

AUGUST 29, 2023

Leveraging Federal Climate Funding; Recent State Actions

PRESENTED TO:

Joint Legislative Committee on
Climate Change Policies
Hon. Henry Stern, Chair



LEGISLATIVE ANALYST'S OFFICE

Key Components of Recent State Infrastructure Legislation Intended to Expedite Clean Energy Projects

Green Bank Financing. Chapter 53 of 2023 (SB 124, Committee on Budget and Fiscal Review) authorizes the Infrastructure and Economic Development Bank to spend future federal funding that the state might receive through the Climate Catalyst Revolving Loan Fund program, provided expenditures are consistent with the state’s Scoping Plan for Achieving Carbon Neutrality.

California Environmental Quality Act (CEQA) Judicial Streamlining and Record of Proceedings. Chapter 60 of 2023 (SB 149, Caballero) includes various changes related to the judicial review of certain projects—including energy infrastructure projects—under CEQA. The relevant changes include:

- An accelerated process under which court challenges—including all appeals—are required to be completed within 270 days, if feasible. To be eligible for the expedited process, projects also must meet certain other requirements, such as avoiding or minimizing impacts to disadvantaged communities and greenhouse gas emissions.
- Language aimed at streamlining the preparation of the administrative record in CEQA cases by (1) expanding the lead agency’s authority to prepare the record of proceedings for the court and (2) excluding logistical communications, such as meeting invitations, from the administrative record that must be prepared as part of CEQA legal challenges.

Fully Protected Species. Chapter 59 of 2023 (SB 147, Ashby) allows the California Department of Fish and Wildlife to authorize—for certain types of projects including wind and solar photovoltaic—the incidental take of a species that is designated under law as fully protected.

Construction Workforce Development. Chapter 61 of 2023 (SB 150, Durazo) requires state construction contracts which are valued at more than \$35 million and have project labor agreements to include community benefit provisions—such as partnerships with high road construction careers programs and local hire provisions—in those agreements.



Issues for Legislative Oversight

- *To What Extent Do the Changes Help the State Secure Federal Funding?*
- *Do Changes Result in Expedited Project Completion Rates?*
- *Do Other Barriers to Completing Important Infrastructure Projects Remain That Could Merit Additional Legislative Intervention?*
- *How Are Local Communities and Environmental Justice Concerns Affected?*
- *How Is the Administration Selecting Which Projects Receive Expedited Treatment?*
- *Which Projects Receive the Benefits of Expedited Processes?*
- *What Environmental Effects—Both Positive and Negative—Result From the Affected Projects?*
- *What Fiscal Effects—Both Costs and Savings—Result From Implementing the Process Changes?*



State Has Made Significant Spending Commitments for Greenhouse Gas Reduction Activities

\$10 Billion Across Six Years for Zero-Emission Vehicles and Infrastructure

- Includes \$3.6 billion for clean school buses, trucks, buses, and off-road equipment; \$1 billion for drayage trucks and infrastructure; and \$870 million for fueling infrastructure grants.

\$8 Billion Across Five Years for Energy Activities

- Includes \$1 billion for implementing the Clean Energy Reliability Investment Plan, \$700 million for Distributed Electricity Backup Assets, \$630 million for residential solar and storage, \$330 million for incentives for long-duration storage, and \$225 million for transmission financing.

\$1.2 Billion Across Three Years for Sustainable Community-Based Investments

- Includes \$975 million for infill and reuse housing programs and \$215 million for the Transformative Climate Communities program.

\$1 Billion Across Three Years for Sustainable Agriculture Activities

- Includes \$435 million for agricultural diesel engine replacement and upgrades, \$180 million to incentivize alternatives to agricultural burning in the San Joaquin Valley, and \$145 million for healthy soils.



Overview of Proposed Legislative Bond Measures

Legislature Currently Considering Five Different Climate and Resources Bond Proposals. The proposals include a wide variety of activities including related to water and flood, wildfire and forest health, coastal resilience, agriculture, parks, biodiversity, and energy.

Three of the Proposals Include an Explicit Focus on Greenhouse Gas Reduction Activities. The other two bond proposals—SB 638 (Eggman) and AB 305 (Villapudua)—focus primarily on water-related activities.

Key Climate Change Mitigation Components of Active Legislative Bond Proposals

As of August 24, 2023 (In Millions)

	AB 1567 (Garcia)	SB 867 (Allen)	AB 408 (Wilson)
Total proposed	\$15,995	\$15,500	\$3,650
Proposed 2024 ballot	March	March	November
Energy-Related			
Clean energy transmission projects	\$750	\$500	—
Match to IRA or IIJA funds	500	500	—
Modernize electricity grid	500	—	—
Electric vehicle charging infrastructure	250	500	—
Low-income weatherization	75	—	\$75
Long duration storage	—	500	—
Agriculture-Related			
Soil health and carbon sequestration	\$100	\$50	\$100
Dairy methane reduction	80	—	—
Energy efficiency at food processors	—	—	110

IRA = Inflation Reduction Act and IIJA = Infrastructure Investment and Jobs Act.

