2.

(4) Ensure, to the extent reasonable, that the program incentivizes the installation of technologies not otherwise required pursuant to the applicable local and state building codes.

(d) A goal of the Building Initiative for Low-Emissions Development Program Phase 2 is to spur significant market adoption of all-electric buildings and energy storage systems.

(e) The commission may pay an incentive upfront if not doing so would inhibit participation in the Building Initiative for Low-Emissions Development Program Phase 2.

SEC. 4. Chapter 6.2 (commencing with Section 25545) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 6.2. Certification of Nonfossil-Fueled Powerplants, Energy Storage Facilities, and Related Facilities

25545. For purposes of this chapter, the following definitions apply:

(a) "California Native American tribe" has the same meaning as set forth in Section 21073.

(b) "Facility" means any of the following:

(1) A solar photovoltaic or terrestrial wind electrical generating powerplant with a generating capacity of 50 megawatts or more and any facilities appurtenant thereto.

(2) An energy storage system as defined in Section 2835 of the Public Utilities Code that is capable of storing 200 megawatthours or more of electrical energy.

(3) A stationary electrical generating powerplant using any source of thermal energy, with a generating capacity of 50 megawatts or more, excluding any powerplant that burns, uses, or relies on fossil or nuclear fuels.

(4) A discretionary project as described in Section 21080 for which the applicant has certified that a capital investment of at least two hundred fifty million dollars (\$250,000,000) will be made over a period of five years and the discretionary project is for (A) the manufacture, production, or assembly of an energy storage system or component manufacturing, wind system or component manufacturing, and solar photovoltaic energy system or component manufacturing, or (B) the manufacture, production, or assembly of specialized products, components, or systems that are integral to renewable energy or energy storage technologies.

(5) An electric transmission line carrying electric power from a facility described in paragraph (1), (2), or (3) that is located in the state to a point of junction with any interconnected electrical transmission system.

(c) "Site" means any location on which an eligible facility is constructed or is proposed to be constructed.

25545.1. (a) A person proposing an eligible facility may file an application no later than June 30, 2029, for certification with the commission to certify a site and related facility in accordance with this chapter, including a person who has an application for certification or small powerplant exemption filed with the commission pursuant to Chapter 6 (commencing with Section 25500) pending as of the effective date of this section. Upon receipt of the application, the commission shall have the exclusive power to certify the site and related facility, whether the application proposes a new site and related facility or a change or addition to an existing facility. This section does not modify the Public Utilities Commission's jurisdiction, including the issuance of a certificate of public convenience and necessity under Chapter 5 (commencing with Section 1001) of Part 1 of Division 1 of the Public Utilities Code for a facility that is proposed by a utility regulated by the Public Utilities Commission.

(b) (1) Except as provided in paragraph (2), the issuance of a certificate by the commission for a site and related facility pursuant to this chapter shall be in lieu of any permit, certificate, or similar document required by any state, local, or regional agency, or federal agency to the extent permitted by federal law, for the use of the site and related facilities, and shall supersede any applicable statute, ordinance, or regulation of any state, local, or regional agency, or federal agency to the extent permitted by federal law.

(2) Paragraph (1) does not supersede the authority of the State Lands Commission to require leases and receive lease revenues, if applicable, or the authority of the California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, or the applicable regional water quality control boards.

(3) For facilities described in paragraph (4) of subdivision (b) of Section 25545, this subdivision does not supersede the authority of local air quality management districts or the Department of Toxic Substances Control.

(c) The Legislature finds and declares that this section addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.

25545.2. An application for a site and related facility submitted pursuant to this chapter shall be in a form prescribed by the commission and shall contain all of the information required by Section 25520 and be further supported by other information as the commission may require to support the preparation of an environmental impact report and issuance of a certification.

25545.3. For purposes of sections 25545.3.3 and 25545.3.5, the following definitions apply:

(a) "Construction" includes any new construction work and subsequent construction work following initial completion that is contracted out to a contractor in the construction industry.

(b) "Covered project" or "project" means a site and related facility subject to an application submitted under this chapter.

(c) "Project labor agreement" has the same meaning as set forth in Section 2500 of the Public Contract Code.

(d) "Skilled and trained workforce" has the same meaning as provided in Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

25545.3.3. An application for a covered project submitted under this chapter shall include the applicant's certification that it will meet the requirements of a covered project and the commission shall make the requirements a condition of certification. The application shall also include the applicant's certification that either of the following is true:

(a) The entirety of the construction of the covered project is a public work for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

(b) The construction of the covered project is not in its entirety a public work for which prevailing wages must be paid under Article 1 (commencing with Section 1720) of Chapter 1 of Part 7 of Division 2 of the Labor Code, but all construction workers employed on the project will be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate. If the project is subject to this subdivision, for those portions of the project that are not a public work, all of the following shall apply:

(1) The applicant shall ensure that the prevailing wage requirement is included in all contracts for the performance of all construction work.

(2) All contractors and subcontractors shall pay to all construction workers employed in the construction of the project at least the general prevailing rate of per diem wages, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(3) All contractors and subcontractors performing construction work on the project shall employ apprentices at no less than the ratio required in Section 1777.5 of the Labor Code.

(4) Except as provided in paragraph (6), all contractors and subcontractors performing construction work shall maintain and verify payroll records pursuant to Section 1776 of the Labor Code, make those records available for inspection and copying as provided therein, and furnish those payroll records to the Labor Commissioner pursuant to Section 1771.4 of the Labor Code.

(5) Except as provided in paragraph (6), the obligation of the contractors and subcontractors to pay prevailing wages and employ apprentices may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project, or by an underpaid worker through an administrative complaint or civil action, or by a joint labor-management committee through a civil action under Section 1771.2 of the Labor Code. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.

(6) Paragraphs (4) and (5) do not apply if all contractors and subcontractors performing construction work on the project are subject to a project labor agreement. The project labor agreement shall also include, but not be limited to, all of the following:

(A) Provisions requiring payment of prevailing wages to all construction workers employed in the construction of the project and for enforcement of that obligation through an arbitration procedure.

(B) Targeted hiring provisions, including a targeted hiring plan, on a craft-by-craft basis to address job access for local, disadvantaged, or underrepresented workers, as defined by a relevant local agency.

(C) Apprenticeship utilization provisions that commit all parties to increasing the share of work performed by state-registered apprentices above the state-mandated minimum ratio required in Section 1777.5 of the Labor Code.

(D) Apprenticeship utilization provisions that commit all parties to hiring and retaining a certain percentage of state-registered apprentices that have completed the Multi-Craft Core preapprenticeship training curriculum referenced in subdivision (t) of Section 14005 of the Unemployment Insurance Code.

25545.3.5. An application for a covered project submitted under this chapter shall include the applicant's certification that a skilled and trained workforce will be used to perform all construction work on the project and all of the following apply:

(a) The applicant shall require in all contracts for the performance of work that every contractor and subcontractor at every tier will individually use a skilled and trained workforce to construct the project.

(b) Every contractor and subcontractor shall use a skilled and trained workforce to construct the project.

(c) Except as provided in subdivision (e), contractors and subcontractors that fail to use a skilled and trained workforce shall be subject to the penalties provided in Section 2603 of the Public Contract Code. Penalties for a contractor's or subcontractor's failure to comply with the requirement to use a skilled and trained workforce may be assessed by the Labor Commissioner within 18 months of completion of the project using the same procedures for issuance of civil wage and penalty assessments pursuant to Section 2603 of the Public Contract Code. Penalties shall be paid to the State Public Works Enforcement Fund.

(d) For purposes of this subdivision, an applicant shall be considered to be an "awarding body" under Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code. Except as provided in subdivision (e), the applicant shall retain records, including copies of monthly reports, that demonstrate compliance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code while the project or contract is being performed and for three years after

completion of the project or contract. The applicant shall submit these records immediately upon request of the commission. When submitted to the commission, these records shall be a public record under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and shall be open to public inspection.

(e) Subdivisions (c) and (d) do not apply if all contractors and subcontractors performing work on the project are subject to a project labor agreement. The project labor agreement shall also include, but not be limited to, all of the following:

- (1) Provisions requiring compliance with the skilled and trained workforce requirement and for enforcement of that obligation through an arbitration procedure.
- (2) Targeted hiring provisions, including a targeted hiring plan, on a craft-by-craft basis to address job access for local, disadvantaged, or underrepresented workers, as defined by a local agency.
- (3) Apprenticeship utilization provisions that commit all parties to increasing the share of work performed by state-registered apprentices above the state-mandated minimum ratio required in Section 1777.5 of the Labor Code.
- (4) Apprenticeship utilization provisions that commit all parties to hiring and retaining a certain percentage of state-registered apprentices that have completed the Multi-Craft Core preapprenticeship training curriculum referenced in subdivision (t) of Section 14005 of the Unemployment Insurance Code.

25545.4. (a) Within 30 days of the submission of the application, the commission shall review the application and make a determination of completeness.

(b) The executive director may require the applicant to submit additional information, documents, or data determined to be reasonably necessary to prepare the environmental impact report for the application and to make a decision on the application. The executive director shall also require the applicant to submit additional information requested by trustee agencies for the purposes of supporting a decision on the application and environmental impact report. The executive director shall transmit the request for additional information within 30 days of the submission of the application.

(c) An application is deemed completed as follows:

- (1) Thirty days after the submission of the application, if the executive director does not require the submission of additional information pursuant to subdivision (b).
- (2) Immediately upon acceptance of the additional information requested by the executive director pursuant to subdivision (b), if the executive director requires the submission of additional information pursuant to subdivision (b).

(d) The executive director may request additional information from the applicant to address comments by public agencies on the scope and content of the information that is required to be included in an environmental impact report for certification. The applicant shall provide to the commission the requested information within 30 days of receiving the request.

(e) (1) Except as provided in paragraph (2), no later than 270 days after the application is deemed complete, or as soon as practicable thereafter, the commission shall determine whether to certify the environmental impact report and to issue a certificate for the site and related facilities pursuant to this chapter.

(2) Paragraph (1) does not apply, and the time to certify the environmental impact report or issue a certificate for the site and related facilities pursuant to this chapter may be extended if one or more of the following occurs:

(A) The commission is required to recirculate the environmental impact report pursuant to Section 15088.5 of Title 14 of the California Code of Regulations.

(B) Substantial changes are proposed in the project that may involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(C) Substantial changes occur with respect to the circumstances under which the project is undertaken that may involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(D) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence before the commission publishes the notice of availability pursuant to Section 25545.7.6, is submitted that may require additional analysis and consideration.

(E) The commission, in consultation with the Department of Fish and Wildlife or the State Water Resources Control Board, if applicable, determines that additional time is necessary to obtain information and conduct surveys, including due to seasonal constraints.

25545.5. (a) Within 90 days of the effective date of this chapter, the commission shall, in coordination with the Department of Fish and Wildlife, develop a plan that ensures timely and effective consultation between the commission and the Department of Fish and Wildlife with respect to any proposed commission findings and actions to authorize the take of endangered, threatened, and candidate species pursuant to the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code) or impacts to fish and wildlife resources pursuant to Section 1602 of the Fish and Game Code. The commission shall also consult with the Department of Fish and Wildlife with respect to any proposed commission findings and actions regarding potential impacts to fish, wildlife, and plant resources and the habitats upon which they depend. The plan shall include a process to ensure that all such take and impacts are consistent with Chapter 6 (commencing with Section 1600) of Division 2 of, and Chapter 1.5 (commencing with Section 2050) of Division 3 of, the Fish and Game Code.

(b) Within 90 days of the effective date of this chapter, the commission shall, in coordination with the State Water Resources Control Board, develop a plan that ensures timely and effective consultation between the commission and the State Water Resources Control Board and the applicable regional water quality control board with respect to any proposed commission findings and actions related to discharges of waste that could affect the quality of waters of the state. The plan shall include provisions to ensure that all discharges are consistent with all applicable provisions of Division 7 (commencing with Section 13000) of the Water Code.

(c) The commission shall, in coordination with the Department of Toxic Substances Control, develop a plan within 90 days of the effective date of this chapter that ensures timely and effective consultation between the commission and the Department of Toxic Substances Control with respect to any proposed commission findings and actions related to hazardous waste control laws.

(d) (1) For sites and related facilities located in the geographic jurisdiction of the California Coastal Commission or the San Francisco Bay Conservation and Development Commission, the commission shall consult with the applicable agency to coordinate processing and sequencing of the applications to expedite the permitting process of those agencies. In areas of the coastal zone covered by a certified local coastal program, the California Coastal Commission shall assume coastal development review authority, using the certified local coastal program as guidance. In the Suisun Marsh Secondary Management Area and the portions of the Primary Management Area with a local protection program, the San Francisco Bay Conservation and Development Commission shall assume permitting authority for processing and issuing marsh development permits using the local protection programs as guidance.

(2) The California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, the applicable regional water quality control boards, the applicable local air quality management districts, or the Department of Toxic Substances Control, as applicable, shall take final action on the eligible facility within 90 days after the certification by the commission of the environmental impact report for the site and related facilities, if the applicant has filed a complete, final application for a permit or waste discharge requirement, as applicable, with those agencies before the certification of the environmental impact report.

25545.6. Notwithstanding any other law, an application submitted pursuant to this chapter shall be reviewed by commission staff. The executive director shall prepare a recommendation for the commission's consideration at a publicly noticed meeting on whether to certify an environmental impact report and issue a certificate for the site and related facilities pursuant to this chapter.

25545.7. (a) The commission is the lead agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000)) and, except as provided in this chapter, shall prepare an environmental impact report pursuant to Division 13 (commencing with Section 21000).

(b) The regulatory program that implements this chapter is not a certified regulatory program under Section 21080.5.

(c) The commission may prepare an initial study pursuant to Section 15063 of Title 14 of the California Code of Regulations to help identify the significant effects of an action taken pursuant to this chapter.

25454.7.2. The commission shall conduct public outreach to solicit input on an application to identify the range of actions, alternatives, mitigation measures, and significant effects to be analyzed in depth in the environmental impact report as follows:

(a) Within three days after the application is deemed complete pursuant to Section 25545.4, the commission shall issue a notice of preparation pursuant to Section 15082 of Title 14 of the California Code of Regulations.

(b) (1) No sooner than 10 days and no later than 30 days after the application is deemed complete pursuant to Section 25545.4, the commission shall conduct a public informational meeting as close as practicable to the proposed site. The commission shall provide notice of the informational meeting at least 10 days before the meeting. The notice shall be sent electronically to all persons who have requested to receive a notice from the commission on action related to certification pursuant to this chapter and to all persons who the commission's executive director, in consultation with the public advisor of the commission, determines to be concerned with the application. The informational meeting shall provide all of the following:

(A) Information on the proposed site and related facility from the applicant and from commission staff.

(B) Information on how to participate in the commission's review of the application.

(C) A reasonable opportunity for the public to comment on the application.

(2) No sooner than 10 days after the application is deemed complete pursuant to Section 25545.4 and no later than 60 days after the issuance of the notice of availability pursuant to section 25545.7.6, the commission shall conduct a public workshop in the community nearest to the proposed site. The commission shall provide the notice in the same manner as required for the notice of the informational meeting pursuant to paragraph (1).

(3) Not later than 30 days after the issuance of the notice of preparation, the commission shall conduct a public scoping meeting pursuant to subdivision (c) of Section 15082 of Title 14 of the California Code of Regulations as close as practicable to the proposed site.

(c) The commission may conduct the informational meeting at the same time as the scoping meeting.

25545.7.4. (a) For purposes of this section, "traditional ecological knowledge" means knowledge held by indigenous cultures about their immediate environment and the cultural practices that build on that knowledge, including California Native American tribes' intimate and detailed knowledge of plants, animals, and natural phenomena, the development and use of appropriate technologies for hunting, fishing, trapping, agriculture, and forestry, and a holistic knowledge or worldview that parallels the scientific discipline of ecology.

(b) Within five days after the application is deemed complete pursuant to Section 25545.4, the commission shall submit the application to all California Native American tribes that are culturally and traditionally associated with the geographic area of the proposed site and initiate consultation with those tribes pursuant to Sections 21080.3.1, 21080.3.2, and 21082.3.

(c) The commission shall take feasible measures to avoid or minimize adverse impacts to tribal cultural resources.

(d) During the consultation process, the commission shall solicit the traditional ecological knowledge of the California Native American tribes and, where feasible, incorporate the California Native American tribes' traditional ecological knowledge into the environmental impact report for the application.

(e) Where feasible, the commission shall invite tribal historic preservation officers of, or other cultural monitors designated by, California Native American tribes that are culturally or traditionally associated with the geographic area of the proposed site to observe and monitor activities at the site during the environmental review and certification process.

25545.7.6. (a) No sooner than 30 days and no later than 60 days after the issuance of the notice of availability of the draft environmental impact report, the commission shall hold at least one public meeting on the draft environmental impact report as close as practicable to the proposed site.

(b) Notwithstanding subdivision (a) of Section 21091, the public review and comment period for the draft environmental impact report for an application shall be at least 60 days.

(c) No sooner than 30 days after the completion of the final environmental impact report, the commission shall consider the certification of the environmental impact report of the application at a public meeting.

(d) This chapter does not limit the commission from holding additional public meetings.

25545.8. (a) For the consideration of an application and the issuance of a certification under this chapter, the commission shall comply with the requirements of subdivisions (a), (d), (e), (g), and (h), inclusive, of Section 25523.

(b) Subdivisions (f), (g), (j) and (k) of Section 25519, and Sections 25525, 25527, and 25538 apply to an application submitted pursuant to this chapter.

25545.9. The commission shall not certify a site and related facility under this chapter unless the commission finds that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility. For purposes of this section, economic benefits may include, but are not limited to, any of the following:

(a) Employment growth.

(b) Housing development.

(c) Infrastructure and environmental improvements.

(d) Assistance to public schools and education.

(e) Assistance to public safety agencies and departments.

(f) Property taxes and sales and use tax revenues.

25545.10. (a) The commission shall not certify a site and related facility under this chapter unless the commission finds that the applicant has entered into one or more legally binding and enforceable agreements with, or that benefit, a coalition of one or more community-based organizations, such as workforce development and training organizations, labor unions, social justice advocates, local governmental entities, California Native American tribes, or other organizations that represent community interests, where there is mutual benefit to the parties to the agreement. The topics and specific terms in the community benefits agreements may vary and may include workforce development, job quality, and job access provisions that include, but are not limited to, any of the following:

(1) Terms of employment, such as wages and benefits, employment status, workplace health and safety, scheduling, and career advancement opportunities.

(2) Worker recruitment, screening, and hiring strategies and practices, targeted hiring planning and execution, investment in workforce training and education, and worker voice and representation in decisionmaking affecting employment and training.

(3) Establishing a high road training partnership, as defined in Section 14005 of the Unemployment Insurance Code.

(b) The topics and specific terms in the community benefits agreement may also include, but not be limited to, funding for or providing specific community improvements or amenities such as park and playground equipment, urban greening, enhanced safety crossings, paving roads and bike paths, and annual contributions to a nonprofit or community-based organization that awards grants to organizations delivering community-based services and amenities.

25545.11. Sections 25532 to 25534.2, inclusive, apply to a certification issued pursuant to this chapter.

25545.12. (a) Regulations adopted to implement this chapter, or any amendment to those regulations, shall be adopted by the commission in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations shall be considered by the Office of Administrative Law as an emergency, and necessary for the immediate preservation of the public peace, health, safety, and general welfare. Notwithstanding any other law, the emergency regulations adopted to implement this chapter shall remain in effect until amended by the commission.

(b) (1) Notwithstanding any other law, until July 1, 2025, an agreement entered into for purposes of this chapter shall not require competitive bidding, or the review, consent, or approval of the Department of General Services or any other state department or agency and is not required to comply with the requirements of the State Contracting Manual, the Public Contract Code, or the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) If the commission enters into an agreement with a local government pursuant to this subdivision, the commission may advance funds to the local government for purposes of the agreement.

25545.13. (a) A site and related facility certified under this chapter is deemed an environmental leadership development project certified by the Governor under Chapter 6.5 (commencing with Section 21178) of Division 13 and eligible for the procedures established under Section 21185, with no further action by the applicant or the Governor, if the commission verifies that the conditions in Chapter 6.5 (commencing with Section 21178) of Division 13, including Sections 21183 and 21183.6, are met and prepares the record of the proceedings concurrently with its review of the application and certifies the record of proceedings within five days of certification.

(b) On and after January 1, 2026, if Chapter 6.5 (commencing with Section 21178) of Division 13 is inoperative or repealed, the procedures established pursuant to subdivision (c) shall apply to any action or proceeding brought to attack, review, set aside, void, or annul the certification of an environmental impact report or the issuance of the certification for any site and related facility subject to this chapter, if the commission prepares the administrative record of the proceedings concurrently with its review of the application and certifies the administrative record within five days of certification.

(c) On or before December 31, 2023, the Judicial Council shall adopt a rule of court to establish procedures that require actions or proceedings brought to attack, review, set aside, void, or annul the certification of an environmental impact report or the issuance of the certification for any site and related facility subject to this chapter, including any potential appeals to the court of

appeal or the Supreme Court, to be resolved, to the extent feasible, within 270 days of the filing of the certified administrative record with the court.

SEC. 5. Chapter 7.4 (commencing with Section 25640) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 7.4. Long-Duration Energy Storage Program

25640. For purposes of this chapter, the following definitions apply:

- (a) "Energy storage system" has the same meaning as defined in Section 2835 of the Public Utilities Code.
- (b) "Financial incentive" includes a contract, grant, loan, rebate, block grant, or other appropriate funding mechanism.
- (c) "Under-resourced community" has the same meaning as defined in Section 71130.

25641. The commission shall establish and implement the Long-Duration Energy Storage Program to provide financial incentives for eligible projects, located at eligible storage facilities, that have power ratings of at least one megawatt and are capable of reaching a target of at least eight hours of continuous discharge of electricity at that power rating in order to deploy innovative energy storage systems to the electrical grid for purposes of providing critical capacity and grid services.

25642. (a) The commission may establish project and storage facility eligibility guidelines for purposes of this chapter.

(b) Any eligibility guidelines established pursuant to subdivision (a) shall be consistent with both of the following requirements:

(1) "Eligible storage facility" shall include, but not be limited to, an energy storage system that is interconnected to the electrical grid in California or to a California balancing authority.

(2) (A) "Eligible project" shall include, but not be limited to, an eligible storage facility that includes any of the following:

- (i) Compressed air or liquid air technologies.
- (ii) Flow batteries, advanced chemistry batteries, or mechanical energy storage.
- (iii) Thermal storage or aqueous battery systems.
- (iv) A hydrogen demonstration project.

(B) "Eligible project" shall not include a pumped storage project or lithium-ion-based storage technology.

25643. In implementing the Long-Duration Energy Storage Program, the commission may do all of the following:

(a) In addition to any other authorized method of providing moneys to participants in the Long-Duration Energy Storage Program, use financial incentives.

(b) Award Long-Duration Energy Storage Program moneys for technical assistance, including, but not limited to, providing outreach to eligible industries, identifying promising technologies, assessing market conditions needed to accelerate commercial traction of the technology, assisting with technical review of proposals and deliverables, identifying opportunities that provide significant benefits to the electrical grid, and performing benefits analysis. The commission may contract for, or through interagency agreement obtain, technical, scientific, and administrative services and expertise from one or more entities to support the Long-Duration Energy Storage Program.

(c) Adopt guidelines or other standards at a business meeting for the Long-Duration Energy Storage Program. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the adoption of the guidelines or other standards adopted by the commission pursuant to this chapter.

(d) (1) Notwithstanding any other law, noncompetitively award Long-Duration Energy Storage Program moneys through an amendment to, or a new agreement with a party to or recipient of, contracts or grants from California governmental entities or a federal agency if the recipient has received funding for the original project through a competitive bid process from a California governmental entity or federal agency and the awarding of those moneys is consistent with the stated goals and criteria of the Long-Duration Energy Storage Program.

(2) Notwithstanding any other law, noncompetitively award Long-Duration Energy Storage Program moneys to a governmental entity, national laboratory, entity contracted by the federal government to operate a national laboratory, or foundation established to serve the University of California or California State University.

(3) Notwithstanding any other law, noncompetitively award Long-Duration Energy Storage Program moneys to any entity if the cost to the state is reasonable and the commission makes any of the following determinations:

(A) The expertise, service, or product is unique.

(B) A competitive solicitation would frustrate the obtainment of necessary information, goods, or services in a timely manner.

(C) The moneys to be awarded would fund the next phase of a multiphased project, the multiphased project was funded through competitively awarded agreement, and the entity satisfactorily performed the competitively awarded agreement.

(D) It is in the best interests of the state to do so.

(E) The entity will use the moneys as matching funds for federally awarded moneys.

(e) Notwithstanding any other law, in its discretion, advance up to 25 percent of the Long-Duration Energy Storage Program moneys awarded pursuant to this chapter.

25644. Notwithstanding any other law, a commission agreement entered into for purposes of the Long-Duration Energy Storage Program shall not require the review, consent, or approval of the Department of General Services or any other state department or agency and are not required to comply with the requirements of the State Contracting Manual, the Public Contract Code, or the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

25645. In providing financial incentives pursuant to this chapter, the commission shall give preference to an eligible project that does one or more of the following:

(a) Increases the reliability and resiliency of the electrical grid.

(b) Adds electrical grid services when the electrical grid is stressed or anticipating pending energy challenges.

(c) Increases the use of renewable energy and reduces the impact of climate change on the electrical grid or on connected facilities or communities, including by improving air quality, reducing emissions of greenhouse gases, or providing under-resourced communities with increased reliability and resiliency.

(d) Lowers energy costs and provides employment opportunities for residents of under-resourced communities.

(e) Interconnects to the electrical grid and is commercially operational by 2028.

SEC. 6. Chapter 8.9 (commencing with Section 25790) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 8.9. Strategic Reliability Reserve
Article 1. General Provisions and Definitions

25790. The Legislature finds and declares all of the following:

(a) California is a leader in driving the affordable and equitable transition to a clean reliable energy system and economy. However, the impacts of climate change are occurring sooner and with more intensity and frequency than previously anticipated.

(b) Extreme events from climate change, including heat waves, wildfires, and drought, combined with other factors, such as supply chain disruptions, are jeopardizing California's ability to build out the electrical infrastructure needed to maintain affordability and reliability.

(c) As California transitions to a clean energy future and contends with climate impacts and other challenges, sufficient capacity of new and existing generation assets will be required to maintain reliability during extreme events.

(d) California must ensure electricity reliability during this period of heightened risk, which includes extraordinary near-term measures and substantive changes to mid-term energy policy, while also ensuring the multifaceted California electrical grid is best positioned to sustainably and equitably achieve California's clean energy future, climate targets, and air quality requirements.

25790.5. For purposes of this chapter, the following definitions apply:

(a) "California balancing authority" has the same meaning set forth in Section 399.12 of the Public Utilities Code.

(b) "Extreme event" means either of the following:

(1) An event occurring at a time and place in which weather, climate, or environmental conditions, including temperature, precipitation, drought, fire, or flooding, present a level of risk that would constitute or exceed a one-in-ten event, as referred to by the North American Electric Reliability Corporation, including when forecast in advance by a load-serving entity or local publicly owned electric utility.

(2) An event where emergency measures are taken by a California balancing authority, including when forecast in advance by the California balancing authority.

(c) "Fund" means the Strategic Reliability Reserve Fund established pursuant to Section 25793.

(d) "Load-serving entity" has the same meaning as defined in Section 380 of the Public Utilities Code.

(e) "Local publicly owned electric utility" has the same meaning as defined in Section 224.3 of the Public Utilities Code.

(f) "State board" means the State Air Resources Board.

Article 2. Distributed Electricity Backup Assets Program

25791. (a) The Distributed Electricity Backup Assets Program is hereby created. The commission shall implement and administer the program to incentivize the construction of cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events.

(b) In implementing and administering the program, the commission, in coordination with the state board, shall allocate moneys for either of the following:

(1) Efficiency upgrades, maintenance, and capacity additions to existing power generators, consistent with subdivision (e).

(2) Deployment of new zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities.

(c) The commission shall develop guidelines, in consultation with the state board, to implement the program. The guidelines shall include a loading order that aims to achieve electricity reliability and prioritizes feasible, cost-effective demand response and efficiency resources, then feasible, cost-effective renewable and zero-emission resources, and then feasible, cost-effective conventional resources. The guidelines shall also consider the anticipated useful life of the resources in relation to the state's climate and air quality requirements.

(d) The state board, in consultation with air pollution control districts and air quality management districts, as appropriate, shall identify the cleanest available technologies and equipment that would qualify for the incentives for backup generators under the guidelines, inclusive of the emissions of greenhouse gases, criteria air pollutants, and toxic emissions associated with obtaining and using feedstock fuels.

(e) The commission, in consultation with the state board, may fund new efficiency upgrades, maintenance, and incremental capacity additions to existing power generators. As a condition of the receipt of funds for this purpose, as applicable, generator operators shall comply with regulations adopted pursuant to Part 2 (commencing with Section 38530) of, and Part 5 (commencing with Section 38570) of, the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), including, but not limited to, the mandatory reporting of emissions of greenhouse gasses and market-based compliance mechanism.

(f) All funding recipients under the program shall participate as an on-call emergency resource for the state during extreme events.

25791.5. The commission shall transfer moneys from the Distributed Electricity Backup Assets Account to the state board to be used in the Climate Heat Impact Response Program established pursuant to the proclamation of a state of emergency issued by Governor Gavin Newsom on July 31, 2021.

Article 3. Demand Side Grid Support Program

25792. (a) The Demand Side Grid Support Program is hereby created. The commission shall implement and administer the program to incentivize dispatchable customer load reduction and backup generation operation as on-call emergency supply and load reduction for the state's electrical grid during extreme events.

(b) The commission shall allocate moneys to develop a new statewide program that provides incentives to reduce customer net load during extreme events with upfront capacity commitments and for per-unit reductions in net load. Eligible recipients shall include all energy customers in the state, except those that are eligible to participate in demand response or emergency load

reduction programs offered by entities under the jurisdiction of the Public Utilities Commission. Payments shall be made to any of the following:

(1) Participating individual entities.

(2) Participating aggregators of multiple energy customers.

(3) Participating local publicly owned electric utilities and load-serving entities.

(c) Entities with generation or load reduction assets that are incentivized pursuant to Article 2 (commencing with Section 25791) shall participate in the program under this article.

(d) Participants shall provide load reduction or backup generation service, or both, in response to a dispatch by an applicable California balancing authority of a California balancing authority area in which participants are located during extreme events.

(e) The commission, in consultation with California balancing authorities and the state board, shall adopt guidelines to determine when to implement the program, including which resources are dispatched first to minimize local pollution and emissions of greenhouse gases. The dispatch order of resources in the program shall follow a loading order that prioritizes, to the maximum extent feasible to ensure electricity reliability, cost-effective demand response and efficiency resources, then feasible, cost-effective renewable and zero-emission resources, and then feasible, cost-effective conventional resources. The guidelines shall also consider the anticipated useful life of the resources in relation to the state's climate and air quality requirements.

(f) The state board, in consultation with the commission, shall develop a plan, including determining the funding amounts allocated after the dispatch of resources participating in the program, to mitigate impacts from these resources.

(g) All energy produced as a result of the program shall be settled at a relevant reference energy price derived either through the Independent System Operator market tariff or similar mechanism established and documented for an applicable California balancing authority area.

Article 4. Strategic Reliability Reserve Fund

25793. (a) The Strategic Reliability Reserve Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the moneys in the fund and the accounts contained in the fund are hereby continuously appropriated without regard to fiscal year to be expended by the commission for purposes of adding resources to the electrical grid to ensure electrical grid reliability and support the clean energy transition.

(b) The Distributed Electricity Backup Assets Account is hereby created in the fund, to be administered by the commission to implement the Distributed Electricity Backup Assets Program in accordance with Article 2 (commencing with Section 25791).

(c) The Demand Side Grid Support Account is hereby created in the fund, to be administered by the commission to implement the Demand Side Grid Support Program in accordance with Article 3 (commencing with Section 25792). Revenue generated by the sale of energy services within the Demand Side Grid Support Program shall be deposited into the Demand Side Grid Support Account.

(d) The commission may accept nonstate moneys, including, but not limited to, federal moneys, for purposes of this chapter.

(e) The commission shall adopt emergency regulations to implement this chapter at a commission business meeting. Notwithstanding Sections 11346.1 and 11349.6 of the Government Code, a finding of emergency or necessity to address an emergency shall not be required. Notwithstanding any other law, these emergency regulations shall be valid for three years, or until replaced by nonemergency regulations, whichever is sooner.

(f) The executive director, or a designee, of the commission may approve any contract, grant, or loan entered into for purposes of this chapter until October 31, 2023. After October 31, 2023, any contract, grant, or loan entered into for purposes of this chapter shall be approved in a commission meeting held consistent with Chapter 3 (commencing with Section 25200) of Division 15. For any contract, grant, or loan entered into for purposes of this chapter, no later than 10 days after the commission, executive director, or their designee, approves the contract, grant, or loan, the executive director of the commission shall give written notice to the Joint Legislative Budget Committee of the action.

(g) (1) Notwithstanding any other law, a contract, grant, or loan entered into for purposes of this chapter for an activity that is needed for ensuring electrical grid reliability by October 31, 2023, shall not require competitive bidding, or the review, consent, or approval of the Department of General Services or any other state department or agency and is not required to comply with the requirements of the State Contracting Manual, the Public Contract Code, or the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) This subdivision does not apply to any contract, grant, or loan entered into for purposes of this chapter that is not needed for ensuring electrical grid reliability by October 31, 2023.

(3) This subdivision is inoperative on November 1, 2023.

(h) Notwithstanding any other law, the commission may pay an incentive up front if not doing so would inhibit participation in the programs established pursuant to this chapter.

Article 5. Certification of Facilities

25794. For purposes of this article, the following definitions apply:

(a) "Department" means the Department of Water Resources or a person designated by the Department of Water Resources for purposes of this article.

(b) "Facility" means a facility described in Section 80710 of the Water Code.

(c) "Site" means a location on which a facility is constructed or is proposed to be constructed.

25794.1. (a) Notwithstanding any other law, from October 31, 2022, to October 31, 2026, inclusive, the department shall submit an application for certification to the commission in accordance with this article for a site on which a facility described in Section 80710 of the Water Code is located.

(b) The issuance of a certificate by the commission for a site and related facility pursuant to this article shall be in lieu of any permit, certificate, or similar document required by any state, local or regional agency, or federal agency to the extent permitted by federal law, for the use of the site and related facility, and shall supersede any applicable statutes, including the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of this code) and Title 7.2 (commencing with Section 66600) of the Government Code, ordinances, regulations, or standards of a state, local, or regional agency, or a federal agency, to the extent permitted by federal law, and shall not be subject to the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000)) and regulations adopted pursuant to that division.

(c) The Legislature finds and declares that this section addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.

25794.2. (a) The commission shall establish a process to expedite review of an application submitted pursuant to this article. The process shall include guidance to the department on determining optimal locations for facilities based on the potential to improve reliability, reduce the occurrence of public safety power shutoffs, decrease the use of high-emission backup power, minimize air pollution, and avoid impacts on disadvantaged communities, as identified pursuant to Section 39711 of the Health and Safety Code.

(b) An application submitted pursuant to this article shall be in the form prescribed by the commission and shall contain all of the information required by Section 25520 and be further supported by other information as the commission may require to enable review of the site and related facilities, and issuance of a certification, including, at a minimum, all of the following:

(1) A description of the facility, including a showing that it is capable of delivering energy during net peak hours in response to a dispatch by the Independent System Operator during extreme events, and has access to the infrastructure and resources needed to operate.

(2) A description of the site, including whether the site is disturbed and the site's zoning designation and the allowable uses within the zoning designation.

(3) A list of all properties and property owners within 1,000 feet of the site.

(4) A description of the potential impacts of the project on the environment and on public health and safety, including on the surrounding community, and project design measures proposed to mitigate those potential impacts. The description shall include the applicable local air district's attainment status under the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.).

(5) A description of all local, state, regional, and federal laws, ordinances, regulations, and standards that would otherwise apply to the facility in the absence of the commission's exclusive jurisdiction pursuant to subdivision (b) of Section 25794.1, and an analysis of the project's compliance with those local, state, regional, and federal laws, ordinances, regulations, and standards.

(c) An application submitted pursuant to this section shall be reviewed by commission staff. The executive director shall prepare a recommendation for the commission's consideration on whether to issue a certificate for a site and facility pursuant to this article.

25794.3. Upon receipt of an application pursuant to this article, commission staff shall establish a docket for the proceeding and publish a notice of receipt and shall mail the notice to all property owners within 1,000 feet of the proposed site. The notice shall also be sent to all local, state, and regional agencies that would have had jurisdiction over the site in the absence of the commission's exclusive jurisdiction under subdivision (b) of Section 25794.1, federal agencies with jurisdiction over the project, and any California Native American tribe that is traditionally and culturally affiliated with the geographic area of the proposed site.

25794.4. (a) Within 20 days of the submission of the application pursuant to this article, the executive director shall review the application for completeness. The executive director may require the department to submit additional information, documents, or data reasonably necessary to make a decision on the application. The executive director shall transmit the request for additional information within 20 days of the submission of the application.

(b) An application is deemed complete as follows:

(1) Twenty days after the submission of the application, if the executive director does not require the submission of additional information, documents, or data pursuant to subdivision (a).

(2) Immediately upon acceptance of the additional information, documents, or data requested by the executive director pursuant to subdivision (a).

(c) No later than 180 days after the application is deemed complete, or at any later time as is mutually agreed to by the commission and the department, the commission shall determine whether to issue a certificate for the site and related facility pursuant to this article.

25794.5. Upon an application being deemed complete, the commission shall do all of the following:

(a) (1) Comply with subdivisions (d) to (g), inclusive, of, and subdivision (k) of, Section 25519.

(2) Notwithstanding subdivision (f) of Section 25519, local agencies may review an application submitted by the commission under paragraph (1) and may submit comments on, among other things, the design of the facility, architectural and aesthetic features of the facility, access to highways, landscaping and grading, public use of lands in the area of the facility, proximity to sensitive receptors and other incompatible land uses, and other appropriate aspects of the design, construction, or operation of the proposed site and related facility.

(b) Provide the application to all California Native American tribes that are culturally and traditionally associated with the geographic area of the site and initiate consultation with those tribes in a manner consistent with Sections 21080.3.1 and 21080.3.2.

(c) (1) If the commission does not receive a California Native American tribe's request for consultation pursuant to subdivision (b), the commission, within 60 days after the application has been deemed complete, shall complete a preliminary analysis for the facility's potential impacts to environment and public health and safety and the facility's compliance with applicable laws, ordinances, regulations, and standards that would have applied in absence of the commission's exclusive jurisdiction under subdivision (b) of Section 25794.1.

(2) If the commission receives a California Native American tribe's request for consultation pursuant to subdivision (b), the commission shall complete a preliminary analysis within 30 days after the commission concludes the consultation process with the California Native American tribe pursuant to subdivision (b).

(d) Consult with local jurisdictions and state agencies in conducting the analysis and attempt to resolve any potential noncompliance with applicable laws, ordinances, regulations, and standards.

(e) Propose conditions and verification and monitoring requirements for certification, as appropriate, to mitigate any potential impacts to the extent feasible.

(f) Require the department to fully mitigate all air emissions in the surrounding community. The department may use the Climate Heat Impact Response Program (CHIRP) administered by the state board for compliance with this subdivision.

(g) Publish the preliminary analysis for a minimum of 30 days before a 30-day public and agency comment period.

(h) Prepare a final analysis responding to public and agency comments and making any changes at least 10 days before the commission considers whether to approve certification of the site and related facility.

25794.6. The commission shall not certify a site and related facility if any of the following applies:

(a) The site is a site described in Section 25527 unless the commission finds that the use is not inconsistent with the primary uses of those lands and that there will be no substantial adverse environmental impact.

(b) The site has not been previously disturbed.

(c) The site does not have access to the infrastructure and resources with the necessary existing capacity and in the proximity needed to operate the facility, including, but not limited to, a natural gas line and a water line, as applicable.

(d) After July 31, 2023, the facility will use diesel fuel.

25794.7. The commission shall maintain on its internet website a list of all certifications granted pursuant to this article for as long as the certifications are in effect.

25794.8. (a) A certificate issued pursuant to this article shall be valid for a period not to exceed five years from the date of issuance.

(b) If a facility operates longer than the period specified in subdivision (a), all necessary permits, certificates, or similar documents required by state, local, and federal governments shall first be obtained.

25794.9. Sections 25532 to 25537, inclusive, apply to a certificate issued pursuant to this article.

25794.10. (a) The executive director shall charge and collect a reasonable fee from the department upon the submittal of an application pursuant to this article to cover the estimated actual cost of reviewing an application. The department shall submit a deposit along with the application that does not exceed 3 percent of the estimated capital cost of the proposed facility.

(b) The commission staff shall separately account for the deposit collected and the charges incurred in the review of the application. The status of the account shall be provided to the department at regular intervals established by mutual agreement. The executive director shall request additional deposits if the initial deposit has been exhausted.

(c) A final accounting shall be rendered by the commission staff after the commission has reached a final decision on the application. If, in the final accounting, the deposits exceed the actual costs incurred by the commission, the excess shall be refunded. If the actual costs exceed the amount of the deposits, the department shall be billed for the difference.

(d) The executive director may adjust or waive deposits for minor projects. For facilities with an estimated capital cost that exceeds one million dollars (\$1,000,000), the executive director shall permit payment of the deposit in increments, as determined by the executive director.

Article 6. Miscellaneous

25795. Beginning on January 31, 2023, and on May 1, August 1, and December 1 annually thereafter, the department shall issue a written report to the Joint Legislative Budget Committee detailing the actions undertaken by the department in the period since the previous report pursuant to this chapter through that date, including, but not limited to, all of the following:

(a) Amount of funds expended.

(b) Purpose of funds expended.

(c) Status of actions funded.

(d) For new and expanded resources, the amount by megawatt, resource type, operational date, and expected lifetime of that capacity.

(e) The frequency at which resources funded by the department have been used and the extent to which they complied with the requirements of this chapter.

(f) In consultation with the state board, an estimate or the best available information on the emissions of greenhouse gases, criteria air pollutants, and toxic air contaminants emitted by the resources funded by the department over the period since the previous report.

(g) Summary of contracts, grants, and loans issued pursuant to this chapter.

25795.5. The provisions of this chapter are severable. If any provision of this chapter or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 7. Section 25806 of the Public Resources Code is amended to read:

25806. (a) A person who submits to the commission an application for certification under Chapter 6 (commencing with Section 25500) or Chapter 6.2 (commencing with Section 25545) shall submit with the application a fee of two hundred fifty thousand dollars (\$250,000) plus five hundred dollars (\$500) per megawatt of gross generating capacity or per megawatthour of gross energy storage capacity, as applicable, or seventy cents (\$0.70) per square foot for a facility described in paragraph (3) of subdivision (b) of Section 25545, of the proposed facility. The total fee accompanying an application shall not exceed seven hundred fifty thousand dollars (\$750,000).

(b) A person who receives certification of a site and related facility pursuant to Chapter 6 (commencing with Section 25500) or Chapter 6.2 (commencing with Section 25545) shall pay an annual fee of twenty-five thousand dollars (\$25,000). For a facility certified on or after January 1, 2004, the first payment of the annual fee is due on the date the commission adopts the final decision. All subsequent payments are due by July 1 of each year in which the facility retains its certification. The fiscal year for the annual fee is July 1 to June 30, inclusive.

(c) The fees in subdivisions (a), (b), and (e) shall be adjusted annually to reflect the percentage change in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, as published by the United States Department of Commerce.

(d) The Energy Facility License and Compliance Fund is hereby created in the State Treasury. All fees received by the commission pursuant to this section shall be remitted to the Treasurer for deposit in the fund. The money in the fund shall be expended, upon appropriation by the Legislature, for processing applications for certification and for compliance monitoring.

(e) A person who submits to the commission a petition to amend an existing project that previously received certification shall submit with the petition a fee of five thousand dollars (\$5,000). The commission shall conduct a full accounting of the actual cost of processing the petition to amend, for which the project owner shall reimburse the commission if the costs exceed five thousand dollars (\$5,000). The total reimbursement and fees owed by a project owner for each petition to amend shall not exceed the amount of the maximum total filing fee for an application for certification as specified in subdivision (a) of seven hundred fifty thousand dollars (\$750,000), adjusted annually pursuant to subdivision (c). Any reimbursement and fees received by the commission pursuant to this subdivision shall be deposited in the Energy Facility License and Compliance Fund. This subdivision does not apply to a change in ownership or operational control of a project.

SEC. 8. Section 381 of the Public Utilities Code is amended to read:

381. (a) To ensure that the funding for the programs described in subdivision (b) and Section 382 are not commingled with other revenues, the commission shall require each electrical corporation to identify a separate rate component to collect the revenues used to fund these programs. The rate component shall be a nonbypassable element of the local distribution service.

(b) The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to programs that enhance system reliability and provide in-state benefits as follows:

(1) Cost-effective energy efficiency and conservation activities.

(2) Public interest research and development not adequately provided by competitive and regulated markets.

(3) In-state operation and development of existing and new and emerging eligible renewable energy resources, as defined in Section 399.12.

(c) The commission shall order the respective electrical corporations to collect and spend these funds at the levels and for the purposes required in Section 399.8.

(d) Each electrical corporation shall allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established pursuant to paragraph (3) of subdivision (b). Funds collected by electrical corporations for these purposes shall be forwarded in a timely manner to the appropriate fund as specified by the commission.

SEC. 9. Section 739.1 of the Public Utilities Code is amended to read:

739.1. (a) The commission shall continue a program of assistance to low-income electric and gas customers with annual household incomes that are no greater than 200 percent of the federal poverty guideline levels, the cost of which shall not be borne solely by any single class of customer. For one-person households, program eligibility shall be based on two-person household guideline levels. The program shall be referred to as the California Alternate Rates for Energy or CARE program. The commission shall ensure that the level of discount for low-income electric and gas customers correctly reflects the level of need.

(b) The commission shall establish rates for CARE program participants, subject to both of the following:

(1) That the commission ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures, pursuant to subdivision (b) of Section 382.

(2) That the level of the discount for low-income electricity and gas ratepayers correctly reflects the level of need as determined by the needs assessment conducted pursuant to subdivision (d) of Section 382.

(c) In establishing CARE discounts for an electrical corporation with 100,000 or more customer accounts in California, the commission shall ensure all of the following:

(1) The average effective CARE discount shall not be less than 30 percent or more than 35 percent of the revenues that would have been produced for the same billed usage by non-CARE customers. The average effective discount determined by the commission shall not reflect any charges for which CARE customers are exempted, discounts to fixed charges or other rates paid by non-CARE customers, or bill savings resulting from participation in other programs, including the medical baseline allowance pursuant to subdivision (c) of Section 739. The average effective CARE discount shall be calculated as a weighted average of the CARE discounts provided to individual customers.

(2) If an electrical corporation provides an average effective CARE discount in excess of the maximum percentage specified in paragraph (1), the electrical corporation shall not reduce, on an annual basis, the average effective CARE discount by more than a reasonable percentage decrease below the discount in effect on January 1, 2013, or that the electrical corporation had been authorized to place in effect by that date.

(3) The entire discount shall be provided in the form of a reduction in the overall bill for the eligible CARE customer.

(d) The commission shall work with electrical and gas corporations to establish penetration goals. The commission shall authorize recovery of all administrative costs associated with the implementation of the CARE program that the commission determines to be reasonable, through a balancing account mechanism. Administrative costs shall include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment.

(e) The commission shall examine methods to improve CARE enrollment and participation. This examination shall include, but need not be limited to, comparing information from CARE and the Universal Lifeline Telephone Service (ULTS) to determine the most effective means of using that information to increase CARE enrollment, automatic enrollment of ULTS customers who are eligible for the CARE program, customer privacy issues, and alternative mechanisms for outreach to potential enrollees. The commission shall ensure that a customer consents before enrollment. The commission shall consult with interested parties, including ULTS providers, to develop the best methods of informing ULTS customers about other available low-income programs and the best mechanism for telephone providers to recover reasonable costs incurred pursuant to this section.

(f) (1) The commission shall improve the CARE application process by cooperating with other entities and representatives of California government, including the California Health and Human Services Agency and the Secretary of California Health and Human Services, to ensure that all gas and electric customers eligible for public assistance programs in California that reside within the service territory of an electrical corporation or gas corporation, are enrolled in the CARE program. The commission may determine that gas and electric customers are categorically eligible for CARE assistance if they are enrolled in other public assistance programs with substantially the same income eligibility requirements as the CARE program. To the extent practicable, the commission shall develop a CARE application process using the existing ULTS application process as a model. The commission shall work with electrical and gas corporations and the Low-Income Oversight Board established in Section 382.1 to meet the low-income objectives in this section.

(2) The commission shall ensure that an electrical corporation or gas corporation with a commission-approved program to provide discounts based upon economic need in addition to the CARE program, including a Family Electric Rate Assistance program, uses a single application form, to enable an applicant to alternatively apply for any assistance program for which the applicant may be eligible. It is the intent of the Legislature to allow applicants under one program, that may not be eligible under that program, but that may be eligible under an alternative assistance program based upon economic need, to complete a single application for any commission-approved assistance program offered by the public utility.

(g) It is the intent of the Legislature that the commission ensure CARE program participants receive affordable electrical and gas service that does not impose an unfair economic burden on those participants.

(h) The commission's program of assistance to low-income electric and gas customers shall, as soon as practicable, include nonprofit group living facilities specified by the commission, if the commission finds that the residents in these facilities substantially meet the commission's low-income eligibility requirements and there is a feasible process for certifying that the assistance shall be used for the direct benefit, such as improved quality of care or improved food service, of the low-income residents in the facilities. The commission shall authorize utilities to offer discounts to eligible facilities licensed or permitted by

appropriate state or local agencies, and to facilities, including women's shelters, hospices, and homeless shelters, that may not have a license or permit but provide other proof satisfactory to the utility that they are eligible to participate in the program.

(i) (1) In addition to existing assessments of eligibility, an electrical corporation may require proof of income eligibility for those CARE program participants whose electricity usage, in any monthly or other billing period, exceeds 400 percent of baseline usage. The authority of an electrical corporation to require proof of income eligibility is not limited by the means by which the CARE program participant enrolled in the program, including if the participant was automatically enrolled in the CARE program because of participation in a governmental assistance program. If a CARE program participant's electricity usage exceeds 400 percent of baseline usage, the electrical corporation may require the CARE program participant to participate in the Energy Savings Assistance Program (ESAP), which includes a residential energy assessment, in order to provide the CARE program participant with information and assistance in reducing the CARE program participant's energy usage. Continued participation in the CARE program may be conditioned upon the CARE program participant agreeing to participate in ESAP within 45 days of notice being given by the electrical corporation pursuant to this paragraph. The electrical corporation may require the CARE program participant to notify the utility of whether the residence is rented, and, if so, a means by which to contact the landlord, and the electrical corporation may share any evaluation and recommendation relative to the residential structure that is made as part of an energy assessment, with the landlord of the CARE program participant. Requirements imposed pursuant to this paragraph shall be consistent with procedures adopted by the commission.

(2) If a CARE program participant's electricity usage exceeds 600 percent of baseline usage, the electrical corporation shall require the CARE program participant to participate in ESAP, which includes a residential energy assessment, in order to provide the CARE program participant with information and assistance in reducing the CARE program participant's energy usage. Continued participation in the CARE program shall be conditioned upon the CARE program participant agreeing to participate in ESAP within 45 days of a notice made by the electrical corporation pursuant to this paragraph. The electrical corporation may require the CARE program participant to notify the utility of whether the residence is rented, and, if so, a means by which to contact the landlord, and the electrical corporation may share any evaluation and recommendation relative to the residential structure that is made as part of an energy assessment, with the landlord of the CARE program participant. Following the completion of the energy assessment, if the CARE program participant's electricity usage continues to exceed 600 percent of baseline usage, the electrical corporation may remove the CARE program participant from the program if the removal is consistent with procedures adopted by the commission. This paragraph does not prevent a CARE program participant with electricity usage exceeding 600 percent of baseline usage from participating in an appeals process with the electrical corporation to determine whether the participant's usage levels are legitimate.

(3) A CARE program participant in a rental residence shall not be removed from the program in situations where the landlord is nonresponsive when contacted by the electrical corporation or does not provide for ESAP participation.

SEC. 10. Section 739.9 of the Public Utilities Code is amended to read:

739.9. (a) "Fixed charge" means any fixed customer charge, basic service fee, demand differentiated basic service fee, demand charge, or other charge not based on the volume of electricity consumed.

(b) Increases to electrical rates and charges in rate design proceedings, including any reduction in the California Alternate Rates for Energy (CARE) discount, shall be reasonable and subject to a reasonable phase-in schedule relative to the rates and charges in effect before January 1, 2014.

(c) Consistent with the requirements of Section 739, the commission may modify the seasonal definitions and applicable percentage of average consumption for one or more climatic zones.

(d) The commission may adopt new, or expand existing, fixed charges for the purpose of collecting a reasonable portion of the fixed costs of providing electrical service to residential customers. The commission shall ensure that any approved charges do all of the following:

(1) Reasonably reflect an appropriate portion of the different costs of serving small and large customers.

(2) Not unreasonably impair incentives for conservation, energy efficiency, and beneficial electrification and greenhouse gas emissions reduction.

(3) Are set at levels that do not overburden low-income customers.

(e) (1) For the purposes of this section and Section 739.1, the commission may authorize fixed charges for any rate schedule applicable to a residential customer account. The fixed charge shall be established on an income-graduated basis with no fewer than three income thresholds so that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage. The commission shall, no later than July 1, 2024, authorize a fixed charge for default residential rates.

(2) For purposes of this subdivision, "income-graduated" means that low-income customers pay a smaller fixed charge than high-income customers.

(f) Notwithstanding the requirements of subdivision (d) of Section 739 and Section 739.7, the commission shall not apply the composite tier method to the treatment of any revenues resulting from any fixed charge adopted pursuant to this section.

SEC. 11. Section 2827.1 of the Public Utilities Code is amended to read:

2827.1. (a) For purposes of this section, "eligible customer-generator," "large electrical corporation," and "renewable electrical generation facility" have the same meanings as defined in Section 2827.

(b) Notwithstanding any other law, the commission shall develop a standard contract or tariff, which may include net energy metering, for eligible customer-generators with a renewable electrical generation facility that is a customer of a large electrical corporation no later than December 31, 2015. The commission may develop the standard contract or tariff prior to December 31, 2015, and may require a large electrical corporation that has reached the net energy metering program limit of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827 to offer the standard contract or tariff to eligible customer-generators. A large electrical corporation shall offer the standard contract or tariff to an eligible customer-generator beginning July 1, 2017, or prior to that date if ordered to do so by the commission because it has reached the net energy metering program limit of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827. The commission may revise the standard contract or tariff as appropriate to achieve the objectives of this section. In developing the standard contract or tariff, the commission shall do all of the following:

(1) Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities.

(2) Establish terms of service and billing rules for eligible customer-generators.

(3) Ensure that the standard contract or tariff made available to eligible customer-generators is based on the costs and benefits of the renewable electrical generation facility.

(4) Ensure that the total benefits of the standard contract or tariff to all customers and the electrical system are approximately equal to the total costs.

(5) Allow projects greater than one megawatt that do not have significant impact on the distribution grid to be built to the size of the onsite load if the projects with a capacity of more than one megawatt are subject to reasonable interconnection charges established pursuant to the commission's Electric Rule 21 and applicable state and federal requirements.

(6) Establish a transition period during which eligible customer-generators taking service under a net energy metering tariff or contract prior to July 1, 2017, or until the electrical corporation reaches its net energy metering program limit pursuant to subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, whichever is earlier, shall be eligible to continue service under the previously applicable net energy metering tariff for a length of time to be determined by the commission by March 31, 2014. Any rules adopted by the commission shall consider a reasonable expected payback period based on the year the customer initially took service under the tariff or contract authorized by Section 2827.

(7) The commission shall determine which rates and tariffs are applicable to customer generators only during a rulemaking proceeding. Any fixed charges for residential customer generators that differ from the fixed charges allowed pursuant to subdivision (e) of Section 739.9 shall be authorized only in a rulemaking proceeding involving every large electrical corporation. The commission shall ensure customer generators are provided electric service at rates that are just and reasonable.

(c) Beginning July 1, 2017, or when ordered to do so by the commission because the large electrical corporation has reached its capacity limitation of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, all new eligible customer-generators shall be subject to the standard contract or tariff developed by the commission and any rules, terms, and rates developed pursuant to subdivision (b). There shall be no limitation on the amount of generating capacity or number of new eligible customer-generators entitled to receive service pursuant to the standard contract or tariff after July 1, 2017. An eligible customer-generator that has received service under a net energy metering standard contract or tariff pursuant to Section 2827 that is no longer eligible to receive service shall be eligible to receive service pursuant to the standard contract or tariff developed by the commission pursuant to this section.

SEC. 12. Section 17131.20 is added to the Revenue and Taxation Code, to read:

17131.20. (a) For taxable years beginning on or after January 1, 2022, and before January 1, 2027, gross income does not include a bill credit or credits received by a customer from a utility applicant under the 2022 California Arrearage Payment

Program, pursuant to Article 13 (commencing with Section 16429.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code.

(b) This section shall remain in effect only until December 1, 2027, and as of that date is repealed.

SEC. 13. Division 29 (commencing with Section 80700) is added to the Water Code, to read:

DIVISION 29. Electricity Supply Strategic Reliability Reserve Program

CHAPTER 1. General Provisions and Definitions

80700. (a) The Legislature finds and declares all of the following:

(1) California is a leader in driving the affordable and equitable transition to a clean reliable energy system and economy. However, the impacts of climate change are occurring sooner and with more intensity and frequency than previously anticipated.

(2) Extreme events from climate change, including heat waves, wildfires, and drought, combined with other factors, such as supply chain disruptions, are jeopardizing California's ability to build out the electrical infrastructure needed to maintain affordability and reliability.

(3) As California transitions to a clean energy future and contends with climate impacts and other challenges, sufficient capacity of new and existing generation assets will be required to maintain reliability during extreme events.

(4) California must ensure electricity reliability during this period of heightened risk, which includes extraordinary near-term measures and substantive changes to mid-term energy policy, while also ensuring the multifaceted California electrical grid is best positioned to sustainably and equitably achieve California's clean energy future, climate targets, and air quality requirements.

(b) It is the intent of the Legislature that:

(1) The enactment of this division further the purposes of Chapter 8.9 (commencing with Section 25790) of Division 15 of the Public Resources Code. The development and operation of a program as provided in this division is in all respects for the welfare and the benefit of the people of the state, to protect public peace, health, and safety, and constitutes an essential governmental purpose. This division shall be liberally construed in a manner so as to effectuate its purposes and objectives.

(2) The powers and responsibilities of the department established under this division are not governed by the provisions related to the State Water Resources Development System pursuant to Chapter 8 (commencing with Section 12930) of Part 6 of Division 6, and this division should not constitute a limitation on, or modification of, the department's authority pursuant to Chapter 8 (commencing with Section 12930) of Part 6 of Division 6.

80701. For purposes of this division, the following definitions apply:

(a) "California balancing authority" has the same meaning set forth in Section 399.12 of the Public Utilities Code.

(b) "Commission" means the State Energy Resources Conservation and Development Commission.

(c) "Load-serving entity" has the same meaning as defined in Section 380 of the Public Utilities Code.

(d) "Local publicly owned electric utility" has the same meaning as defined in Section 224.3 of the Public Utilities Code.

CHAPTER 2. Electricity Supply Strategic Reliability Reserve Agreements

80710. (a) The department, in consultation with the commission, shall implement projects, purchases, and contracts to carry out the purposes of Chapter 8.9 (commencing with Section 25790) of Division 15 of the Public Resources Code, including, but not limited to, the Distributed Electricity Backup Assets Program and the Demand Side Grid Support Program.

(b) (1) In furtherance of subdivision (a) and notwithstanding any other law, the department may construct, own and operate, or contract for the construction and operation of, contract for the purchase of electricity from, or finance through loans, reimbursement agreements, or other contracts actions to secure resources for summer reliability or to preserve the option to extend the life of, facilities, including any of the following:

(A) Extension of the operating life of existing generating facilities planned for retirement.

(B) New emergency and temporary power generators of five megawatts or more. If a generator is operated using diesel fuel, the department shall not operate it after July 31, 2023.

(C) New energy storage systems of 20 megawatts or more that are capable of discharging for at least two hours.

(D) Generation facilities using clean, zero-emission fuel technology of any size to produce electricity.

(E) Supporting the development of zero-emission generation capacity with a point of interconnection at a California balancing authority, with the majority of its capacity contracted for by a load-serving entity that has a service area primarily in California, with an operational date no later than December 31, 2026. For purposes of this subparagraph, only a facility with a net qualifying capacity of at least 50 percent of its nameplate capacity, as estimated at 8:00 p.m. on a date in September, shall be eligible.

(2) In furtherance of subdivision (a) of Section 80700, the department may reimburse electrical corporations, as defined in Section 218 of the Public Utilities Code, for the value of imported energy or import capacity products that was (A) delivered or capable of being delivered between July 1, 2022, and on or before September 30, 2022, and (B) was procured at above-market costs or in excess of procurement authorizations set by the Public Utilities Commission and above the requirements needed to serve its bundled customers in support of summer electric service reliability.

(c) Facilities constructed by the department or under a contract with the department pursuant to this division shall not constitute State Water Resources Development System facilities under Chapter 8 (commencing with Section 12930) of Part 6 of Division 6.

(d) (1) The department shall consult with the commission, the Public Utilities Commission, the Independent System Operator or other applicable California balancing authorities, and the State Air Resources Board in carrying out the purposes of this division.

(2) Beginning October 1, 2022, and at least every three months thereafter, the department shall provide an update on the investments made and being considered into the strategic reliability reserve at a commission business meeting. The President of the Public Utilities Commission or the president's designee and the President of the Independent System Operator or the president's designee shall attend the presentation.

(3) The department shall prioritize investments that do not compete with generating facilities already planned for development and disclosed by load-serving entities or local publicly owned electric utilities.

(4) In fulfilling the requirements of this division to achieve electricity reliability, the department shall prioritize investments in feasible, cost-effective zero-emission resources, and then feasible, cost-effective conventional resources.

(e) The department shall develop, execute, and implement contracts covering power generation, operation and maintenance, fuel management, site leases, power settlements, invoice verification, billing, and other associated items. The department shall also enter into contracts for external services to provide specialized expertise.

(f) (1) Contracts entered into pursuant to this division, amendments to those contracts during their terms, or contracts for services reasonably related to those contracts, and entered on or before December 31, 2023, shall not be subject to competitive bidding or any other state contracting requirements, shall not require the review, consent, or approval of the Department of General Services or any other state department or agency, and are not subject to the requirements of the State Contracting Manual, the Public Contract Code, or the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) This subdivision shall not apply to any contract, grant, or loan entered into for purposes of this chapter that does not directly contribute to electrical grid reliability by October 31, 2027.

(3) This subdivision is inoperative December 1, 2026.

(g) For contracts entered into pursuant to this division, amendments to those contracts during their terms, or contracts for services reasonably related to those contracts, and executed after December 31, 2023, Sections 10295, 10297, and 10340 of the Public Contract Code do not apply to a contract that meets the conditions established by the department for those contracts.

(h) For contracts entered into pursuant to this division by the department after October 31, 2022, the department shall notify the commission of the terms, costs, and scope at a commission business meeting and the commission shall consider the investment plan for approval in a meeting held consistent with the terms of Chapter 3 (commencing with Section 25200) of Division 15 of the Public Resources Code. No less than 10 days after the commission approves the contract, grant, investment, or loan, the executive director of the commission shall give written notice to the Joint Legislative Budget Committee of the action.

(i) A contract entered into, or an approval granted by, the department pursuant to this division is not subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and regulations adopted pursuant to that act.

(j) The department may adopt guidelines to implement this division. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation or guidelines adopted by the department pursuant to this division.

80711. The department, in consultation with the commission, shall recover all of the costs it incurs pursuant to this chapter from the Department of Water Resources Electricity Supply Reliability Reserve Fund established pursuant to Section 80720. The department and its customers shall not bear any of the costs associated with carrying out the purposes of Chapter 8.9 (commencing with Section 25790) of Division 15 of the Public Resources Code, and those costs shall not be included in the prices, rates, and charges for water and electricity under the water supply contracts executed pursuant to Chapter 8 (commencing with Section 12930) of Part 6 of Division 6.

80712. The department may do any of the following as necessary, as determined by the department, for purposes of this division:

(a) Engage the services of private parties to render professional and technical assistance and advice and other services in carrying out the purposes of this chapter.

(b) Contract for the services of other public agencies.

(c) Engage in activities or enter into contracts or arrangements as may be necessary or desirable to carry out the department's duties and responsibilities pursuant to this division.

(d) Hire personnel necessary and desirable for the timely and successful implementation and administration of the department's duties and responsibilities pursuant to this division. The State Personnel Board and the Department of Human Resources shall assist the department in expediting that hiring.

CHAPTER 3. Department of Water Resources Electricity Supply Reliability Reserve Fund

80720. (a) There is hereby established in the State Treasury the Department of Water Resources Electricity Supply Reliability Reserve Fund.

(b) Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the department, without regard to fiscal years, and shall be available for the purposes of Chapter 2 (commencing with Section 80710).

(c) Obligations authorized and expenses incurred by the department in administering this division shall be payable solely from the fund.

(d) All revenues payable to the department for activities undertaken by the department under Chapter 2 (commencing with Section 80710) shall be deposited into the fund.

(e) The fund shall be separate and distinct from any other fund and moneys administered by the department and any interest earned on the moneys in the fund shall be used solely for purposes of this division.

(f) When fixed assets procured under the authority of this division are sold or otherwise disposed of, the revenue from the sale or disposition, including any gain or loss, measured by the difference between book value and selling price, shall be deposited into the fund and available to the department for purposes of Chapter 2 (commencing with Section 80710). Any remaining revenue from the sale or other disposition of fixed assets procured under the authority of this division shall be returned to the General Fund once all obligations of the department are satisfied after the wind down of this division and the closure of the fund. While any obligation of the department incurred under this division remains outstanding and not fully performed or discharged, the rights, powers, duties, and existence of the department shall not be diminished or impaired in any manner that will adversely affect the interests and rights of the holders of or parties to those obligations.

CHAPTER 4. Miscellaneous

80730. Beginning on January 31, 2023, and every May 1, August 1, and December 1 annually thereafter, the department shall issue a written report to the Joint Legislative Budget Committee, detailing the actions undertaken by the department in the period since the previous report was submitted pursuant to this division and up until that date, including, but not limited to, all of the following:

(a) Amount of funds expended.

(b) Purpose of funds expended.

(c) Status of actions funded.

(d) For new and expanded resources, the amount by megawatt, resource type, operational date, and expected lifetime of that capacity.

(e) The frequency at which resources funded by the department have been used and the extent to which they complied with the requirements of this chapter.

(f) In consultation with the state board, estimate or provide the best available information on the emissions of greenhouse gases, criteria air pollutants, and toxic air contaminants emitted by the resources funded by the department over the period since the previous report.

(g) Summary of contracts, grants, and loans issued pursuant to this division.

SEC. 14. (a) In regards to Section 739.9 of the Public Utilities Code, as amended by this act, the Legislature finds and declares all of the following:

(1) The Public Utilities Commission has found that electrical corporation customers are facing two areas of increasing cost pressures: growing electric transmission and distribution infrastructure and operation costs, including wildfire mitigation costs, and equitable recovery of utility fixed costs.

(2) The majority of an electrical corporation's revenue requirement, including funds for electric generation, transmission and distribution investments, and operations and maintenance work, is recovered from customers by a volumetric rate. However, only a portion of the electrical corporation's costs directly vary based on how much electricity a customer consumes, while many infrastructure and operational costs do not.

(3) The current default residential customer rate structure in electrical corporation territories leads to a situation in which rates must rise to recover sufficient revenue to support certain fixed utility costs and can lead to year-to-year rate increase volatility, especially with declines in electricity sales that result from greater adoption of distributed energy resources.

(4) The disparity between volumetric revenue recovery and fixed costs that do not vary with electricity consumption also contributes to potential inequities among customers.

(b) In regards to Section 739.9 of the Public Utilities Code, as amended by this act, it is the intent of the Legislature to do both of the following:

(1) Authorize the Public Utilities Commission to establish reasonable fixed charges on default residential customer rates to help stabilize rates and equitably allocate and recover costs among residential customers in each electrical corporation's service territory.

(2) If the Public Utilities Commission establishes fixed charges on default residential customer rates, ensure that the fixed charges are established to more fairly distribute the burden of supporting the electric system and achieving California's climate change goals through the fixed charge.

SEC. 15. (a) For the purposes of complying with Section 41 of the Revenue and Taxation Code, with respect to Section 17131.20 of the Revenue and Taxation Code, as added by this act, the Legislature finds and declares that the purpose of the exclusion allowed by Section 17131.20 of the Revenue and Taxation Code is to provide financial relief to California residents, to alleviate, in part, the adverse impacts of the economic disruptions and hardships resulting from the COVID-19 emergency.

(b) In order to provide information on the exclusion allowed by Section 17131.20 of the Revenue and Taxation Code, the Department of Community Services and Development shall prepare a written report that includes the number of households receiving a 2022 CAPP benefit as provided in accordance with the 2022 California Arrearage Payment Program (Article 13 (commencing with Section 16429.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code).

SEC. 16. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 17. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 18. (a) The sum of two hundred million dollars (\$200,000,000) is hereby appropriated from the General Fund to the State Energy Resources Conservation and Development Commission for the 2021–22 fiscal year. These funds shall be used for a program to provide incentives for demand side grid support and associated mitigation costs.

(b) With these funds, the State Energy Resources Conservation and Development Commission may do any of the following:

(1) Adopt regulations, guidelines, or other standards for the program at a State Energy Resources Conservation and Development Commission business meeting. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to regulations, guidelines, or other standards for the program adopted at the State Energy Resources Conservation and Development Commission business meeting.

(2) Use any type of third-party block grant or contract with incentive program implementers for the purposes of implementing the program.

(3) Advance up to 25 percent of the awarded funds at a time to parties that are eligible for funding for purposes of the program.

(c) Contracts, grants, or loans entered into with these funds shall not require the review, consent, or approval of the Department of General Services or any other state department or agency and do not need to comply with requirements under the State Contracting Manual, the Public Contract Code, or the contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(d) These funds shall be available for encumbrance or expenditure by the State Energy Resources Conservation and Development Commission until June 30, 2026, and shall be available for liquidation until June 30, 2030.

SEC. 19. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.