

Date of Hearing: April 26, 2023

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Eduardo Garcia, Chair

AB 1182 (Petrie-Norris) – As Amended March 20, 2023

SUBJECT: Energy: GO-Biz

SUMMARY: Requires the Governor’s Office of Business and Economic Development (GO-Biz) to align state incentives with the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA) funding and identify opportunities to co-fund grants that meet the state’s climate goals, post all the federal funding opportunities on its website, and collaborate with state agencies to maximize state funding opportunities. Also, requires that GO-Biz report to the Assembly and Senate Budget Committees all identified opportunities by February 1, 2024, and report all federal funding by May 15, 2024.

EXISTING LAW:

- 1) Establishes GO-Biz within the Governor’s office to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. (Government Code § 12096.2)
- 2) Establishes, within GO-Biz, the Energy Unit to accelerate the planning, financing, and execution of critical energy infrastructure projects that are necessary for the state to reach its climate, energy, and sustainability policy goals. (Government Code § 12096.2)
- 3) Authorizes GO-Biz to develop content on its Internet website or through other mediums to provide information and resources to the general public about place-based and other geographically targeted economic development programs. (Government Code § 12097.5(a))
- 4) Requires the office to convene, at least annually, representatives from various programs and agencies across the state and from various federal programs and agencies for the purpose of discussing how California can leverage Promise Zones and Opportunity Zones to meet state and local community and economic development needs. (Government Code § 12097.5(b))

FISCAL EFFECT: Unknown. This bill is keyed fiscal and will be referred to the Committee on Appropriations for its review.

BACKGROUND:

GO-Biz — In April 2010, GO-Biz was established as the lead agency for economic strategy and the marketing of California on topics related to business development, private sector investment, and economic growth. While initially established through an executive order¹, the office was

¹ Executive Order S-05-10

later codified and renamed as GO-Biz². The office carries out its mission through various service programs such as: California iBank, California Community Reinvestment Grants, California Competes Tax Credit, and Zero-Emission Vehicles programs. Last year, the Legislature established³ the Energy Unit to accelerate financing and execution of critical energy infrastructure projects that are necessary for the state to reach its climate and energy goals. GO-Biz is also called upon to encourage collaboration between both the public and the private sectors, foster relationships with overseas entities, conduct research regarding the budget and maintain the state’s business climate. Every two years, GO-Biz submits an approved State Leadership Accountability Report to the Department of Finance and releases it to the public.⁴

The IRA and IJIA – In August 2022, the federal government passed the IRA, authorizing \$370 billion, the largest climate change investment made in the nation’s history towards clean energy, transportation and the environment.⁵ Various reports suggest this legislation will reduce U.S. greenhouse gas (GHG) emissions to up to 40% below 2005 levels by 2030, a key step toward President Biden’s goal of cutting GHG emissions in half by 2030.⁶ It also established tax credits for clean energy, rebates for electric vehicles (EVs) and energy-efficient home appliances, among other credits. The Inflation Reduction Act builds upon the Bipartisan Infrastructure Law or IJIA, which was signed into law in November of 2021 by President Biden. Historic in its own right, the Bipartisan Infrastructure Law includes \$ 550 billion in new infrastructure investments in transportation, water, energy, broadband internet and more.⁷

National Electric Vehicle Infrastructure (NEVI) Formula Program —This 5-year program will provide \$5 billion in funding to States for deployment of EV charging infrastructure and interconnected networks in order to facilitate data collection, access, and reliability.⁸ This funding will be disbursed to private organizations, and California is entitled to receive \$384 million. The first NEVI solicitation will be released by mid-year of 2023. California Department of Transportation (Caltrans), the lead NEVI agency, has partnered with the CEC to allocate NEVI federal funding. The US Department of Transportation (DOT) will require Caltrans to submit an annual allocation plan that details how it plans to distribute the funds. As such, State funding will supplement the NEVI program in California.⁹

Residential Energy Rebate Programs — The Homeowner Managing Energy Savings Energy Savings (HOMES) program will provide performance-based rebates for whole-house energy saving retrofits while the High-Efficiency Electric Home Rebate (HEEHRA) program will provide rebates for qualified electrification projects in low-to-moderate income households. Rebates under these

² AB 29 (Pérez), Chapter 475, Statutes of 2010

³ AB 137, Assembly Committee on Budget, Chapter 77, Statutes of 2021

⁴ GO Biz; “About GO-Biz” <https://business.ca.gov/about/about-go-biz/>

⁵ White House, “Inflation Reduction Act Guidebook”; <https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/>

⁶ EDF, “The biggest thing Congress has ever done to address climate change;”

<https://www.edf.org/blog/2022/08/12/biggest-thing-congress-has-ever-done-address-climate-change>

⁷ White House, “Updated Fact Sheet: Bipartisan Infrastructure and Jobs Act;” <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/02/updated-fact-sheet-bipartisan-infrastructure-investment-and-jobs-act/>

⁸ DOT, “National Electric Vehicle Infrastructure (NEVI) Program”; <https://www.fhwa.dot.gov/environment/nevi/>

⁹ EV Charging Summit; “How to Obtain Federal EV charging Infrastructure Grants in California”;

<https://evchargingsummit.com/blog/how-to-obtain-federal-ev-charging-infrastructure-grants-in-california/>

programs would cover the purchase and installation of electric heat pumps and electric stoves.¹⁰ About \$ 290 million is anticipated to be allocated for California for each of these two programs. Once California Energy Commission (CEC) receives the funding from the Department of Energy, it plans to begin disbursing the rebate funds in Spring 2024. In 2022, CEC updated its building energy efficiency standards for newly constructed residential and non-residential buildings by requiring the use of electric heat pumps for space heating and water heating. Federal funding will therefore be instrumental in achieving this goal.

Greenhouse Gas Reduction Fund Program — This \$ 27 billion program aims to leverage public sector funds with private investments for clean energy and clean air incentives for groups such as community financial institutions, tribal governments, and non-profits with the goal of reducing GHG emissions.¹¹ The public-private partnership tends to maximize funding opportunities through match funds. The Environmental Protection Agency (EPA) is planning the design of this program and expects to release notice of funding opportunities in early summer 2023.

2022 Scoping Plan – The California Global Warming Solutions Act of 2006—commonly known as AB 32 (Nunez, Chapter 488, Statutes of 2006)—requires the California Air Resources Board (CARB) to develop, and to update every five years, a scoping plan that lays out a cost-effective, technological and equity-focused path for California to reduce GHG emissions by 2020. By early 2016, the state had met this goal, four years ahead of schedule. Expanding on this policy, the Legislature passed SB 32 (Pavley, Chapter 249, Statutes of 2016) requiring CARB to ensure GHGs are reduced to 40% below the 1990 level by 2030. In the face of extreme climate change events, the Legislature reaffirmed its climate commitments by passing AB 1279 (Muratsuchi, Chapter 337, Statutes of 2022) which directed CARB to reduce GHG emissions by 85% from 1990 levels by 2045. While prior scoping plans focused on the energy sector, the updated 2022 Scoping Plan¹² identifies a roadmap that outlines legislative goals and actions to shift every sector of California’s economy away from fossil fuels and to implement a rapid transition to renewable energy resources and zero-emission vehicles. It encourages local jurisdictions to adopt plans and requirements that are consistent with state policies. As part of the plan, by 2045 California would:

- Require passenger, medium-and heavy-duty vehicles sold in California to be zero-emission.
- Adopt a zero-emission standard for new space and water heaters sold in California beginning in 2030.
- Achieve a 71% reduction in smog-forming air pollution.

Realizing this Scoping Plan will require a fundamental shift in all sectors of California’s economy, and likely bear a large expense. It is critical for the state to leverage every funding opportunity, be it private investment or federal dollars, to make the transition as economic as possible.

¹⁰ CEC, “Inflation Reduction Act Residential Energy Rebate Programs in California;” <https://www.energy.ca.gov/programs-and-topics/programs/inflation-reduction-act-residential-energy-rebate-programs-california>

¹¹ EPA; “EPA Announces Initial Program Design of Greenhouse Gas Reduction Fund”; [EPA Announces Initial Program Design of Greenhouse Gas Reduction Fund | US EPA](#)

¹² CARB; 2022 SCOPING PLAN FOR ACHIEVING CARBON NEUTRALITY,” November 2022

COMMENTS:

- 1) *Author's Statement.* "The state has several existing efforts dedicated to addressing the impacts of climate change on our state's infrastructure, including funding and research initiatives as well as department- and agency-led projects to assess climate-related vulnerabilities and the Scoping Plan that maps our pathway to carbon neutrality. However, state funds are not enough to achieve our ambition and with waning budget funds, recently appropriated incentive funds are at risk. Federal adoption of the Infrastructure Investment and Jobs Act in 2021 and the Inflation Reduction Act in 2022 represent a tremendous opportunity to avoid losing the momentum and progress California has made to date. AB 1182 will allow GO-Biz to co-fund federal incentive dollars by leveraging California's incentive programs to maximize the incentives and tax benefits for California. As a result, we can accelerate our state's progress toward achieving emission reductions as well as countless other environmental benefits from the IRA and IJA funding."
- 2) *Achieving our Ambitions.* The author and supporters of this bill have noted that California's ambitious climate goals, most recently showcased in CARB's 2022 Scoping Plan, will require time, effort, and—crucially—money to achieve. They cite the "once-in-a-lifetime" opportunity afforded by the IRA and IJA to leverage state funds and programs in order to receive hundreds of billions in funding and tax incentives from the federal government. It seems beneficial for the state to not only go after these federal dollars, but to designate, as this bill does, an entity responsible for tracking all the various program threads, application requirements, and potential opportunities, then post this information publicly.
- 3) *GO Biz Leadership.* Alliance for Renewable Clean Hydrogen Energy System (ARCHES) is a statewide public-private partnership designed to accelerate the development and deployment of California's hydrogen market. Considered California's hydrogen hub, the Legislature allocated \$ 5 million last year to ARCHES through GO-Biz for proposal development and startup costs. The state is currently competing to be included in the Department of Energy's Regional Hydrogen Hubs program funded by IJA which will provide up to \$7 billion to establish six to 10 regional hydrogen hubs. California-led by GO-Biz alongside the Legislature and other stakeholders will provide oversight, accountability, and matching funds by IJA. Though smaller in version, GO-Biz leadership and coordinating role under ARCHES is similar to this bill which also requires GO-Biz to serve as coordinating entity for California's funding opportunities under IRA and IJA.
- 4) *Related Legislation*

AB 1198 (Grayson, 2023) establishes the Equity in Energy Task Force within the Governor's Office of Business and Economic Development (Go-Biz), and tasks them with identifying energy resources across state programs, identifying participation levels of specified businesses within existing state programs, and provide recommendations on addressing barriers to access the energy industry and establish participation targets,

among other duties as described. Status: *pending hearing* in the Assembly Committee on Appropriations after passage in this committee on April 12, 2023 by a 15-0 vote.

5) *Prior Legislation.*

AB 137 (Committee on Budget) created the Energy Unit within Go-Biz, and tasked the Unit with interagency and multi-stakeholder collaboration to identify barriers to clean energy development, and to accelerate the planning, financing, and execution of critical energy infrastructure. Status: Chapter 77, Statutes of 2021.

AB 742 (Cervantes, 2019) would have established the Office of Place-Based Economic Strategies within GO-Biz for the purpose of supporting local and regional economic development entities to access programs and implement place-based and other community- and neighborhood-level strategies. Status: Died in the Assembly Committee on Appropriations.

REGISTERED SUPPORT / OPPOSITION:

Support

California Council for Environmental & Economic Balance (CCEEB)
California Municipal Utilities Association

Opposition

None on file.

Analysis Prepared by: Lina Malova / U. & E. / (916) 319-2083