

CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
QUARTERLY STAFF REPORT
APRIL – JULY 2023

I. SCHEDULE OF UPCOMING EVENTS:

Date and Time	Event Name	Proceeding Number
August 2023	Workshops on Staff Avoided Cost Calculator (ACC) Proposal	R.22-11-013 (Customer Distributed Energy Resource (DER))
August 15, 2023	Opening Comments on Phase 3B Questions	R.19-01-011 (Building Decarbonization)
August 21, 2023	Reply Comments on Ruling on Income-Graduated Fixed Charges	R.22-07-005 (Demand Flex.)
August 25, 2023	Track A Opening Briefs (if no hearings)	R.22-07-005 (Demand Flex.)
August 25, 2023	Reply Comments on Phase 3B Questions	R.19-01-011 (Building Decarbonization)
August 25, 2023	Opening Comments on Ruling Regarding Data	R.13-11-005 (Energy Efficiency (EE))
Late August 2023	Evidentiary Hearings on Track A, if needed	R.22-07-005 (Demand Flex.)
End of August 2023	Evidentiary Hearings on DRAM	A.22-05-002, et al. (DR Apps.)
September 1, 2023	Ruling issued noticing the CEC's Diablo Canyon Cost-Effectiveness Evaluation	R.23-01-007 (Diablo Canyon)
September 5-7, 2023	Evidentiary Hearings (if needed)	R.23-01-007 (Diablo Canyon)
September 7, 2023	Last Day to Request Oral Argument on Phase II DR	A.22-05-002, et al. (DR Apps.)
September 8, 2023	Reply Comments on Ruling Regarding Data	R.13-11-005 (EE)
September 15, 2023	Opening Briefs (if needed)	R.23-01-007 (Diablo Canyon)
September 22, 2023	Opening Comments on CEC's Evaluation	R.23-01-007 (Diablo Canyon)
September 29, 2023	Track A Reply Briefs (if no hearings)	R.22-07-005 (Demand Flex.)
September 29, 2023	Track A Opening Briefs (if hearings)	R.22-07-005 (Demand Flex.)
September 29, 2023	Reply Comments on CEC's Evaluation	R.23-01-007 (Diablo Canyon)
September 29, 2023	Reply Briefs (if needed)	R.23-01-007 (Diablo Canyon)
September 30, 2023	Opening Briefs on DRAM	A.22-05-002, et al. (DR Apps.)
Third Quarter	Proposed Decision on transmission pipelines and natural gas storage fields	R.20-01-007 (Gas Infrastructure)
Third and Fourth Quarter 2023	CAEECC Compensation Issues	R.13-11-005 (EE)
Third and Fourth Quarters	Natural Gas Incentives Issues	R.13-11-005 (EE)
October 2023	Proposed Decision on Phase II DR	A.22-05-002, et al. (DR Apps.)
October 2023	Workshop on Track B Working Group 1 and 2 Proposals & Reports	R.22-07-005 (Demand Flex.)
October 2, 2023	Track B Working Group 1 and 2 Proposals & Reports	R.22-07-005 (Demand Flex.)
October 9, 2023	PG&E, SCE, and SDG&E to submit pro-forma standard Microgrid Multi-Property Tariff	R.19-09-009 (Microgrids)
October 27, 2023	Track A Reply Briefs (if hearings)	R.22-07-005 (Demand Flex.)
October 27, 2023	Opening Comments on Utilities' Filing	R.19-09-009 (Microgrids)

Date and Time	Event Name	Proceeding Number
October 30, 2203	Opening Comments on Track B Working Group 1 and 2 Proposals and Reports	R.22-07-005 (Demand Flex.)
Oct. – Nov. 2023	Proposed Decision(s)	R.23-01-007 (Diablo Canyon)
November 3, 2023	Reply Briefs on DRAM	A.22-05-002, et al. (DR Apps.)
November 10, 2023	Reply Comments on Utilities' Filings	R.19-09-009 (Microgrids)
November 22, 2023	Reply Comments on Track B Working Group 1 and 2 Proposals and Reports	R.22-07-005 (Demand Flex.)
First Quarter 2024	2024-2027 Portfolio Oversight	R.13-11-005 (EE)
First Quarter 2024	Phase 2 Staff Proposal	R.23-05-018 (GO 131-D)
January 2024	Proposed Decision on DRAM	A.22-05-002, et al. (DR Apps.)
January 2024	Track A Proposed Decision (if no hearings)	R.22-07-005 (Demand Flex.)
January 9, 2024	List of Disputed and Stipulated Issues (Phase One, Track One)	R.22-11-013 (Customer DER)
January 22, 2024	ALJ Ruling on Energy Division Staff Proposal on Microgrid Multi-Property Tariff	R.19-09-009 (Microgrids)
January 23-25, 2024	Evidentiary Hearings (Phase One, Track One)	R.22-11-013 (Customer DER)
February 2024	Track A Proposed Decision (if hearings)	R.22-07-005 (Demand Flex.)
February 5, 2024	Workshop on Energy Division Staff Proposal	R.19-09-009 (Microgrids)
February 19, 2024	Opening Comments on Energy Division Staff Proposal	R.19-09-009 (Microgrids)
February 21, 2024	Opening Briefs (Phase One, Track One)	R.22-11-013 (Customer DER)
March 2024	Track B Proposed Decision	R.22-07-005 (Demand Flex.)
March 11, 2023	Reply Comments on Energy Division Staff Proposal	R.19-09-009 (Microgrids)
March 13, 2024	Reply Briefs (Phase One, Track One)	R.22-11-013 (Customer DER)
June 2024	Proposed Decision (Phase One, Track One)	R.22-11-013 (Customer DER)

II. EXECUTIVE SUMMARY: THE PAST QUARTER AT A GLANCE (pages 3 – 4):

Transmission Planning and Development (full report on page 5)

CEERT has published a second *report on transmission*, “California’s Path to Decarbonization: Transmission Planning, Permitting, and Timely Construction,” with a zonal focus on the *Central Valley*, *Imperial Valley*, and *Los Angeles Basin*, and recommendations for *interconnection management reform*, *transmission permitting reform*, and more efficient *transmission planning* between the California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), and California Energy Commission (CEC). Following this report, we hosted a public *webinar* on transmission that attracted about 100 attendees.

Regional Grid Integration and Governance (full report on pages 5 – 6)

There are hopeful new signs of Newsom Administration engagement on regional integration: CPUC President Alice Reynolds and CEC Vice Chair Siva Gunda recently held meetings with other Western officials, and several regulators from California, Arizona, and New Mexico signed a letter expressing a commitment to work together to launch the *Extended Day-Ahead Market (EDAM)* and build a consensus on *future governance of CAISO* and a potential successor *regional transmission organization (RTO)*.

Central Procurement Entity (full report on page 6)

CEERT has been actively working to establish a *Central Procurement Entity* for long-lead-time resources such as *geothermal*, *offshore wind*, and *pumped hydro storage*, as proposed by Governor Newsom in his January budget. However, significant opposition has come from stakeholders, especially community choice aggregators, which fear an open-ended mandate would raise their procurement costs.

Long-Duration Energy Storage (full report on page 6)

CEERT continued our successful advocacy, in coordination with others, for *expanded funding* for Long-Duration Energy Storage (LDES), as reflected by the Governor’s budget including \$190 million in new funding for LDES projects. Combined with \$140 million in last year’s budget, the state has now amassed a fund of *\$330 million* for these projects.

Siting and Permitting of Clean Energy Projects (full report on page 7)

CEERT has been developing ways to *accelerate approvals and permitting* for large utility-sponsored transmission projects by giving utilities the option of moving their approvals and permitting (including CEQA review) to the CEC instead of the CPUC. We are also taking part in a new CPUC proceeding on expediting transmission siting and approvals.

Los Angeles Department of Water and Power (LADWP) (full report on page 7)

CEERT has strongly supported *expanding transmission*—and streamlining permitting and approvals—into and within the LA Basin, including the development of a new *high-voltage undersea DC cable* between Diablo Canyon and the west side of LA as a joint project of LADWP and CAISO/SCE (Southern California Edison).

Geothermal and Lithium Valley (full report on page 7)

V. John White has been appointed to *Comite Civico del Valle’s Technical Advisory Committee* for the Imperial County Programmatic Environmental Impact Report on *increased geothermal power production* and the anticipated development of *lithium recovery and processing facilities*. CEERT is also continuing to advocate for expanded transmission in Imperial to enable such a buildout.

The CEC and the Interagency SB 100 Planning Process (full report on pages 7 – 8)

CEERT has been working with Siva Gunda and Liz Gill on the next SB 100 report to the Legislature. The key variables are the anticipated *growth in demand for electricity* from electrification in buildings

and transportation and the demand from data centers and artificial intelligence facilities. We are also advocating for new strategies for expanding transmission in existing rights of way, and for implementation of *customer incentives* and workable programs for *demand flexibility* and *demand response*.

Advocacy at the California Air Resources Board (CARB) (*full report on page 8*)

The Environmental Justice Advisory Committee for the CARB Scoping Plan has now had its charter approved. CARB's Scoping Plan implementation strategy requires sales of *new space and water heaters* to be zero-emission by 2030, plus *vehicle rebates* and a *declining carbon intensity target* for transport fuels.

In an important development, CARB staff have determined that the Scoping Plan's *overreliance on carbon capture and storage technologies* will not achieve California's 2030 climate goals, and additional emission reduction measures, including *tightening cap-and-trade limits*, will be needed.

Advocacy at the California Public Utilities Commission (CPUC) (*full report on pages 8 – 19*)

CEERT held that the preliminary scope of a new proceeding to *update and amend GO 131-D pursuant to SB 529* threatens to undermine and delay permitting of transmission upgrades, additions, or expansions.

CEERT argued that a Final Resolution establishing a *Transmission Project Review Process* does not consider how the TPRP might create conflicts or delays with existing transmission planning and development processes, and could subvert FERC processes and lead to litigation and further delay.

A Final Decision in the *Integrated Resource Planning* rulemaking noted CEERT's preference for a *longer-term planning horizon* and our advocacy for development of a sensitivity portfolio for *retirement of gas-fired generating plants*, both of which will be considered in the future.

A Final Decision in the *Resource Adequacy* proceeding reflected CEERT's and CEJA's recommendation that the Master Resource Database include GHG heat rate information. CEERT supported multiple parties that opposed adopting a bid cap specific to proxy Demand Response (DR) assets of \$500 per megawatt hour (MWh), and parties that held the Transmission Load Factor Adder should not be limited, but while a Final Decision increased the proxy DR bid cap to \$949/MWh, it left in several other negative DR provisions.

Also in the *Resource Adequacy* proceeding, CEERT joined the California Efficiency + Demand Management Council, CPower, Enel X, Leapfrog Power, and OhmConnect in submitting a [Joint Application for Rehearing](#) and [Joint Motion](#) for Partial Stay of [Decision 23-06-029](#), which errs in adopting rules that are contrary to applicable law, fact, and policy, and wrongly impose significant and unsupported *adverse impacts on Demand Response*, particularly as it pertains to third-party DR providers.

In the *Demand Flexibility* proceeding, CEERT, the California Efficiency + Demand Management Council, California Solar & Storage Association, Clean Coalition, Solar Energy Industries Association, and Utility Consumers' Action Network submitted a [Joint Motion](#) for the CPUC to hold Public Participation Hearings in Phase 1, Track A pertaining to *Income-Graduated Fixed Charges*.

Clean Transportation Advocacy (*full report on pages 20 – 24*)

CARB approved an Advanced Clean Fleets (ACF) regulation that requires *internal-combustion-engine (ICE) truck sales in California to end in 2036*, and will accelerate the transition to *zero-emission trucks (ZETs)*. CEERT and our allies took part in drafting the regulation. CARB estimates the ACF will yield \$26.6 billion in health savings, while also saving fleet owners \$48 billion in operating costs through 2050.

Environmental, environmental justice, and public health NGOs (including some CEERT affiliates) are strongly advocating that the US EPA put greater emphasis on reducing the impacts of trucks on resi-

dents living along major transportation corridors, require the use of ZETs rather than ICE trucks using natural gas or hydrogen, and set a *target requirement of 100% ZET sales by 2035*.

Transmission Planning and Development

CEERT has continued to host a set of biweekly calls on transmission, one internally and one externally, in partnership with Ric O’Connell at GridLab and energy consultant Edward Smeloff, to report regularly on transmission-related matters at the California Independent System Operator (CAISO), the California Public Utilities Commission (CPUC), and the legislature.

Drawing on the work discussed in these calls, CEERT and GridLab have published two reports, the first of which, “Transmission in California,” details critical issues we’re currently facing with slow transmission buildout and the backlogging of projects at the CPUC, as well as CEERT’s recommendations for streamlining the process, in part through interconnection queue management reform and transmission permitting process reform.

The second report, “California’s Path to Decarbonization: Transmission Planning, Permitting, and Timely Construction,” follows the release of the CAISO’s 2022-23 Transmission Plan with a zonal focus on the Central Valley, Imperial Valley, and Los Angeles Basin, and recommends ways that transmission planning between the CAISO, CPUC, and CEC can be completed more efficiently to expedite necessary projects for grid reliability and reducing reliance on gas plants.

Following the completion of the second report, CEERT hosted a public webinar, “Decarbonizing the Economy with Transmission,” led by Executive Director V. John White and with a special presentation by Edward Smeloff on the report’s findings. Other panelists included Los Angeles Councilwoman Katy Yaroslavsky, Bill Magavern from Coalition for Clean Air, Hunter Stern representing IBEW Local 1245, and the Latino Equity, Advocacy and Policy Institute’s Rey León. The webinar had a total of around 100 participants and is available to watch on YouTube.

The new “California’s Path to Decarbonization” report is now featured on the CEERT website home page. For access to any of the other materials noted above or for the Zoom information for the biweekly Transmission Calls, please reach out to CEERT’s Policy Coordinator, Maia Leroy, at maia@ceert.org.

Regional Grid Integration and Governance

This year has seen a lot of activity around the goal of better integration of the Western regional grid, including eventual establishment of a regional transmission organization (RTO). There has been slow but steady progress in creating and operating an Extended Day-Ahead Market (EDAM), which has independent governance from throughout the West, with the current CAISO Board retaining its overall authority. At the same time, Western states, including Colorado and Nevada, have passed legislation requiring their states and utilities to become participants in a regional transmission organization.

The key barrier to establishing a fully integrated Regional Transmission Organization is that it would require the establishment of an independent governing board from across the West, and the repeal of California’s statutory requirement that CAISO Board members be appointed by the California Governor and confirmed by the State Senate. Legislation to repeal the existing California governance requirement and enable the creation of a Regional Transmission Organization was introduced in the Assembly in 2023, but was held in the Assembly Appropriations Committee, and is now a two-year bill, due largely to strong opposition from the building trades and the consumer group TURN.

In the meantime, the Southwest Power Pool, based in Little Rock, Arkansas, is proposing to develop a Western Energy market, called Markets Plus, to compete with the CAISO day-ahead market, and draw in non-California utilities to become members and lay the foundation for a Western RTO without California utilities. Our regional colleagues and allies, such as Western Resource Advocates and Renewable Northwest, have expressed concern that continuing frustration with California’s failure to act on governance

has opened the door for SPP, especially because of the attitude of the Bonneville Power Administration and its historic differences with California.

There has been criticism of Governor Newsom for not stepping up and expressing his full support for regional grid integration and the transition to an RTO, but that lack of engagement has changed in recent weeks, with both CPUC President Alice Reynolds and CEC Vice Chair Siva Gunda meeting with other Western regulators. These consultations recently resulted in a letter signed by several regulators from California, Arizona, and New Mexico that expressed their commitment to working together to successfully launch EDAM and develop a consensus on future governance of CAISO and its successor.

Central Procurement Entity

CEERT is participating in discussions about the establishment of a Central Procurement entity, as proposed by Governor Newsom in his January budget. That proposal designates the Department of Water Resources (DWR) as the Central Procurement entity for long lead-time resources such as offshore wind, geothermal, and pumped hydro energy storage. The proposal is a variation on the idea of establishing a Central Procurement function at the CPUC to ensure that needed resources with system-wide benefits, such as geothermal, are able to be procured on behalf of all load-serving entities.

Considerable opposition has come from stakeholders, especially community choice aggregators, which fear an open-ended mandate would raise their procurement costs. In addition, there remains significant opposition to a large pumped hydro storage project at the Iron Mountain Mine in Riverside County.

The Legislature chose not to adopt the proposal the Governor submitted in the budget, but instead introduced legislation, AB 1373 by Assembly Member Eduardo Garcia. But the Governor's office didn't show up to support or speak on the bill in the Assembly Utilities Committee, and the measure was passed and sent to the Appropriations Committee, where it was amended to include procurement of offshore wind and geothermal but exclude pumped hydro and other energy storage technologies, among other amendments that the Administration did not favor. While AB 1373 passed the Assembly and is ready to be heard in the Senate Energy Committee in August, the Administration has said they don't support the bill as amended, and would rather not have legislation this year, but instead rely on the CPUC and the investor-owned utilities to carry out the policy.

CEERT has been working with Americans for Clean Power California and consultant Nick Pappas on both central procurement and overall procurement, and has been convening biweekly calls among renewable developers, CCAs and NGOs to identify issues and concerns and explore possible compromises.

Long-Duration Energy Storage (LDES)

CEERT continued our successful advocacy, in coordination with Mark Weideman and Ryan McCarthy, in support of expanded funding for Long-Duration Energy Storage, as reflected by the Governor's budget including \$190 million in new funding for LDES projects. Combined with \$140 million in last year's budget, the state has now amassed a fund of \$330 million for these projects. CEERT is also working to develop an understanding of market mechanisms that could be used to support LDES facilities that provide capacity, energy, and ancillary services. Such mechanisms will be a necessary source of revenue in the absence of "off-takers" willing to sign power purchase agreements, since the benefits of LDES accrue to the power system as a whole, rather than a single utility or load-serving entity.

As noted above, in response to stakeholder and legislator concerns, the proposal for a Central Procurement entity was amended in the Assembly Appropriations Committee to drop pumped hydro or long-duration energy storage from the list of eligible resources. If AB 1373 is heard in the Senate Energy Committee in August, our lobbying affiliate Clean Power Campaign will support the bill as long as it's amended to include LDES technologies.

Siting and Permitting of Clean Energy Projects

With Clean Power Campaign, CEERT has been actively engaged in developing legislation to accelerate approvals and permitting for large utility-sponsored transmission projects by giving utilities the option of moving their approvals and permitting (including CEQA review) to the California Energy Commission instead of the CPUC.

We have also begun participating in a new CPUC proceeding on expediting transmission siting and approval, and are hoping that CPUC Commissioner Karen Douglas can help focus the staff on where the delays have occurred and find new ways to speed up approvals, such as establishing a rebuttable presumption that CAISO's Transmission Planning Process determines the need for new transmission projects, and hopefully limit or avoid having to analyze the "no project alternative."

Los Angeles Department of Water and Power (LADWP)

V. John White participated in the Advisory Committee to LADWP's Strategic Long Term Resource Plan (STLRP), which is designed to implement the LA 100 plan adopted by LADWP and the LA City Council.

A key component of the STLRP is the need to greatly expand transmission, both into and within the LA Basin. CEERT has strongly supported expanding transmission and streamlining permitting and approvals, including the development of a high-voltage undersea DC cable between Diablo Canyon in San Luis Obispo County and the west side of LA, probably at LADWP's Scattergood power plant. We have also advocated for this project to be expanded in size and be jointly developed by LADWP and CAISO/SCE, both to enable more north/south transmission capacity and to take advantage of LADWP's access to lower-cost capital financing.

Geothermal and Lithium Valley

V. John White was appointed to Comite Civico del Valle's Technical Advisory Committee for the Imperial County Programmatic Environmental Impact Report on expanded geothermal power production and the anticipated development of lithium recovery and processing facilities. CCV is the leading community-based organization coordinating the Imperial County labor/community coalition, working to expand workforce training and apprenticeship programs, build out needed infrastructure improvements, and ensure community benefits on a scale to match the needs and opportunities in Imperial County.

In addition, CEERT has continued working to expand transmission in Imperial to enable a full buildout of the county's geothermal resource and the full development of a lithium recovery and processing complex.

Renewable Hydrogen

CEERT has a new intern from UC Riverside who will be working on green hydrogen issues.

Concentrating Solar Power (CSP)

There have been no significant new developments on CSP since our last Quarterly Report.

The California Energy Commission (CEC) and the Interagency SB 100 Planning Process

CEERT has been actively participating with CEC Chair Siva Gunda and his advisor, Dr. Liz Gill, who are leading the effort to develop the next version of the SB 100 report to the Legislature. The key variables are the anticipated growth in demand for electricity, which many forecasters now believe will be much greater than previously forecast, given the explosive growth of electrification in buildings and transportation and the surging demand from data centers and artificial intelligence facilities.

In addition, CEERT has advocated for new strategies for expanding transmission in existing rights of way, such as dynamic line rating, reconductoring, and replacement of AC lines with High Voltage DC lines. We plan to strongly encourage the CEC to closely examine the ongoing failures of the CPUC and

the utilities to value and successfully implement customer incentives and workable programs for demand flexibility and demand response, which must be a key part of the resource plan for meeting SB 100 goals.

Advocacy at the California Air Resources Board (CARB)

CEERT graduate fellow Mark Hanin reports that CARB staff hosted multiple workshops this past quarter on implementing the goals of their 2022 Scoping Plan.

The charter for the Environmental Justice Advisory Committee has been approved, and the CARB Board will hold a joint meeting with the EJAC Committee on September 14 to continue the conversation on the Scoping Plan. In its monthly calls, the Scoping Plan Working Group has discussed renaming the coalition to emphasize the advancement of climate ambition, climate justice, and climate accountability.

Part of CARB's Scoping Plan strategy is promoting appliance standards that require sales of new space and water heaters to be zero-emission by 2030, with staff evaluating the available technology and market for zero-emission appliances and the readiness of buildings to accommodate those appliances. Staff expect a regulatory package on appliance standards to receive final Board approval by 2026.

CARB discussed its Low Carbon Fuel Standards (LCFS) strategy to meet the carbon neutrality and GHG reduction goals of the Scoping Plan by crediting direct air capture, providing funds for vehicle rebates, and establishing an annual, declining carbon intensity target for transportation fuels used in California. Staff has proposed updated LCFS regulations, and expects the Board to adapt its proposal in early 2024. EJAC members have pushed to focus on LCFS after CARB confirmed that it will not engage in any further remodeling of the strategy.

CARB expects to deliver its Standardized Regulatory Impact Assessment (SRIA) on the Scoping Plan to the Department of Finance. Coalition members are engaging with CARB Board members to advocate on what needs to be included in the SRIA, and are pressing for legislators to sign onto a letter by Senator Allen to CARB expressing members' concerns.

CARB has been designated, instead of the CAL EPA, as the convener for the interagency task force on ending oil extraction and refining.

In an important development noted in a recent *Sacramento Bee* article, CARB staff have determined that the Scoping Plan's overreliance on carbon capture and storage technologies would not enable achievement of California's 2030 climate goals, and that additional emission reduction measures, including tightening cap-and-trade limits, will be needed.

Advocacy at the California Public Utilities Commission (CPUC)

Summary of CEERT's Advocacy at the CPUC

CEERT commented on the new Order Instituting Rulemaking (OIR) to update and amend CPUC General Order (GO) 131-D (R.23-05-018). We have also been particularly active in the Resource Adequacy (R.21-10-002) and Demand Flexibility (R.20-07-005) proceedings.

New Events at the CPUC

General Order 131-D (R.23-05-018)

On May 23, the CPUC issued [R.23-05-018](#), the Order Instituting Rulemaking (OIR) to update and amend CPUC General Order (GO) 131-D. The CPUC's existing GO 131-D addresses the siting of electric transmission infrastructure within the State of California. This OIR opens a proceeding to update and amend GO 131-D pursuant to Senate Bill (SB) 529 and to make other necessary changes. The OIR states that the CPUC's goal is to adopt a new "E" version of GO 131 that will better address the needs of California and

its residents; be consistent with SB 529 and other applicable laws, policies and Federal Energy Regulatory Commission (FERC) orders; and provide a clearer, more efficient and consistent process.

On June 22, CEERT submitted [Opening Comments](#) on the OIR. We did not object to the issues contained in the OIR's preliminary scope, but expressed concern that the failure to bifurcate those issues in a manner that will first examine and implement the express directives of Senate Bill (SB) 529 will undermine and delay, rather than expedite, permitting of existing transmission upgrades, additions, or expansions. The CPUC needs to recognize that delays in the design and construction schedule of needed transmission projects both increase cost and undermine reliability and achievement of state policies. The CPUC should now begin to work closely with the CAISO to improve the quarterly Transmission Development Forum that is co-sponsored by the CAISO and the CPUC.

On July 7, CEERT submitted [Reply Comments](#) on the OIR. Multiple parties share CEERT's position that implementation of SB 529, as written and intended, must be prioritized and implemented based on an informed scope and expedited schedule. We again urged the Commission to provide more information to all parties and stakeholders to inform streamlining proposals for amending GO 131-D permitting processes consistent with SB 529. CEERT also recommended that the CPUC and its Staff immediately report on the documentation required for issuance of a permit to construct (PTC) and time required to submit and review such documentation through CPUC approval of transmission infrastructure pursuant to the PTC process based on PTCs sought over the last five years. We requested that the Report be filed and served by CPUC Staff on August 1.

On July 31, Assigned Commissioner Douglas issued the [Assigned Commissioner's Scoping Memo and Ruling](#) setting forth the issues, need for hearing, schedule and category of this proceeding, which will be divided into two phases. Phase 1 will consider what changes to GO 131-D are necessary to conform it to the requirements of SB 529 and to update outdated references, and will be considered on an expedited basis to ensure compliance with the SB 529 deadline. Phase 2 shall consider all other changes to GO 131-D. Evidentiary Hearings are not needed. The Scoping Memo finds that Opening and Reply Comments on the OIR have already addressed the issues identified for Phase 1, no further events for Phase 1 are scheduled, and Phase 1 is deemed submitted. The Proposed Decision on Phase 1 will be filed no later than 90 days from July 31.

CPUC Transmission Planning

Transmission Project Review Process (TPRP) (Resolution E-5252)

On May 2, the CPUC issued [Final Resolution E-5252](#), which establishes the Transmission Project Review Process (TPRP) on January 1, 2024. The CPUC contends that the purpose of the TPRP is to devise a uniform process to review the investor-owned utilities' (IOUs') capital transmission projects with the goal of providing clarity on projects aimed at making progress toward the state's clean energy goals.

The Final Resolution reflects that CEERT had numerous concerns with the proposed process, including whether the CPUC has the authority to use the resolution process to establish the TPRP. The Final Resolution states that the resolution process, although informal, does provide the requesting notice, opportunity to be heard, and dispute resolution by an impartial decisionmaker should a dispute arise in the TPRP.

CEERT argued that the Resolution does not consider how the TPRP would create conflicts or delays with existing transmission planning and development processes. We argued that the resolution seeks to subvert the FERC processes, which could lead to litigation and further delay addressing current transmission issues. The Final Resolution responded to CEERT's statements that our desire to be fully informed of the status and progress of projects on which clean energy resources rely for interconnection and deliverability is an important factor in the development of the TPRP. Final Resolution E-5252 claims that it aims to ensure adequate access to, and usability of, sufficient data on transmission projects and network upgrades.

CPUC Energy Planning and Procurement and Resource Adequacy

Integrated Resource Planning (IRP) (R.20-05-003)

On February 23, the CPUC issued Final Decision [D.23-02-040](#), which noted that CEERT would prefer a longer-term planning horizon—something that will be considered in the future as it becomes more feasible. The Decision also stated that CEERT was one of several parties that advocated for development of a sensitivity portfolio, at least for the next TPP cycle, that evaluates the potential for additional, or all, natural gas generating plants to retire by 2030 or 2035. The Decision commits to beginning a process for stakeholder input on this issue in 2023, and if that input is ready, the CPUC will include it in consideration of a sensitivity analysis in the next TPP cycle.

On May 30, the California Energy Storage Alliance (CESA) and Western Power Trading Forum (WPTF) submitted a [Petition for Modification](#) of [D.23-02-040](#) and [D.21-06-035](#), both of which were mid-term reliability decisions. The Petition for Modification requests alterations to the decisions to address long lead-time resource compliance deadlines. Responses to the Petition for Modification were due June 29.

On June 21, several parties submitted Informal Comments on the Draft Inputs & Assumptions for the 2022-2023 IRP Modeling, which can be found [here](#).

Resource Adequacy (RA) (R.19-11-009/R.21-10-002)

On April 7, the CPUC issued [D.23-04-010](#), which addresses issues scoped as Phase 2 of the Resource Adequacy Reform Track and adopts implementation details for the 24-hour slice-of-day framework, including adopting compliance tools, resource counting rules for various resource types, and a methodology to translate the Planning Reserve Margin (PRM) to the slice-of-day framework.

The Final Decision reflected that previously CEERT and the California Environmental Justice Alliance (CEJA) recommended that the Master Resource Database (MRD) include greenhouse gas (GHG) heat rate, and reiterated that recommendation in comments on the Proposed Decision. The Final Decision was modified to include heat rate information on publicly available disadvantaged community (DAC) status in the MRD. CEERT also recommended that test year showings should include month-ahead showings for July, August, and September, but this request was denied.

On May 25, ALJs Chiv and O'Rourke issued a [Proposed Decision](#) Adopting Local Capacity Obligations for 2024-2026, Flexible Capacity Obligations for 2024, and Program Refinements. [Appendix A](#) to the Proposed Decision is the Modified Confidential Treatment of Central Procurement Entity Information. Opening Comments were submitted on June 14. On June 19, CEERT submitted [Reply Comments](#) that supported the multiple parties that opposed adopting a bid cap specific to proxy demand response (DR) assets of \$500 per MW hour. CEERT also agreed with parties that the Transmission Load Factor Adder should not be limited, and that the California Energy Commission (CEC) process should be accelerated.

On July 5, the CPUC issued [D.23-06-029](#), the Final Decision Adopting Local Capacity Obligations for 2024-2026, Flexible Capacity Obligations for 2024, and Program Refinements. The Decision increased the proxy DR bid cap to \$949/MWh but left in several other negative DR provisions. The Decision also closes R.21-10-002 (RA). Applications for Rehearing were due on August 4.

On July 26, the California Community Choice Association (CalCCA) submitted an [Application for Rehearing](#) of D.23-06-029. CalCCA argues that D.23-06-029 violates customers' statutory right to aggregate electric loads with a community choice aggregator (CCA), that D.23-06-029 exceeds the CPUC's jurisdiction by prohibiting customers from aggregating their loads with an existing CCA based on the CCA's prior RA compliance history, that it needlessly discriminates against CCAs when other, even-handed RA enforcement alternatives are available under P.U. Code Section 380, and that the CPUC

abused its discretion and failed to act in the manner required by law by making findings that are unsupported by the record. Responses to this Application for Rehearing were due on August 15.

On August 4, CEERT joined the California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., Leapfrog Power, Inc., and OhmConnect, Inc. (the Joint Parties) to submit a [Joint Application for Rehearing](#) and [Joint Motion](#) for Partial Stay of [Decision 23-06-029](#).

D.23-06-029 contains three orders and one “clarification” directive that err in adopting rules that are contrary to applicable law, fact, and policy, and wrongly impose significant and unsupported adverse impacts on demand response, particularly as it pertains to third-party DR providers. First, the CPUC reverses the present limitation on using Reliability Demand Response Resources (RDRR) as an RA resource during system emergencies only. If enforced by the CPUC, this provision will lead to RDRR resources being triggered sooner than they were intended to be, rendering them unavailable during actual emergencies. Second, D.23-06-029 eliminates the Transmission Load Factor (TLF) Adder due to an “administrative burden” to Energy Division. Removing this Adder will put DR at a competitive disadvantage to generation resources, which are not required to account for their transmission line losses when selling capacity in the CAISO market. Third, D.23-06-029 eliminates the Planning Reserve Margin (PRM) Adder, which accounts for the ability of Supply-Side DR load reductions to lower risk from forced outages and load forecast error. This puts Supply-Side DR at a competitive disadvantage to Load-Modifying DR, which implicitly includes this Adder by reducing the amount of capacity a load-serving entity needs to procure against their RA requirement. Fourth, D.23-06-029 expands proxy DR to increase the frequency that DR providers are required to be available, potentially in conflict with the current guardrails meant to prevent customer fatigue. Fifth, D.23-06-029 derates third-party DR qualifying capacity (QC) values based on test results outside of the current QC valuation process, which would exacerbate the unequal treatment of third-party DR programs compared to the IOU DR programs.

In the Application for Rehearing, the Joint Parties argued that the CPUC committed legal error in imposing the provisions described above. D.23-06-029 errs by imposing DR requirements that are contrary to law. In addition, D.23-06-029 errs in failing to proceed in the manner required by CPUC decisions governing the treatment of DR resources. D.23-06-029 also errs in failing to proceed in the manner of law because its negative treatment of DR is contrary to law, including California’s Loading Order, California legislation, the California Energy Commission’s recently adopted statewide 7,000 MW Load Shift Goal, as well as federal legislation and FERC directives. Furthermore, D.23-06-029’s elimination of RDRR as an emergency resource, the TLF and PRM Adders, expansion of DR availability, and derating of DR QC are not supported by its Findings of Facts or Conclusions of Law. By imposing several provisions in D.23-06-029, the CPUC abused its discretion and violated statutory and constitutional rights of due process. The Joint Parties requested Oral Argument.

In their Motion for Partial Stay, the Joint Parties argued that the CPUC must stay the erroneous Ordering Paragraphs and directives in D.23-06-029 pending resolution of the Joint Parties’ timely Application for Rehearing of those matters to cease and prevent serious and irreparable harm to DR customers, DR providers, and DR MWh available to ensure grid reliability. The Joint Parties contended that they are likely to succeed on the merits of their Application for Rehearing of D.23-06-029 due to the legal errors contained in D.23-06-029.

Responses to the Application for Rehearing and Motion for Partial Stay were due on August 20.

Demand Flexibility (R.22-07-005)

As previously reported, the November 2 [Phase 1 Scoping Memo and Ruling](#) organizes this proceeding into two tracks: Track A will establish an income-graduated fixed charge (IGFC) for residential rates for all investor-owned utilities (IOUs) in accordance with Assembly Bill (AB) 205, including small and

multi-jurisdictional electric utilities. Track B will streamline and expedite the adoption of demand flexibility rates for large IOUs. Most of the activity in this proceeding since the last Quarterly Report has involved Track A, and CEERT plans to be more involved in Track B.

Track A Activities

On March 23, ALJ Wang issued a [Ruling](#) stating that Track A concurrent opening testimony due on April 7 shall conform with the attached additional guidance for Track A Proposals. This additional guidance addresses how to use and present the results of the spreadsheet tool in testimony, and requirements specific to proposals for small and multijurisdictional utilities. Several parties submitted Track A Testimony on April 7 and Reply Testimony on June 2.

On April 14, the CPUC issued [D.23-04-008](#), which authorizes up to \$425,000 for third-party consultant services to the CPUC's Energy Division relating to income-graduated fixed charge proposals in Track A. This proceeding remains open to address Phase 1 issues.

On June 19, ALJ Wang issued a [Ruling](#) requesting comments on the implementation pathway for Income-Graduated Fixed Charges (IGFCs). On July 18, ALJ Wang issued a [Ruling](#) Granting PG&E's and SCE's Joint Motion for Extension of Track A Deadlines. Opening Comments on the Ruling were due on July 31 and Reply Comments are due on August 21. A Joint Case Management Statement was due on August 11, and a Meet and Confer was scheduled for early August.

On July 13, CEERT, the California Efficiency + Demand Management Council, California Solar & Storage Association, Clean Coalition, Solar Energy Industries Association, and Utility Consumers' Action Network (the Joint Parties) submitted a [Joint Motion](#) for the CPUC to hold Public Participation Hearings in Phase 1, Track A, which pertains to IGFCs, and to do so before the issuance of any Proposed Decision in that track. The Public Participation Hearings will take public comment on the adoption of an IGFC for utility residential customers, including all proposals on that issue that have been made to date in Track A. Responses to the Motion were submitted on July 28.

Track B Activities

On May 3, the CPUC issued [D.23-04-040](#), which adopts updated Electric Rate Design Principles for the assessment of the rate design proposals of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). The Decision also adopts new Demand Flexibility Design Principles to guide the development of demand flexibility tariffs, systems, processes, and customer experiences at PG&E, SCE, and SDG&E.

Demand Response (DR) Applications (A.22-05-002, et al.)

On January 27, Assigned Commissioner John Reynolds issued a [Ruling](#) Directing Response to Questions and Energy Division Staff Proposals Related to Application 22-05-002 Phase II Issues. Opening Comments were submitted on April 21 and Reply Comments on May 5.

On March 3, ALJ Toy issued a [Ruling](#) that seeks party comment on DR Auction Mechanism (DRAM) questions and provides parties with an updated publicly available version of the DRAM Evaluation [Report](#). Questions 1A-1B of the Ruling ask how best to allow parties to request additional information on the Updated Nexant Report, and questions 2A-2H ask about the Updated Nexant Report itself. Opening Comments on Questions 1A-1B were submitted on March 30 and Reply Comments on April 14; Opening Comments on Questions 2A-2H were submitted on May 31.

On March 30, ALJ Toy issued a [Ruling](#) seeking comment on whether certain anonymized load shape data files associated with clusters of customers from the Phase 4 DR potential study are sufficiently aggregated to meet customer data confidentiality standards and can be safely released to the public accompanied by

the modeling code, in the form of a report that represents findings based on the data, as well as in the form of data files. Opening Comments were submitted on April 28 and Reply Comments on May 19. [Attachment 1](#) to the Ruling provides additional information on the Phase 4 DR potential study data.

Opening Phase II Testimony was submitted on April 21 and Rebuttal Testimony on May 12.

On May 10, ALJ Jungreis issued a [Ruling](#) Granting Limited Access to DRAM Report Data and Altering Proceeding Schedule. This ruling sets forth provisions for the review by DRAM sellers and non-market participants of confidential versions of the Nexant Report and market-sensitive data that went into the DRAM evaluation. In addition, DRAM Opening Testimony was submitted on June 14 and Rebuttal Testimony on July 21.

On June 8, ALJ Toy issued a [Ruling](#) Cancelling Evidentiary Hearings on Phase II (non- DRAM) issues that were scheduled for June 14 and 15. On June 16, ALJ Toy issued a [Ruling](#) directing parties to file a Joint Motion for Admission of Evidence by June 23. Said Motion was filed and on June 28, ALJ Toy issued a [Ruling](#) Admitting Testimony and Exhibits into the Record and Extending Due Dates for Opening and Reply Briefs on Phase II DR Issues. Phase II Opening Briefs were submitted on July 14 and Reply Briefs on August 11.

Customer DER (R.22-11-013)

On May 31, Commissioner Darcie Houck issued a [Scoping Memo and Ruling](#). The proceeding has two phases. Phase One focuses on issues related to cost-effectiveness of customer distributed energy resources (DER) programs, and has two tracks. Track One examines how to make cost-effectiveness assessments more accurate and consistent across DER programs. Track Two examines the rules and requirements to improve data access to facilitate adoption, evaluation, and utilization of DERs by customers and other entities, and to improve DER integration with the grid. Phase Two focuses on developing equipment performance standards.

On July 10, ALJ Lau issued a [Ruling](#) asking for party comments on the CPUC request to authorize an additional \$250,000 in reimbursable funds for the 2024 Avoided Costs Calculator (ACC) Update Process. Opening Comments on the Ruling were submitted on July 17 and Reply Comments on July 21.

On July 17, ALJ Lau issued a [Ruling](#) Requesting Party Comments on the Scope of Work for Consultant and the Data Working Group. The CPUC will create a Data Working Group to support work needed to address the issues in Phase One, Track Two of this proceeding. [Appendix A](#) to the Ruling is the Draft Consultant Scope of Work. Parties are asked to provide comments on the draft scope of work for the consultant, the scope of work for the Data Working Group, and formation of the Data Working Group (e.g., membership). Comments on this Ruling were due on August 11.

CPUC Gas System and Grid Initiatives

Aliso Canyon (I.17-02-002)

On April 19, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) submitted a [Petition for Modification](#) of [D.21-11-008](#), which is the Decision Setting Interim Range of Aliso Canyon Storage Capacity at Zero to 41.16 Billion Cubic Feet. In the Petition for Modification, SoCalGas and SDG&E request that the maximum allowable inventory established in D.21-11-008 should be increased in advance of the 2023 summer season and the 2023-2024 winter season. Responses to the Petition for Modification were submitted on May 1.

On May 5, ALJ Zhang issued a [Ruling](#) on the Petition for Modification ordering SoCalGas and SDG&E to supplement the Petition on May 15. Concurrent Replies to Responses were submitted on May 29.

On June 30, ALJ Zhang issued a [Ruling](#) that set a Status Conference for July 26. Prior to the Status Conference, numerous parties submitted a [Joint Status Conference Statement](#) and Issam Najm submitted a separate [Status Conference Statement](#). It appears that none of the parties, except for Protect Our Communities Foundation (PCF), think that evidentiary hearings are necessary.

On July 28, ALJ Zhang issued a [Proposed Decision](#) Granting in Part and Denying in Part the Joint Petition for Modification. The Decision does not adopt verbatim the requested changes made by SoCalGas and SDG&E, but the Commission modifies D.21-11-008 to reflect the increase of the interim storage limit of working gas at Aliso Canyon Natural Gas Storage Facility to 68.6 billion cubic feet. Opening Comments were due on August 17 and Reply Comments on August 22.

Gas Reliability and System Planning (R.20-01-007)

On April 11, Environmental Defense Fund (EDF) submitted a [Motion](#) Requesting Technical Workshop that would address General Order 177 implementation. On April 26, several parties submitted Responses.

On June 7, ALJ Fogel issued a [Ruling](#) Directing SoCalGas, SDG&E and PG&E to File Amended 2023 Gas Investment Annual Reports. On June 26, ALJ Fogel issued a [Ruling](#) Denying Environmental Defense Fund's Motion Requesting a Technical Workshop without Prejudice, Providing Guidance on the Annual Report Workshop Required in D.22-12-021, and Requiring Filings Prior to Workshop. On June 27, PG&E submitted a [Response](#) to the June 7 Ruling.

On August 1, Assigned Commissioner Douglas issued a [Phase 2 Scoping Memo and Ruling](#). Phase 2 issues include transmission pipelines and natural gas storage fields.

Microgrids (R.19-09-009)

On April 14, the CPUC issued [D.23-04-034](#). Pursuant to Ordering Paragraphs 6 and 7 of D.21-01-018, this decision adopts implementation rules for the previously authorized Microgrid Incentive Program for PG&E, SDG&E, and SCE. The Microgrid Incentive Program targets placement of community microgrids in disadvantaged vulnerable communities (DVCs) to support populations impacted by grid outages. The Program seeks to advance microgrid resiliency technology and system benefits of microgrids equitably across DVCs, and to inform future regulatory resiliency action to the benefit of all ratepayers.

On July 18, Assigned Commissioner Shiroma issued a [Scoping Memo and Ruling](#) that pertains to Track 5 (Microgrid Multi-Property Tariff (MMPT)).

Self-Generation Incentive Program (SGIP) (R.20-05-012)

On July 12, ALJ Atamturk issued a [Ruling](#) seeking comments from parties to supplement the proceeding record on the funding authorized by AB 209 and improving outcomes for low-income customers under SGIP. Opening Comments were submitted on August 1 and Reply Comments on August 11.

On July 12, Assigned Commissioner Douglass issued a [Ruling](#) seeking comments from parties to supplement the proceeding record on improving outcomes for low-income customers under the SGIP and expanding the SGIP Heat Pump Water Heater (HPWH) Program to make a larger number of customers eligible. Opening Comments were submitted on August 1 and Reply Comments on August 11.

Grid for High Distributed Energy Resource (DER) (R.21-06-017)

On April 6, ALJs Hymes and Lakhanpal issued a [Ruling](#) Directing Responses to Questions on Track 1 Phase 1. [Attachment 1](#) to the Ruling sets forth questions to parties about Distribution Planning Process (DPP) Improvements. Opening Comments were submitted on May 22 and Reply Comments on June 5.

On May 9, ALJs Lakhanpal and Hymes issued a [Ruling](#) that set a workshop for May 17 to present findings and recommendations of Part 1 of the Electrification Impacts [Study](#). The Ruling enters the Part 1 Study and the [Research Plan](#) of the Electrification Impacts Study into the record of this proceeding. On June 30, ALJs Hymes and Lakhanpal granted the utilities' second request for extension of time to comment on this Ruling, and the utilities then submitted responses to the first set of questions on the Part 1 Study on July 14. Responses from all parties and the utilities to the second set of questions were submitted on July 28 and Replies on August 7.

On May 19, ALJ Hymes issued a [Ruling](#) that considers proposed reforms to three solicitation frameworks for the 2023 cycle: the Distribution Investment Deferral Framework (DIDF) Process, the Partnership Pilot, and the Standard-Offer-Contract (SOC) Pilot. Reforms have been proposed by the Independent Professional Engineer, Independent Evaluators, and PG&E, SDG&E and SCE. While this Ruling sets forth only four of the 31 recommendations, a majority of the remaining proposed reforms will either be considered in an upcoming decision in this proceeding looking at Track 1 Phase 1 issues, near-term actions on the Distribution Planning Process and Data Improvements, or a later DIDF cycle, i.e., 2024. [Attachment B](#) contains the combined 2022 Independent Evaluator Reports.

On June 9, ALJ Hymes issued a [Ruling](#) that sets a deadline of June 19 for parties to submit a data request on the Electrification Impacts Study Ruling.

On June 13, ALJ Hymes issued a [Ruling](#) Correcting Distribution Planning Advisory Group Schedule for 2023-2024 Distribution Investment Deferral Framework Cycle, appended to the Ruling as Attachment A.

Other CPUC Proceedings CEERT Continues to Track

As noted in previous Quarterly Reports, CEERT is either a party to or on the service list for numerous CPUC proceedings that have required or could require CEERT participation, and we continue to track them in anticipation of participating now or in the future. Information on events in these proceedings is provided in the Schedule of Upcoming Events on pages 1 – 2 of this Report.

Because these proceedings were not the focus of CEERT's efforts in April – July of 2023, only limited information about them is provided here, but is available from CEERT's regulatory counsel, Megan Myers (meganmmyers@yahoo.com) or Sara Myers at (ssmyers@att.net.) Please do not hesitate to contact them for information on any of the following proceedings as to status or next steps.

Net Energy Metering (NEM) (R.20-08-020)

On April 3, ALJ Hymes issued a [Ruling](#) Seeking Comments on Assembly Bill 2143, which adds two new sections (Section 769.2 and Section 913.13) to the Public Utilities Code. Together, these two new sections require: 1) customer-sited renewable electrical generation facilities, and any associated battery storage, that enroll in tariffs designed for these projects (e.g., net energy metering or net billing tariffs) provide, at a minimum, prevailing wages to all construction workers and apprentices, with certain exemptions; 2) the Commission direct each large electrical corporation to include these requirements in any standard contract or tariff offered pursuant to Pub. Util. Code Section 2827 or Section 2827.1; and 3) the Commission submit an annual report to the legislature and publish the report on the Commission website. The Ruling invites parties to file comments responding to questions about the implementation of AB 2143. Opening Comments were submitted on April 24 and Reply Comments on May 4.

On June 29, the CPUC issued [D.23-06-056](#), an Order Denying Rehearing of [Decision 22-12-056](#), which is the Decision Revising Net Energy Metering Tariff and Subtariffs. On January 17, Californians for Renewable Energy, Inc. (CARE) and Michael E. Boyd submitted an [Application for Rehearing](#) of D.22-12-056, alleging that the Decision violates the Public Utilities Regulatory Policies Act (PURPA) and is part of a conspiracy to violate antitrust laws, the Cartwright Act and the Sherman Act. On January 18, the

Center for Biological Diversity, the Protect Our Communities Foundation, and the Environmental Working Group (the Joint Parties) submitted an [Application for Rehearing](#) of D.22-12-056 and contended that: (1) the Decision violates the statutory mandate for any successor tariff to ensure the continued growth of distributed generation in California, (2) the Decision violates the statutory mandate for any successor tariff to include specific alternatives designed for growth among residential customers in disadvantaged communities, (3) the CPUC commits legal error by failing to account for the benefits and costs of behind-the-meter generation, (4) the Decision’s deferral of numerous significant considerations to other proceedings makes an accurate accounting of the successor tariff impossible, and (5) the CPUC commits legal error in making major changes to the tariff for commercial and industrial customers without record basis.

D.23-06-056 denies both Applications for Rehearing and contends that legal error has not been shown. D.23-06-056 finds that the Decision did not violate section 2827.1’s mandate that “customer-sited renewable distributed generation continues to grow sustainably.” The CPUC contends that the Decision properly accounts for the benefits and costs of behind-the-meter generation and did not violate the statutory mandate for any successor tariff to include specific alternatives designed for growth in disadvantaged communities. D.23-06-056 states that the Decision’s changes to the nonresidential tariff do not lack record support and are otherwise lawful. D.23-06-056 also finds that the Decision does not violate PURPA and does not violate the Sherman Act or the Cartwright Act.

Renewables Portfolio Standard (RPS) (R.18-07-003)

On May 5, Assigned Commissioner John Reynolds and Assigned ALJ Atamturk issued a [Ruling](#) Identifying Issues and Schedule of Review for 2023 Renewables Portfolio Standard Procurement Plans.

On June 15, ALJ Atamturk issued a [Proposed Decision](#) Granting the [Petition to Modify D.19-09-043](#), which was filed by PG&E, SCE, and SDG&E. The Joint IOUs are authorized to discontinue the annual determination of the Effective Load Carrying Capability values in R.18-07-003 (RPS) and instead use the results of the methods undertaken in R.20-05-003 (IRP), or its successor proceeding.

Parties submitted their 2023 RPS Plans on July 17.

Diablo Canyon (R.23-01-007)

On April 20, ALJ Seybert issued a [Ruling](#) that invites parties to submit comments served as testimony on questions of statutory interpretation and policy that are being considered in Phase 1: Track 2 of this proceeding, and incorporates certain reports into the record.

On April 28, ALJ Seybert issued a [Ruling](#) inviting parties to submit comments on the Diablo Canyon Independent Safety Committee (DCISC) funding issues being considered in Phase 1: Track 1. Comments were submitted on May 22 and Reply Comments on May 31.

On May 3, ALJ Seybert issued a [Ruling](#) Granting an Extension Request by Coalition of California Utility Employees (CUE). The remaining schedule in the Ruling is reflected in the calendar above. On May 17, 2023, ALJ Seybert issued a [Ruling](#) setting the date of Public Participation Hearings for July 25.

Parties submitted Phase 1: Track 2 proposals on June 9; Comments on Phase 1: Track 2 on June 30; and Rebuttal Testimony on July 28. On June 2, ALJ Seybert issued a [Ruling](#) Incorporating the Joint Agency Reliability Planning [Assessment](#) into the Record, and Modifying the Schedule for Consideration of the Reliability Planning Assessment.

On June 26, ALJ Seybert issued a [Ruling](#) Granting, in Part, and Denying, in Part, San Luis Obispo Mothers for Peace’s [Motion](#) to Compel. PG&E was directed to provide responses to Questions 1-8, 11, and 27-28 in the Motion as they became available, with a deadline of July 3 to produce all responses. All

other requests for responses in the Motion are denied or deemed moot. San Luis Obispo Mothers for Peace was allowed to serve supplemental testimony addressing PG&E's responses by July 10.

On June 30, ALJ Seybert issued a [Ruling](#) Incorporating Diablo Canyon Independent Safety Committee [Reports](#) into the Record of the Proceeding. PG&E shall, as applicable, serve cost estimates as testimony for any new or revised recommendations contained in the Reports by July 31 and parties could submit comments served as testimony on any new or revised recommendations in the Reports by August 8.

On July 5, ALJ Seybert issued a [Proposed Decision](#) (PD) that increases the compensation provided to members of the Diablo Canyon Independent Safety Committee and makes certain updates to the annual advice letter process used to review and update DCISC member compensation. In addition, the PD directs PG&E to track the DCISC's 2023-2024 operational costs for assessing the potential for extended operations at Diablo Canyon in the Diablo Canyon Transition and Relicensing Memorandum Account. The PD orders that each member of the DCISC shall receive an hourly fee of \$270 for attendance at DCISC meetings, an hourly fee of \$270 for DCISC work performed outside of DCISC meetings in excess of 40 hour per year, and reimbursement of expenses in performance of DCISC work. Opening Comments were submitted on July 25 and Reply Comments on July 31. The PD was on the Agenda for the August 10 CPUC Business Meeting.

[Energy Efficiency \(EE\) \(R.13-11-005\)](#)

On April 7, the CPUC issued [D.23-04-009](#), which grants the motion of Southern California Regional Energy Network (SoCalREN), on behalf of the California Energy Efficiency Coordinating Committee (CAEECC), requesting authorization for the energy efficiency program administrators to use unspent and uncommitted energy efficiency funds up to \$185,000 to fund a compensation pilot recommended in the Final Report of the CAEECC Compensation Task Force.

On April 17, ALJ Kao issued a [Ruling](#) that provides notice and invites comments on a draft 2023 Potential and Goals Study that will inform the CPUC adoption of energy efficiency goals for 2024 and beyond. [Attachment 1](#) to the Ruling is the 2023 Energy Efficiency Potential and Goals Study – Public Draft. Opening Comments were submitted on May 8 and Reply Comments on May 18.

On April 25, ALJ Fitch issued a [Ruling](#) that grants CPUC Energy Division Staff the authority to adjust the timing of the annual First Quarter program claims deadline, as needed, to better coordinate the Annual Report and data sharing for statewide programs.

On May 11, Assigned Commissioner Shiroma and Assigned ALJs Fitch and Kao issued an [Amended Scoping Memo and Ruling](#). Remaining issues in this proceeding are the biennial update to the energy efficiency potential and goals, CAEECC compensation issues, potential policy modifications for natural gas energy efficiency measures, policy or procedural matters arising during oversight of the 2024-2027 portfolios, and other issues.

On July 5, ALJ Kao issued a [Proposed Decision](#) (PD) that adopts total system benefit and energy savings goals for ratepayer-funded energy efficiency portfolios for 2024-2035. Attached to the PD is the 2023 Energy Efficiency Potential and Goals [Study](#). Opening Comments were submitted on July 25 and Reply Comments on July 31. The PD was on the Agenda for the August 10 CPUC Business Meeting.

On July 26, ALJ Fitch issued a [Ruling](#) that denies the Joint Motion of SoCalGas, SDG&E and SCE to deviate from confidentiality requirements for certain voluminous data request submissions. Comments are sought from parties about specific categories of data and how they should be treated in the context of the CPUC's evaluation, measurement and verification (EM&V) activities for energy efficiency programs. Opening Comments were due on August 25 and Reply Comments on September 8.

Energy Efficiency Business Plans (A.22-02-005, et al.)

On April 6, the CPUC issued [D.23-04-035](#), a Decision Addressing Codes and Standards Subprograms and Budgets and Staff Proposal on Reducing Ratepayer-Funded Incentives for Gas Energy Efficiency Measures. This decision: (1) establishes a framework that defines and allows continued funding of “exempt measures” that result in gas savings but do not burn gas; (2) establishes a means to determine whether a given measure is or is not cost-effective; and (3) provides for working groups to examine and recommend technical guidance for identifying a viable electric alternative for a given gas measure, and further criteria for custom projects.

Beginning in program year 2024, ratepayer-funded incentives will no longer be authorized for non-exempt, non-cost-effective gas measures for new construction projects with no existing gas line, and for new construction projects with an existing gas line if gas usage will materially increase. This policy will apply to residential and commercial projects in the resource acquisition and market support segments of energy efficiency program administrators’ portfolios. The decision also provides guidance for Codes and Standards subprograms and budgets, but does not address program administrators’ business plan/application proposals on phasing out natural gas incentives (though it does set a floor for all program administrators) or fuel substitution savings targets. The proceeding remains open for consideration of energy efficiency portfolios and business plans beginning in 2024.

On July 3, the CPUC issued [D.23-06-055](#), which addresses the applications for energy efficiency portfolios during 2024-2027 and the business plans for 2024-2031 from nine portfolio administrators. The Decision authorizes a total budget of \$4.3 billion over the four-year period beginning in 2024, with benefits to customers of at least \$3.5 billion during the same period. The Decision also adopts a forecasted budget of an additional \$4.6 billion in the period 2028-2031. These adopted budgets and forecasts represent a significant investment in the energy efficiency resource as a foundational element of the CPUC’s energy, environmental, and social justice policies. The Decision finds that all of the portfolio administrators have met the CPUC’s requirements for forecast cost-effectiveness and total system benefits.

The Decision makes adjustments to the allocation of costs for statewide programs to account for changes in the mix of programs and fuels (electricity and natural gas), and makes some changes to the statewide portfolio to eliminate some obsolete programs and introduce new ones. The Bay Area Regional Energy Network is also approved as the first non-utility administrator of a statewide program.

The Decision approves a new regional energy network called Rural REN, to deliver energy efficiency benefits to underserved customers and communities in the rural areas across California in four different regions. The Decision includes a number of elements for the equity and market support segments of the energy efficiency portfolios, including better defining underserved and hard-to-reach customers and communities, as well as adopting success indicators and a process for identifying metrics and goals for the indicators to be measured.

The Decision also includes several measures to improve portfolio oversight, including authorizing supplemental reimbursable funding to CPUC staff for technical assistance. Guidance is also provided for continued coordination between portfolio administrators. The Decision includes guidance for continued emphasis on the market access approach, the use of normalized metered energy consumption methods for estimating energy savings, and the integration into the portfolios of demand-side management opportunities beyond energy efficiency.

This proceeding is closed. Any additional or ongoing energy efficiency policy issues related to the delivery of the portfolios approved in this decision will be addressed in the energy efficiency proceeding, Rulemaking 13-11-005.

Power Charge Indifference Adjustment (PCIA) (R.17-06-026)

On June 8, the CPUC issued [D.23-06-006](#) on Greenhouse Gas-Free Resources, Long-Term Renewable Transactions, Energy Index Calculations, and Energy Service Providers' Data Access. The Decision modifies the calculation of the Power Charge Indifference Adjustment (PCIA) by (a) establishing a new market price benchmark and an allocation mechanism to address the “greenhouse gas-free” incremental value of large hydroelectric energy resources above fossil fuel resources, and (b) revising the calculation of the Energy Index market price benchmark to improve accuracy and transparency. The Decision declines to modify the calculation of the RPS market price benchmark or modify access to confidential data for energy service providers. This proceeding is closed.

Disconnections (R.18-07-005)

On April 10, ALJ Wang issued a [Ruling](#) on Next Steps for the Arrearage Management (AMP) Program, asking parties to respond to questions on whether to consider AMP issues in this rulemaking or open a new proceeding, and whether to extend the AMP program beyond June 11, 2024. Opening Comments were submitted on April 26 and Reply Comments on May 4.

On July 19, Commissioner Houck issued a [Proposed Decision](#) that directs PG&E, SCE, SDG&E, and SoCalGas to offer 24-month payment plans to residential customers until October 1, 2026, extends the Arrearage Management Payment Plan program to October 1, 2026, and authorizes a study of the eligible populations for the Medical Baseline program in the utilities' service territories. The Commission will continue to consider Arrearage Management Payment Plan program issues in Phase 2. This proceeding remains open. Opening Comments were due on August 8 and Reply Comments on August 14.

Building Decarbonization (R.19-01-011)

On July 26, Assigned Commissioner Houck issued an [Amended Scoping Memo and Ruling](#) that sets forth the scope and schedule for Phase 3B of this proceeding, which will consider the reasonableness of modifying or ending electric line extension allowances, refunds, and discounts for “mixed-fuel” new construction. [Appendix A](#) is a Staff Proposal on subsidies for electric line extensions in mixed-fuel new construction, and [Appendix B](#) sets forth a set of questions on the Staff Proposal. Responses to the Appendix B questions were due on August 15 and Reply Comments on August 25.

Affordability (R.18-07-006)

On May 19, Assigned Commissioner Houck issued the Sixth Amended [Scoping Memo and Ruling](#). Phase 3 will conclude with a 2023 Electric Rates and Costs En Banc Meeting, the third in a series. Between May and July, the 2023 SB 695 Report and 2021/2022 Affordability Report will be distributed, and Party Comments on the Affordability Report and Quarterly Revenue Reports are due in August. The Phase 3 Proposed Decision will be issued in Fall 2023.

Public Utility Regulatory Policies Act (PURPA) (R.18-07-017)

On July 7, the CPUC issued [D.23-06-026](#), which does not make changes to the avoided cost pricing options available to a Qualifying Facility of 20 MW or less seeking to sell electricity and/or capacity pursuant to PURPA. Since that was the only outstanding issue, the Decision closes the proceeding.

Additional proceedings tracked, but where there has been little or no activity since our last Quarterly Report, or the proceeding has been closed:

- A.22-03-006: PG&E Clean Energy Optimization Pilot
- R.17-07-007 (Improvements to Rule 21)
- R.18-12-006 Transportation Electrification Framework

Clean Transportation Advocacy

Advanced Clean Cars (ACC)

The Federal Reset

On April 12 the US-EPA released its [proposed updates to the regulations setting new emissions standards to reduce GHGs and criteria pollutants](#) produced by passenger cars and trucks for the 2026 through 2032 model years (MY). The regulations propose to increase the stringency of both the criteria pollutants and GHG emissions standards, and to set durability requirements for light-duty electrified vehicle batteries and warranty provisions for both electric and diesel vehicles. (In this proposal, the EPA redefines light-heavy-duty vehicles (LDVs) and heavy-duty pickups and vans as "medium-duty vehicles" (MDVs).)

In the past the EPA based its requirements for how automobile manufacturers (OEMs) could meet the increased stringency of pollution emission standards primarily through improvements in the performance of internal combustion engine (ICE) powertrains. However, the new proposed regulations rely on the increasing development and availability of zero and near-zero emission vehicles (ZEVs and plug-in hybrids) as a cost-effective compliance technology path.

If the OEMs were to meet the progressively increasing stringency in the new proposed standards from the 2026 MY to the 2032 MY, industry-wide average tailpipe GHG emissions would be reduced by 56% for the LDV fleet and by 44% for the MDV fleet. The EPA's proposed criteria pollution standards would progressively reduce non-methane organic gases plus nitrogen oxides from the existing standard for the 2025 MY by 60%, and could effectively reduce tailpipe particulate matter (PM) emissions from ICE vehicles by more than 95%.

The proposed standards are projected to accelerate the transition to electric vehicles. Depending on the compliance pathways manufacturers select, EPA projects that EVs could account for 67% of new light-duty vehicle sales and 46% of new medium-duty vehicle sales by the 2032 MY.

Along with proposed Phase 3 GHG Standards for Heavy-Duty Vehicles, EPA estimates the regulations could avoid nearly 10 billion tons of CO₂e emissions through 2055, equivalent to more than double the total US 2022 CO₂e emissions, and reduce oil imports by some 20 billion barrels. EPA also estimates that the standards, through reduced fuel and maintenance costs, would save the average consumer \$12,000 over the lifetime of an LDV, and provide net benefits to the U.S. economy that would exceed costs by at least \$1 trillion while also yielding positive public health outcomes through reduced illness, morbidity and mortality, especially for those suffering from respiratory and cardiovascular illnesses.

Environmental, environmental justice, and public health NGOs are broadly supportive of these proposed standards. However, these groups are also advocating that the EPA set the strongest regulations possible, and maximize the inclusion of ZEVs. EPA could accomplish this by [aligning its approach](#) as much as possible with California's updated [Advanced Clean Cars regulations](#), and by seeking a further 10 grams/mile reduction in CO₂e emissions and requiring the elimination of any criteria pollutant emissions by 2035. If EPA were to do that, it would eliminate tailpipe pollution, and by 2050 would avoid more than 11 billion tons of climate pollution, nearly 100,000 premature deaths, save consumers over \$5,000 in average vehicle lifetime costs, and stimulate increased well-paying employment.

California's Work

CARB is still awaiting US-EPA's granting of its [waiver](#) for the final [Advanced Clean Cars II regulations](#).

On April 20 a [Zero-Emission Vehicle Infrastructure Joint Statement of Intent](#) was announced, detailing how eight state departments and agencies will coordinate planning, funding, and implementation to ensure that the needed facilities, grid and energy supply, and EV charging and hydrogen fueling infrastructure are put in place to successfully realize California's ZEV future.

A Continent Uniting

The deadline for submissions on the Canadian Government's ZEV regulations closed on March 16, and staff at Environment and Climate Change Canada (ECCC) will be drafting the final version of the regulations, which will be issued in the late fall or early winter. A continuing concern of CEERT and our Canadian public health, environmental and ZEV-industry NGO partners (Canadian ZEV Coalition) remains ECCC's proposal to only require a national target for the ZEV mandate. The Coalition believes that [British Columbia](#), [Québec](#) and [Ontario](#) provinces can be attractive major markets for future ZEV sales, and we continue to urge the Canadian federal government to include regional targets to ensure a truly national market for ZEVs.

Future ECCC Staff work on the ZEV regulations will be informed by the new ZEV Council, which was launched in late March by Transport Canada (TC), a federal department. The Council comprises 42 organizations, and will be a key venue for advancing Canada's ZEV sales targets and GHG reduction goals. (Ensuring that the Canadian electrical grid is prepared to support a massive deployment of EVs is being addressed at the Canada Electricity Advisory Council). The ZEV Council has taken up the issue of establishing regional sales targets to ensure a smoother overall national ZEV transition.

Parallel International Developments

The European Union's newly proposed [EU 7 vehicle emissions standards](#) remain on hold since the postponement of a planned March 7 vote. Fourteen countries are now opposing the regulations due to concerns about the rules' impacts on employment and local industry, and want to delay the new standards for at least three years for cars and five years for trucks. And a renewed lobbying effort by the European auto industry claims that the costs of complying with the regulations are too high and the timeline is too aggressive, unachievable, and even unnecessary. In response, a [coalition of seven health, consumer and environmental organizations](#) are defending the proposal.

Two key committees are to finalize proposed revisions by September. It appears that fashioning and approving a revised set of Euro 7 regulations could take until the first quarter of 2024.

Clean Truck Regulations

Advanced Clean Fleet Regulation

On April 28 CARB approved its Advanced Clean Fleets (ACF) regulation, which will reinforce the [Advance Clean Truck regulation](#) and help accelerate the transition to zero-emission medium- and heavy-duty vehicles. CEERT and our colleagues in the ACF Coalition participated in drafting the regulation.

While the rule allows fleet operators to continue operating existing vehicles through their useful life, it requires those operating vehicles for private services, federal fleets such as the Postal Service, and state and local government fleets to begin their transition to zero-emission vehicles in 2024.

Vehicles such as drayage trucks that have a disproportionate impact on residents living along transportation corridors will need to be zero-emission by 2035. Other fleets can transition a progressively increasing percentage of their vehicles to meet interim zero-emission targets, preserving the owners' flexibility during the transition and balancing the availability of technology with the need to target the most polluting vehicles first. (About 150 models of medium- and heavy-duty zero-emission trucks are commercially available in the U.S. today.) The ACF requires that ICE truck sales in California end in 2036.

CARB estimates that as a result of the regulation there will be about 1.7 million zero-emission trucks on California's roads in 2050. CARB also estimates that the ACF will yield \$26.6 billion in health savings from reduced asthma attacks, emergency room visits and respiratory illnesses, while saving fleet owners an estimated \$48 billion in operating costs over the California fleets' transition through 2050.

Advanced Clean Trucks Rule

On June 5, in response to the [US-EPA granting California a waiver](#) to transition its fleet of medium- and heavy-duty trucks to all zero-emissions trucks by 2045, 19 states led by [Iowa filed a lawsuit](#) in the U.S. Court of Appeals for the District of Columbia Circuit against the EPA's issuance of the waiver.

The lawsuit's rationale appears to be that the waiver opens the door for other states to adopt California's zero-emission truck (ZET) requirements. That development would create a critical mass in the market that would force manufacturers to switch most or all of their production to ZETs because it would be either too costly for them or they would lack the capacity to meet demand for both ICE trucks and ZETs. This would effectively mean that California would be imposing a national mandate for the entire country to move to ZETs. The suit hinges on the legal theory that, in allowing California to essentially set national environmental policies, the EPA's granting of the waiver is a violation of [the U.S. Constitution's equal sovereignty doctrine because it subjects states to unequal burdens](#).

On July 21 the Court agreed to allow 18 states backing the waiver to participate as [intervenors](#) in the suit.

Low-NOx Omnibus Rule

CARB is still awaiting approval of its waiver by the US-EPA, which was filed with the Secretary of State on December 22, 2021. However, it is not yet clear how the recently announced Clean Truck Partnership agreement (see immediately below) will affect the waiver process.

CARB Agreement with the Clean Truck Partnership

On July 6, CARB announced its binding agreement with an industry coalition comprising leading truck manufacturers and the Truck and Engine Manufacturers Association ([the Clean Truck Partnership](#)). The agreement's intent is to give the trucking industry flexibility in meeting California's emissions requirements while preserving the state's ability to meet its climate and emission reduction goals.

The terms of the Clean Truck Partnership agreement include these provisions:

- CARB will align with EPA's 2027 regulations for nitrogen oxide emissions. CARB also will modify elements of the 2024 NOx emission regulations for which manufacturers will provide offsets as necessary to maintain California's emission targets.
- CARB commits to providing no less than four years' lead time and at least three years of regulatory stability before imposing new requirements.
- Truck manufacturers commit to meeting CARB's zero-emission and criteria pollutant regulations in the state regardless of any attempts by other entities to challenge California's authority.

CEERT and some of our partners in the Advanced Clean Truck Coalition have shared our concerns with CARB Staff about the implications of the agreement for NOx emissions, which could increase as a result of CARB aligning its Low-NOx Omnibus with the weaker EPA standards [finalized in December 2022](#). We will continue to meet with CARB Staff to discuss the implementation of this Partnership agreement and to have them address our concerns.

Federal Clean Truck Regulations

On April 12, the US-EPA released [Greenhouse Gas Standards for Heavy-Duty Vehicles - Phase 3](#). These proposed regulations apply to heavy-duty vocational vehicles and trucks used to haul freight, and set progressively increased stringency standards for GHG emissions for the 2027-2032 MYs. EPA anticipates that the Phase 3 rules will accelerate the development and deployment of the zero-emission truck and bus market in the U.S. (Unlike California's Clean Truck regulations, the federal regulations will not require that all new trucks sold eventually be ZETs.) The EPA estimates that, through 2055, the proposed regulations will yield 1.8 million metric tons of avoided CO₂e emissions (equivalent to the current annual GHG

emissions from the entire U.S. transportation sector), 72,000 tons of nitrogen oxides emissions, \$250 billion in reduced vehicle operating costs, and net social benefits equivalent to \$320 billion.

Environmental, environmental justice, and public health NGOs (including some CEERT affiliates) are advocating that the Rules for heavy-duty trucks go farther: for the EPA to revisit its criteria-emissions targets, be more ambitious with its Phase 3 GHG rule, and model its Clean Truck Regulations to be more aligned with CARBs Advanced Clean Truck, Low-NOx Omnibus, and Advanced Clean Fleet regulations.

These organizations are also strongly advocating for EPA to put greater emphasis on reducing the impacts of trucks on residents living along major transportation corridors, to require the use of ZETs rather than ICE trucks using natural gas or hydrogen, and to set a target requirement of 100% ZET sales by 2035. One analysis estimated that an all-ZETs-by-2035 regulation could result in 1.05 – 2.1 million ZEV trucks being on the nation’s roads by 2032, and deliver a 50% reduction in CO₂e emissions, \$115 billion in climate benefits, and \$63 billion in public health benefits (relative to 2026) by 2040, while giving owners \$86,000 in savings for an HDV purchased in the 2032 MY and benefiting utility customers with improved grid efficiencies from the integration of ZEV trucks’ charging infrastructure.

Clean Trucks in Canada

While Canada continues to provide incentives and funding to build industry awareness, it has yet to launch a rulemaking process for achieving the goal it has long rhetorically committed to of developing “... [a medium- and heavy-duty zero-emission vehicle regulation to require 100% of new medium- and heavy-duty vehicle sales to be zero-emission vehicles by 2040 for a subset of vehicle types based on feasibility, with interim 2030 regulated sales requirements that would vary for different vehicle categories based on feasibility, and explore interim targets for the mid-2020s.](#)” In the interim, some of the informal work that will guide development of the regulations will likely occur in the ZEV Council (see above).

Clean Transportation Investments

On April 24 the California Energy Commission released its [Staff Draft for its proposed Clean Transportation Program 2023–2024 Investment Plan Update](#). A first meeting of the Advisory Committee for the Clean Transportation Program to discuss the 2023–2024 Investment Plan Update was held on April 27, with CEERT participating. The Staff Draft Proposal is recommending that the Clean Transportation Program provide \$1.7 billion in funding at the following levels for Fiscal Years 23/24 – 25/26:

- Light-Duty EV Charging Infrastructure - \$634 M (constituting \$13.8 million in AB 118 Program funding and \$370 million from General Funds per the State Budget).
- Medium- and Heavy-Duty ZEV Infrastructure - \$954 M (\$13.8 million in Program funding and \$645 million from State General Funds)
- Hydrogen Refueling Infrastructure - \$ 70 million (\$10 million in Program funding and \$60 million from State General Funds)
- Emerging Opportunities - \$46 million from State General Funds
- Low-Carbon Fuels - \$5 million in Program funding
- ZEV Workforce Development - \$5 million in Program funding

Advisory Committee members were strongly supportive of the Staff’s proposal and how efficiently it balanced the allocations to each of the ZEV transportation segments, especially for their expansion in disadvantaged communities. The Lead Commissioner’s Report on the Investment Plan Update will be considered for approval by CEC Commissioners in their December 13 business meeting.

The funding for this program, and for the parallel Air Quality Improvement Program (which together with the Low Carbon Transportation Investment Plans constitutes CARB’s [Clean Transportation](#)

[Incentives Program](#)) expires on January 1, 2024. Legislation to extend these programs and their annual funding is currently making its way through the legislature.

On April 24 CARB held a Public Workgroup meeting on the 2023-2024 Clean Transportation Incentives for Low Carbon Transportation Investments and the Air Quality Improvement Program. It has since conducted a series of monthly community meetings and community surveys to help Staff better understand what investment priorities and policies communities would like to see. Public Work Group meetings for each of the [component funding projects of the program](#) began on August 1.

On June 27 Governor Newsom [signed into law legislation](#) enacting [California's \\$310 billion Fiscal Year 2023-24 State Budget](#) as part of an agreement with legislative leadership to support a [suite of associated budget trailer and policy bills](#). The multiyear commitment to fund climate programs suffered a 5% cut of \$2.9 billion, but retains \$51.4 billion of \$54.3 billion that was initially established in the 2021 and 2022 state budgets. (This cut is significantly less than the \$6 billion cut the governor had proposed in January or the \$5 billion cut in a June 15 budget proposal approved by the Legislature.)

Partly through efforts of the NGO ZEV Budget Coalition, the final budget retains \$10 billion for meeting the state's ZEV mandate that the Governor had originally proposed cutting. The deal also allocates \$5.1 billion over four years for public transit, while allowing transit agencies the flexibility to use the money for operations as well as construction, subject to accountability measures and state oversight. Many in the environmental community remain concerned that the cuts in climate funding will hamper California's ability to meet its GHG and criteria air pollution reduction targets.