Updates
September 29, 2021

California Commits $15 Billion to Fighting Climate Change

Governor Gavin Newsom signed a $15 billion legislative package on September 23, 2021, funding efforts to combat climate change in California over the next three years. It is the largest climate investment package in the state's history. The package includes 24 bills focused on climate and clean energy efforts, as well as drought and wildfire preparedness. The passage of this unprecedented funding effort is an inflection point in California's response to the increasing effects of climate change, after a year of record-high temperatures, months-long drought, and one of the worst fire seasons on record.

Our update focuses on the package's four largest areas of investment: water and drought resilience; renewable and zero-carbon energy resources, including offshore wind and zero-emission vehicles; wildfire and forest resilience; and climate resilience. The new bills will take effect on January 1, 2022. We will continue to track and report on new developments as these legislative measures take shape.

Water and Drought Resilience

The budget allocates $5.2 billion over the next three years to support immediate drought response and long-term water resilience. This investment, the largest allocation in the funding package, follows Governor Newsom's declaration of a drought emergency in April as well as near-record levels of water shortage at many of the state's reservoirs.

The budget includes funding for emergency drought-relief projects to secure and expand water supplies, Sustainable Groundwater Management Act implementation to improve water supply security and quality, and wildlife and habitat restoration efforts, among other nature-based solutions. Much of the funding will go to the State Water Resources Control Board to support drinking water and wastewater infrastructure.

Governor Newsom also signed SB 552 which requires small and rural water suppliers to develop drought and water shortage contingency plans and implement drought resiliency measures for future water shortages.

Renewable and Zero-Carbon Energy Resources

Offshore Wind

Offshore wind, with a production profile that more closely resembles baseload generation, will be a critical part of California's strategy to achieve its climate goals. AB 525 acknowledges the strategic importance of requiring

state agencies to develop a plan for developing offshore wind resources in California. These planning efforts come on the heels of an agreement in May between state and federal agencies to advance areas for offshore wind off California's central and northern coasts.

The bill tasks the California Energy Commission (CEC) with evaluating and quantifying the maximum feasible capacity of offshore wind to achieve "reliability, ratepayer, employer, and decarbonization benefits" and to establish offshore wind planning goals for 2030 and 2045. It requires the CEC, in coordination with other relevant federal, state, and local agencies, to develop a strategic plan for offshore wind energy developments installed off the California coast in federal waters by June 30, 2023. In doing so, the bill directs the CEC to consider the potential impacts on coastal resources, fisheries, Native American and indigenous peoples, and national defense.

The bill instructs California energy regulators to consider the findings of a 2021 joint agency report, which found that at least 10 gigawatts of offshore wind energy developments are needed to achieve the state's climate goal of meeting 100% clean energy by 2045,[1] as well as a National Renewable Energy Laboratory report finding that the state has 200 gigawatts of offshore wind technical power potential.[2] The bill requires the CEC to develop a permitting roadmap for the timely development of infrastructure needed to bring offshore wind to the transmission grid. It also requires the CEC, in coordination with the California Public Utilities Commission and the California Independent System Operator, to assess the transmission upgrades needed to support offshore wind planning efforts.

Finally, the bill calls for regulators to improve waterfront facilities to support a range of floating offshore wind activities, including the construction and staging of foundations, manufacture of components, and support of long-term operations and maintenance facilities. Floating turbine technology is key to advancing offshore wind along the Pacific Coast due to the deep water depths off the state's coastline.

Zero-emission Vehicles

The budget allocates $3.9 billion to expand the deployment of zero-emission vehicles (ZEVs), including funding for 1,000 zero-emission drayage trucks, 1,000 zero-emission school buses, 1,000 transit buses, and the necessary infrastructure to put these vehicles on the road. The package includes new ZEV rebates and incentives to drive consumer adoption. This follows Governor Newsom's executive order earlier this year requiring that all new cars sold in California be ZEVs by 2035 and California's goal to have 5 million ZEVs on the road by 2030.[3]

Energy Conservation Assistance Act: Expansion of Energy Storage and Electric Vehicle Charging Infrastructure and Inclusion of Tribes as Eligible Institutions

AB 33 amends the Energy Conservation Assistance Act of 1979, which authorizes eligible institutions to submit an application for funding to the CEC to help finance the costs of implementing a project involving energy conservation. This bill requires the CEC to administer grants and loans from the Energy Conservation Assistance Account (ECAA) to expand the installation of energy storage systems and electric vehicle charging stations. It also includes California Native American tribes as entities eligible for ECAA funding and establishes a subaccount to track awards and repayment of loans to tribes.

Wildfire and Forest Resilience

The budget allocates $1.5 billion to support forest and wildfire resilience, a portion of which was passed in an early action package in April in preparation for the upcoming fire season. Most of the package focuses on reducing wildfire risk and improving the health of forests and wildlands. This includes investments for community hardening in fire-vulnerable areas, strategic wildfire fuel breaks and fuel reduction projects, and approaches to creating resilient forests and landscapes. These measures partially implement the governor's Wildfire and Forest Resilience Action Plan, which has allocated funding for additional fire crews and equipment.

Additionally, Governor Newsom signed the following wildfire-related bills:

- SB 109: Establishes the Office of Wildfire Technology Research and Development within the Department of Forestry and Fire Protection (CAL FIRE) to evaluate emerging firefighting technology and tools.
- AB 697: Establishes a program to manage and implement forest restoration projects on National Forest Service lands through the Good Neighbor Authority Fund.
- SB 533: Requires utilities to disclose energy circuits that are prone to public safety power shutoff (PSPS) events and to identify plans to reduce the risks and impacts of PSPS events.
- AB 242: Increases protection of ratepayers from wildfire costs by allowing court-imposed judgments of wildfire liability against investor-owned utilities to be eligible for Wildfire Fund (AB 1054) coverage.

Climate Resilience

The budget allocates $3.7 billion toward climate resilience, investing in efforts to combat extreme heat and sea-level rise. The budget invests in nature-based solutions, including funding to support climate impacts on fish and wildlife and habitat restoration, and ocean and coastal resilience. It also allocates funds for community resilience, including funding for the California Climate Action Corps, which supports local climate action projects in disadvantaged communities.

Governor Newsom also signed SB 1, which requires the California Coastal Commission to account for sea-level rise in its planning, policies, and activities. In addition, it funds cross-government efforts to educate the public, local, and state governments on feasible sea-level rise mitigation efforts.

Looking Ahead

The passage of a climate legislation package of this scale is indicative of the significant efforts the state is willing to take in response to the climate crisis. However, several major funding packages with large climate impacts were deferred until the 2022 legislative session. This includes a $3.4 billion transportation package to improve rail and transit connectivity through the state, which is being discussed in tandem with $4.2 billion in bond funds set aside for the California High-Speed Rail project. Also deferred was a $735 million energy package to accelerate progress on the state's clean energy goals. In addition, AB 1395, a centerpiece climate change bill, failed to pass in this legislative session. The bill would have codified California's commitment to achieving net-zero greenhouse gas emissions by 2045 and required California to reduce emissions by 90% by 2045. These items are expected to be addressed in the next legislative session.

Endnotes

[1] California Energy Commission, SB 100 Joint Agency Report (accessed Sept. 26, 2021). https://www.energy.ca.gov/sb100. The report also finds that the addition of 10 gigawatts of offshore wind energy developments would contribute toward cost savings of approximately $1 billion.

[2] Musial et al., 2016 Offshore Wind Energy Resource Assessment for the United States. NREL (Sept. 2016). https://www.nrel.gov/docs/fy16osti/66599.pdf.

[3] California Public Utilities Commission, Transportation Electrification (last accessed Sept. 27, 2021). https://www.cpuc.ca.gov/zev/.

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Authors

Laura G. Zagar

Partner
LZagar@perkinscoie.com 415.344.7198

John Morris

Counsel
JohnMorris@perkinscoie.com 415.344.7071

Christian Termyn

Counsel
CTermyn@perkinscoie.com 415.344.7018

Angela Luh

Associate
ALuh@perkinscoie.com 415.344.7104

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