

LGSEC 2022-2023 Policy Platform



LOCAL GOVERNMENT
SUSTAINABLE
ENERGY COALITION

Vision/Preamble

The climate catastrophe is exacerbating existing challenges and creating new demands on communities and local governments across California. The Local Government Sustainable Energy Coalition (LGSEC) envisions local governments as a leading and innovative force in achieving energy and climate goals to create resilient and environmentally responsible communities. In order to achieve statewide decarbonization, enhance climate resilience, and achieve energy equity, radical transformation is needed.

This transformation must shift the State's current electrical grid – centralized, carbon-intensive, and vulnerable to increased extreme weather events – to one that meets the needs and challenges of our times – decentralized, renewable, customer-focused, and resilient. As primary parties responsible for ensuring safety and resilience for their constituents, local governments can and must play a critical role in ensuring this transformation is done equitably and affordably for all.

Local governments are as diverse as our State's constituents and vary widely in structure and governance. Local governments include cities and counties, but should also include schools, special districts, councils of governments, and Tribal governments. Local governments are behind some of the State's energy innovations, like Community Choice Energy programs and Regional Energy Networks (RENs).

Local governments have authority over development, land use, permitting, infrastructure and local codes and programs, municipal programs and facilities. Local governments are the first line of defense and the providers of last resort when it comes to disaster preparedness and emergency response. However, not all communities are equipped with the capacity and resources to effectively consider potential climate impacts.

State policies and programs need to recognize the inextricable role local governments play in ushering the clean energy transition and should prioritize local governments' capacity needs and involvement by funding local government action.

LGSEC has outlined the top priorities and positions for the coming year as identified by our members. We will work with State regulatory agencies to implement these actions in order to realize a decentralized, decarbonized, reliable and affordable energy system.

To promote opportunities for local governments and ensure an equitable¹ transition, LGSEC will focus its 2022-2023 policy work in the following areas:

- Building and Transportation Decarbonization
- Decentralized and Resilient Energy Systems
- Funding, Financing and Affordability

¹As part of LGSEC's 2021-2023 Strategic Plan, Equity is defined as "intentionally and proactively supporting policy and local governments who are underserved and underrepresented, based on access and availability to energy information and resources, and regulatory engagement."

Building and Transportation Decarbonization

Decarbonizing our buildings and vehicles while enhancing local energy resilience requires place-based strategies, which depend on local governments' intimate knowledge of their communities, and their capacity to manage and advance changes through design of sustainability programs, land use regulation, and provision of services.

The neighborhood-scale must be considered to build community resiliency and ensure equity rather than a piecemeal, top-down approach to centralized generation and transmission & distribution (T&D) infrastructure. This begins with local governments having access to energy consumption data that is granular, complete, and actionable.

Priority Actions

- Advocate for all-electric design and construction as the Statewide baseline code for all cost-effective building types, no later than the 2025 Energy Code.
- Advocate to the California Energy Commission (CEC) to enable local governments to obtain energy use and other data from utilities and state agencies that they need to effectively develop and administer climate and clean energy programs.
- Advocate to the California Air Resources Board (CARB) to prepare accurate, actionable, useful, and regular State greenhouse gas inventories and forecasts which are made accessible to local governments and incorporate alignment between state and local inventory data.
- Advocate for pilots, programs and/or funding mechanisms to support electrification, particularly in historically disinvested communities, with inclusive high road union jobs and workforce development in partnership with organized labor and local governments.
- Work with Investor-Owned Utilities (IOUs) to facilitate collaborative planning tools that can allow jurisdiction staff to view details about infrastructure and electrification opportunities.
- Develop a comprehensive funding/financing plan to direct electrification investments in marginalized communities.

Decentralized and Resilient Energy Systems

State energy and climate agencies urgently need to embrace decentralized energy. A holistic re-thinking of the transmission and distribution (T&D) infrastructure is needed with the guiding principle of decentralized energy. As a means to reduce the need for expensive T&D infrastructure and bolster local control, locating clean energy generation as close to energy demand should be paramount.

In line with a 2045 decarbonization goal established in 2018 by SB 100, a concrete plan is needed to decommission fossil fuel generation for retail sales, wholesale exports, and as backup engines and determine concrete and actionable pathways to decentralize and decarbonize energy infrastructure.

Every customer, especially those that are low-income, disadvantaged, and vulnerable, should be afforded the opportunity to realize energy self-sufficiency, and the grid should accommodate that opportunity in a customer-centric paradigm.

Unfortunately, utility infrastructure investment and deferral decisions are made without local government consultation or consideration that have resulted in significant impacts, missed opportunities, and escalation of costs. Local governments can lead by identifying fossil fuel generation in their jurisdiction, advocate for a just transition of those assets and support communities in accessing clean, local, and affordable energy systems.

Priority Actions

- Support legislation (such as SB 852) which would create opportunities for local governments to form climate resilience districts to fund projects and programs as well as receive/match state, federal, and private funding.
- Advocate for public agency-owned facilities to be exempt from solar and storage sizing limits and from the definition of an electrical corporation if seeking to form a multi-facility microgrid.
- Advocate for revisions to the California Public Utilities Commission (CPUC) interconnection rules to allow stationary battery storage and microgrids to export to the grid at any time, not limited to just emergency conditions. Furthermore, allow any excess power to be exported to physically adjacent sites in emergency conditions.
- Engage in the High Distributed Energy Resources (DER) proceeding to advocate for a 'tabula rasa' or 'blank slate' study of how a 21st century grid would be built in California. Advocate for the State to study reliability/resiliency and cybersecurity benefits of a decentralized system.
- Advocate for an examination of the net import and net export capacity in the energy imbalance market to determine how much additional rate impacts net exports have on customers that accrue to independent power producers versus ratepayer benefits for receiving out of state imports.
- Advocate against any unnecessary fossil fuel infrastructure, especially where decentralized, renewable energy alternatives have not been analyzed or considered.
- Advocate for the creation of a distribution service operation (DSO) to avoid centralized asset investment and direct DSOs to only rate base when needed to decentralized asset strategies.
- Advocate for transactive energy and prosumer networks, which reward customers to adopt energy and carbon-efficient technologies and behaviors that contribute to grid resilience.
- Advocate for State funding to support the formation of Resilience Offices or hire Resilience Officers to integrate sustainability and emergency operations.

Funding, Financing and Affordability

California's customer electricity rates - already the highest in the nation - are increasing at a worrying pace and threaten governments' ability to achieve an equitable energy transition. Heating and cooling bills are typically higher in less energy efficient homes occupied by low-income residents. Low-income, affordable housing must be prioritized when it comes to energy efficiency and electrification upgrades.

The CPUC and program administrators should maximize efforts to ensure disadvantaged and vulnerable populations have low- to no-cost and/or bill-neutral electrification and decarbonization interventions.

The State budget should provide increased funding for affordable housing and funding for energy and resource efficiency measures directed to assist property owners and tenants in acquiring and installing energy and resource efficiency measures in homes.

Rather than profit-driven IOUs, State legislation and the CPUC should enable a framework to re-evaluate the appropriate institutions and organizations that can more equitably and affordably achieve the State's climate and energy goals.

Priority Actions

- Advocate for clear support for low- to medium-income customers to decarbonize when otherwise installing fossil gas is cost prohibitive. Support integrated financing with zero - or even negative - interest and gap funding so out of pocket is not needed.
- Advocate for access to low cost capital or direct subsidy to accelerate the multifamily affordable housing sector decarbonization.
- Advocate for flexible accounting to utilities and non-IOU Program Administrators to demonstrate potential solutions to current regulatory financial barriers (such as gas vs. electrical assets, capital vs. expense accounting) and to support whole building retrofits, including energy efficiency, renewable energy, energy storage, and transportation and building decarbonization.
- Advocate for program funding focused on Greenhouse Gas (GHG) reductions and customer benefits rather than IOU costs and revenue requirements.
- Advocate for localized financing solutions that can be offered through Regional Energy Networks, Community Choice Energy programs and other prospective program administrators to increase access, flexibility and stacking for multi-benefit projects.
- Advocate that non-IOU parties, such as Community Choice Aggregators (CCAs) and RENS, are enabled to the greatest extent possible to meet their communities' needs .
- Advocate against rate basing behind-the-meter assets; enabling technologies and programs should be program-based.
- Advocate for ratepayer and state funds to contribute to tenant energy reliability through in-dwelling energy storage and solar/generation in common space or property boundary.
- Advocate for an unbiased study that examines customer-centric costs and benefits of a distribution grid that satisfies all local energy demand needs, with locally-sited DERs. The CPUC should take a blank slate approach to system planning whereby all generation is located in-state and on-site energy is maximized and connected and supplied through the distribution network.
- Advocate for a study that examines the ratepayer costs and benefits of sustaining or expanding transmission infrastructure that solely benefits independent power producers, and provides little to no direct benefits to California ratepayers.
- Advocate for an unbiased study of natural gas infrastructure investments and early measures that could be used to reduce future natural gas bill increases for those who are the last to transition to electricity.
- Advocate for transparency in IOU procurement contracts.

Thanks to all of the LGSEC board members and working groups members who collaborated to create this Policy Platform!