

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-5-24

WHEREAS California has responded forcefully to the climate crisis with ambitious plans for a clean energy future—one in which the State will achieve carbon neutrality economywide by 2045, and run on 90% clean electricity by 2035 and 100% clean electricity by 2045; and

WHEREAS clean energy will power more of the daily lives of Californians as we move closer to those goals, from our cars and trucks and trains, to our homes and buildings, to our industrial sector; and

WHEREAS it is essential that electric service remains affordable, reliable, and safe for all Californians during our clean energy transition; and

WHEREAS California's over four decades of work to advance appliance and building energy efficiency standards has kept electric bills lower on average in California than many other states, but Californians have seen their electric bills rise in recent years, outpacing the rate of inflation; and

WHEREAS Californians' electric rate increases have been driven largely by the cost of some programs added over time, such as the subsidy provided through the legacy Net Energy Metering program for rooftop solar photovoltaic systems; and

WHEREAS electric rate increases have also been driven by historic investments that are critical to reduce wildfire risk and improve the safety and reliability of the electric grid, particularly in the wake of catastrophic wildfires that devastated communities throughout California in recent years and have been exacerbated by the increasing impacts of climate change; and

WHEREAS in 2023, I released the *Building the Electricity Grid of the Future: California's Clean Energy Transition Plan* to provide a roadmap for keeping electric costs affordable, while effectively managing our energy supply through this transition; and

WHEREAS California regulatory agencies have taken important actions within their authority to advance the cost-effective procurement and deployment of clean energy resources while pursuing opportunities to limit and stabilize costs to Californians, including actions by the California Public Utilities Commission to adjust the Net Energy Metering program subsidies to reflect the growth of the rooftop solar photovoltaic market and the value these systems provide to all customers, and through improved oversight and the imposition of cost controls on private utility expenses; and

WHEREAS the critical work of upgrading and expanding the aging electric transmission and distribution infrastructure that makes up our electric grid to meet future demand is well underway — investments that will ultimately increase the base of electricity customers and help address rising electricity rates while growing the State's economy; and

WHEREAS the upcoming legislative session provides a critical opportunity to take decisive action to rein in those costs by ensuring that private electric utilities and State programs alike are prioritizing the most efficient and effective opportunities to meet energy demand with clean energy resources, informed by the analyses required and requested under this Order; and

WHEREAS the California Climate Credit, a bill credit funded by California's Cap-and-Trade Program, has helped offset hundreds of dollars of electric and natural gas costs on individual ratepayer bills, totaling over \$12 billion since 2014.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. The California Energy Commission is directed to examine all electric ratepayer-funded programs it oversees or administers and to identify any programs, and any other regulations that may be unduly adding to rates, for which the electricity system benefits may not be justified by the costs they impose on electric ratepayers, or whose funding might more appropriately come from a source other than ratepayers. The commission shall report to me by January 1, 2025, the results of its analysis and its recommendations for statutory and/or regulatory changes, including the modification or elimination of any Underperforming or underutilized programs and whether any ratepayer funds in any programs remain unused and can be considered for possible return to ratepayers.
2. The California Public Utilities Commission is requested to examine the benefits and costs to electric ratepayers of programs it oversees and rules and orders it has promulgated pursuant to statutory mandates that may be unduly adding to electric rates, or whose funding might more appropriately come from a source other than ratepayers. The commission is requested to report to me by January 1, 2025, the results of its analysis and its recommendations for modifying or repealing any statute that would reduce costs to electric ratepayers without compromising public health and safety, electric grid reliability, or the achievement of the State's 2045 clean electricity goal and the State's 2045 economywide carbon neutrality goal.
3. The California Public Utilities Commission is requested to take immediate action under existing authorities to modify or sunset any underperforming or underutilized programs or orders whose costs exceed the value and benefits to electric ratepayers. The commission is requested to return any unused funds collected from ratepayers for underperforming programs and utility investments in the form of a bill credit, if it identifies such funds.
4. The California Air Resources Board is directed, and the California Public Utilities Commission is requested, to consult with each other on options to maximize the effectiveness of California's Climate Credit—which returned an average of \$71 to electric ratepayers on their utility bills this fall. Options to improve the credit, particularly for low-income Californians, should be reported to me by January 1, 2025.
5. The Office of Energy Infrastructure Safety is directed, and the California Public Utilities Commission is requested, to consult with each other on adjustments to utility wildfire safety oversight processes, procedures, and practices that would yield administrative efficiencies and focus utility investments and activities on cost-effective wildfire

mitigation measures that reduce wildfire ignition risk while managing costs to electric ratepayers. Proposals for legislative or regulatory changes should be reported to me by January 1, 2025.

6. The California Public Utilities Commission is requested to pursue, and direct the regulated utilities to pursue, all federal funding opportunities that can help reduce and avoid electric service costs that would otherwise flow into electric ratepayer bills.

IT IS FURTHER ORDERED that, as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 30th day of October 2024.



GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY WEBER, PH.D.
Secretary of State