



OFFICE OF THE GOVERNOR

SEP 22 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 1834 without my signature.

This bill would modify the capacity payment mechanism used to reimburse the Electricity Supply Strategic Reliability Reserve Program (Strategic Reserve) by local electric publicly owned utilities (POUs) and load-serving entities (LSEs) if they fall short in meeting their capacity procurement obligations. In addition, this bill would change POU payments for voluntary participation in the Department of Water Resources Central Procurement Function.

Last year, my Administration sponsored Assembly Bill 1373 (Garcia, 2023), which, among other things, created the capacity payment mechanism for the Strategic Reserve and Central Procurement Function. This mechanism is intended to prevent POU and LSE dependence on the Strategic Reserve when they fall short of meeting their capacity obligations. In addition, the Central Procurement Function was purposefully and precisely designed to provide a back-stop option for needed, long-lead time, diverse clean energy resources to achieve California's 100 percent clean electricity goal.

While I appreciate the author's intent to adjust the requirements to address additional feedback from POUs, I am concerned that the changes proposed in this bill are not only premature, but are counter to the objective of the capacity payment mechanism and its use in maintaining electric supply reliability. I am also cautious to make any changes to the Central Procurement Function, considering that the California Public Utilities Commission only recently initiated the use of this function. Any changes to its governing statute should be carefully considered and evaluated before they advance.



For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

A handwritten signature in black ink, appearing to be 'Gavin Newsom', written over the printed name. The signature is stylized with a large, sweeping 'G' and a long horizontal line extending to the right.