



**Humboldt County Workforce Development Board**  
(HCWDB)

**Special Executive Committee Meeting**

*Location: Humboldt County Courthouse (Conference Room A)  
825 5<sup>th</sup> 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**



## AGENDA DETAIL

<b>AB1373</b>
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### **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.

AMENDED IN ASSEMBLY MAY 22, 2023

AMENDED IN ASSEMBLY APRIL 13, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1373**

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**Introduced by Assembly Member Garcia**

February 17, 2023

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An act to amend Section 10295.6 of the Public Contract Code, to amend Sections 365.1, 380, 454.51, ~~and 454.52~~ 454.52, and 9620 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.~~ *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, Resources to procure diverse clean energy resources, as defined by the PUC, offshore wind and geothermal energy resources that satisfy meet 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 order ~~resource~~ 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.*

(2)

(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 on 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 requirements, as specified. 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 on 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~~ *for any sale, exchange, transfer, or disposition of certain 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 ~~diverse clean energy~~ *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.*

Vote: 2/3. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: yes.

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

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

3 10295.6. Sections 10295 and 10297 do not apply to any contract  
4 entered into by the Department of Water Resources under Part 3  
5 (commencing with Section 11100) of Division 6, Chapter 8  
6 (commencing with Section 12930) of Part 6 of Division 6, Division  
7 29 (commencing with Section 80700), or Division 29.5  
8 (commencing with Section 80800), of the Water Code for the  
9 acquisition, sale, or transmission of power, or for services to  
10 facilitate those activities.

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

13 365.1. (a) Except as expressly authorized by this section, and  
14 subject to the limitations in subdivisions (b) and (c), the right of  
15 retail end-use customers pursuant to this chapter to acquire service  
16 from other providers is suspended until the Legislature, by statute,  
17 lifts the suspension or otherwise authorizes direct transactions. For  
18 purposes of this section, “other provider” means any person,  
19 corporation, or other entity that is authorized to provide electric  
20 service within the service territory of an electrical corporation  
21 pursuant to this chapter, and includes an aggregator, broker, or  
22 marketer, as defined in Section 331, and an electric service

1 provider, as defined in Section 218.3. “Other provider” does not  
2 include a community choice aggregator, as defined in Section  
3 331.1, and the limitations in this section do not apply to the sale  
4 of electricity by “other providers” to a community choice  
5 aggregator for resale to community choice aggregation electricity  
6 consumers pursuant to Section 366.2.

7 (b) The commission shall authorize individual retail  
8 nonresidential end-use customers to acquire electric service from  
9 other providers in each electrical corporation’s distribution service  
10 territory, up to a maximum allowable total kilowatthours annual  
11 limit. The maximum allowable annual limit shall be established  
12 by the commission for each electrical corporation at the maximum  
13 total kilowatthours supplied by all other providers to distribution  
14 customers of that electrical corporation during any sequential  
15 12-month period between April 1, 1998, and October 11, 2009.  
16 Within six months of October 11, 2009, the commission shall  
17 adopt and implement a reopening schedule that commences  
18 immediately and will phase in the allowable amount of increased  
19 kilowatthours over a period of not less than three years, and not  
20 more than five years, raising the allowable limit of kilowatthours  
21 supplied by other providers in each electrical corporation’s  
22 distribution service territory from the number of kilowatthours  
23 provided by other providers as of October 11, 2009, to the  
24 maximum allowable annual limit for that electrical corporation’s  
25 distribution service territory. The commission shall review and, if  
26 appropriate, modify its currently effective rules governing direct  
27 transactions, but that review shall not delay the start of the phase-in  
28 schedule.

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

32 (1) Ensure that other providers are subject to the same  
33 requirements that apply to the state’s three largest electrical  
34 corporations under any programs or rules adopted by the  
35 commission to implement the resource adequacy provisions of  
36 Section 380, the renewables portfolio standard provisions of Article  
37 16 (commencing with Section 399.11), the requirements for the  
38 electricity sector adopted by the State Air Resources Board  
39 pursuant to the California Global Warming Solutions Act of 2006  
40 (Division 25.5 (commencing with Section 38500) of the Health



1 and Safety Code), and the requirements of the integrated resource  
2 planning process as specified in Sections ~~454.5 to 454.6~~, 454.52  
3 to 454.54, inclusive. This requirement applies notwithstanding any  
4 prior decision of the commission to the contrary.

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

15 (i) Bundled service customers of the electrical corporation.

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

18 (iii) Customers of community choice aggregators.

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

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

1 capacity costs of contracts with third parties shall be allowed for  
2 the terms of those contracts.

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

9 (d) (1) If the commission approves a centralized resource  
10 adequacy mechanism pursuant to subdivisions (h) and (i) of Section  
11 380, upon the implementation of the centralized resource adequacy  
12 mechanism the requirements of paragraph (2) of subdivision (c)  
13 shall be suspended. If the commission later orders that electrical  
14 corporations cease procuring capacity through a centralized  
15 resource adequacy mechanism, the requirements of paragraph (2)  
16 of subdivision (c) shall again apply.

17 (2) If the use of a centralized resource adequacy mechanism is  
18 authorized by the commission and has been implemented as set  
19 forth in paragraph (1), the net capacity costs of generation resources  
20 that the commission determines are required to meet urgent system  
21 or urgent local grid reliability needs, and that the commission  
22 authorizes to be procured outside of the Section 380 or Section  
23 454.5 processes, shall be recovered according to the provisions of  
24 paragraph (2) of subdivision (c).

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

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

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

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

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

38 380. (a) The commission, in consultation with the Independent  
39 System Operator, shall establish resource adequacy requirements  
40 for all load-serving entities.

1 (b) In establishing resource adequacy requirements, the  
2 commission shall ensure the reliability of electrical service in  
3 California while advancing, to the extent possible, the state's goals  
4 for clean energy, reducing air pollution, and reducing emissions  
5 of greenhouse gases. The resource adequacy program shall achieve  
6 all of the following objectives:

7 (1) Facilitate development of new generating, nongenerating,  
8 and hybrid capacity and retention of existing generating,  
9 nongenerating, and hybrid capacity that is economical and needed  
10 for reliability and to achieve the state policy specified in Section  
11 454.53.

12 (2) Establish new, or maintain existing, demand response  
13 products and tariffs that facilitate the economical dispatch and use  
14 of demand response that can either meet or reduce an electrical  
15 corporation's resource adequacy requirements, as determined by  
16 the commission.

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

20 (4) Minimize enforcement requirements and costs.

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

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

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

34 (e) The commission shall implement and enforce the resource  
35 adequacy requirements established in accordance with this section  
36 in a nondiscriminatory manner. Each load-serving entity shall be  
37 subject to the same requirements for resource adequacy, the  
38 renewables portfolio standard program, and the integrated resource  
39 planning process pursuant to Section 454.52 that apply to electrical  
40 corporations pursuant to this section, or otherwise required by law,

1 or by order or decision of the commission. The commission shall  
2 exercise its enforcement powers to ensure compliance by all  
3 load-serving entities.

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

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

27 (g) An electrical corporation's costs of meeting or reducing  
28 resource adequacy requirements, including, but not limited to, the  
29 costs associated with system reliability, local area reliability,  
30 flexible resource adequacy, renewable integration, or resource  
31 diversity portfolio requirements, that are determined to be  
32 reasonable by the commission, or are otherwise recoverable under  
33 a procurement plan approved by the commission pursuant to  
34 Section 454.5, shall be fully recoverable from those customers on  
35 whose behalf the costs are incurred, as determined by the  
36 commission, at the time the commitment to incur the cost is made,  
37 on a fully nonbypassable basis, as determined by the commission.  
38 The commission shall exclude any amounts authorized to be  
39 recovered pursuant to Section 366.2 when authorizing the amount  
40 of costs to be recovered from customers of a community choice

1 aggregator or from customers that purchase electricity through a  
2 direct transaction pursuant to this subdivision.

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

5 (1) Meeting the objectives of this section.

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

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

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

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

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

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

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

25 (j) The commission shall ensure appropriate valuation of both  
26 supply and load modifying demand response resources. The  
27 commission, in an existing or new proceeding, shall establish a  
28 mechanism to value load modifying demand response resources,  
29 including, but not limited to, the ability of demand response  
30 resources to help meet distribution needs and transmission system  
31 needs and to help reduce a load-serving entity's resource adequacy  
32 obligation pursuant to this section. In determining this value, the  
33 commission shall consider how these resources further the state's  
34 electrical grid reliability and the state's goals for reducing  
35 emissions of greenhouse gases. The commission, Energy  
36 Commission, and Independent System Operator shall jointly ensure  
37 that changes in demand caused by load modifying demand response  
38 are expeditiously and comprehensively reflected in the Energy  
39 Commission's Integrated Energy Policy Report forecast and in

1 planning proceedings and associated analyses, and shall encourage  
2 reflection of these changes in demand in the operation of the grid.

3 (k) For purposes of this section, “load-serving entity” means an  
4 electrical corporation, electric service provider, or community  
5 choice aggregator. “Load-serving entity” does not include any of  
6 the following:

7 (1) A local publicly owned electric utility.

8 (2) The State Water Resources Development System commonly  
9 known as the State Water Project.

10 (3) Customer generation located on the customer’s site or  
11 providing electric service through arrangements authorized by  
12 Section 218, if the customer generation, or the load it serves, meets  
13 one of the following criteria:

14 (A) It takes standby service from the electrical corporation on  
15 a commission-approved rate schedule that provides for adequate  
16 backup planning and operating reserves for the standby customer  
17 class.

18 (B) It is not physically interconnected to the electrical  
19 transmission or distribution grid, so that, if the customer generation  
20 fails, backup electricity is not supplied from the electrical grid.

21 (C) There is physical assurance that the load served by the  
22 customer generation will be curtailed concurrently and  
23 commensurately with an outage of the customer generation.

24 SEC. 4. Section 454.51 of the Public Utilities Code is amended  
25 to read:

26 454.51. The commission shall do all of the following:

27 (a) Identify a diverse and balanced portfolio of resources needed  
28 to ensure a reliable electricity supply that provides optimal  
29 integration of renewable energy and resource diversity in a  
30 cost-effective manner. The portfolio shall be used by the  
31 commission to establish integrated resource planning-based  
32 procurement requirements that rely on zero carbon-emitting  
33 resources to the maximum extent reasonable and be designed to  
34 achieve the state policy specified in Section 454.53 and any  
35 statewide greenhouse gas emissions limit established pursuant to  
36 the California Global Warming Solutions Act of 2006 (Division  
37 25.5 (commencing with Section 38500) of the Health and Safety  
38 Code) or any successor legislation.

39 (b) Direct each electrical corporation to include, as part of its  
40 proposed procurement plan, a strategy for procuring best-fit and

1 least-cost resources to satisfy the portfolio needs identified by the  
2 commission pursuant to subdivision (a).

3 (c) Ensure that the net costs of any incremental renewable energy  
4 integration ~~resources~~ or ~~diversification resources~~ *clean energy*  
5 *resources, as defined in Section 454.52*, procured by an electrical  
6 corporation, or the Department of Water Resources, to satisfy the  
7 need identified in subdivision (a) are allocated on a fully  
8 nonbypassable basis consistent with the treatment of costs  
9 identified in paragraph (2) of subdivision (c) of Section 365.1.

10 (d) Permit community choice aggregators to submit proposals  
11 for satisfying their portion of the renewable integration need  
12 identified in subdivision (a). If the commission finds this need is  
13 best met through long-term procurement commitments for  
14 resources, community choice aggregators shall also be required  
15 to make long-term commitments for resources. The commission  
16 shall approve proposals pursuant to this subdivision if it finds all  
17 of the following:

18 (1) The resources proposed by a community choice aggregator  
19 will provide equivalent integration of renewable energy.

20 (2) The resources proposed by a community choice aggregator  
21 will promote the efficient achievement of state energy policy  
22 objectives, including reductions in greenhouse gas emissions.

23 (3) Bundled customers of an electrical corporation will be  
24 indifferent from the approval of the community choice aggregator  
25 proposals.

26 (e) Ensure that all costs resulting from nonperformance to satisfy  
27 the need identified in subdivision (a) or (d), as applicable, shall be  
28 borne by the load-serving entity, as defined in Section 380, that  
29 failed to perform.

30 SEC. 5. Section 454.52 of the Public Utilities Code is amended  
31 to read:

32 454.52. (a) (1) Beginning in 2017, and to be updated regularly  
33 thereafter, the commission shall adopt a process for each  
34 load-serving ~~entity, as defined in Section 380,~~ *entity* to file an  
35 integrated resource plan, and a schedule for periodic updates to  
36 the plan, and shall ensure that load-serving entities do all of the  
37 following:

38 (A) Meet the greenhouse gas emissions reduction targets  
39 established by the State Air Resources Board, in coordination with  
40 the commission and the Energy Commission, for the electricity

1 sector and each load-serving entity that reflect the electricity  
2 sector's percentage in achieving the economywide greenhouse gas  
3 emissions reductions pursuant to Section 38566 of the Health and  
4 Safety Code.

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

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

11 (D) Minimize impacts on ratepayers' bills.

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

20 (F) Comply with paragraph (1) of subdivision (b) of Section  
21 399.13.

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

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

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

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

33 (2) (A) The commission may authorize all source procurement  
34 for load-serving entities that includes various resource types  
35 including demand-side resources, supply side resources, and  
36 resources that may be either demand-side resources or supply side  
37 resources, taking into account the differing load-serving entities'  
38 geographic service areas, to ensure that each load-serving entity  
39 meets the goals set forth in paragraph (1).



1 (B) The commission may approve procurement of resource  
2 types that will reduce the overall emissions of greenhouse gases  
3 from the electricity sector and meet the other goals specified in  
4 paragraph (1), but due to the nature of the technology or fuel source  
5 may not compete favorably in price against other resources over  
6 the time period of the integrated resource plan.

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

18 ~~Upon~~ (A) *On or before September 1, 2024, and biennially*  
19 *thereafter, the commission shall determine if there is a need for*  
20 *the procurement of additional clean energy resources based on a*  
21 *review of the integrated resource plans submitted by load-serving*  
22 *entities in compliance with the requirements of this section and*  
23 *Section 454.53 and the progress towards meeting the portfolio of*  
24 *resources identified in subdivision (a) of Section ~~454.51, the~~*  
25 *454.51.*

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

30 (C) *Within six months of determining that there is a need for*  
31 *the procurement of additional clean energy resources, the*  
32 *commission may ~~direct an electrical corporation, or request the~~*  
33 *Department of Water Resources, Resources to procure ~~diverse~~*  
34 *those clean energy resources, as defined by the commission,*  
35 *resources specified pursuant to subparagraph (B) that meet the*  
36 *portfolio of resources identified in subdivision (a) of Section*  
37 *454.51.*

38 (D) *The Department of Water Resources may procure clean*  
39 *energy resources pursuant to subparagraph (C) only until January*  
40 *1, 2030.*

1 (5) If the commission requests the Department of Water  
2 Resources to procure ~~diverse~~ clean energy resources pursuant to  
3 paragraph (4), the commission, in consultation with the Department  
4 of Water Resources, shall develop and adopt procedures and  
5 requirements that govern *competitive* procurement by, obligations  
6 on, and recovery of costs incurred by the Department of Water  
7 Resources and align with Division 29.5 (commencing with Section  
8 80800) of the Water Code. *The commission and the Department*  
9 *of Water Resources shall ensure that a procurement group is*  
10 *established to advise on the procurement undertaken pursuant to*  
11 *paragraph (4).* The commission ~~may~~ shall review that procurement  
12 and, if approved, issue an order governing the recovery of the  
13 Department of Water Resources' costs only if both of the following  
14 conditions are satisfied:

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

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

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

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

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

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

38 (A) Economic, reliability, environmental, security, and other  
39 benefits and performance characteristics that are consistent with  
40 the goals set forth in paragraph (1) of subdivision (a).

1 (B) A diversified procurement portfolio consisting of both  
2 short-term and long-term electricity, electricity-related, and demand  
3 reduction products.

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

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

10 (c) To the extent that additional procurement is authorized for  
11 the electrical corporation in the integrated resource plan or the  
12 procurement process authorized pursuant to Section 454.5, the  
13 commission shall ensure that the costs are allocated in a fair and  
14 equitable manner to all customers consistent with Section 454.51,  
15 that there is no cost shifting among customers of load-serving  
16 entities, and that community choice aggregators may self-provide  
17 renewable integration resources consistent with Section 454.51.  
18 The commission may order ~~resource~~ *the procurement of resources*  
19 *with specific attributes by load-serving entities* as a result of the  
20 integrated resource planning process and shall enforce any resource  
21 procurement requirements on a nondiscriminatory basis.  
22 *Enforcement may include the assessment of penalties for*  
23 *noncompliance.*

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

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

31 (f) (1) The commission shall not include the energy, capacity,  
32 or any attribute from Diablo Canyon Unit 1 beyond November 1,  
33 2024, or Unit 2 beyond August 26, 2025, in the adopted integrated  
34 resource plan portfolios, resource stacks, or preferred system plans.

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

39 (g) For a thermal powerplant that uses nuclear fission technology  
40 not constructed in the twenty-first century, all resource attributes

1 shall be retired on January 1, 2031, and shall be reported as a  
 2 separate, line item resource for purposes of complying with Section  
 3 398.4.

4 *(h) For purposes of this section, both of the following definitions*  
 5 *apply:*

6 *(1) “Clean energy resources” means offshore wind and*  
 7 *geothermal energy resources.*

8 *(2) “Load-serving entity” has the same meaning as defined in*  
 9 *Section 380.*

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

12 9620. (a) Each local publicly owned electric utility serving  
 13 end-use ~~customers~~, *customers* shall prudently plan for and procure  
 14 resources that are adequate to meet its planning reserve margin  
 15 and peak demand and operating reserves, sufficient to provide  
 16 reliable electric service to its customers. Customer generation  
 17 located on the customer’s site or providing electric service through  
 18 arrangements authorized by Section 218, shall not be subject to  
 19 these requirements if the customer generation, or the load it serves,  
 20 meets one of the following criteria:

21 (1) It takes standby service from the local publicly owned  
 22 electric utility on a rate schedule that provides for adequate backup  
 23 planning and operating reserves for the standby customer class.

24 (2) It is not physically interconnected to the electric transmission  
 25 or distribution grid, so that, if the customer generation fails, backup  
 26 power is not supplied from the electricity grid.

27 (3) There is physical assurance that the load served by the  
 28 customer generation will be curtailed concurrently and  
 29 commensurately with an outage of the customer generation.

30 (b) Each local publicly owned electric utility serving end-use  
 31 customers shall, at a minimum, meet the most recent minimum  
 32 planning reserve and reliability criteria approved by the Board of  
 33 Trustees of the Western Systems Coordinating Council or the  
 34 Western Electricity Coordinating Council.

35 (c) Each local publicly owned electric utility shall prudently  
 36 plan for and procure energy storage systems that are adequate to  
 37 meet the requirements of Section 2836.

38 (d) A local publicly owned electric utility serving end-use  
 39 customers shall, upon request, provide the Energy Commission  
 40 with any information the Energy Commission determines is

1 necessary to evaluate the progress made by the local publicly  
2 owned electric utility in meeting the requirements of this section,  
3 consistent with the annual targets established pursuant to  
4 subdivision (c) of Section 25310 of the Public Resources Code.

5 (e) The Energy Commission shall report to the Legislature, to  
6 be included in each integrated energy policy report prepared  
7 pursuant to Section 25302 of the Public Resources Code, regarding  
8 the progress made by each local publicly owned electric utility  
9 serving end-use customers in meeting the requirements of this  
10 section.

11 (f) *A local publicly owned electric utility may meet its minimum*  
12 *planning reserve margin through individual contractual*  
13 *procurement or through an aggregated or pooled portfolio of*  
14 *resources if that aggregation or pooling is defined in a contractual*  
15 *arrangement and each participating local publicly owned electric*  
16 *utility meets its individual minimum planning reserve margin based*  
17 *on its share of the resource portfolio pool.*

18 SEC. 7. Section 80700.5 is added to the Water Code, to read:  
19 80700.5. *This division shall be known, and may be cited, as*  
20 *the Electricity Supply Strategic Reliability Reserve Program.*

21 ~~SEC. 6.~~

22 SEC. 8. Section 80713 is added to the Water Code, to read:

23 80713. (a) (1) ~~The~~ *On and before June 30, 2027, if the*  
24 *Department of Water Resources determines that resources have*  
25 *been procured through the Electricity Supply Strategic Reliability*  
26 *Reserve Program and that those resources are being used in a*  
27 *given month to meet an identified reliability need, the Public*  
28 *Utilities Commission shall annually assess a capacity payment for*  
29 *the use of the Department of Water Resources Electricity Supply*  
30 *Reliability Reserve Fund established pursuant to Section 80720*  
31 *by on each load-serving entity that during that same month fails*  
32 *to meet its system resource adequacy requirements pursuant to*  
33 *Section 380 of the Public Utilities Code during any month in which*  
34 *resources procured using moneys from the Department of Water*  
35 *Resources Electricity Supply Reliability Reserve Fund were used*  
36 *to meet a reliability need. The purpose of the capacity payment is*  
37 *to replenish the Department of Water Resources Electricity Supply*  
38 *Reliability Reserve Fund. Code.* The capacity payment is not a  
39 penalty and does not prohibit the Public Utilities Commission from

1 assessing a penalty on a load-serving entity for a failure to comply  
2 with any resource adequacy requirement.

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

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

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

20 (2)

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

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

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

1 ~~(B) The dollar amount calculated pursuant to subparagraph (A)~~  
 2 ~~shall be multiplied by the maximum difference between the~~  
 3 ~~load-serving entity’s load and the resources it procured to meet its~~  
 4 ~~load during the period in which resources procured using moneys~~  
 5 ~~from the Department of Water Resources Electricity Supply~~  
 6 ~~Reliability Reserve Fund were used, as determined by the~~  
 7 ~~commission with input from the Independent System Operator.~~

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

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

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

26 **SEC. 7.**

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

28 80714. (a) (1) ~~The~~ *Upon the submission of the report pursuant*  
 29 *to subdivision (d) and on and before June 30, 2027, if the*  
 30 *Department of Water Resources determines that resources have*  
 31 *been procured through the Electricity Supply Strategic Reliability*  
 32 *Reserve Program and that those resources are being used in a*  
 33 *given month to meet an identified reliability need, the executive*  
 34 *director of the commission shall annually assess a capacity payment*  
 35 *for the use of the Department of Water Resources Electricity*  
 36 *Supply Reliability Reserve Fund established pursuant to Section*  
 37 *80720 by on each local publicly owned electric utility that during*  
 38 *that same month fails to meet its minimum planning reserve margin*  
 39 *established in accordance with Section 9620 of the Public Utilities*  
 40 *Code or subdivision (b) of Section 25704.5 of the Public Resources*

1 Code, during any month in which resources procured using moneys  
2 from the Department of Water Resources Electricity Supply  
3 Reliability Reserve Fund were used to meet a reliability need.  
4 *margin.*

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

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

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

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

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

37 (b) ~~The~~ *Upon the submission of the report pursuant to*  
38 *subdivision (d), the commission, in consultation with the Public*  
39 *Utilities Commission, may modify the shall determine a capacity*  
40 *payment calculation methodology specified in paragraph (3) of*



1 ~~subdivision (a)~~. *for local publicly owned electric utilities that is*  
2 *based on the monthly cost of the resources procured using moneys*  
3 *from the Department of Water Resources Electricity Supply*  
4 *Reliability Reserve Fund relative to the amount the local publicly*  
5 *owned electric utility was deficient in its minimum planning reserve*  
6 *margin on a proportional basis. Any calculation or modification*  
7 *to the calculation made by the commission shall align with any*  
8 *calculation or modification to the calculation made by the Public*  
9 *Utilities Commission as authorized by pursuant to subdivision (b)*  
10 *of Section 80713.*

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

22 (d) *On or before January 31, 2024, the commission, in*  
23 *consultation with the Public Utilities Commission, shall submit a*  
24 *report to the appropriate policy and budget committees of the*  
25 *Legislature that includes an assessment of whether each local*  
26 *publicly owned electric utility exceeded, met, or failed to meet its*  
27 *minimum planning reserve margin and the system resource*  
28 *adequacy requirements from June 1, 2023, to September 30, 2023,*  
29 *inclusive, that the Public Utilities Commission established for*  
30 *load-serving entities pursuant to Section 380 of the Public Utilities*  
31 *Code and adopted in Public Utilities Commission decision*  
32 *22-06-050 (June 23, 2022) Decision Adopting Local Capacity*  
33 *Obligations for 2023-2025, Flexible Capacity Obligations for*  
34 *2023, and Reform Track Framework.*

35 (e) *For purposes of this section, "minimum planning reserve*  
36 *margin" means a local publicly owned electric utility's planning*  
37 *reserve margin, as described in Section 9620 of the Public Utilities*  
38 *Code, unless the local publicly owned electric utility revises that*  
39 *planning reserve margin based on recommendations from the*  
40 *commission pursuant to subdivision (b) of Section 25704.5 of the*

1 *Public Resources Code, in which case “minimum planning reserve*  
2 *margin” means the local publicly owned electric utility’s revised*  
3 *minimum planning reserve margin.*

4 ~~SEC. 8.~~

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

6 80720. (a) There is hereby established in the State Treasury  
7 the Department of Water Resources Electricity Supply Reliability  
8 Reserve Fund.

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

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

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

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

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

1 ~~SEC. 9.~~

2 *SEC. 11.* Chapter 5 (commencing with Section 80740) is added  
3 to Division 29 of the Water Code, to read:

4  
5 CHAPTER 5. COLLECTION AND USE OF CAPACITY PAYMENT  
6

7 80740. The department shall collect any capacity payment  
8 ~~ordered~~ *assessed* pursuant to Section 80713 or 80714. Payments  
9 received shall be deposited into the Department of Water Resources  
10 Electricity Supply Reliability Reserve Fund established pursuant  
11 to Section 80720 and shall be used solely for ~~the~~ purposes of this  
12 division.

13 ~~SEC. 10.~~

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

16  
17 DIVISION 29.5. CLEAN ENERGY CENTRAL  
18 PROCUREMENT  
19

20 CHAPTER 1. GENERAL PROVISIONS  
21

22 80800. This division does not reduce or modify an electrical  
23 corporation's obligation to serve.

24 80801. The commission shall issue orders it determines are  
25 necessary to carry out this division.

26 80802. (a) The Legislature finds and declares all of the  
27 following:

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

35 (2) The state has enabled the expansion of electrical retail choice  
36 for customers served in electrical corporation service territory,  
37 bringing new market entrants and innovation to California's  
38 evolving retail electricity market.

1 (3) The state’s electrical system also faces the risk of increased  
2 disruption due to more frequent and intense extreme weather events  
3 fueled by a rapidly changing climate.

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

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

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

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

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

31 ~~(3)~~

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

37 ~~(4)~~

38 (5) Prohibit the department from pursuing procurement  
39 activities, including, if authorized, the issuance of bonds, except  
40 upon a finding from the commission that the recovery of costs

1 through charges on customers, the issuance of bonds, and the  
2 material terms of such bonds, including interest rates, rating,  
3 amortization, and maturity, do not unreasonably increase costs to  
4 customers on a net present value basis compared with procurement  
5 of a ~~diverse~~ clean energy resource procured by an electrical  
6 corporation.

7 ~~(5)~~

8 (6) Require the department to prioritize investments that do not  
9 compete with the procurement of ~~diverse~~ clean energy resources  
10 already planned for development and disclosed by load-serving  
11 entities or local publicly owned electric utilities.

12 80803. The development and operation of a central procurement  
13 function program as provided in this division is in all respects for  
14 the welfare and benefit of the people of the state, to protect the  
15 public peace, health, and safety, and constitutes an essential  
16 government purpose.

17 80804. This division shall be liberally construed in a manner  
18 so as to effectuate its purposes and objectives.

19 80805. (a) The powers and responsibilities of the department  
20 established pursuant to this division are separate from, and not  
21 governed by, the provisions relating to the State Water Resources  
22 Development System, including, but not limited to, those powers  
23 and responsibilities granted pursuant to Part 3 (commencing with  
24 Section 11100) of Division 6 and the California Water Resources  
25 Development Bond Act (Chapter 8 (commencing with Section  
26 12930) of Part 6 of Division 6).

27 (b) The Clean Energy Central Procurement Fund established in  
28 Section 80830, and the moneys in that fund, are separate and  
29 distinct from any other fund and moneys administered by the  
30 department.

31 (c) This division does not subject the department to the  
32 jurisdictional authority of the Public Utilities Commission or  
33 expand the jurisdiction of the Public Utilities Commission,  
34 including that state water resources development system facilities  
35 subject to the California Water Resources Development Bond Act  
36 (Chapter 8 (commencing with Section 12930) of Part 6 of Division  
37 6) and the department's other electrical generation projects or  
38 power contracts outside of those funded through the Clean Energy  
39 Central Procurement Fund, remain outside the jurisdiction of the  
40 commission.

1 80806. The department may adopt regulations for purposes of  
2 administering this division.

3  
4 CHAPTER 2. DEFINITIONS  
5

6 80810. For purposes of this division, the following definitions  
7 apply:

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

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

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

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

29 ~~(e)~~  
30 (d) “Commission” means the Public Utilities Commission.

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

34 ~~(e)~~  
35 (f) “Energy Commission” means the State Energy Resources  
36 Conservation and Development Commission.

37 ~~(f)~~  
38 (g) “Fund” means the Clean Energy Central Procurement Fund  
39 established in Section 80830.

40 ~~(g)~~

1 (h) “Independent System Operator” means the Independent  
2 System Operator described in Article 3 (commencing with Section  
3 345) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities  
4 Code.

5 ~~(h)~~

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

8 ~~(i)~~

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

11

12 CHAPTER 3. DEPARTMENT POWERS

13

14 80820. (a) In accordance with Sections 380, 454.51, 454.52,  
15 454.53, and 454.54 of the Public Utilities Code, following a  
16 determination from the commission, in consultation with the  
17 Energy Commission and the Independent System Operator, that  
18 it is necessary for the department to develop and conduct one or  
19 more competitive solicitations to procure energy, capacity, ancillary  
20 services, and all associated attributes, the department ~~may~~ *may*,  
21 *until December 31, 2029*, conduct those solicitations. The purpose  
22 of these competitive solicitations is to make available to the state  
23 ~~diverse clean energy resources that meet criteria determined by~~  
24 ~~the commission, which shall include, but not be limited to, energy~~  
25 ~~resources that have a first point of interconnection with the~~  
26 ~~transmission grid or the distribution grid within a balancing~~  
27 ~~authority area.~~ *resources.*

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

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

35 (2) The ability to meet in-service dates offered during the  
36 solicitation and the ability to meet those in-service dates without  
37 escalation in cost.

38 (3) The useful life of the project.

39 (4) The capability to supply energy, capacity, and ancillary  
40 services at locations, times of day, and for durations that meet the

1 state's energy resource needs, as determined by the department  
2 and the commission.

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

5 *(c) The department shall require, as a condition of the*  
6 *solicitation, that bids include a charge payable to the Offshore*  
7 *Wind Workforce Development Fund established in Section 80831.*

8 80821. (a) (1) When conducting a solicitation pursuant to  
9 Section 80820, the department shall confer with the commission  
10 and other parties, including *load-serving entities and* local publicly  
11 owned electric utilities participating pursuant to Section 80822,  
12 for ~~diverse~~ clean energy resource procurement activities of an  
13 identified scope and duration. The department shall recover costs  
14 related to conducting the requested solicitations and all supporting  
15 work. Cost recovery may be effectuated, if determined to be  
16 ~~appropriate~~ *just and reasonable* by the commission, through a  
17 nonbypassable charge approval process or pursuant to Section  
18 80822 for *load-serving entities and* local publicly owned electric  
19 utilities.

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

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

34 (c) If the commission determines that a nonbypassable charge  
35 necessary to fund activities conducted by the department pursuant  
36 to this division is just and reasonable, the department shall ensure  
37 it has entered into an agreement with the commission for that  
38 nonbypassable charge before it begins to incur costs related to a  
39 specific activity under this division. If the purpose of the  
40 nonbypassable charge is to recover the department's revenue



1 requirement related to bond issuance debt service, the department  
2 shall ensure the agreement has the force and effect of an irrevocable  
3 financing order adopted in accordance with Article 5.5  
4 (commencing with Section 840) of Chapter 4 of Part 1 of Division  
5 1 of the Public Utilities Code or that the commission has separately  
6 issued an irrevocable financing order related to the nonbypassable  
7 charge.

8 (d) Any agreement between the department and the commission  
9 under this section shall provide for the administration of the  
10 nonbypassable charge, including both of the following  
11 requirements:

12 (1) The department shall notify the commission each year of  
13 the annual collections received by the department and the amount  
14 of any excess or deficiency in collections above or below the  
15 revenue requirement. The commission shall adjust charges in the  
16 subsequent year to reflect that excess or deficiency.

17 (2) During any period, if the department forecasts that the  
18 revenue requirement for that period will not be met and that  
19 collections will not be sufficient to fund any of the amounts  
20 specified in Section 80842 or subdivision (b) of Section 80830,  
21 the department shall notify the commission in writing and the  
22 commission shall act within 60 days of receiving that notice to  
23 increase the nonbypassable charge so that the amounts collected  
24 during that period are sufficient to meet those obligations.

25 (e) Any agreement between the department and the commission  
26 pursuant to this section that is solely for the purpose of imposing  
27 a nonbypassable charge to recover the department's revenue  
28 requirement related to bond issuance debt service shall include a  
29 provision stating that the commission's just and reasonable  
30 determination with respect to the revenue requirement is in effect  
31 for the duration of the bond term.

32 80822. (a) Pursuant to Section 80820, the department may  
33 establish a schedule and mechanism for any *load-serving entity*  
34 or local publicly owned electric utility to voluntarily obtain from  
35 the department energy, capacity, or ancillary services to be acquired  
36 by the department through its central procurement function on a  
37 contract-by-contract basis.

38 (b) In order to voluntarily participate, a *load-serving entity* or  
39 local publicly owned electric utility shall commit to the imposition  
40 of a nonbypassable charge on its ratepayers sufficient at all times

1 to fund its participation in the program and on terms and conditions  
2 as set forth in Section 80826.

3 80823. At the request of the department, the commission may  
4 order an electrical corporation, or its successor in the performance  
5 of a related service, to transmit or provide for the transmission of,  
6 and distribute all electricity made available by the department,  
7 and, as agent of the department, provide billing, collection, and  
8 other related services on terms and conditions that reasonably  
9 compensate the electrical corporation for its services and  
10 adequately secure payment to the department.

11 80824. The commission may issue rules regulating the  
12 enforcement of the agency function pursuant Section 80823 and  
13 this division, including collection of nonbypassable charges and  
14 payment into the fund on behalf of the department.

15 80825. (a) If the department has executed an agreement with  
16 the commission pursuant to subdivision (c) of Section 80821, the  
17 department may recover its costs, as a revenue requirement, in the  
18 amounts and at the times necessary to enable it to comply with  
19 Section 80842, and shall advise the commission and each  
20 applicable *load-serving entity* or local publicly owned electric  
21 utility, as the department determines to be appropriate and subject  
22 to the terms of the agreement.

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

26 80826. (a) A *load-serving entity* or local publicly owned  
27 electric utility that voluntarily participates in the department's  
28 central procurement function pursuant to Section 80822 shall enter  
29 into an agreement with the department for the revenue requirement  
30 to fund its participation and that agreement shall have the force  
31 and effect of an irrevocable financing order.

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

34 (1) A requirement that the department annually notify the  
35 *load-serving entity* or local publicly owned electric utility of the  
36 annual collections received by the department with respect to the  
37 revenue requirement and the amount of any excess or deficiency  
38 in collections above or below the revenue requirement. The  
39 *load-serving entity* or local publicly owned electric utility shall

1 adjust charges in the subsequent year to reflect any such excess or  
2 deficiency.

3 (2) During any revenue requirement period, a requirement that,  
4 if the department forecasts that the revenue requirement for that  
5 period will not be met and that collections will not be sufficient  
6 to fund any of the amounts described in Section 80842, the  
7 department notify the *load-serving entity* or local publicly owned  
8 electric utility in writing and the *load-serving entity* or local  
9 publicly owned electric utility shall act within 30 days of receiving  
10 that notice to increase the charge so that the amount collected  
11 during the period are sufficient to meet those obligations.

12 80827. All moneys collected by load-serving entities *and local*  
13 *publicly owned electric utilities* and remitted to the department for  
14 any ~~diverse~~ clean energy resources acquired and sold pursuant to  
15 this division, and all moneys paid directly or indirectly to or for  
16 the account of the department for any sale, exchange, transfer, or  
17 disposition of *clean energy resources* acquired pursuant to this  
18 division, shall be deposited into the fund in accordance with  
19 Section 80830.

20 80828. The department may fix and establish the procedure  
21 and charges for the sale or other disposal of *clean energy resources*  
22 purchased by the department.

23

24 CHAPTER 4. ~~CLEAN ENERGY CENTRAL PROCUREMENT FUND~~  
25 FUNDS  
26

27 80830. (a) There is hereby established in the State Treasury  
28 the Clean Energy Central Procurement Fund. Notwithstanding  
29 Section 13340 of the Government Code, all moneys in the fund  
30 are continuously appropriated, without regard to fiscal year, to the  
31 department and shall be available for purposes of this division.

32 (b) ~~All~~ Except as otherwise specified in Section 80820, all  
33 revenues payable to the department under this division, including  
34 proceeds of bonds issued pursuant to Chapter 5 (commencing with  
35 Section 80840), shall be deposited into the fund. Notwithstanding  
36 any other law, interest accruing on the moneys in the fund shall  
37 be deposited into the fund and shall be used for purposes of this  
38 division.

39 (c) Payments from the fund may be made only for the following  
40 purposes:

1 (1) Payment of any bonds or other contractual obligations  
2 authorized by this division.

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

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

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

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

20 *80831. (a) There is hereby established in the State Treasury  
21 the Offshore Wind Workforce Development Fund.*

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

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

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

32 *(1) Postsecondary educational institutions, as defined in Section  
33 66261.5 of the Education Code.*

34 *(2) California Native American tribes, as defined in Section  
35 21073 of the Public Resources Code.*

36 *(3) Regional workforce development teams.*

CHAPTER 5. BONDS

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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

1 insurance policies, credit, or liquidity facilities issued by the  
2 provider of a bond insurance policy, or a credit or liquidity facility  
3 securing the bonds being refunded.

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

7 80841. (a) Whenever the director determines that the issuance  
8 of bonds is necessary or desirable to accomplish the goals set forth  
9 in this division, including financing the procurement of ~~diverse~~  
10 clean energy resources, the director shall issue a written  
11 determination authorizing the issuance of bonds by the department.  
12 The department, in consultation with the Department of Finance,  
13 shall notify the Chairperson of the Joint Legislative Budget  
14 Committee and the chairpersons of the fiscal committees of each  
15 house of the Legislature of its written determination. The bonds  
16 shall be sold in the manner, and on the terms and conditions,  
17 specified in that determination, and the determination may contain  
18 or authorize any other provision, condition, or limitation not  
19 inconsistent with this division and those provisions as may be  
20 deemed reasonable and proper for the security of the bondholders.  
21 Bonds may mature at the time or times, and bear interest at the  
22 rate or rates, which may be fixed or variable and be determined  
23 by reference to an index or such other method, and may be federally  
24 tax exempt, as specified in the determination. Neither the person  
25 executing the determination to issue bonds nor any person  
26 executing bonds shall be personally liable therefor or be subject  
27 to any personal liability or accountability by reason of the issuance  
28 of the bonds.

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

1 agreements, dealer agreements, purchase contracts, escrow  
2 agreements, and similar arrangements.

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

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

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

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

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

33 (2) (A) It is the intent of the Legislature that any pledge of  
34 moneys, revenues, or property made by the department shall be  
35 valid and binding from the time when the pledge is ~~made~~; *made*  
36 *if the commission finds the pledge was just and reasonable, and*  
37 that the moneys, revenues, or property so pledged and thereafter  
38 collected from retail end use customers, or paid directly or  
39 indirectly to or for the account of the department, is hereby made,

1 and shall immediately be, subject to the lien of that pledge without  
2 any physical delivery thereof or further act.

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

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

13 80842. (a) The department shall, and in any obligation entered  
14 into pursuant to this division may covenant to, at least annually,  
15 and more frequently as required, establish and revise revenue  
16 requirements sufficient, together with any moneys deposited into  
17 the fund, to provide all of the following:

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

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

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

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

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

38 (b) The department shall notify the commission of its revenue  
39 requirement pursuant to the agreement required pursuant to Section



1 80821 and that revenue requirement shall be satisfied by the  
2 recovery of its costs through a nonbypassable charge.

3

4

*CHAPTER 6. REPEAL*

5

6 80850. *This division shall remain in effect only until January*  
7 *1, 2050, and as of that date is repealed.*

8 ~~SEC. 11.~~

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

18 *SEC. 14.* *This act is an urgency statute necessary for the*  
19 *immediate preservation of the public peace, health, or safety within*  
20 *the meaning of Article IV of the California Constitution and shall*  
21 *go into immediate effect. The facts constituting the necessity are:*

22 *In order to ensure the procurement of clean energy resources*  
23 *that the state needs to meet its reliability needs, which have been*  
24 *identified as being delayed or needing a secure development path,*  
25 *it is necessary to establish a central procurement entity within the*  
26 *Department of Water Resources and for this act to take effect*  
27 *immediately.*

O