



**CALIFORNIA
ENERGY COMMISSION**



**California Energy Commission
December 11, 2024, Business Meeting
Backup Materials for California Air Resources Board (CARB).**

The following backup materials for the above-referenced agenda item are available in this PDF packet as listed below:

1. Proposed Resolution
2. Contract Request Form
3. Scope of Work

[PROPOSED]

RESOLUTION NO: 24-1211-11

STATE OF CALIFORNIA

**STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

RESOLUTION: California Air Resources Board (CARB)

RESOLVED, that the State Energy Resources Conservation and Development Commission (CEC) adopts the staff CEQA findings contained in the Agreement or Amendment Request Form (as applicable); and

RESOLVED, that the CEC approves agreement 500-24-003 with California Air Resources Board (CARB) for \$22,692,308.27 and adopting staff's recommendation that this action is exempt from CEQA. Pursuant to Assembly Bill 205 (Stats. 2022, ch. 61), this agreement will transfer the calculated mitigation costs of excess emissions associated with the dispatch of fossil fueled resources in response to the 2022 extreme heat event to CARB for the Climate Heat Impact Response Program; and

FURTHER BE IT RESOLVED, that the Executive Director or their designee shall execute the same on behalf of the CEC.

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the CEC held on December 11, 2024.

AYE:

NAY:

ABSENT:

ABSTAIN:

Dated:

Kristine Banaag
Secretariat



CONTRACT REQUEST FORM (CRF)

A. New Agreement Number

IMPORTANT: New Agreement # to be completed by Contracts, Grants, and Loans Office.

New Agreement Number: 500-24-003

B. Division Information

1. Division Name: RREDI
2. Agreement Manager: Payam Narvand
3. MS-45
4. Phone Number: 916-601-0987

C. Contractor's Information

1. Contractor's Legal Name: California Air Resources Board
2. Federal ID Number: 68-0288069

D. Title of Project

Title of project: Climate Heat Impact Response Program (CHIRP) 2022 Funds

E. Term and Amount

1. Start Date: December 11, 2024
2. End Date: June 30, 2028
3. Amount: \$22,692,308.27

F. Business Meeting Information

1. Operational agreement to be approved by Executive Director? No
2. Are the ARFVTP agreements \$75K and under delegated to Executive Director? No
3. The Proposed Business Meeting Date: December 11, 2024
4. Consent or Discussion? Discussion
5. Business Meeting Presenter Name: Payam Narvand
6. Time Needed for Business Meeting: 5 minutes
7. The email subscription topic is: Demand Side Grid Support (DSGS), Distributed Electricity Backup Assets (DEBA)

Agenda Item Subject and Description:

Proposed resolution approving Interagency Agreement 500-24-003 with the California Air Resources Board (CARB) for \$22,692,308.27, and adopting staff's recommendation that this action is exempt from CEQA. Pursuant to Assembly Bill 205 (Stats. 2022, ch. 61), this agreement will transfer the calculated mitigation costs of excess emissions associated with the dispatch of fossil fueled resources in response to the 2022 extreme heat event to CARB for the Climate Heat Impact Response Program. (Distributed Electricity Backup Assets Funding) Contact: Payam Narvand (Staff Presentation: 5 minutes)

G. California Environmental Quality Act (CEQA) Compliance

1. Is Agreement considered a "Project" under CEQA?

Yes

If yes, skip to question 2.

If no, complete the following (PRC 21065 and 14 CCR 15378) and explain why Agreement is not considered a "Project":



2. If Agreement is considered a “Project” under CEQA answer the following questions.

a) Agreement **IS** exempt?

Yes

Statutory Exemption?

No

If yes, list PRC and/or CCR section number(s) and separate each with a comma. If no, enter “None” and go to the next question.

PRC section number: None

CCR section number: None

Categorical Exemption?

No

If yes, list CCR section number(s) and separate each with a comma. If no, enter “None” and go to the next question.

CCR section number: None

Common Sense Exemption? 14 CCR 15061 (b) (3)

Yes

If yes, explain reason why Agreement is exempt under the above section. If no, enter “Not applicable” and go to the next section.

CEQA only applies to projects that have the potential for causing a significant effect on the environment. Under the common sense exemption, where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Under this proposed interagency agreement, CEC will transfer funds to CARB, as directed by the Legislature, under Public Resources Code (PRC) section 25791.5, for implementation of the Climate Heat Impact Response Program (CHIRP) established pursuant to the proclamation of a state of emergency issued by Governor Gavin Newsom on July 31, 2021. The effect of this interagency agreement will be to mitigate the excess emissions from the 2022 extreme heat event as required by the August 31, 2022, emergency proclamation. No significant adverse impacts to the environment have been identified as resulting from this action.

b) Agreement **IS NOT** exempt.

IMPORTANT: consult with the legal office to determine next steps.

N/A

If yes, answer yes or no to all that applies. If no, list all as “no” and “None” as “yes”.

Additional Documents	Applies
Initial Study	N/A
Negative Declaration	N/A
Mitigated Negative Declaration	N/A



STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

Contract Request Form
CEC-94 (Revised 01/2024)

Environmental Impact Report	N/A
Statement of Overriding Considerations	N/A
None	N/A

H. Is this project considered “Infrastructure”?

No

I. Subcontractors

List all Subcontractors listed in the Budget (s). Insert additional rows if needed. If no subcontractors to report, enter “No subcontractors to report” and “0” to funds. **Delete** any unused rows from the table.

Subcontractor Legal Company Name	Budget
No subcontractors to report	\$ 0

J. Key Partners

List all key partner(s). Insert additional rows if needed. If no key partners to report, enter “No key partners to report.” **Delete** any unused rows from the table.

Key Partner Legal Company Name
No Key Partner to report

K. Budget Information

Include all budget information. Insert additional rows if needed. If no budget information to report, enter “N/A” for “Not Applicable” and “0” to Amount. **Delete** any unused rows from the table.

Funding Source	Funding Year of Appropriation	Budget List Number	Amount
DEBA	2021-2022	500.108	\$22,692,308.27

TOTAL Amount: \$22,692,308.27

R&D Program Area: N/A

Explanation for “Other” selection

Reimbursement Contract #: N/A

Federal Agreement #: N/A

L. Contractor’s Contact Information

1. Contractor’s Administrator/Officer

Name: Alice Kindarara

Address: PO Box 1436

City, State, Zip: Sacramento, CA, 95812



STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

Contract Request Form
CEC-94 (Revised 01/2024)

Phone: (279) 216-0406

E-Mail: Alice.Kindarara@arb.ca.gov

2. Contractor's Project Manager

Name: Neva Lowery

Address: 1001 I street

City, State, Zip: Sacramento, CA, 95814

Phone: (916) 324-1209

E-Mail: neva.lowery@arb.ca.gov

M. Selection Process Used

There are three types of selection process. List the one used for this CRF.

Selection Process	Additional Information
Competitive Solicitation #	Not applicable
Non Competitive Bid (<i>Attach DGS-GSPD-09-007</i> https://www.dgs.ca.gov/PD/Forms)	Not applicable
Exempt	Interagency Exemption

N. Contractor Entity Type

Contractor Entity Type	Yes or No?
Private Company (<i>including non-profits</i>)	No
CA State Agency (<i>including UC and CSU</i>)	Yes
Government Entity (<i>i.e. city, county, federal government, air/water/school district, joint power authorities, university from another state</i>)	No

O. Is Contractor a certified Small Business (SB), Micro Business (MB) or Disabled Veterans Business Enterprise (DVBE)?

The contractor is a certified: Not applicable.

P. Civil Service Considerations

- Not Applicable (Agreement is with a CA State Entity or a membership/co-sponsorship)? Yes
- Public Resources Code 25620, et seq., authorizes the Commission to contract for the subject work. (PIER) No
- The Services Contracted: No.

If no, go to the next question. If yes, which of the following applies to the contract? More than one can apply, list each answer choice, and separate them with a comma:



- are not available within civil service
- cannot be performed satisfactorily by civil service employee
- are of such a highly specialized or technical nature that the expert knowledge, expertise, and ability are not available through the civil service system

The following applies to the contract: Not applicable.

- d. The Services are of such an urgent, temporary, or occasional nature that the delay to implement under civil service would frustrate their very purpose?

Not applicable.

Justification:

Civil service requirements are not applicable as this is an interagency agreement. On August 30, 2022, the California Independent System Operator (CAISO) issued a heat bulletin followed by an energy emergency alert (EEA) Watch and an EEA 1 on August 31, 2022, and advised that intervention was needed to meet high energy demand and relieve strain on the electrical grid. In response to the emergency, Governor Newsom issued a Proclamation of a State of Emergency (2022 Proclamation) that allowed backup generators and power plants to operate outside of their permitted levels and allowed ships at berth to use their auxiliary engines in lieu of plugging into shore power. The 2022 Proclamation also directed CARB to implement the Climate Health Impact Response Program (CHIRP) to mitigate the increased emissions under the 2022 Proclamation caused by the 2022 extreme heat event. Assembly Bill (AB) 205 (Committee on Budget, Chapter 61, Statutes of 2022) authorized the use of DEBA funds for the implementation of CHIRP (Pub. Resources Code, § 25791.5.).

Q. Payment Method

1. Is the payment method Reimbursement, Advanced Payment, or Other?

Reimbursement.

If Other, explain: N/A.

2. If Reimbursement, is it in arrears based on Itemized Monthly, Itemized Quarterly, Flat Rate, or One-time?

One-time.

R. Retention

Is Agreement subject to retention? No.

If Yes, Will retention be released prior to Agreement termination? Not applicable.

S. Justification of Rates

Cost was based on mitigation costs calculated by CARB based on the CHIRP mitigation plan developed pursuant to a Proclamation of a State of Emergency signed by Governor Newsom on July 30, 2021.

T. Disabled Veteran Business Enterprise Program (DVBE)

Provide requested additional information.

1. Exempt (Interagency/Other Government Entity) Yes.

2. Meets DVBE Requirements DVBE No.

Amount: \$ 0 DVBE %:0



3. Is the Contractor Certified DVBE or Subcontracting with a DVBE? If subcontracting with a DVBE, provide the name of the DVBE company. If none applies, enter "Not Applicable".

Not Applicable.

4. Contractor selected through CMAS or MSA with no DVBE participation No.
5. Requesting DVBE Exemption (attach CEC 95) No.

U. Miscellaneous Agreement Information

1. Will there be Work Authorizations? No.
2. Is the contractor providing confidential information? No.
3. Is the contractor going to purchase equipment? No.
4. What is the check frequency of the progress reports? Monthly, Quarterly, or Other? If Other, please provide explanation.

One-time payment.

5. Will a final report be required? No.
6. Is the Agreement, with amendments, longer than three years? If yes, why?
No.

V. The following items should be attached to this CRF (as applicable)

List all items that should be attached to this CRF by entering "Yes" or "No".

Item Number	Item Name	Attached
1	Exhibit A, Scope of Work/Schedule	Yes
2	Exhibit B, Budget Detail	Yes
3	DGS-GSPD-09-007, NCB Request	No
4	CEC 95, DVBE Exemption Request	No
5	Awardee CEQA Documentation	No
6	Resumes	No
7	CEC 105, Questionnaire for Identifying Conflicts	Yes

Approved By

Individuals who approve this form must enter their full name and approval date in the MS Word version.

Agreement Manager: Payam Narvand

Approval Date: 10/22/2024

Office Manager: Ashley Emery

Approval Date: 10/22/2024

Deputy Director: Deana Carrillo

Approval Date: 10/24/2024

Exhibit A

Scope of Work

Project Title: Climate Heat Impact Response Program (CHIRP) 2022 Funds

TASK LIST

Task #	Task Name
1	Agreement Management
2	Co-Branding
3	Administer and Implement CHIRP Program

ACRONYMS / GLOSSARY

Specific acronyms and terms used throughout this Scope of Work are defined as follows:

Acronym	Definition
CAISO	California Independent System Operator
CAM	Commission Agreement Manager
CARB	California Air Resources Board
CEC	California Energy Commission, also known as Energy Commission
CHIRP	Climate Heat Impact Response Program
CPUC	California Public Utilities Commission
DEBA	Distributed Electricity Backup Assets
DSGS	Demand Side Grid Support
DWR	Department of Water Resources

PURPOSE

The purpose of this Interagency Agreement (IA) is to transfer funds, as directed by the Legislature, from the California Energy Commission (CEC) to California Air Resources Board (CARB) for implementation of the Climate Heat Impact Response Program (CHIRP), specifically to mitigate the excess emissions from the 2022 extreme heat event.

AUTHORITY

Assembly Bill (AB) 205 (Committee on Budget, Chapter 61, Statutes of 2022) (AB 205), approved by the Governor on June 30, 2022, created the Distributed Electricity Backup Assets (DEBA) Program and the Demand Side Grid Support Program (DSGS). The programs, administered by CEC, provide incentives for increasing construction of

distributed energy assets, for reducing net consumer energy load, and for providing additional generation capacity. AB 205 mandates the use of DEBA funds for the implementation of CHIRP to mitigate emissions. (Pub. Resources Code, § 25791.5.) AB 205 also provides that CARB, in consultation with the California Energy Commission (CEC), shall develop a plan, including determining the funding amounts allocated after the dispatch of resources participating in the DSGS program, to mitigate impacts from these resources. (Pub. Resources Code, § 25792(e).)

The CHIRP incentive program was created through the Proclamation of a State of Emergency signed by Governor Gavin Newsom on July 30, 2021 (2021 Proclamation¹), which directed CARB to develop a State-funded mitigation plan. The Proclamation suspended certain air permitting requirements to allow greater energy production during critical times when extreme heat events or the interruption of transmission lines from wildfires or other causes threaten energy supply. The Proclamation directed CARB to develop, and then promptly implement, a State-funded plan to mitigate the effects of additional emissions authorized by the Proclamation beyond ordinarily permitted levels. The mandate of the Climate Health Impact Response Program (CHIRP) is to offset these emissions increases during extreme heat events, with a particular focus on disadvantaged communities, and to reduce risk to sensitive populations. There are two components to CHIRP: emissions reporting and the mitigation plan. Reporting parameters were developed in consultation with the California Public Utilities Commission (CPUC), the CEC, the air districts, and electric utilities to fulfill the reporting requirements of the Proclamation. The mitigation plan may also provide opportunities to further enhance and support California's grid resiliency to reduce the need for emergency measures in the future.

BACKGROUND AND SCOPE

A significant heat wave affected California in 2022 with temperatures exceeding 110 degrees for multiple days. On August 30, 2022, the California Independent System Operator (CAISO)² issued a heat bulletin followed by an energy emergency alert (EEA) Watch and an EEA 1 on August 31, 2022, and advised that intervention was needed to meet high energy demand and relieve strain on the electrical grid. In response to the emergency, Governor Newsom issued a Proclamation of a State of Emergency (2022 Proclamation)³ that allowed backup generators and power plants to operate outside of their permitted levels and allowed ships at berth to use their auxiliary engines in lieu of plugging into shore power. The 2022 Proclamation also directed CARB to implement the CHIRP program to mitigate the increased emissions under the 2022 Proclamation caused by the 2022 extreme heat event. Governor Newsom issued two subsequent Executive Orders on September 2,

¹ <https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf> (*Proclamation of a State of Emergency (ca.gov)*)

² <https://www.caiso.com/Documents/excessive-heat-starting-tomorrow-will-stress-energy-grid.pdf>

³ <https://www.gov.ca.gov/wp-content/uploads/2022/08/8.31.22-Heat-Proclamation.pdf?emrc=78e3fc>

2022 (Executive Order N-14-22⁴), and on September 6, 2022 (Executive Order N-15-22⁵), further authorizing backup generators and power plants to operate outside of their permitted levels and ships at berth to use their auxiliary engines in lieu of plugging into shore power.

Source and Emissions

In order to reduce demand on the state energy grid during the 2022 extreme heat event, various facilities on land and ships at berth throughout California disconnected from the grid and utilized back-up generators and auxiliary engines instead, as authorized by the 2022 Proclamation, Executive Order N-14-22, and Executive Order N-15-22. Multiple facilities across the state ran back-up generators between August 31, 2022, and September 9, 2022. Ships at berth disconnected from the state energy grid and maintained power by running their auxiliary engines. A total of 27.41 tons of NO_x, PM and ROG were generated from these sources, and as per the CHIRP mitigation plan⁶, CARB calculated the mitigation cost to be \$22,692,308.27.

The mitigation costs will be transferred from the Distributed Electricity Backup Assets Account by CEC to CARB. Once the funding for mitigation is transferred by CEC, CARB will allocate and work with direct grantees and/or local air districts to select projects to mitigate the emissions.

TASK 1: AGREEMENT MANAGEMENT / MANAGE CONTRACTORS AND SUBCONTRACTORS

The goal of this task is to ensure quality products.

Contractor shall:

- Manage and coordinate contractor and subcontractor activities. Contractor is responsible for the quality of all contractor and subcontractor work. Contractor will identify projects and select and manage contracts and subcontracts through its own processes with a shared understanding to ensure quality products.
- Contractor is not required to submit subcontracts to the CAM.
- Contractor and CEC will continue to collaborate to identify potential co-funding opportunities that meet mutual policy goals.

Deliverables:

- There are no deliverables.

⁴ <https://www.gov.ca.gov/wp-content/uploads/2022/09/9.2.22-Heat-Wave-EO.pdf?emrc=92d675>

⁵ <https://www.gov.ca.gov/wp-content/uploads/2022/09/9.6.22-Labor-Day-Heat-Event-EO.pdf?emrc=631eef>

⁶ <https://ww2.arb.ca.gov/resources/documents/2021-climate-heat-impact-response-program-chirp-mitigation-plan-1>

TASK 2: ADMINISTER AND IMPLEMENT CHIRP PROGRAM

The goals of this task are for Contractor staff to develop and implement the CHIRP Program components, to integrate those components into the program, for Contractor to administer the program, and for Contractor to conduct community outreach. There are two components to CHIRP: emissions reporting and the mitigation plan. Reporting parameters were developed in consultation with the CPUC, the CEC, the air districts, and electric utilities to fulfill the reporting requirements of the Proclamation. The mitigation plan may also provide opportunities to further enhance and support California's grid resiliency to reduce the need for emergency measures in the future.

Contractor shall allocate DEBA funds for applicable projects through the CHIRP Program.

Contractor's standard conflict of interest terms, which would apply to projects Contractor implements using funds transferred from CEC, would require avoidance of conflicts of interest between CEC and Contractor's subcontractors, recipients, awardees, etc.

Deliverables:

- There are no deliverables.