

ACWA ENERGY COMMITTEE 2024-2025 WORK PLAN

“There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one member from each region.”

- ACWA Bylaws, Article VII, Section 8

ACWA’s Five-Year Strategic Plan was adopted by the ACWA Board of Directors in early 2020. The Five-Year Strategic Plan identifies several policy priorities, including the Energy-Water Nexus, for ACWA to continue advocacy for members’ interests.

Energy-Water Nexus: Recognize the important nexus between energy and water and advocate for statewide resilience in energy infrastructure and energy related policies that maximize the beneficial use of water.

The Energy Committee is committed to continuing the advancement of the ACWA Board of Directors’ Five-Year Strategic Plan while nimbly prioritizing pressing topic areas to advocate for actions in the areas of greenhouse gas emissions reductions and renewable energy investments that are reasonable and effective for ACWA members and ensure water affordability in California. This Work Plan builds upon lessons learned in advancing local water agencies’ decision-making and coordination efforts, while identifying opportunities to inform and position water agencies in the greenhouse gas reduction and renewable energy conversations moving forward, and taking into account that some ACWA members generate energy from large and small hydroelectric facilities, solar, wind, biomass, and other sources of energy. California state agencies continue to move energy programs to fulfill the policy goals of SB 350 (Chapter 547, Statutes of 2015), SB 100 (Chapter 312, Statutes of 2018), Governor’s Executive Orders to electrify California’s fleet vehicles where feasible, ramp up backup power sources to prevent power outages during hot summer months, and modernize the electric grid.

ACTIONS OF THE COMMITTEE

The purpose of the Energy Committee is to:

- Recommend policies to the Board of Directors, State Legislative Committee, and Federal Affairs Committee, as appropriate.
- Provide timely information on critical energy related information concerning regulatory changes and initiatives to the members of ACWA.
- Maintain and grow ACWA’s reputation as a credible source on policy development and implementation of the water-energy nexus.
- Provide policy direction for ACWA staff advocacy on state and federal regulations and legislation.
- Coordinate ACWA committees on relevant, cross-cutting issues.

ENERGY COMMITTEE PRIORITIES

For many water and wastewater agencies, energy remains one of the most expensive and controllable costs in their operation. There must be a balance in consideration of the increased cost of water that result from the increased regulatory requirements. ACWA members have an established track record of energy conservation stewardship in energy efficiency, demand-side management, and peak-use reduction programs, which continues to be key for maintaining California’s power grid. ACWA members are

voluntarily continuing to invest in renewables projects that are feasible for offsetting the costs of delivering reliable and safe water where feasible.

The Energy Committee coordinates regulators and stakeholders, including: grid managers, air quality experts, publicly owned utilities (POUs) and electric Investor Owned Utilities (IOUs), to support policies and programs that address renewable energy generation, fleet electrification, energy efficiency and water conservation in an integrated fashion that is cost-effective and reliable. It is important to holistically consider the impact of energy costs for ACWA members, and consider water demands for power providers that result from energy policy decisions. ACWA recognizes that climate change policies create opportunities to finance the development and expansion of renewable energy resources and the integrated management of water and energy resources. The Energy Committee will proactively work with policy makers to target incentives in support of member agencies that could pay significant dividends for ACWA members to pursue voluntarily and, in the process, make the state's water system more resilient while minimizing costs. It is important for ACWA to advocate for solutions that enable ACWA members to voluntarily pursue energy strategies that aid in state goals and meet water management operational needs.

The Energy Committee will serve as a resource for communicating opportunities, obstacles, problems, and solutions in California energy policy related to water agencies to ensure that ACWA members are apprised on regulatory efforts in order to optimize coordinated responses to agencies as a voice of water agencies and as a resource for sound energy policy that encourages pathways to voluntary adoption of energy solutions. This goal may apply to the items identified on this list, and to other pressing issues that may arise during the 24-25 timeframe.

The Energy Committee will engage in regulatory advocacy, and advise other ACWA committees and the ACWA Board on the following priority issues:

- Advanced Clean Fleets Rule- The Energy Committee will continue to monitor and advocate on members' behalf as the California Air Resources Board (CARB) implements the Advanced Clean Fleet Rule Public Fleet Requirements (ACF). ACF requires public agencies, including public water systems, to purchase zero emission vehicles (ZEVs) and near-zero emission vehicles (until 2035), where feasible, for fleet operations starting in 2024. ACWA will use its position on CARB Truck Regulation Implementation Group (TRIG) to continue to inform ACF implementation with the perspective of public water agencies that considers member fleet operations and essential public services while complying with state goals to minimize transportation related carbon emissions. It is essential that public water agencies explore where ZEVs are feasible within their operations, and explore available exemption options where ZEVs remain infeasible to reinforce ACWA's efforts on the TRIG. It is also essential to continue documenting examples of where ZEVs remain infeasible to strengthen ACF exemption requests made by public water agencies for CARB in order to ask for greater flexibility within the ACF, and to strengthen advocacy efforts when CARB re-opens ACF in the coming years to comply with AB 1594 (2023, Garcia). [Relevant Proceedings- CARB Advanced Clean Fleets Rule, CARB Low Carbon Fuel Standard, CEC Zero Emission Vehicle Infrastructure Plan, CPUC Transportation Electrification Framework]
- Electric Grid Modernization - The Energy Committee will monitor and review state agency and governor's office efforts to modernize electric grid resources that impact public water systems-

both the energy resources and the infrastructure needed to transmit and distribute energy supply reliably. It is important for public water system perspective to be considered by regulators to ensure that member agency operations and services are maintained in a cost effective manner during the transformation of the electric grid to zero carbon and renewable energy resources (including hydroelectric generation) to supply 100 percent of electric retail sales to end-use customers by 2046. The outcome of related proceedings will have rate implications for fuel transition strategies and new transmission infrastructure to help make the grid more flexible to accommodate zero carbon and renewable energy generation, and may be used by the Legislature to inform future energy legislation. [Relevant Proceedings- SB 100, CPUC Grid Modernization, Governor's Executive Order on Backup Power, CPUC NEM 3.0, CPUC IRP, California Independent System Operator (CAISO) Transmission Planning Process, CAISO Resource Adequacy, CEC IRP]

- Emergency Response Efforts - The Energy Committee will continue to evaluate and make recommendations regarding policies, as necessary in a lead or support role, that will ensure the reliable delivery and treatment of water during emergency events such as wildfires and public safety power shutoffs, clearly defining requirements for communication with water agencies before and during emergency events, ensuring that backup power is made available for critical water infrastructure, minimizing liabilities for public water agencies associated with emergency events, and maximizing opportunities for public water agencies to recoup costs accrued from emergency events caused by other parties. [Relevant Proceedings- IOU Wildfire Mitigation Plans, PSPS, Microgrids, Office of Energy Infrastructure Safety proceedings, Wildfire Mitigation Fund]

The Energy Committee will advise ACWA members on new business development opportunities within the energy space, especially, but not limited to:

- Small Renewables Projects- The Energy Committee will identify, evaluate, and recommend solutions to barriers surrounding the development of small renewables projects for ACWA members. As noted above, ACWA members generate energy from large and small hydroelectric facilities, solar, wind, biomass, and other sources of energy. For example, members will need evaluate the economics of new solar project opportunities, and re-evaluate the economics of existing solar projects for potential addition of battery storage units to enhance return on investment for public water agencies. The purpose of this effort will be to enable ACWA member agencies to serve their own energy needs and support California's carbon-free energy goals. The Energy Committee will crowdsource information for members on funding opportunities, use the expertise of the ACWA Energy Preferred Provider, connect ACWA members to established programs, and support grants and tax incentives that advance this goal. [Relevant Proceedings include- Self-Generation Incentive Program (SGIP), Net Energy Metering (NEM), Renewable Market Adjusting Tariff (ReMAT), Microgrids, California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Clean Energy Bond Financing, Greenhouse Gas Reduction Fund Program, Clean Transportation Program, Electric Program Investment Charge]

- Prioritize Energy Efficiency and Demand Response Programs- The Energy Committee will identify opportunities for ACWA members to implement successful energy efficiency and demand response programs and will connect members to established programs and support grants and tax incentives that advance this goal. [Relevant Proceedings include: Investor-Owned Utility Demand Response Programs, California Department of Food & Agriculture State Water Efficiency & Enhancement Program (SWEET), California Energy Commission Energy Efficiency Financing Programs, CPUC Energy Efficiency and Demand Response Proceedings]

ABOUT THE COMMITTEE

Energy Committee meetings are held 4 times a year, with one meeting at both the spring and fall conference. Committee members are expected to attend committee meetings and to contribute to the work of the committee. ACWA State Government Relations Department regulatory staff work for the Energy Committee. The COVID-19 pandemic has forced ACWA to facilitate meetings virtually for at least the near term future, and ACWA will continue to prioritize its staff and members' safety.