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MEMORANDUM

Date: October 25, 2013
To: Edward T. Bedwell
Vice President, Government Relations
From: Kent Kauss
Sr. Director, State Government Relations
Re: 2013 End of Year Legislative Summary

The first year of the 2013-2014 legislative session has come to a close with the governor taking final action on the 896 bills drafted by the legislature. In 2013, the governor signed 800 bills, while vetoing 96. During the year, 2,256 new bills were introduced in the regular session.

During the regular session, State Government Relations (SGR) team tracked 414 measures and took a formal position on 22 of them. At one another, we supported eight different bills which were all either defeated or amended to remove our opposition. We requested the governor sign eight bills of which six were signed and two were vetoed. More than in years past, SGR maximized relationships with the legislature to support and oppose bills without negatively impacting relationships in the capital community.

Building on advocacy from last session, a PG&E coalition of stakeholders engaged heavily on residential tiered rate reform and successfully garnered the governor's signature on AB 327 (Perea) to allow rate increases in lower tiers, including lifeline and a Alternative Rates for Energy (CARE) program, and give the California Public Utilities Commission (CPUC) the authority to create a fixed charge negotiated bill also considered for the CPUC to determine the next iteration of the net energy metering program.

The CPUC's governance continued to face legislative scrutiny which manifested itself into various provisions enacted as part of the State Budget (SB 96) such as limiting the scope and budget of the 21st Century Energy Systems (CES-21) program, restructuring the Division of Ratepayer Advocate (DRA), requiring zero-based budgeting, and prohibiting commissioners from sitting on non-state boards created by the CPUC. Staff of an Assembly Budget Subcommittee proposed that all fines and penalties levied on PG&E result of the San Bruno incident would be deposited into state coffers. SGR opposed and defeated this proposal which aimed to maximize the General Fund benefit of any fine or penalty.

State Government Relations also deflected to constrain nuclear licensing (SB 418), require automatic transfer of clean energy credits to the utility (SB 117) and allow cost shifts to nonparticipating combined heat and power (CHP) customers (AB 427). PG&E partnered with labor and other stakeholders to ensure legislative establishment of a community renewables program

would not shift costs or facilitate relationships between developers and our customers (SB 43). New legislation enacted to regulate transport age (SB 656), just as electric service providers are on the electric, was a success for customer service and protection from fraud. The team also worked behind the scenes on Prop 39 (Prop. 39) implementation (SB 73) by advocating the advantages of leveraging existing utility programs.

Attached is a summary of the priority bills involved in during legislative year. This memo also includes activity of interest by the auditor, the governor's signing and veto messages and letters printed in the record. If you have any questions about any of these measures, please let me know.

Bill Summaries by Subject Matter

Rates

AB 327 (Perea) — Support — Chapter 611 — This comprehensive electrical corporation policy bill provides for reform of the residential rate development of a new structure for renewable distributed generation facilities, development of distribution resoplae, and allowance for a higher Renewable Portfolio Standard (RPS). This bill started residential rate reform bill by eliminating the restrictions relative to rate increases for the lowest tiers and CARE customers but was expanded pursuant to discussions with the administration to address the other issues. The CPUs provided a schedule to implement the provisions of AB 327 with specific dates included for net energy metering (NEM) reform and allowance for the adoption of fixed charges for residential electric service. See signing message (p. 15).

AB 922 (Patterson) — Support — Two-year bill — This measure would have provided investor-owned utilities (IOUs) the statutory authority to verify the income of customers enrolled in the CARE program irrespective of how they became enrolled. Existing regulations and statute allow customers to enroll in CARE based on their income eligibility to receive support from various categorical programs. Existing law contains provisions which led to the introduction of this measure. The bill was based on the authority to provisions found in AB 327 relating to the CARE program.

SB 743 (Steinberg) — Support if Amended — Chapter 386 — This measure would have reformed the residential rate structure and provide for increases to four percent annually for CARE customers based on the percentage change in the Consumer Price Index using the Social Security Cost of Living Adjustment. The bill was introduced at the request of The Utility Reform Network (TURN) and other consumer groups as an alternative to AB 327. After reaching an agreement with TURN et al. on AB 327, the CARE contents of the bill were removed and replaced with language pertaining to California Environmental Quality Act (CEQA) issues and development of an arena for the Sacramento Kings.

Nuclear

SB 418 (Jackson) — Oppose — Failed — This measure would have placed additional reporting and regulatory requirements on power generation facilities that sought a license extension. This measure included these provisions multiple times throughout the process in an attempt to circumvent the committee hearings and move the concept forward. The bill was defeated following the announcement of the San Onofre Nuclear Generating Station (SONGS) when PG&E, organized labor and others expressed opposition.

Budget

AB 85 (Budget) — Chapter 24— Among numerous other provisions, budget trailer bill contains a five percent cost of adjustment (COLA) for California Work Opportunity and Responsibility to Kids (CalWORKs) recipients. Discussions continue at the CPUC on whether that COLA allows for an increase in CARE rates.

AB 101 (Budget)—Chapter 354—Among numerous other provisions, this budget trailer bill includes \$24.5 million for the electric rebate program administered by the California Air Resources Board (CARB).

AB 110 (Budget) — Chapter 20— This bill contains the 2013-14 Budget Act. PG&E tracked the transfer of \$500 million from the General Fund to the General Fund as a loan from unallocated cap and trade revenues. The budget also provides \$577,000 in auction revenue to the Office of Mental Health Hazard Assessment to identify disadvantaged communities that benefit from investments of cap and trade revenues. In addition, two positions and \$10 million auction revenue are provided to CARB to enhance oversight of auction activities. This bill also enacts the budget of the CPUC totaling \$1.3 billion and 1,045.9 positions. The CPUC received approval for additional personnel for high-speed rail safety and gas safety DRA. The bill requires a fiscal audit to be conducted by the Office of State Audits and Evaluations (OSAE) within the Department of Finance to review the CPUC's programs. The scope of the audit is currently being defined through discussions between the CPUC and OSAE and is required to be completed by April 1, 2014.

SB 73 (Budget) — Chapter 29— This budget trailer bill contains the implementing language for Proposition 39, largely incorporating the governor's proposal to limit funding to K-14 and base K-12 funding on average daily attendance. The bill also provides funding for disadvantaged areas, revolving loans through California Energy Commission (CEC) and the California Conservation Corps.

SB 85 (Budget) — Chapter 35— This budget trailer bill contains many provisions, including parameters for utility rate agreements with the High-Speed Rail Authority (HSRA). Based on PG&E's negotiations with HSRA, the provisions may have no impact.

SB 96 (Budget) — Chapter 356— This measure is referred to as the CPUC Budget Trailer Bill and includes several changes in law that were deemed necessary to implement the 2013-14 State Budget. Several provisions sent to the CPUC, including: a reduction in funding and scope for the CES-21 program to \$35 million for cybersecurity and integration work; reform of DRA; restrictions on the CPUC's ability to establish non-profit entities; restrictions on disbursement of settlement funds; and a requirement for the CPUC to submit a zero-based budget by January 1, 2015. The bill provides the compromise of various CPUC reform efforts proposed by members of the budget subcommittees of the senate and assembly. Senator Jerry Hill. The bill also establishes reporting requirements for the administration of the Electric Program Investment Charge (EPIC) Program. The bill appropriates funds to the Office of the State Treasurer to operate a Proposed Clean Energy (PACE) risk mitigation program.

Supplemental Report Language— The CPUGs required provide a confidential report to the legislature by April 1, 2014, on each permit or judicial action in which it is a party involving claims arising from the energy crisis. The issue arose as a result of CPUG actions to spend energy crisis grant funds received as part of the NRC Energy, Inc. settlement which resulted in the payment of \$20 million investments in electric vehicle charging infrastructure.

Assembly Budget Subcommittee No. 3 on Resources and Transportation — The subcommittee staff made a recommendation that all fines or penalties that the CPUG orders PG&E to pay, surrender or transfer as a result of their San Bruno shall be deposited into state coffers. The subcommittee discussion focused on General Fund loss associated with the San Bruno related infrastructure. PG&E already made due to assertions of the corporate tax implications. PG&E worked with legislative leadership to prevent staff recommendation from being put for a vote and any link between the San Bruno fine/penalty proceeding and budget discussions.

Climate Change

AB 26 (Bonilla) — Two-year bill — This bill required that refinery projects funded by the Greenhouse Gas Reduction Fund (AB 32 unallocated revenues) be considered public works funds and utilize skilled trades. The bill also required state to develop apprenticeship standards for greenhouse gas (GHG) reduction activities.

AB 153 (Bonilla) — Held/Dead — This bill began a discussion of how to expand the supply of offsets and would have required CARB to adopt a process to approve new offset protocols, prioritize protocols with state benefits and require annual reporting.

AB 245 (Grove) — Failed — This bill would have required Western Climate Initiative, Inc. (WCI, Inc.) to adhere to Bagley-Keene Open Meeting Act laws.

AB 278 (Gatto) — Two-year bill — This requires CARB to consider the broad environmental impacts of the low carbon fuel standard (LCFS). PG&E monitored this bill for possible impacts to the AB 32 cap and trade program.

AB 284 (Quirk) — Held/Dead — This bill would create a “Road to 2050 Board” (Board) convened by the Chair of CARB with responsibility to develop a report to the legislature and governor every two years beginning in January 2016 on the impacts of global warming on water supply, public health, agriculture and forestry. The members of the Board would include the president of the CPUC, chair of the Business and Consumer Services, Food and Agriculture, Natural Resources and Transportation Agency Secretaries.

AB 416 (Gordon) — Held/Dead — This bill would have required CARB to establish a program to provide grants and other financial assistance to local government recipients for the purpose of developing and implementing local greenhouse gas emissions (GHG) reduction projects.

AB 527 (Gaines) — Vetoed — This bill would have repealed the exemption from the Bagley-Keene Open Meeting Act (Bagley-Keene) enacted in 2012 for the WCI, Inc. and provides that a contract between the state and WCI, Inc. shall be subject to by the state auditor veto message (p. 16).

SB 34 (Calderon) — Held/Dead — This bill would have required the CARB to adopt carbon capture and storage methodology by January 1, 2016.

SB 497 (Walters) — Failed — This bill would have required the CARB to allocate free allowances to the University of California and State University systems.

SB 605 (Lara) — Two-year bill — This bill would have required the AB 32 Scoping Plan update to prioritize in-state reductions of copollutants, copollutants, in-state offsets and creation of a back-stop plan. PG&E opposed the California Council for Environmental and Economic Balance (CCEEB) and assisted CCEEB advocacy by analysing the negative impacts of the bill regarding advocacy materials.

SB 726 (Lara) — Chapter 420 — This bill required additional transparency by WCI, Inc., transactions and expenditures to be attempted to amend the bill in the session with objectionable language pertaining to offset eligibility. PG&E opposed through CCEEB and the California Chamber of Commerce on these objectionable provisions. Amidst opposition, the author removed the offset related provisions.

Corporate and Cybersecurity

AB 801 (Brown) — Two-year bill — This bill would have required ferrous metal recyclers to obtain proof of ownership before paying for that was marked in such a way as to reasonably identify the owner.

AB 841 (Torres) — Support — Vetoed — This bill would have required non-ferrous metal recyclers to mail check payments to a physical address required by AB 841. PG&E supported the check payment to a physical address required by AB 841. It would deter metal theft, protecting the public from the hazards associated with metal theft and the cost of repair and replacement. See veto message (page 17).

AB 909 (Gray) — Support — Vetoed — This bill would create a Metal Theft Task Force. Any monies collected could have been used for law enforcement for the exclusive purpose of deterring, investigating, and prosecuting theft and recycling crimes. See veto message (p. 17).

AB 1274 (Bradford) — Chapter 597 — The original version of the bill would have required utilities to develop standards for third party developers advanced metering infrastructure. We worked with Opower, Technet and other third party application developers to revise the current version of the bill which provides for customer data handled by certain businesses.

Distributed Generation

AB 217 (Bradford) — Chapter 609 — This bill provides \$108 million for low-income solar programs until December 31, 2021. The bill would allow continuation of PG&E low-income solar programs without interruption.

AB 415 (Garcia) — Chapter 612 — This bill allows eligible test pools and accredited listing agencies that use equipment can use to be eligible for water heat incentives.

AB 427 (Mullin) — Oppose— Failed — This bill would have created an exemption from non-bypassable charges for bottom cycle waste-to-energy CHP generation. PG&E opposed the bill as a cost shift to non-participating customers.

AB 792 (Mullin) — Chapter 534— This bill prohibits a local jurisdiction until January 1, 2020, from levying a utility user tax (UUT) on the production of electricity generated by a clean energy resource defined as renewable energy generation or a renewable non-renewable Bloom fuel cell.

AB 796 (Muratsuchi) — Chapter 617— This bill extends the G-EGG gas rate established under AB 1110 (Fuentes, Chapter 508, Statutes of 2009) Bloom fuel cell customers until January 1, 2016. PG&E did not position the bill but the author and sponsor any further extensions of this subsidy would have to address cost shift and ensure the systems would reduce greenhouse gasses.

AB 1014 (Williams) — Two-year bill — PG&E opposed the original version of AB 1014 which would have imposed a multi-billion dollar cost on our customers to pay for a community solar procurement program. The current version of the bill is consistent with our Green Tariff filing before the CPUC. In deference to SB 43, the author then the Senate Energy, Utilities and Communications Committee.

AB 1228 (V. Perez) — Two-year bill — This measure would have expanded the facility size for fuel cell generation facilities eligible under the NEM program from 1 MW to 3 MW. The bill was dropped by the author when opposition arose from a number of parties.

AB 1295 (Hernandez) — Two-year bill — Sponsored by Southern California Edison, AB 1295 attempts to create a community solar program including an option for a relationship between the developer and the customer. AB 1295 had significant opposition and was never heard in the Senate Energy, Utilities and Communications Committee as SB 43 became the vehicle for the community solar legislation.

SB 43 (Wolk) — Removed Opposition— Chapter 413— SB 43 started as a high priority oppose bill that would have shifted costs for community solar onto non-participating customers and facilitated relationships between developers and customers. The final version creates a 600 MW community solar program paid for by participating customers. PG&E was neutral on the final version.

Electric Operations

AB 66 (Muratsuchi) — Removed Opposition— Chapter 578— This bill requires electrical corporations to annually report reliability data by local, post the reports on their website and remediate areas with most outages. PG&E opposed prior versions that contained requirements to rank order areas by reliability but wanted these provisions removed.

SB 48 (Hill) — Two-year bill — This measure would have required peer review of research and development projects proposed by the CPUC cost over \$1.5 million and require investor-owned utilities to file their research plans detailing each proposal and the costs to ratepayers.

SB 699 (Hill) — Two-year bill — This bill would have required burdensome reporting of costs associated with the electric distribution system. Reporting would not have provided useful information to the public. PG&E worked with the author and the bill in the Assembly Utilities and Commerce Committee.

Energy Efficiency and Demand Response

AB 29 (Williams) — Two-year bill — One of several bills introduced to implement Prop. 39, this bill would have appropriated \$15 million per year to higher education projects from Prop 39 funds.

AB 39 (Skinner) — Two-year bill — One of several bills introduced to implement Prop. 39, this bill would have required a regionally competitive grant program administered by the CEC for K-14 schools. In addition, this bill would have allocated 25 percent of Prop. 39 funds to the CEC's Energy Conservation Assistance Account (ECAA) for interest revolving loans. This bill also proposed that some undetermined amount of funds be dedicated to job training and workforce development and PACE programs. The bill was amended to extend the ECAA program from 2018 to 2022.

AB 114 (Salas) — Two-year bill — One of several bills introduced to implement Prop. 39, this bill would have required the State Labor and Workforce Agency to develop a workforce training program utilizing up to 9.6 percent of Prop. 39 funds. The bill was ultimately amended to require workforce reporting for Prop. 39.

AB 122 (Rendon) — Support — Two-year bill — This bill would have established a commercial building financing mechanism at the CEC for energy efficiency or renewable generation retrofits by utilizing zero-coupon bonds to lower interest rates offered to building owners. PG&E supported this mechanism as another alternative to on-bill repayment (OBR) proposals with automatic transfer. PG&E worked closely with the author to keep the financing projects on the customer side of the meter to avoid oversized customer generation.

AB 270 (Bradford) — Chapter 610 — This bill requires the CPU to create an internet portal of energy efficiency measures, savings and expenditures by county. While PG&E did not take a position on the bill, SGR worked closely with author and committee staff to address customer privacy, trade secret and proprietary information as provided under current law. See author's letter to the Assembly Journal (p. 18).

AB 572 (Atkins) — Two-year bill — This bill would have required the CPU to develop a protocol to trade offsets generated from efficient energy. The bill was never heard in committee.

AB 719 (Hernandez) — Removed Opposition/Support — Chapter 616 — PG&E opposed the original version of AB 719 which would have imposed significant costs for street lights on non-participating customers. The current version of AB 719 is consistent with the street light proposal in our General Rate Case and requires the CPU and IOUs to give local governments a way to reduce their utility bills by replacing inefficient street lights with energy efficient street lights.

AB 834 (Williams) — Two-year bill — This bill would have expanded the CEC's administrative enforcement authority to include energy efficiency standards for buildings. The bill was later amended to add postsecondary education.

AB 905 (Ting) — Two-year bill — This bill would have established an E-covenant to act as an energy efficiency finance mechanism for property's land title. The bill was never set for a hearing.

SB 37 (De Leon) — Oppose unless amended — Failed This bill would have authorized the CPUC to establish an OBR program with automatic transfer of loans for energy efficiency, demand response and distributed generation projects. PG&E vigorously opposed the automatic transfer provisions, any permanent customer funded credits and the extension of the program to distributed generation and offered amendments to remove opposition.

SB 39 (De Leon) — Chapter 775 — One of several bills introduced to implement Prop. 39, this bill would have implemented a competitive grant program at the Office of Public School Construction for K-12 schools. The bill was later amended to extend the ECAA program from 2018 to 2022. The entire contents of the bill were replaced with language to address public sector pensions.

SB 64 (Corbett) — Two-year bill — One of several bills introduced to implement Prop. 39, this bill would have implemented a grant program for CFC with all public entities eligible. The bill was amended to remove these provisions and create the Clean Technology Investment Account under the Greenhouse Gas Reduction Fund.

Governance, Regulatory and Oversight

AB 436 (Jones-Sawyer) — Two-year bill — This bill would have allowed the application of the Comparative Fault doctrine to reverse condemnation cases and allowed reduced awards if an earlier, more favorable settlement was offered.

AB 458 (Wieckowski) — Two-year bill — This bill would have prohibited taxpayers from claiming a tax deduction for punitive damages.

AB 995 (Frazier) — Two-year bill — This bill would have provided for reform of the intervenor compensation program by clarifying provisions related to definition of a "customer", contribution for public benefit and duplication of the efforts by the DRA. The bill faced significant opposition from interest groups and was held in committee in order to allow for the completion of the audit by the California State Auditor which was published in July of 2013. section on State Auditor activity (p. 14).

SB 176 (Galgiani) — Held/Dead — This bill would have increased public agencies interaction with interested parties during development of regulations through the Administrative Procedures Act.

SB 291 (Hill) — Chapter 601 — This measure requires the CPUC to develop and implement a gas safety enforcement program by July 1, 2014 and a flammable safety enforcement program by January 1, 2015. The programs are meant to provide the CPUC staff authority to monitor, investigate and issue citations for safety violations. CPUC already has an ongoing proceeding on this matter.

SB 611 (Hill) — Dropped— This measure would have reformed the DRA at the CPU by requiring them to develop their own budget for the Department of Finance, allowing them to seek rehearing of CPU decisions as seek judicial review in the court of appeal or the State Supreme Court. The measure was supported by the author and amended to another subject after approval of SB 96 which contained some DRA reform provisions.

Land Use, Siting, Environmental

AB 52 (Gatto) — Two-year bill — The original version of the bill would have given Native American tribes veto authority over land uses. The current bill could have caused interested parties to delay the environmental mitigation at Topock. PG&E worked through CCEEB to amend the bill's most onerous provisions.

AB 227 (Gatto) — Chapter 581— This bill changes the enforcement provisions of the Safe Drinking Water and Toxic Enforcement Act of 1986 (Prop. 65) by limiting recovery by private citizen enforcement action from types of exposure to chemicals causing cancer or birth defects or other reproductive harm in circumstances when the failure to provide clear and reasonable warnings has been remedied and a penalty paid. While the governor had hoped to pass Prop. 65 reform, an agreement among stakeholders for meaningful action could not be reached. PG&E followed these negotiations through the California Chamber of Commerce.

AB 380 (Dickinson) — Two-year bill — This would have increased public notification during the development process including electronic posting of CEQA documents.

AB 515 (Dickinson) — Two-year bill — This would have created Environmental and Land Use Courts for CEQA cases. PG&E discussed concerns with the author, who decided to hold the bill in the Assembly Judiciary Committee.

AB 516 (Brown) — Two-year bill — This would have created an incidental take process for common and abundant species of birds affected by electrical transmission projects to the implementation of the RPS. The sponsor, Southern California Edison, is working with the Department of Fish and Wildlife to address this administratively.

AB 823 (Eggman)— Two-year bill — This bill would have amended the CEQA review process to require replacement of agricultural lands for projects that convert to non-agricultural uses.

AB 1026 (Quirk) — Two-year bill — This would have limited the Prop. 65 warning label to substances known to cause cancer or reproductive toxicity.

AB 1323 (Mitchell) — Failed — This would have prohibited hydraulic fracturing in California.

AB 1330 (J. Perez) — Two-year bill — This would have doubled fines for environmental-related violations in disadvantaged communities as defined by the CalEnviroScreen. PG&E opposed through the California Chamber of Commerce and CCEEB and provided policy analysis to each organization. The bill was placed in the file as it did not garner enough votes on the Senate Floor.

SB 123 (Corbett) — Held/Dead — This would have created Environmental and Land Use Courts for CEQA cases.

SB 387 (Wright) — Two-year bill — This would have required the State Water Resources Control Board to allow electric generation facilities employing once-through cooling to continue to operate pursuant to federal law. This introduces in recognition of the extensive regulation of such facilities under federal law a policy that could impact 19 power plants throughout the state and the reliability of electric supply.

SB 691 (Hancock) — Two-year bill — This bill would have authorized a civil penalty of up to \$100,000 (currently \$10,000) for air emission discharges. The bill had poorly defined terms that could have subjected any entities to steep penalties. PG&E worked with the author to narrow the scope of the bill. The final version proposed by the broader business community, including CCEEB.

SB 731 (Steinberg) — Two-year bill — This bill was intended to be a vehicle for substantive CEQA reform. PG&E worked with the Silicon Valley Leadership Group, CCEEB and other business groups but legislative leadership could not agree on substantive CEQA changes.

SB 735 (Wolk) — Two-year bill — This bill would have required all species conservation plans that are adopted, under development or to be consistent with the Delta Plan. The bill was never set for a hearing.

Natural Gas Operations

AB 650 (Nazarian) — Chapter 615 — This bill requires the Director of the Department of General Services (DGS) to operate a Natural Gas Services Program which would procure natural gas commodity service for any city, county and county or any other local governmental body and nonprofit hospitals and educational institutions who are interested in purchasing their natural gas from a competitive provider. The bill also requires state agencies, with the exception of the Department of Water Resources, to use the DGS for the procurement of non-core gas purchases rather than enter into such arrangements on their own. Under existing law, the DGS has this same authority and state agencies are not required to go through DGS if they choose to procure their gas commodity service from competitive providers.

AB 811 (Lowenthal) — Support — Chapter 250 — This bill will provide policymakers with a clearer picture of damage to underground lines by standardizing reporting and making that information publically available. PG&E supported the final version as well as a prior version that gave California the ability to require additional contractor education following dig violations.

AB 1257 (Bocanegra) — Chapter 749 — This measure, which was sponsored by Sempra Energy, requires the CEC to include integrated rate of return (IRR) strategies to maximize benefits obtained from natural gas. It requires inclusion of the information every four years beginning with IRRs issued by November 1, 2015.

SB 656 (Wright) — Support — Chapter 604 This measure requires the CPU to develop a regulatory oversight program for Core Transport Agents (CTAs) similar to what is provided for Electric Service Providers. The bill was introduced at PG&E's request after we received a significant increase in the number of complaints regarding marketing and service practices of CTA's.

Procurement and Renewable Portfolio Standard

AB 177 (V. Perez) — Oppose — Two-year bill This bill would have recast and revised the electric utility procurement processes for renewable resources without limitation on any established procurement targets. While the author's stated goal was to coordinate resource planning, PG&E opposed the bill as unnecessarily introducing undefined terms, the bill would have created a layer of uncertainty and market turmoil. The bill was later amended to require 51 percent RPS by 2030. PG&E did not take it up on the RPS provisions. The bill was never set for a hearing.

AB 323 (Chesbro) — Held/Dead — This bill would have eliminated recycling credit for green waste used in landfill operations. PG&E testified for possible biomass procurement implications.

AB 448 (Quirk) — Support — Two-year bill This measure was introduced as a placeholder to discuss reform of the RPS program. The author was concerned about integration of intermittent renewable resources and the impacts on CIGs, reliability and consumer costs.

AB 762 (Patterson) — Support — Two-year bill This measure would have provided that all hydroelectric generation facilities be eligible as renewable resources in the state's RPS program. The bill failed passage in the Assembly Agriculture and Commerce Committee as has historically happened when attempts have been made to treat all electric facilities the same.

AB 793 (Gray) — Dropped — This measure contained provisions that mirror those found in SB 591 which was signed into law. The bill provided that the Merced Irrigation District (ID) is not required to procure additional renewable resources if it receives more than 50 percent of its annual retail sales from hydroelectric electricity. The bill was introduced due to the Merced New Exchequer Dam and the use of the generation following the expiration of a contract with PG&E. We attempted to expand the provisions of the bill to provide PG&E greater discount with our hydroelectric facilities but were unsuccessful.

AB 923 (Bigelow) — Two-year bill — The sponsor of the bill wanted Calaveras and Tuolumne Counties to have the ability to sell Federal Preference Power directly to customers. We worked with the author on other legislation to spur economic development.

AB 1258 (Skinner) — Two-year bill — This measure would have required the CEC, in consultation with the CPU and other entities, to complete an analysis of the potential use of existing hydroelectric facilities and pumped storage facilities to provide additional operational flexibility to integrate intermittent renewable energy resources. The bill specifically called out the Helms Pumped Storage Power Plant as well as the Balsam Meadow, Oroville, Castaic and San Luis pumped storage facilities for review.

AB 1350 (Hernandez) — Two-year bill — This bill would have required the CPU to reopen direct access by July 1, 2014. PG&E worked with the author to articulate our concerns to the author and avoid a hearing.

SB 548 (Roth) — Two-year bill — This bill would have created an exemption from RPS rules on in-state and out-of-state renewable "buckets" for small public utilities. The bill was never set for a hearing.

SB 591 (Cannella) — Chapter 520— The bill provides that Merced ID is not required to procure additional eligible renewable resources if it receives more than 50 percent of its annual retail sales from its own electric facilities regardless of the size of those facilities. The bill was introduced in part due to the Merced ID's New Exchequer Dam and the use of the generation following the expiration of a contract with PG&E. We attempted to expand the provisions of the bill to provide greater discretion with our own electric facilities but were unsuccessful.

SB 674 (Corbett) — Two-year bill — This bill would have required the CPU to create a special rate to compensate for generation that uses energy storage.

SB 760 (Wright) — Two-year bill — Introduced in the weeks of the session, this bill would have recast and revised the RPS Least Cost procurement preference for baseload to emphasize reliability and favor procurement of geothermal energy. PG&E worked with the author on language that was more palatable to the author and achieve a balanced procurement approach. Given the multiple stakeholders involved, the author decided not to set the bill for a hearing.

SB 804 (Lara) — Vetoed— This bill would have added "conversion technologies other than controlled combustion" to the definition of biomass conversion. See veto message (p. 18).

Transportation and Electric Vehicles

AB 8 (Perea) — Chapter 401— This bill extends vehicle registrations, boat registrations, and tire sales to fund various air quality improvement programs and programs that support alternative fuel vehicles. PG&E supported AB 8 through the California Electric Transportation Coalition (CaETC).

AB 220 (Ting) — Support— Two-year bill — This bill would have provided a partial exemption from sales taxes for the purchase of low-emission vehicles. PG&E supported AB 220 through the CaETC. The bill was vetoed due to cost concerns.

AB 266 (Blumenfeld) — Chapter 405— This bill supports the deployment of electric vehicles by allowing white high occupancy vehicle (HOV) vehicles to use HOV lanes with a single occupant from January 1, 2015, to January 1, 2019. PG&E supported AB 266 through the CaETC.

AB 529 (Lowenthal) — Chapter 500— This bill makes significant changes to the Basic Inspection of Terminals Program including inspection and fee schedules. PG&E worked with the author to protect the PG&E from increased costs.

AB 1077 (Muratsuchi) — Held/Dead — This bill would have reduced the amount of sales tax and vehicle license fees on the purchase of electric vehicles.

AB 1092 (Levine) — Chapter 410— This bill requires the development of building code standards for electric vehicle charging stations in multi-family projects.

AB 1314 (Bloom) — Two-year bill — This bill would have required PG&E to contract out for bracket inspections on natural gas. PG&E worked with the author to understand the implications of the bill and avoid a hearing.

AB 1324 (Skinner) — Two-year bill This bill would have allowed Alameda County to increase motor vehicle fees with authority by the Alameda County Board of Supervisors.

SB 11 (Pavley) — Two-year bill — This bill contained the exact same language as AB 8 which extends fees on vehicle registers, boat registers, and tire sales to various air quality improvement programs and programs that support alternative fuel vehicles. AB 8 was signed by the governor and SB 11 was held in the assembly.

SB 286 (Yee) — Chapter 414— This bill supported deployment of electric vehicles by allowing green HOV sticker vehicles to use HOV lanes with a single occupant from January 1, 2015, to January 1, 2019.

SB 359 (Corbett) — Support— Chapter 415— This bill provides \$30 million dollars for clean vehicle rebate programs.

SB 454 (Corbett) — Chapter 418— This bill provides a variety of consumer protections for electric vehicle owners including access to public charging infrastructure and disclosure of charging locations and pricing.

Miscellaneous

AB 6 (Gorell) — Held/Dead — This bill originally would have increased emergency preparedness by providing a tax credit for emergency standby generators. It was amended to provide a tax credit for expenses related to for alternative energy installations. PG&E did not take a position on the amended bill.

AB 214 (Skinner) — Chapter 498— This bill requires secretary of state to establish procedures for voting during a state of emergency.

AB 340 (Bradford) — Vetoed— This bill would have required the CPU to establish a program to encourage the use of women, minority, disabled veterans business enterprises (WMDVBs) in activities administered through the EPIC program. See memo message (p. 16).

AB 366 (Holden) — Two-year bill — The original version of the bill would have complicated our supplier diversity program and harmed diverse suppliers by expanding the definition to include companies based on the makeup of boards and shareholders. PG&E worked with the author to remove the most onerous provisions.

AB 628 (Bocanegra) — Chapter 741— This bill, sponsored by Sempra Energy, provides a framework for the development of energy demand plans between port and harbor districts and investor-owned utilities, publicly-owned utilities and Community Choice Aggregators in order to reduce air emissions and promote economic development of the district. See signing message (p. 15).

AB 869 (Medina)— Oppose— Two-year bill This measure was sponsored by the Utility Workers of America and was introduced following Hurricane Sandy to address utility workforce levels to respond to emergency situations. The bill would have required gas and electric corporations to develop and publish a plan to respond to emergency events intended to increase the size of the union workforce. The bill passed by the author's vote. Utility opposition was presented along with existing requirements for the development of similar plans.

AB 874 (Williams) — Two-year bill — This measure would have prohibited investor-owned utilities from recovering any costs as a result of a strike or deterring the organizing of employees in labor unions. The bill was sponsored by the California State Association of Electrical Workers and the Coalition of California Utility Employees.

AB 1073 (Torres) — Two-year bill — This measure would have required the development of universal identification badges for workers to be used when accessing disaster sites. The bill was sponsored by the Communications Workers of America and was dropped when opposition from utilities and other organizations indicated that the bill was unnecessary.

SB 121 (Evans)— Failed — This bill would have imposed additional burdensome disclosure on corporate political contributions. The bill was opposed by a business coalition including the California Chamber of Commerce and failed passage in committee.

SB 241 (Evans)— Held/Dead— This bill would have imposed a 9.9 percent per barrel oil severance tax.

SB 362 (Padilla) — Support— Chapter 566— This bill was a response to voting problems experienced by PG&E and other utility employees during the response to Hurricane Sandy. SB 362 gives the governor and the secretary of state the ability to establish procedures that will allow people to vote when they cannot assist in out-of-state disasters.

State Auditor Activity

Intervenor Compensation— On July 16, 2012, Assembly member Henry T. Perea submitted a request to the Joint Legislative Audit Committee (JLAC) to approve an audit of the CPUC's intervenor compensation program. The request specified a specific scope and task which was approved by the JLAC. On July 23, 2013, the State Auditor released their audit (Report 2012-118) that concludes, "despite administrative issues, the commission has generally awarded compensation to intervenors in accordance with state law."

Signing Messages

AB 327 (Perea)

To Members of the California State Assembly:

I am signing Assembly Bill 327.

This comprehensive reform legislation provides the Public Utilities Commission (CPUC) with the necessary authority to address current electricity rate inequities, protect low-income energy users and maintain robust investment for renewable energy investments.

Specifically, the bill gives the CPUC authority to craft a new electric rate structure while increasing statutory discounts for qualified customers. It also requires the electric utilities to develop distribution infrastructure plans to ensure that every dollar is being utilized in the most efficient possible way. Finally, the bill makes it clear that California's 33% Renewable Portfolio Standard is a floor, not a ceiling.

As the CPUC considers rules regarding grandfathering of net metering customers, I expect the Commission to ensure that customers who seek to reach the statutory net metering cap on or before July 1, 2016, are protected under those rules for the expected life of their systems.

Sincerely,
Edmund G. Brown Jr.

AB 628 (Bocanegra)

To the Members of the California State Assembly:

I am signing Assembly Bill 628.

This bill authorizes harbor districts to develop management plans that at a minimum include measures developed jointly with an electric corporation, gas corporation, community choice aggregators, or a publicly owned electric or gas utility.

In order for these plans to be comprehensive in reducing emissions, enhancing energy efficiency, and promoting economic development, the districts should consult with all public and private partners including independent energy providers, demand response companies, and distributed generation companies.

Sincerely,
Edmund G. Brown Jr.

Veto Messages

AB 340 (Bradford)

To the Members of the California State Assembly:

I am returning Assembly Bill 340 without my signature.

This bill requires the Public Utilities Commission to establish a program to encourage the use of women, people of color and disabled and minority-owned businesses for projects funded by the Electric Program Investment Charge.

This bill inadvertently contains language that would jeopardize renewable programs funded by this charge.

Sincerely,
Edmund G. Brown Jr.

AB 527 (Gaines)

To the Members of the California State Assembly:

I am returning Assembly Bill 527 without my signature.

This bill requires various transparency and accountability provisions of the Western Climate Initiative, Incorporated (WCI, Inc.), an out-of-state body providing services that support the State's Cap-and-Trade program. This is unnecessary as WCI, Inc. already meets the open meeting, public records and auditing requirements of this bill.

In order to ensure continued transparency, I have signed SB 726 that will provide ongoing accountability without the frivolous litigation presented by this measure.

Sincerely,
Edmund G. Brown Jr.

AB 841 (Torres)

To the Members of the California State Assembly:

I am returning Assembly Bill 841 without my signature.

This bill would require a junk dealer to make payments for the purchase of metal materials only through checks mailed to the seller.

The theft of nonferrous metals has reached epidemic proportions not only in California, but across the United States. In an effort to ~~prevent~~ this ~~year~~ ~~to~~ ~~prevent~~ more theft. Existing law ~~requires~~ ~~seller~~ ~~wait~~ ~~days~~ before receiving payment for metal materials, a written record ~~of the~~ ~~name,~~ ~~driver's~~ ~~license~~ ~~number,~~ ~~thumbprint~~ of the seller, ~~and~~ ~~a~~ ~~photo~~ of the seller and the material being sold. How much more do you need?

What's really missing today is robust enforcement. SB 485, which I have signed, shall help do that.

For these reasons I am unable to sign this bill.

Sincerely,
Edmund G. Brown Jr.

AB 909 (Gray)

To the Members of the California State Assembly:

I am returning Assembly Bill 909 without my signature.

This bill requires the Department of Justice to establish the Theft Task Force Program to provide grants to local enforcement agencies and prosecutors to enforce metal theft and related recycling laws.

This bill creates a new enforcement effort identifying a funding source. Today I signed SB 485, which does provide a funding source for greater enforcement within the existing infrastructure. More can certainly be done, but let's create a stable funding base.

Sincerely,
Edmund G. Brown Jr.

SB 804 (Lara)

To the Members of the California State Senate:

I am returning Senate Bill 804 without my signature.

This bill would expand the existing definition of biomass conversion to include non-combustion thermal, chemical, biological processes.

While I agree with the intent of the bill, minute amendments made the bill overly complicated and unworkable.

Therefore, I am directing the Department of Resources, Recycling and Recovery, in conjunction with stakeholders, to develop a reasonable approach that would apply to all biomass facilities irrespective of the technologies used.

Sincerely,
Edmund G. Brown Jr.

Letter to the Assembly Journal

AB 270 (Bradford)

September 12, 2013

E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, California

Dear Mr. Wilson:

I would like to submit this letter to the Assembly Journal to clarify my intent with respect to provisions in my Assembly Bill relating to the creation of a publicly available database of utility energy efficiency data.

It was not my intent to amend or alter any existing consumer privacy or provisions of law and I do not believe Assembly Bill 270. My intent was to authorize and enable the California Public Utilities Commission to make available to the public utility energy efficiency data and information, subject to all existing utility privacy protections and other laws applicable to such data and information.

Sincerely,

STEVEN C. BRADFORD, Assembly Member
Sixty-second District
Chair, Committee on Utilities and Commerce