Humboldt County Workforce Development Board
(HCWDB)
Special Executive Committee Meeting
Location: Humboldt County Courthouse (Conference Room A)
825 5th Street Eureka CA 95501

AGENDA

Date: 6/9/2023  Time: 9:30 AM

Opening

1. Board Chair calls meeting to order
2. Roll Call of Board Members
3. Adjustments to the agenda
4. Public comment on non-agenda items

Discussion and Action Items

1. Assembly Bill 1373: Establishing Offshore Wind Workforce Development Fund
   a. Discussion
   b. Public Comment
   c. Action

Adjourn
DISCUSSION:
Review and discuss the amendments to AB1373 as amended by Garcia to create an Offshore Wind Workforce Fund. AB1373 guarantees the winning bidder’s procurement, in exchange for agreeing to fund the Offshore Wind Workforce Fund. Per Section 80831.

(a) There is hereby established in the State Treasury the Offshore Wind Workforce Development Fund.
(b) Moneys in the fund may be used, upon appropriation by the Legislature, to award grants for purposes of educating, training, maintaining, and strengthening the workforce needed for offshore wind energy development.
(c) Pursuant to Section 80820, revenues from the charge imposed as a condition of the solicitation are payable to the Offshore Wind Workforce Development Fund.
(d) Entities eligible for a grant from the Offshore Wind Workforce Development Fund include, but are not limited to, all of the following entities:
   (1) Postsecondary educational institutions, as defined in Section 66261.5 of the Education Code.
   (2) California Native American tribes, as defined in Section 21073 of the Public Resources Code.
   (3) Regional workforce development teams.

Recommended Actions:
1) Direct staff to draft and remit a letter addressed to pertinent state agencies and/or officials to express the Humboldt County Workforce Development Board’s views and comments concerning proposed Assembly Bill 1373.
2) Direct staff to review the aforementioned letter with County Counsel for additional guidance prior to remittance and authorize staff to make nonmaterial and clerical changes as necessary.
3) Authorize the Chair and Chief Elected Official to the Workforce Development Board to sign the letter.
4) Direct staff to share the aforementioned letter with the County Administrative Officer, Board of Supervisors, California Workforce Development Board, California Employment Development Division, and other workforce development partners with whom it may be necessary to advance the interests of the Humboldt County Workforce Development Board.
An act to amend Section 10295.6 of the Public Contract Code, to amend Sections 365.1, 380, 454.51, and 454.52 of the Public Utilities Code, and to amend Section 80720 of, to add Sections 80713, 80700.5, 80713, and 80714 to, to add Chapter 5 (commencing with Section 80740) to Division 29 of, and to add and repeal Division 29.5 (commencing with Section 80800) to, of, the Water Code, relating to energy, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST

AB 1373, as amended, Garcia. Energy.

(1) Existing law requires the Public Utilities Commission (PUC) to identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner. Existing law requires the PUC to adopt a process for each load-serving entity, as defined, electrical corporation, electric service provider, or community choice aggregator to file an integrated resource plan and a schedule for periodic updates to the plan, and to ensure that load-serving entities meet other specified requirements.

This bill would require that the portfolio of resources ensure a reliable electricity supply that also provides optimal integration of resource
diversity in a cost-effective manner, as specified. The bill would require the PUC, on or before September 1, 2024, and biennially thereafter, to determine if there is a need for the procurement of additional offshore wind and geothermal energy resources, and would authorize the PUC to direct an electrical corporation, and PUC, within 6 months of making that determination, to request the Department of Water Resources to procure diverse clean energy resources, as defined by the PUC, offshore wind and geothermal energy resources that satisfy the portfolio of resources, as specified. The bill would authorize the department to procure those resources pursuant to that request only until January 1, 2030, and would authorize the department to issue bonds for that purpose, as specified. The bill would authorize the PUC to direct the procurement of resources with specific attributes by electrical corporations, electric service providers, and community choice aggregators as a result of the integrated resource planning process and require the PUC to enforce any resource procurement requirements on a nondiscriminatory basis.

(2) Existing law requires each local publicly owned electric utility serving end-use customers to prudently plan for and procure resources that are adequate to meet its planning reserve margin and peak demand and operating reserves, sufficient to provide reliable electric service to its customers.

This bill would authorize a local publicly owned electric utility to meet its minimum planning reserve margin through individual contractual procurement or through an aggregated or pooled portfolio of resources, as specified.

(3) Existing law establishes the Department of Water Resources Electricity Supply Reliability Reserve Fund and continuously appropriates moneys in the fund to the department for purposes of implementing projects, purchases, and contracts to carry out specified purposes, including, but not limited to, the Distributed Electricity Backup Assets Program and the Demand Side Grid Support Program, constructing, owning, and operating, or contracting for the construction and operation of, contracting for the purchase of electricity from, or financing through loans, reimbursement agreements, or other contracts actions to secure resources for summer reliability or to preserve the option to extend the life of specified facilities, and reimbursing electrical corporations for the value of imported energy or import capacity products that were delivered or capable of being delivered between
July 1, 2022, and on or before September 30, 2022, and were procured at above-market costs or in excess of procurement authorizations set by the PUC and above the requirements needed to serve the electrical corporation’s bundled customers in support of summer electric service reliability.

This bill would require the PUC, on and before June 30, 2027, if the department determines that resources have been procured through the Electricity Supply Strategic Reliability Reserve Program and that those resources are being used in a given month to meet an identified reliability need, to annually assess a capacity payment for the use of the fund by each load-serving entity that during that same month fails to meet its system resource adequacy requirements during a month in which resources procured using moneys from the fund were used to meet a reliability need. The bill would require the State Energy Resources Conservation and Development Commission (Energy Commission), on or before January 31, 2024, in consultation with the PUC, to submit a report to the appropriate policy and budget committees of the Legislature that includes an assessment of whether each local publicly owned electric utility exceeded, met, or failed to meet its minimum planning reserve margin and specified system resource adequacy requirements. Upon the submission of that report, the bill would require the executive director of the Energy Commission, on and before June 30, 2027, if the department determines that resources have been procured through the Electricity Supply Strategic Reliability Reserve Program and that those resources are being used in a given month to meet an identified reliability need, to annually assess a capacity payment for the use of the fund by each local publicly owned electric utility that during that same month fails to meet its minimum planning reserve margin during a month in which resources procured using moneys from the fund were used to meet a reliability need, and margin, as specified. The bill would authorize the Energy Commission to adopt regulations for this purpose, as specified. The bill would require the department to collect any capacity payment ordered assessed pursuant to those requirements and to deposit those payments into the fund; Department of Water Resources Electricity Supply Reliability Reserve Fund, thereby making an appropriation.

This bill would authorize the department, following a determination from the PUC, in consultation with the Energy Commission and the Independent System Operator, that it is necessary for the department to develop and conduct one or more competitive solicitations to procure
energy, capacity, ancillary services, and all associated attributes, to conduct those solicitations, solicitations until December 31, 2029, as specified. The bill would require the department to require, as a condition of the solicitations, that bids include a charge payable to the Offshore Wind Workforce Development Fund, which the bill would establish to award grants, upon appropriation by the Legislature, for purposes of educating, training, maintaining, and strengthening the workforce needed for offshore wind energy development, as specified. The bill would authorize the department to establish a schedule and mechanism for any an electrical corporation, electric service provider, community choice aggregator, or local publicly owned electric utility to voluntarily obtain from the department energy, capacity, or ancillary services to be acquired by the department through its central procurement function on a contract-by-contract basis. At the request of the department, the bill would authorize the PUC to order an electrical corporation to transmit or provide for the transmission of, and distribute all electricity made available by the department, and, as an agent of the department, to provide billing, collection, and other related services on terms and conditions that reasonably compensate the electrical corporation for its services and adequately secure payment to the department. The bill would establish the Clean Energy Central Procurement Fund and continuously appropriate moneys in the fund to the department for specified purposes. By establishing a continuously appropriated fund, the bill would make an appropriation. The bill would require that all moneys collected by load-serving entities electrical corporations, electric service providers, community choice aggregators, and local publicly owned electric utilities and remitted to the department with respect to certain diverse clean offshore wind and geothermal energy resources, and all moneys paid directly or indirectly to or for the account of the department with respect to the sale, exchange, transfer, or disposition of those energy, those resources, be deposited into the fund. The bill would authorize the department, upon determining that it is necessary or desirable to issue bonds to support activities for the procurement of diverse clean offshore wind and geothermal energy resources, to issue bonds for purposes of, among other things, financing the procurement of those resources supporting the fund and other related expenses incurred by the department, as specified. The bill would authorize the department to adopt regulations for purposes of administering these provisions.

(3)
(4) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because certain of the above provisions would be part of the act and a violation of a PUC action implementing this bill’s requirements would be a crime, the bill would impose a state-mandated local program.

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

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

(5) This bill would declare that it is to take effect immediately as an urgency statute.


The people of the State of California do enact as follows:

SECTION 1. Section 10295.6 of the Public Contract Code is amended to read:

10295.6. Sections 10295 and 10297 do not apply to any contract entered into by the Department of Water Resources under Part 3 (commencing with Section 11100) of Division 6, Chapter 8 (commencing with Section 12930) of Part 6 of Division 6, Division 29 (commencing with Section 80700), or Division 29.5 (commencing with Section 80800), of the Water Code for the acquisition, sale, or transmission of power, or for services to facilitate those activities.

SEC. 2. Section 365.1 of the Public Utilities Code is amended to read:

365.1. (a) Except as expressly authorized by this section, and subject to the limitations in subdivisions (b) and (c), the right of retail end-use customers pursuant to this chapter to acquire service from other providers is suspended until the Legislature, by statute, lifts the suspension or otherwise authorizes direct transactions. For purposes of this section, “other provider” means any person, corporation, or other entity that is authorized to provide electric service within the service territory of an electrical corporation pursuant to this chapter, and includes an aggregator, broker, or marketer, as defined in Section 331, and an electric service
provider, as defined in Section 218.3. “Other provider” does not include a community choice aggregator, as defined in Section 331.1, and the limitations in this section do not apply to the sale of electricity by “other providers” to a community choice aggregator for resale to community choice aggregation electricity consumers pursuant to Section 366.2.

(b) The commission shall authorize individual retail nonresidential end-use customers to acquire electric service from other providers in each electrical corporation’s distribution service territory, up to a maximum allowable total kilowatthours annual limit. The maximum allowable annual limit shall be established by the commission for each electrical corporation at the maximum total kilowatthours supplied by all other providers to distribution customers of that electrical corporation during any sequential 12-month period between April 1, 1998, and October 11, 2009. Within six months of October 11, 2009, the commission shall adopt and implement a reopening schedule that commences immediately and will phase in the allowable amount of increased kilowatthours over a period of not less than three years, and not more than five years, raising the allowable limit of kilowatthours supplied by other providers in each electrical corporation’s distribution service territory from the number of kilowatthours provided by other providers as of October 11, 2009, to the maximum allowable annual limit for that electrical corporation’s distribution service territory. The commission shall review and, if appropriate, modify its currently effective rules governing direct transactions, but that review shall not delay the start of the phase-in schedule.

(c) Once the commission has authorized additional direct transactions pursuant to subdivision (b), it shall do both of the following:

(1) Ensure that other providers are subject to the same requirements that apply to the state’s three largest electrical corporations under any programs or rules adopted by the commission to implement the resource adequacy provisions of Section 380, the renewables portfolio standard provisions of Article 16 (commencing with Section 399.11), the requirements for the electricity sector adopted by the State Air Resources Board pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health
and Safety Code), and the requirements of the integrated resource planning process as specified in Sections 454.5 to 454.6, 454.52 to 454.54, inclusive. This requirement applies notwithstanding any prior decision of the commission to the contrary.

(2) (A) Ensure that, in the event that the commission authorizes, in the situation of a contract with a third party, or orders, in the situation of utility-owned generation, an electrical corporation to obtain generation resources that the commission determines are needed to meet system or local area reliability needs for the benefit of all customers in the electrical corporation’s distribution service territory, the net capacity costs of those generation resources are allocated on a fully nonbypassable basis consistent with departing load provisions as determined by the commission, to all of the following:

(i) Bundled service customers of the electrical corporation.

(ii) Customers that purchase electricity through a direct transaction with other providers.

(iii) Customers of community choice aggregators.

(B) If the commission authorizes or orders an electrical corporation to obtain generation resources pursuant to subparagraph (A), the commission shall ensure that those resources meet a system or local reliability need in a manner that benefits all customers of the electrical corporation. The commission shall allocate the costs of those generation resources to ratepayers in a manner that is fair and equitable to all customers, whether they receive electric service from the electrical corporation, a community choice aggregator, or an electric service provider.

(C) The resource adequacy benefits of generation resources acquired by an electrical corporation pursuant to subparagraph (A) shall be allocated to all customers who pay their net capacity costs. Net capacity costs shall be determined by subtracting the energy and ancillary services value of the resource from the total costs paid by the electrical corporation pursuant to a contract with a third party or the annual revenue requirement for the resource if the electrical corporation directly owns the resource. An energy auction shall not be required as a condition for applying this allocation, but may be allowed as a means to establish the energy and ancillary services value of the resource for purposes of determining the net costs of capacity to be recovered from customers pursuant to this paragraph, and the allocation of the net
capacity costs of contracts with third parties shall be allowed for the terms of those contracts.

(D) It is the intent of the Legislature, in enacting this paragraph, to provide additional guidance to the commission with respect to the implementation of subdivision (g) of Section 380, and to ensure that the customers to whom the net costs and benefits of capacity are allocated are not required to pay for the cost of electricity they do not consume.

(d) (1) If the commission approves a centralized resource adequacy mechanism pursuant to subdivisions (h) and (i) of Section 380, upon the implementation of the centralized resource adequacy mechanism the requirements of paragraph (2) of subdivision (c) shall be suspended. If the commission later orders that electrical corporations cease procuring capacity through a centralized resource adequacy mechanism, the requirements of paragraph (2) of subdivision (c) shall again apply.

(2) If the use of a centralized resource adequacy mechanism is authorized by the commission and has been implemented as set forth in paragraph (1), the net capacity costs of generation resources that the commission determines are required to meet urgent system or urgent local grid reliability needs, and that the commission authorizes to be procured outside of the Section 380 or Section 454.5 processes, shall be recovered according to the provisions of paragraph (2) of subdivision (c).

(3) This subdivision does not supplant the resource adequacy requirements of Section 380 or the resource procurement procedures established in Section 454.5.

(e) On or before June 1, 2019, the commission shall issue an order regarding direct transactions that provides as follows:

(1) Increase the maximum allowable total kilowatthours annual limit by 4,000 gigawatthours and apportion that increase among the service territories of the electrical corporations.

(2) All residential and nonresidential customer accounts that are on direct access as of January 1, 2019, remain authorized to participate in direct transactions.

SEC. 3. Section 380 of the Public Utilities Code is amended to read:

380. (a) The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities.
(b) In establishing resource adequacy requirements, the commission shall ensure the reliability of electrical service in California while advancing, to the extent possible, the state’s goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases. The resource adequacy program shall achieve all of the following objectives:

1. Facilitate development of new generating, nongenerating, and hybrid capacity and retention of existing generating, nongenerating, and hybrid capacity that is economical and needed for reliability and to achieve the state policy specified in Section 454.53.

2. Establish new, or maintain existing, demand response products and tariffs that facilitate the economical dispatch and use of demand response that can either meet or reduce an electrical corporation’s resource adequacy requirements, as determined by the commission.

3. Equitably allocate the cost of generating capacity and demand response in a manner that prevents the shifting of costs between customer classes.

4. Minimize enforcement requirements and costs.

5. Maximize the ability of community choice aggregators to determine the generation resources used to serve their customers.

(c) Each load-serving entity shall maintain physical generating capacity and electrical demand response adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity or electrical demand response shall be deliverable to locations and at times as may be necessary to maintain electrical service system reliability, local area reliability, and flexibility.

(d) Each load-serving entity shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the board of directors of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.

(e) The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy, the renewables portfolio standard program, and the integrated resource planning process pursuant to Section 454.52 that apply to electrical corporations pursuant to this section, or otherwise required by law,
or by order or decision of the commission. The commission shall
exercise its enforcement powers to ensure compliance by all
load-serving entities.

(f) (1) The commission shall require sufficient information,
including, but not limited to, anticipated load, actual load, and
measures undertaken by a load-serving entity to ensure resource
adequacy, to be reported to enable the commission to determine
compliance with the resource adequacy requirements established
by the commission.

(2) The commission shall calculate and publish annually on its
internet website, in a new report or as part of another report, the
percentage of each load-serving entity’s local and system resource
adequacy requirements from the previous calendar year that was
met with capacity from eligible renewable energy resources
pursuant to the California Renewables Portfolio Standard Program
(Article 16 (commencing with Section 399.11)), other zero-carbon
resources, including large hydroelectric and nuclear resources, or
energy storage resources. In determining the percentage of each
load-serving entity’s resource adequacy requirements, the
commission shall include all directly owned or contracted resources
and each load-serving entity’s allocation of any centrally procured
resources or allocation of resources pursuant to any other
mechanism that involves an assignment or allocation of resources
purchased or owned by a single buyer, and shall exclude any share
of a load-serving entity’s resources that were allocated to another
load-serving entity.

(g) An electrical corporation’s costs of meeting or reducing
resource adequacy requirements, including, but not limited to, the
costs associated with system reliability, local area reliability,
flexible resource adequacy, renewable integration, or resource
diversity portfolio requirements, that are determined to be
reasonable by the commission, or are otherwise recoverable under
a procurement plan approved by the commission pursuant to
Section 454.5, shall be fully recoverable from those customers on
whose behalf the costs are incurred, as determined by the
commission, at the time the commitment to incur the cost is made,
on a fully nonbypassable basis, as determined by the commission.
The commission shall exclude any amounts authorized to be
recovered pursuant to Section 366.2 when authorizing the amount
of costs to be recovered from customers of a community choice
aggregator or from customers that purchase electricity through a
direct transaction pursuant to this subdivision.

(h) The commission shall determine and authorize the most
efficient and equitable means for achieving all of the following:

(1) Meeting the objectives of this section.

(2) Ensuring that investment is made in new generating capacity,
including the capacity needed to achieve the state policy specified
in Section 454.53.

(3) Ensuring that existing generating capacity that is economic
is retained, including the capacity needed to maintain reliability
while achieving the state policy specified in Section 454.53.

(4) Ensuring that the cost of generating capacity and demand
response is allocated equitably.

(5) Ensuring that community choice aggregators can determine
the generation resources used to serve their customers.

(6) Ensuring that investments are made in new and existing
demand response resources that are cost effective and help to
achieve electrical grid reliability and the state’s goals for reducing
emissions of greenhouse gases.

(7) Minimizing the need for backstop procurement by the
Independent System Operator.

(i) In making the determination pursuant to subdivision (h), the
commission may consider a centralized resource adequacy
mechanism among other options.

(j) The commission shall ensure appropriate valuation of both
supply and load modifying demand response resources. The
commission, in an existing or new proceeding, shall establish a
mechanism to value load modifying demand response resources,
including, but not limited to, the ability of demand response
resources to help meet distribution needs and transmission system
needs and to help reduce a load-serving entity’s resource adequacy
obligation pursuant to this section. In determining this value, the
commission shall consider how these resources further the state’s
electrical grid reliability and the state’s goals for reducing
emissions of greenhouse gases. The commission, Energy
Commission, and Independent System Operator shall jointly ensure
that changes in demand caused by load modifying demand response
are expeditiously and comprehensively reflected in the Energy
Commission’s Integrated Energy Policy Report forecast and in
planning proceedings and associated analyses, and shall encourage
reflection of these changes in demand in the operation of the grid.
(k) For purposes of this section, “load-serving entity” means an
electrical corporation, electric service provider, or community
choice aggregator. “Load-serving entity” does not include any of
the following:
(1) A local publicly owned electric utility.
(2) The State Water Resources Development System commonly
known as the State Water Project.
(3) Customer generation located on the customer’s site or
providing electric service through arrangements authorized by
Section 218, if the customer generation, or the load it serves, meets
one of the following criteria:
(A) It takes standby service from the electrical corporation on
a commission-approved rate schedule that provides for adequate
backup planning and operating reserves for the standby customer
class.
(B) It is not physically interconnected to the electrical
transmission or distribution grid, so that, if the customer generation
fails, backup electricity is not supplied from the electrical grid.
(C) There is physical assurance that the load served by the
customer generation will be curtailed concurrently and
commensurately with an outage of the customer generation.
SEC. 4. Section 454.51 of the Public Utilities Code is amended
to read:
454.51. The commission shall do all of the following:
(a) Identify a diverse and balanced portfolio of resources needed
to ensure a reliable electricity supply that provides optimal
integration of renewable energy and resource diversity in a
cost-effective manner. The portfolio shall be used by the
commission to establish integrated resource planning-based
procurement requirements that rely on zero carbon-emitting
resources to the maximum extent reasonable and be designed to
achieve the state policy specified in Section 454.53 and any
statewide greenhouse gas emissions limit established pursuant to
the California Global Warming Solutions Act of 2006 (Division
25.5 (commencing with Section 38500) of the Health and Safety
Code) or any successor legislation.
(b) Direct each electrical corporation to include, as part of its
proposed procurement plan, a strategy for procuring best-fit and
least-cost resources to satisfy the portfolio needs identified by the
commision pursuant to subdivision (a).
(c) Ensure that the net costs of any incremental renewable energy
integration resources or diversification resources clean energy
resources, as defined in Section 454.52, procured by an electrical
corporation, or the Department of Water Resources, to satisfy the
need identified in subdivision (a) are allocated on a fully
nonbypassable basis consistent with the treatment of costs
identified in paragraph (2) of subdivision (c) of Section 365.1.
(d) Permit community choice aggregators to submit proposals
for satisfying their portion of the renewable integration need
identified in subdivision (a). If the commission finds this need is
best met through long-term procurement commitments for
resources, community choice aggregators shall also be required
to make long-term commitments for resources. The commission
shall approve proposals pursuant to this subdivision if it finds all
of the following:
(1) The resources proposed by a community choice aggregator
will provide equivalent integration of renewable energy.
(2) The resources proposed by a community choice aggregator
will promote the efficient achievement of state energy policy
objectives, including reductions in greenhouse gas emissions.
(3) Bundled customers of an electrical corporation will be
indifferent from the approval of the community choice aggregator
proposals.
(e) Ensure that all costs resulting from nonperformance to satisfy
the need identified in subdivision (a) or (d), as applicable, shall be
borne by the load-serving entity, as defined in Section 380, that
failed to perform.
SEC. 5. Section 454.52 of the Public Utilities Code is amended
to read:
454.52. (a) (1) Beginning in 2017, and to be updated regularly
thereafter, the commission shall adopt a process for each
load-serving entity, as defined in Section 380, entity to file an
integrated resource plan, and a schedule for periodic updates to
the plan, and shall ensure that load-serving entities do all of the
following:
(A) Meet the greenhouse gas emissions reduction targets
established by the State Air Resources Board, in coordination with
the commission and the Energy Commission, for the electricity
sector and each load-serving entity that reflect the electricity sector’s percentage in achieving the economywide greenhouse gas emissions reductions pursuant to Section 38566 of the Health and Safety Code.

(B) Procure at least 60 percent eligible renewable energy resources by December 31, 2030, consistent with the state policy specified in Section 454.53 and Article 16 (commencing with Section 399.11) of Chapter 2.3.

(C) Enable each electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(D) Minimize impacts on ratepayers’ bills.

(E) Ensure system and local reliability on both a near-term and forecast long-term basis, including meeting the near-term and forecast long-term resource adequacy requirements of Section 380, and require sufficient, predictable resource procurement and development to avoid unplanned energy supply shortfalls by taking into account impacts due to climate change, forecasted levels of building and transportation electrification, and other factors that can result in those shortfalls.

(F) Comply with paragraph (1) of subdivision (b) of Section 399.13.

(G) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.

(H) Enhance distribution systems and demand-side energy management.

(I) Minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

(J) Maintain a diverse portfolio of energy resources, which may include clean energy resources procured by the Department of Water Resources.

(2) (A) The commission may authorize all source procurement for load-serving entities that includes various resource types including demand-side resources, supply side resources, and resources that may be either demand-side resources or supply side resources, taking into account the differing load-serving entities’ geographic service areas, to ensure that each load-serving entity meets the goals set forth in paragraph (1).
(B) The commission may approve procurement of resource types that will reduce the overall emissions of greenhouse gases from the electricity sector and meet the other goals specified in paragraph (1), but due to the nature of the technology or fuel source may not compete favorably in price against other resources over the time period of the integrated resource plan.

(3) In furtherance of the requirements of paragraph (1), the commission shall consider the role of existing renewable generation, grid operational efficiencies, energy storage, and distributed energy resources, including energy efficiency, in helping to ensure each load-serving entity meets energy needs and reliability needs in hours to encompass the hour of peak demand of electricity, excluding demand met by variable renewable generation directly connected to a California balancing authority, as defined in Section 399.12, while reducing the need for new electricity generation resources and new transmission resources in achieving the state’s energy goals at the least cost to ratepayers.

(4) Upon (A) On or before September 1, 2024, and biennially thereafter, the commission shall determine if there is a need for the procurement of additional clean energy resources based on a review of the integrated resource plans submitted by load-serving entities in compliance with the requirements of this section and Section 454.53 and the progress towards meeting the portfolio of resources identified in subdivision (a) of Section 454.51.

(B) If the commission determines that there is a need for the procurement of additional clean energy resources, the commission shall specify the clean energy resources that should be procured to meet that need.

(C) Within six months of determining that there is a need for the procurement of additional clean energy resources, the commission may direct an electrical corporation, or request the Department of Water Resources, Resources to procure diverse those clean energy resources, as defined by the commission, resources specified pursuant to subparagraph (B) that meet the portfolio of resources identified in subdivision (a) of Section 454.51.

(D) The Department of Water Resources may procure clean energy resources pursuant to subparagraph (C) only until January 1, 2030.
(5) If the commission requests the Department of Water Resources to procure diverse clean energy resources pursuant to paragraph (4), the commission, in consultation with the Department of Water Resources, shall develop and adopt procedures and requirements that govern competitive procurement by, obligations on, and recovery of costs incurred by the Department of Water Resources and align with Division 29.5 (commencing with Section 80800) of the Water Code. The commission and the Department of Water Resources shall ensure that a procurement group is established to advise on the procurement undertaken pursuant to paragraph (4). The commission may shall review that procurement and, if approved, issue an order governing the recovery of the Department of Water Resources’ costs only if both of the following conditions are satisfied:

(A) The recovery of costs to satisfy the revenue requirement of the Department of Water Resources has been found by the commission in a public proceeding to be just and reasonable and is in the public interest.

(B) The recovery of costs through charges on customers, including, if authorized, the issuance of bonds and the material terms of those bonds, including interest rates, rating, amortization, and maturity, does not unreasonably increase costs to customers on a net present value basis compared with the procurement of diverse clean energy resources by an electrical corporation pursuant to paragraph (4).

(6) Pursuant to Section 80840 of the Water Code, the department may issue bonds for purposes of this subdivision.

(b) (1) Each load-serving entity shall prepare and file an integrated resource plan consistent with paragraph (2) of subdivision (a) on a time schedule directed by the commission and subject to commission review.

(2) Each electrical corporation’s plan shall follow Section 454.5.

(3) The plan of a community choice aggregator shall be submitted to its governing board for approval and provided to the commission for certification, consistent with paragraph (5) of subdivision (a) of Section 366.2, and shall achieve all of the following:

(A) Economic, reliability, environmental, security, and other benefits and performance characteristics that are consistent with the goals set forth in paragraph (1) of subdivision (a).
(B) A diversified procurement portfolio consisting of both short-term and long-term electricity, electricity-related, and demand reduction products.

(C) The resource adequacy requirements established pursuant to Section 380.

(4) The plan of an electric service provider shall achieve the goals set forth in paragraph (1) of subdivision (a) through a diversified portfolio consisting of both short-term and long-term electricity, electricity-related, and demand reduction products.

(c) To the extent that additional procurement is authorized for the electrical corporation in the integrated resource plan or the procurement process authorized pursuant to Section 454.5, the commission shall ensure that the costs are allocated in a fair and equitable manner to all customers consistent with Section 454.51, that there is no cost shifting among customers of load-serving entities, and that community choice aggregators may self-provide renewable integration resources consistent with Section 454.51.

The commission may order the procurement of resources with specific attributes by load-serving entities as a result of the integrated resource planning process and shall enforce any resource procurement requirements on a nondiscriminatory basis. Enforcement may include the assessment of penalties for noncompliance.

(d) To eliminate redundancy and increase efficiency, the process adopted pursuant to subdivision (a) shall incorporate, and not duplicate, any other planning processes of the commission.

(e) This section applies to an electrical cooperative, as defined in Section 2776, only if the electrical cooperative has an annual electrical demand exceeding 700 gigawatthours, as determined based on a three-year average commencing with January 1, 2013.

(f) (1) The commission shall not include the energy, capacity, or any attribute from Diablo Canyon Unit 1 beyond November 1, 2024, or Unit 2 beyond August 26, 2025, in the adopted integrated resource plan portfolios, resource stacks, or preferred system plans.

(2) The commission shall disallow a load-serving entity from including in their adopted integrated resource plan any energy, capacity, or any attribute from the Diablo Canyon Unit 1 beyond November 1, 2024, or Unit 2 beyond August 26, 2025.

(g) For a thermal powerplant that uses nuclear fission technology not constructed in the twenty-first century, all resource attributes
shall be retired on January 1, 2031, and shall be reported as a separate, line item resource for purposes of complying with Section 398.4.

(h) For purposes of this section, both of the following definitions apply:
(1) “Clean energy resources” means offshore wind and geothermal energy resources.
(2) “Load-serving entity” has the same meaning as defined in Section 380.

SEC. 6. Section 9620 of the Public Utilities Code is amended to read:

9620. (a) Each local publicly owned electric utility serving end-use customers, customers shall prudently plan for and procure resources that are adequate to meet its planning reserve margin and peak demand and operating reserves, sufficient to provide reliable electric service to its customers. Customer generation located on the customer’s site or providing electric service through arrangements authorized by Section 218, shall not be subject to these requirements if the customer generation, or the load it serves, meets one of the following criteria:
(1) It takes standby service from the local publicly owned electric utility on a rate schedule that provides for adequate backup planning and operating reserves for the standby customer class.
(2) It is not physically interconnected to the electric transmission or distribution grid, so that, if the customer generation fails, backup power is not supplied from the electricity grid.
(3) There is physical assurance that the load served by the customer generation will be curtailed concurrently and commensurately with an outage of the customer generation.
(b) Each local publicly owned electric utility serving end-use customers shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.
(c) Each local publicly owned electric utility shall prudently plan for and procure energy storage systems that are adequate to meet the requirements of Section 2836.
(d) A local publicly owned electric utility serving end-use customers shall, upon request, provide the Energy Commission with any information the Energy Commission determines is
necessary to evaluate the progress made by the local publicly
owned electric utility in meeting the requirements of this section,
consistent with the annual targets established pursuant to
subdivision (c) of Section 25310 of the Public Resources Code.
(e) The Energy Commission shall report to the Legislature, to
be included in each integrated energy policy report prepared
pursuant to Section 25302 of the Public Resources Code, regarding
the progress made by each local publicly owned electric utility
serving end-use customers in meeting the requirements of this
section.
(f) A local publicly owned electric utility may meet its minimum
planning reserve margin through individual contractual
procurement or through an aggregated or pooled portfolio of
resources if that aggregation or pooling is defined in a contractual
arrangement and each participating local publicly owned electric
utility meets its individual minimum planning reserve margin based
on its share of the resource portfolio pool.
SEC. 7. Section 80700.5 is added to the Water Code, to read:
80700.5. This division shall be known, and may be cited, as
the Electricity Supply Strategic Reliability Reserve Program.
SEC. 6.
SEC. 8. Section 80713 is added to the Water Code, to read:
80713. (a) (1) The—On and before June 30, 2027, if the
Department of Water Resources determines that resources have
been procured through the Electricity Supply Strategic Reliability
Reserve Program and that those resources are being used in a
given month to meet an identified reliability need, the Public
Utilities Commission shall annually assess a capacity payment for
the use of the Department of Water Resources Electricity Supply
Reliability Reserve Fund established pursuant to Section 80720
by on each load-serving entity that during that same month fails
to meet its system resource adequacy requirements pursuant to
Section 380 of the Public Utilities Code during any month in which
resources procured using moneys from the Department of Water
Resources Electricity Supply Reliability Reserve Fund were used
to meet a reliability need. The purpose of the capacity payment is
to replenish the Department of Water Resources Electricity Supply
Reliability Reserve Fund. Code. The capacity payment is not a
penalty and does not prohibit the Public Utilities Commission from
assessing a penalty on a load-serving entity for a failure to comply with any resource adequacy requirement.

(2) If a load-serving entity fails to comply with its system resource adequacy requirements pursuant to Section 380 in a month when resources procured by the Department of Water Resources through the Electricity Supply Strategic Reliability Reserve Program are used to meet the load-serving entity’s identified reliability need and a penalty is assessed by the commission on the load-serving entity for that failure, then, on and before June 30, 2027, both of the following requirements shall apply:

(A) If the penalty is less than the capacity payment, the capacity payment shall be reduced by the amount of the penalty and the penalty shall be deposited into the Department of Water Resources Electricity Supply Reliability Reserve Fund.

(B) If the penalty is more than the capacity payment, then an amount of the penalty equal to the otherwise applicable capacity payment shall be deposited into the Department of Water Resources Electricity Supply Reliability Reserve Fund.

(2)

(3) The annual capacity payment shall be remitted to the Department of Water Resources Electricity Supply Reliability Reserve Fund by a load-serving entity that fails to meet its system resource adequacy requirements was assessed a capacity payment pursuant to paragraph (1) within 30 days of the commission notifying the load-serving entity.

(3) Unless a different calculation methodology is specified pursuant to subdivision (b), the capacity payment for each load-serving entity shall be calculated by the Public Utilities Commission as follows:

(A) A dollar amount equal to the per-kilowatt monthly cost of the resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund, which shall be calculated as the annual cost of the resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund weighted such that two-thirds of that amount reflects the costs of resources procured for summer months, which includes June to September, inclusive, and one-third of that amount reflects the costs of resources procured for other months.
(B) The dollar amount calculated pursuant to subparagraph (A) shall be multiplied by the maximum difference between the load-serving entity’s load and the resources it procured to meet its load during the period in which resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund were used, as determined by the commission with input from the Independent System Operator.

(C) Adjusted to reflect the load-serving entity’s estimated load minus any reductions resulting from any resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund.

(D) Adjusted for any resources procured by electrical corporations on behalf of, and paid for by, the load-serving entity.

(b) The Public Utilities Commission, in consultation with the commission, may modify the calculation methodology specified in paragraph (3) of subdivision (a) for load-serving entities that is based on the monthly cost of the resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund relative to the amount the load-serving entity was deficient in its system resource adequacy requirements on a proportional basis. Any calculation or modification to the calculation made by the Public Utilities Commission shall align with any calculation or modification to the calculation made by the commission as authorized by pursuant to subdivision (b) of Section 80714.

SEC. 7.

SEC. 9. Section 80714 is added to the Water Code, to read:

80714. (a) (1) The executive director of the commission shall annually assess a capacity payment for the use of the Department of Water Resources Electricity Supply Reliability Reserve Fund established pursuant to Section 80720 by on each local publicly owned electric utility that during that same month fails to meet its minimum planning reserve margin established in accordance with Section 9620 of the Public Utilities Code or subdivision (b) of Section 25704.5 of the Public Resources
Code, during any month in which resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund were used to meet a reliability need. margin.

(2) The annual capacity payment shall be remitted to the Department of Water Resources Electricity Supply Reliability Reserve Fund by a local publicly owned electric utility that fails to meet its minimum planning reserve margin was assessed a capacity payment pursuant to paragraph (1) within 30 days of the executive director notifying the local publicly owned electric utility.

(3) Unless a different calculation methodology is specified pursuant to subdivision (b), the capacity payment for each local publicly owned electric utility shall be calculated by the commission as follows:

(A) A dollar amount equal to the per kilowatt monthly cost of the resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund, which shall be calculated as the annual cost of the resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund weighted such that two-thirds of that amount reflects the costs of resources procured for summer months, which includes June through September, inclusive, and one-third of that amount reflects the costs of resources procured for other months.

(B) The dollar amount calculated pursuant to subparagraph (A) shall be multiplied by the maximum difference between the local publicly owned electric utility’s load and the resources it procured to meet its load during the period in which resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund were used, as determined by the commission with input from the Independent System Operator.

(C) Adjusted to reflect the local publicly owned electric utility’s estimated load minus any reductions resulting from any resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund.

(b) Upon the submission of the report pursuant to subdivision (d), the commission, in consultation with the Public Utilities Commission, may modify the shall determine a capacity payment calculation methodology specified in paragraph (3) of
subdivision (a). for local publicly owned electric utilities that is based on the monthly cost of the resources procured using moneys from the Department of Water Resources Electricity Supply Reliability Reserve Fund relative to the amount the local publicly owned electric utility was deficient in its minimum planning reserve margin on a proportional basis. Any calculation or modification to the calculation made by the commission shall align with any calculation or modification to the calculation made by the Public Utilities Commission as authorized by pursuant to subdivision (b) of Section 80713.

(c) The—Upon the submission of the report pursuant to subdivision (d), the commission may adopt regulations to implement this section. In order to ensure the commission implements this section coincident with the Public Utilities Commission’s implementation of Section 80713, thereby ensuring that load-serving entities and local publicly owned electric utilities are treated equally and assessed charges in a similar timeframe, the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any commission action to implement this section.

(d) On or before January 31, 2024, the commission, in consultation with the Public Utilities Commission, shall submit a report to the appropriate policy and budget committees of the Legislature that includes an assessment of whether each local publicly owned electric utility exceeded, met, or failed to meet its minimum planning reserve margin and the system resource adequacy requirements from June 1, 2023, to September 30, 2023, inclusive, that the Public Utilities Commission established for load-serving entities pursuant to Section 380 of the Public Utilities Code and adopted in Public Utilities Commission decision 22-06-050 (June 23, 2022) Decision Adopting Local Capacity Obligations for 2023-2025, Flexible Capacity Obligations for 2023, and Reform Track Framework.

(e) For purposes of this section, “minimum planning reserve margin” means a local publicly owned electric utility’s planning reserve margin, as described in Section 9620 of the Public Utilities Code, unless the local publicly owned electric utility revises that planning reserve margin based on recommendations from the commission pursuant to subdivision (b) of Section 25704.5 of the
Public Resources Code, in which case “minimum planning reserve margin” means the local publicly owned electric utility’s revised minimum planning reserve margin.

SEC. 8.

SEC. 10. Section 80720 of the Water Code is amended to read:

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

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

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

(d) All revenues payable to the department for activities undertaken by the department under Chapter 2 (commencing with Section 80710) or Chapter 5 (commencing with Section 80740) shall be deposited into the fund.

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

(f) When fixed assets procured under the authority of this division are sold or otherwise disposed of, the revenue from the sale or disposition, including any gain or loss, measured by the difference between book value and selling price, shall be deposited into the fund and available to the department for purposes of Chapter 2 (commencing with Section 80710). Any remaining revenue from the sale or other disposition of fixed assets procured under the authority of this division shall be returned to the General Fund once all obligations of the department are satisfied after the wind down of this division and the closure of the fund. While any obligation of the department incurred under this division remains outstanding and not fully performed or discharged, the rights, powers, duties, and existence of the department shall not be diminished or impaired in any manner that will adversely affect the interests and rights of the holders of or parties to those obligations.
SEC. 9.  
SEC. 11. Chapter 5 (commencing with Section 80740) is added to Division 29 of the Water Code, to read:

CHAPTER 5. COLLECTION AND USE OF CAPACITY PAYMENT

80740. The department shall collect any capacity payment ordered assessed pursuant to Section 80713 or 80714. Payments received shall be deposited into the Department of Water Resources Electricity Supply Reliability Reserve Fund established pursuant to Section 80720 and shall be used solely for the purposes of this division.

SEC. 10.  
SEC. 12. Division 29.5 (commencing with Section 80800) is added to the Water Code, to read:

DIVISION 29.5. CLEAN ENERGY CENTRAL PROCUREMENT

CHAPTER 1. GENERAL PROVISIONS

80800. This division does not reduce or modify an electrical corporation’s obligation to serve.

80801. The commission shall issue orders it determines are necessary to carry out this division.

80802. (a) The Legislature finds and declares all of the following:

(1) California has significantly reduced the emissions of greenhouse gases from its electricity sector by fostering the development of renewable and zero-carbon energy resources through the establishment of ambitious goals and policies. These efforts have fundamentally transformed the state’s portfolio of energy resources and the day-to-day operations of the state’s electrical system.

(2) The state has enabled the expansion of electrical retail choice for customers served in electrical corporation service territory, bringing new market entrants and innovation to California’s evolving retail electricity market.
(3) The state’s electrical system also faces the risk of increased
disruption due to more frequent and intense extreme weather events
fueled by a rapidly changing climate.

(4) For California to achieve its long-term greenhouse gas
emission reduction goals, while maintaining a reliable electrical
system and providing customers with greater choice in electricity
retail providers, the state must establish a new, limited central
procurement function within the department that enables the
development of a more diverse portfolio of renewable and
zero-carbon energy resources.

(b) In enacting this division, it is the intent of the Legislature
to do all of the following:

(1) Create a central procurement function within the department
that would only be exercised upon request by the commission and
only if the commission finds that it is necessary to procure diverse
clean energy resources beyond those procured by load-serving
entities to achieve the state policy specified in Section 454.53 of
the Public Utilities Code.

(2) If the department exercises its central procurement function,
as described in paragraph (1), provide an opportunity for
load-serving entities and local publicly owned electric utilities to
elect for the department to procure diverse clean energy resources
on their behalf.

(3) Except as provided in paragraph (4), require the department
to sell, at market value, clean energy resources and all attributes
produced by a clean energy resource and not otherwise procured
by a load-serving entity or local publicly owned electric utility, as
described in paragraph (2), and to use the resulting revenues to
offset costs for purposes of calculating a nonbypassable charge
imposed pursuant to this division.

(4) Prohibit the department from selling any clean energy
resources it acquires pursuant to this division at more than the
department’s acquisition costs, including transmission, scheduling,
financing, program administration, and other related costs; costs,
when selling those resources under a long-term contract.

(5) Prohibit the department from pursuing procurement
activities, including, if authorized, the issuance of bonds, except
upon a finding from the commission that the recovery of costs
through charges on customers, the issuance of bonds, and the
material terms of such bonds, including interest rates, rating,
amortization, and maturity, do not unreasonably increase costs to
customers on a net present value basis compared with procurement
of a diverse clean energy resource procured by an electrical
corporation.
(5)
(6) Require the department to prioritize investments that do not
compete with the procurement of diverse clean energy resources
already planned for development and disclosed by load-serving
entities or local publicly owned electric utilities.
80803. The development and operation of a central procurement
function program as provided in this division is in all respects for
the welfare and benefit of the people of the state, to protect the
public peace, health, and safety, and constitutes an essential
government purpose.
80804. This division shall be liberally construed in a manner
so as to effectuate its purposes and objectives.
80805. (a) The powers and responsibilities of the department
established pursuant to this division are separate from, and not
governed by, the provisions relating to the State Water Resources
Development System, including, but not limited to, those powers
and responsibilities granted pursuant to Part 3 (commencing with
Section 11100) of Division 6 and the California Water Resources
Development Bond Act (Chapter 8 (commencing with Section
12930) of Part 6 of Division 6).
(b) The Clean Energy Central Procurement Fund established in
Section 80830, and the moneys in that fund, are separate and
distinct from any other fund and moneys administered by the
department.
(c) This division does not subject the department to the
jurisdictional authority of the Public Utilities Commission or
expand the jurisdiction of the Public Utilities Commission,
including that state water resources development system facilities
subject to the California Water Resources Development Bond Act
(Chapter 8 (commencing with Section 12930) of Part 6 of Division
6) and the department’s other electrical generation projects or
power contracts outside of those funded through the Clean Energy
Central Procurement Fund, remain outside the jurisdiction of the
commission.
80806. The department may adopt regulations for purposes of administering this division.

Chapter 2. Definitions

80810. For purposes of this division, the following definitions apply:

(a) “Balancing authority area” means the collection of generation, transmission, and loads within the metered boundaries of a balancing area within California. The balancing authority maintains load resource balance within this area.

(b) “Bond” means any bond, note, or other written evidence of indebtedness issued solely for purposes of supporting the Clean Energy Central Procurement Fund and other related expenses incurred by the department pursuant to this division, or for reimbursing expenditures from the fund for those purposes, establishing or maintaining reserves in connection with a bond, costs of issuance of a bond or incidental to its payment or security, capitalized interest, or renewing or refunding any bonds.

(b) “California balancing authority” has the same meaning as defined in Section 399.12 of the Public Utilities Code.

(c) “Clean energy resources” has the same meaning as defined in Section 454.52 of the Public Utilities Code. “Clean energy resources” includes, but is not limited to, those clean energy resources, as defined, that have a first point of interconnection with the transmission grid or the distribution grid within a California balancing authority.

(d) “Commission” means the Public Utilities Commission.

(e) “Electrical corporation” has the same meaning as defined in Section 218 of the Public Utilities Code.


(g) “Fund” means the Clean Energy Central Procurement Fund established in Section 80830.
(h) “Independent System Operator” means the Independent System Operator described in Article 3 (commencing with Section 345) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code.

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

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

Chapter 3. Department Powers

80820. (a) In accordance with Sections 380, 454.51, 454.52, 454.53, and 454.54 of the Public Utilities Code, following a determination from the commission, in consultation with the Energy Commission and the Independent System Operator, that it is necessary for the department to develop and conduct one or more competitive solicitations to procure energy, capacity, ancillary services, and all associated attributes, the department may conduct those solicitations. The purpose of these competitive solicitations is to make available to the state diverse clean energy resources that meet criteria determined by the commission, which shall include, but not be limited to, energy resources that have a first point of interconnection with the transmission grid or the distribution grid within a balancing authority area.

(b) In evaluating the bids received through the solicitation, the department shall consider all of the following:

1. For diverse clean energy resources dependent on the development of a project, that project’s viability, including, but not limited to, developer experience, developer financial strength and creditworthiness sufficient to eliminate financing contingencies, and the status of required permits and licenses.

2. The ability to meet in-service dates offered during the solicitation and the ability to meet those in-service dates without escalation in cost.

3. The useful life of the project.

4. The capability to supply energy, capacity, and ancillary services at locations, times of day, and for durations that meet the
state’s energy resource needs, as determined by the department and the commission.

(5) Any other criteria determined by the commission or the department.

(c) The department shall require, as a condition of the solicitation, that bids include a charge payable to the Offshore Wind Workforce Development Fund established in Section 80831. 80821. (a) (1) When conducting a solicitation pursuant to Section 80820, the department shall confer with the commission and other parties, including load-serving entities and local publicly owned electric utilities participating pursuant to Section 80822, for diverse clean energy resource procurement activities of an identified scope and duration. The department shall recover costs related to conducting the requested solicitations and all supporting work. Cost recovery may be effectuated, if determined to be appropriate just and reasonable by the commission, through a nonbypassable charge approval process or pursuant to Section 80822 for load-serving entities and local publicly owned electric utilities.

(2) At the request of the department, the commission may require an electrical corporation to act as the agent of the department or to assist the department in conducting the solicitation, bid evaluation, or contract negotiation for new clean energy resource procurement. The electrical corporation shall be reimbursed by the department for its costs.

(b) If cost recovery for a contract for clean energy resources is determined through a commission proceeding, the department shall recover its costs if the commission determines those that the procurement process, the resulting transactions, and the associated costs are just and reasonable. Those costs may include costs related to bond issuance incurred pursuant to Chapter 5 (commencing with Section 80840), costs related to contracting for diverse clean energy resources, and other costs to implement this division.

(c) If the commission determines that a nonbypassable charge necessary to fund activities conducted by the department pursuant to this division is just and reasonable, the department shall ensure it has entered into an agreement with the commission for that nonbypassable charge before it begins to incur costs related to a specific activity under this division. If the purpose of the nonbypassable charge is to recover the department’s revenue
requirement related to bond issuance debt service, the department
shall ensure the agreement has the force and effect of an irrevocable
financing order adopted in accordance with Article 5.5
(commencing with Section 840) of Chapter 4 of Part 1 of Division
1 of the Public Utilities Code or that the commission has separately
issued an irrevocable financing order related to the nonbypassable
charge.
(d) Any agreement between the department and the commission
under this section shall provide for the administration of the
nonbypassable charge, including both of the following
requirements:
(1) The department shall notify the commission each year of
the annual collections received by the department and the amount
of any excess or deficiency in collections above or below the
revenue requirement. The commission shall adjust charges in the
subsequent year to reflect that excess or deficiency.
(2) During any period, if the department forecasts that the
revenue requirement for that period will not be met and that
collections will not be sufficient to fund any of the amounts
specified in Section 80842 or subdivision (b) of Section 80830,
the department shall notify the commission in writing and the
commission shall act within 60 days of receiving that notice to
increase the nonbypassable charge so that the amounts collected
during that period are sufficient to meet those obligations.
(e) Any agreement between the department and the commission
pursuant to this section that is solely for the purpose of imposing
a nonbypassable charge to recover the department’s revenue
requirement related to bond issuance debt service shall include a
provision stating that the commission’s just and reasonable
determination with respect to the revenue requirement is in effect
for the duration of the bond term.
80822. (a) Pursuant to Section 80820, the department may
establish a schedule and mechanism for any load-serving entity
or local publicly owned electric utility to voluntarily obtain from
the department energy, capacity, or ancillary services to be acquired
by the department through its central procurement function on a
contract-by-contract basis.
(b) In order to voluntarily participate, a load-serving entity or
local publicly owned electric utility shall commit to the imposition
of a nonbypassable charge on its ratepayers sufficient at all times

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80823. At the request of the department, the commission may order an electrical corporation, or its successor in the performance of a related service, to transmit or provide for the transmission of, and distribute all electricity made available by the department, and, as agent of the department, provide billing, collection, and other related services on terms and conditions that reasonably compensate the electrical corporation for its services and adequately secure payment to the department.

80824. The commission may issue rules regulating the enforcement of the agency function pursuant Section 80823 and this division, including collection of nonbypassable charges and payment into the fund on behalf of the department.

80825. (a) If the department has executed an agreement with the commission pursuant to subdivision (c) of Section 80821, the department may recover its costs, as a revenue requirement, in the amounts and at the times necessary to enable it to comply with Section 80842, and shall advise the commission and each applicable load-serving entity or local publicly owned electric utility, as the department determines to be appropriate and subject to the terms of the agreement.

(b) For purposes of this division and except as otherwise provided in this section, the commission’s authority as set forth in Section 451 of the Public Utilities Code shall apply.

80826. (a) A load-serving entity or local publicly owned electric utility that voluntarily participates in the department’s central procurement function pursuant to Section 80822 shall enter into an agreement with the department for the revenue requirement to fund its participation and that agreement shall have the force and effect of an irrevocable financing order.

(b) The agreement shall provide for the administration of the revenue requirement, including both of the following:

(1) A requirement that the department annually notify the load-serving entity or local publicly owned electric utility of the annual collections received by the department with respect to the revenue requirement and the amount of any excess or deficiency in collections above or below the revenue requirement. The load-serving entity or local publicly owned electric utility shall
adjust charges in the subsequent year to reflect any such excess or

deficiency.

(2) During any revenue requirement period, a requirement that,

if the department forecasts that the revenue requirement for that

period will not be met and that collections will not be sufficient
to fund any of the amounts described in Section 80842, the
department notify the load-serving entity or local publicly owned
electric utility in writing and the load-serving entity or local
publicly owned electric utility shall act within 30 days of receiving
that notice to increase the charge so that the amount collected
during the period are sufficient to meet those obligations.

80827. All moneys collected by load-serving entities and local
publicly owned electric utilities and remitted to the department for
any diverse clean energy resources acquired and sold pursuant to
this division, and all moneys paid directly or indirectly to or for
the account of the department for any sale, exchange, transfer, or
disposition of clean energy resources acquired pursuant to this
division, shall be deposited into the fund in accordance with
Section 80830.

80828. The department may fix and establish the procedure
and charges for the sale or other disposal of clean energy resources
purchased by the department.

Chapter 4. Clean Energy Central Procurement Fund

Funds

80830. (a) There is hereby established in the State Treasury
the Clean Energy Central Procurement Fund. Notwithstanding
Section 13340 of the Government Code, all moneys in the fund
are continuously appropriated, without regard to fiscal year, to the
department and shall be available for purposes of this division.

(b) All revenues payable to the department under this division, including
proceeds of bonds issued pursuant to Chapter 5 (commencing with
Section 80840), shall be deposited into the fund. Notwithstanding
any other law, interest accruing on the moneys in the fund shall
be deposited into the fund and shall be used for purposes of this
division.

(c) Payments from the fund may be made only for the following
purposes:
(1) Payment of any bonds or other contractual obligations authorized by this division.

(2) The cost of energy and transmission, scheduling, and other related expenses incurred by the department.

(3) The expenses incurred by the department in administering this division, including costs of personnel, contracts, or arrangements to carry out the department’s duties and responsibilities pursuant to this division.

(d) Obligations authorized pursuant to this division shall be payable solely from the fund. Neither the full faith and credit nor the taxing power of the state are, or may be, pledged for any payment under any obligation authorized by this division.

(e) While any obligations of the department incurred pursuant to this division remain outstanding and not fully performed or discharged, the rights, powers, duties, and existence of the department shall not be diminished or impaired in any manner that will adversely affect the interests and rights of the holders of, or parties to, those obligations. The department may include this pledge and undertaking of the state in the department’s obligations.

80831. (a) There is hereby established in the State Treasury the Offshore Wind Workforce Development Fund.

(b) Moneys in the fund may be used, upon appropriation by the Legislature, to award grants for purposes of educating, training, maintaining, and strengthening the workforce needed for offshore wind energy development.

(c) Pursuant to Section 80820, revenues from the charge imposed as a condition of the solicitation are payable to the Offshore Wind Workforce Development Fund.

(d) Entities eligible for a grant from the Offshore Wind Workforce Development Fund include, but are not limited to, all of the following entities:

(1) Postsecondary educational institutions, as defined in Section 66261.5 of the Education Code.

(2) California Native American tribes, as defined in Section 21073 of the Public Resources Code.

(3) Regional workforce development teams.
Chapter 5. Bonds

80840. (a) (1) If the commission requests the department to engage in central procurement activities pursuant to paragraph (5) of subdivision (a) of Section 454.52 of the Public Utilities Code, or the department conducts competitive solicitations pursuant to this division, due to the timing of cost recovery processes, the department may determine that it is necessary or desirable to issue bonds to support activities for the procurement of diverse clean energy resources pursuant to this division.

(2) Upon making a determination pursuant to paragraph (1), the department may issue bonds for purposes of financing the procurement of diverse clean energy resources supporting the fund and other related expenses incurred by the department pursuant to this division, and subsequent to the department having entered into an agreement with the commission regarding a revenue requirement. Bonds shall not be issued in an amount the debt service on which, to the extent payable from the fund, is estimated by the department to exceed the amounts estimated to be available in the fund for their payment.

(b) Before the issuance of bonds in a public offering, the department shall ensure the bonds have an investment grade rating from at least one nationally recognized investment ratings firm and the document authorizing the issuance of the bonds shall provide for repayment from pledged revenues.

(c) The commission shall have an opportunity to review the trust agreement or other document pursuant to which the bonds are issued and revenues are pledged, and shall consult with the department regarding the trust agreement or other document, to ensure its consistency with the revenue requirement agreement between the department and commission.

(d) In addition to any other purposes for which bonds may be issued pursuant to this division, bonds may be issued for the following purposes:

(1) Refunding bonds to obtain a lower interest rate.

(2) Refunding bonds bearing a variable interest rate with bonds bearing interest at a fixed rate.

(3) Refunding bonds if a nationally recognized investment ratings firm reduces or withdraws, or proposes to reduce or withdraw, the rating assigned to securities that are secured by bond
insurance policies, credit, or liquidity facilities issued by the
provider of a bond insurance policy, or a credit or liquidity facility
securing the bonds being refunded.

(4) Refunding bonds issued to preserve a federal income tax
exemption or to qualify or maintain other federal income tax
benefits.

80841. (a) Whenever the director determines that the issuance
of bonds is necessary or desirable to accomplish the goals set forth
in this division, including financing the procurement of diverse
clean energy resources, the director shall issue a written
determination authorizing the issuance of bonds by the department.
The department, in consultation with the Department of Finance,
shall notify the Chairperson of the Joint Legislative Budget
Committee and the chairpersons of the fiscal committees of each
house of the Legislature of its written determination. The bonds
shall be sold in the manner, and on the terms and conditions,
specified in that determination, and the determination may contain
or authorize any other provision, condition, or limitation not
inconsistent with this division and those provisions as may be
deemed reasonable and proper for the security of the bondholders.

Bonds may mature at the time or times, and bear interest at the
rate or rates, which may be fixed or variable and be determined
by reference to an index or such other method, and may be federally
tax exempt, as specified in the determination. Neither the person
executing the determination to issue bonds nor any person
executing bonds shall be personally liable therefor or be subject
to any personal liability or accountability by reason of the issuance
of the bonds.

(b) In the discretion of the department, bonds may be secured
by a trust agreement by and between the department and a trustee,
which may be any trust company or bank having trust powers
within or outside the state, or the Treasurer. Notwithstanding any
other law, the Treasurer shall not be deemed to have a conflict of
interest by reason of acting as the trustee. The department may
enter into contracts or arrangements in connection with the issuance
and sale of bonds, or with respect to any outstanding bonds for so
long as those bonds remain outstanding, as it shall deem to be
necessary or desirable for the issuance and further security of the
bonds, including, but not limited to, credit enhancement
agreements, dealer agreements, purchase contracts, escrow agreements, and similar arrangements.

(c) Bonds shall be legal investments for all trust funds, the funds of all insurance companies, savings and commercial banks, trust companies, executors, administrators, trustees, and other fiduciaries, for state school funds, pension funds, and for any funds that may be invested in county, school, or municipal bonds.

(d) Notwithstanding that bonds may be payable from a special fund, the bonds shall be deemed to be negotiable instruments for all purposes.

(e) Any bonds, and the transfer of and income derived from those bonds, shall at all times be free from taxation of every kind by the state and by the political subdivisions of the state.

(f) Bonds shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the department, or a pledge of the full faith and credit of the state or of any such political subdivision, but shall be payable solely from the revenues described in paragraph (1) of subdivision (g). All bonds shall contain a statement to the following effect: “Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal or interest on this bond.” The issuance of bonds shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

(g) (1) The department may pledge and apply all or any part of revenues of any nature whatever accruing to the department, from orders issued, charges imposed, or contracts entered into pursuant to or in furtherance of this division, or the right to receive the same, to the payment or security of any or all of the principal of the bonds or the interest thereon, in the manner and upon terms that the department deems advisable.

(2) (A) It is the intent of the Legislature that any pledge of moneys, revenues, or property made by the department shall be valid and binding from the time when the pledge is made: made if the commission finds the pledge was just and reasonable, and that the moneys, revenues, or property so pledged and thereafter collected from retail end use customers, or paid directly or indirectly to or for the account of the department, is hereby made,
and shall immediately be, subject to the lien of that pledge without any physical delivery thereof or further act.

(B) It is the intent of the Legislature that the lien of any such pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the department irrespective of whether those parties have notice thereof, and that no resolution or instrument by which the pledge or lien created pursuant to this subdivision is expressed, confirmed, or approved need be filed or recorded in order to perfect the pledge or lien.

(C) It is the intent of the Legislature that this paragraph, in all respects, govern the creation, perfection, priority, and enforcement of any lien created pursuant to this division.

80842. (a) The department shall, and in any obligation entered into pursuant to this division may covenant to, at least annually, and more frequently as required, establish and revise revenue requirements sufficient, together with any moneys deposited into the fund, to provide all of the following:

(1) The amounts necessary to pay the principal of, and premium, if any, and interest on, all bonds as and when the same shall become due.

(2) The amounts necessary to pay for electricity purchased by it and to deliver it to purchasers, including the cost of electricity, transmission, scheduling, and other related expenses incurred by the department, or to make payments under any other contracts, agreements, or obligations entered into by it pursuant to this division, in the amounts and at the times the same shall become due.

(3) Reserves in amount as may be determined by the department from time to time to be necessary or desirable.

(4) The pooled money investment rate on funds advanced for electricity purchases before the receipt of payment for those purchases by the purchasing entity.

(5) The administrative costs of the department and other state agencies, including the costs and fees for professional services, bond issuance and sale, and other miscellaneous costs, incurred in connection with the issuance of bonds or the administration of this division.

(b) The department shall notify the commission of its revenue requirement pursuant to the agreement required pursuant to Section
80821 and that revenue requirement shall be satisfied by the
recovery of its costs through a nonbypassable charge.

Chapter 6. Repeal

80850. This division shall remain in effect only until January
1, 2050, and as of that date is repealed.

SEC. 11. SEC. 13. No reimbursement is required by this act pursuant
to Section 6 of Article XIIIb of the California Constitution because
the only costs that may be incurred by a local agency or school
district will be incurred because this act creates a new crime or
infraction, eliminates a crime or infraction, or changes the penalty
for a crime or infraction, within the meaning of Section 17556 of
the Government Code, or changes the definition of a crime within
the meaning of Section 6 of Article XIIIb of the California
Constitution.

SEC. 14. This act is an urgency statute necessary for the
immediate preservation of the public peace, health, or safety within
the meaning of Article IV of the California Constitution and shall
go into immediate effect. The facts constituting the necessity are:
In order to ensure the procurement of clean energy resources
that the state needs to meet its reliability needs, which have been
identified as being delayed or needing a secure development path,
it is necessary to establish a central procurement entity within the
Department of Water Resources and for this act to take effect
immediately.