Record Heat Kicks Off Wave of Rolling Blackouts
Executive Order Waived Energy-Limiting Conditions

For the first time in 20 years, California experienced rolling blackouts at more than 400,000 homes and businesses this week as energy demand outpaced the state’s ability to generate power.

As California faced the prospect of another week of record-high temperatures and the heat-related dangers that come with it, Governor Gavin Newsom issued a State of Emergency and Executive Order declaring an “Extreme Heat Event” and calling on Californians to conserve energy while temporarily suspending limits on power generation.

As a result of the Stage 2 Emergency declared by the California Independent System Operator (CAISO)—California’s grid operator—the Governor called an all-hands-on-deck meeting of the California Energy Commission (CEC), Public Utilities Commission (CPUC), Air Resources Board (ARB), and other agencies in order to address this crisis.

In a later briefing to stakeholders on Sunday, Cabinet Secretary Ana Matosantos described the steps the state would provide to reduce the risk of further power outages that interrupt essential business operations in a year already mired with business shutdowns due to COVID-19.

Longer-Term Policy Issues

These short-term emergency issues should create some urgency to engage in a longer-term policy discussion over how to incorporate increased renewable production into California’s alreadySee Record Heat: Page 6

 Senate Committee Moves Bill Laying COVID-19 Economic Fallout on Rental Property Owners

A California Chamber of Commerce job killer bill that shifts the COVID-19 pandemic’s economic fallout for tenants onto rental property owners, passed the Senate Judiciary Committee this week. AB 1436 (Chiu; D-San Francisco) forces rental property owners to forgo collecting rent for the entire duration of the state of emergency or until April 1, 2021 (whichever comes first) and prohibits owners from trying to collect unpaid rents for an additional 12 months after that, with no financial assistance from the state for rental property owners who are unable to meet their financial obligations.

The bill as currently amended will result in widespread foreclosures, tighten credit assessments and lending for borrowers, depress housing investment and construction and lead to job losses across California.

Widespread Foreclosures

AB 1436 will result in foreclosures by forcing all rental property owners to forgo rent for an unreasonable amount of time with no financial help.

Rental property owners have operating costs, employees, mortgage payments, property taxes and the legalSee Job Killer: Page 4

Promoting Equality, Diversity and Opportunity in The Workplace

See resources at calchamber.com/diversity.
Cal/OSHA Corner
When to Record, Report COVID-19 Occurrence in Workplace

The reporting requirements are predicated on the same requirements as any other occupational illness:
• Death.
• Days away from work.
• Restricted work or transfer to another job.
• Medical treatment beyond first aid.
• Loss of consciousness.
• A significant injury or illness diagnosed by a physician or other licensed health care provider.

Recording Occurrence
If the COVID-19 incident results in any of the above conditions, then it is to be recorded on the forms 300, 300A and 301. Federal guidelines state that COVID-19 cases should “generally” be confirmed through testing to be recordable, although this may not always be possible.

Cal/OSHA considers a positive test for COVID-19 determinative of recordability; however, a positive test is not necessary to trigger the recording requirements. Being in quarantine is not considered “days away from work” for recording purposes.

As in any illness, exposure to potential sources of infection must be considered for recordkeeping purposes. Interacting with the general public can be a contributing factor, as are known interaction with infected coworkers and lack of physical distancing.

Notifying Cal/OSHA
The occurrence of COVID-19 within the workplace does not require the employer to immediately notify Cal/OSHA. The reporting requirements are consistent to the effect that when there is hospitalization, loss of consciousness, or death, Cal/OSHA must be notified immediately or within eight hours.

The FAQ also addresses the condition that an employee may become ill at work, but it is not work related. If it is a serious illness, then Cal/OSHA should be notified.

Column based on questions asked by callers on the Labor Law Helpline, a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

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International Trade
Upcoming Energy Projects in Canada.
The Workplace

D&I Critical to Strong Organizations

In Episode 83 of The Workplace podcast, CalChamber President and CEO Allan Zaremberg and Dr. Jessica Milam, Inclusion and Diversity Advisor to the U.S. Navy, discuss practical applications employers can glean from the U.S. Navy’s diversity and inclusion programs.

The U.S. Navy is an incredibly diverse organization that brings together people of diverse cultures and backgrounds from rural, urban and suburban environments around the world, Dr. Milam tells Zaremberg.

Diversity is important because it strengthens organizations by bringing in different perspectives and shining a light on an organization’s blind spots.

But diversity alone is not the answer—inclusion is critical, she says. “Without inclusion, diverse perspectives can lead to friction and conflict of thoughts and opinions,” Dr. Milam explains. “We really need inclusion to actively engage all the perspectives to come up with creative solutions and problem solving.”

The actively inclusive team, she says, is able to leverage diversity “to reach our peak potential and maintain that advantage over our adversaries.”

Make It a Part of the Culture

Dr. Milam recommends that employers create a diversity and inclusion strategy tied to their organization’s mission, with clearly defined objectives and goals. Then, the organization must practice those objectives every day to make the new practices part of the workplace culture.

She emphasizes that it is not enough that an organization has one person or one department to handle inclusion efforts. Inclusion has to be something everyone practices every day.

In the Navy, Dr. Milam says, there is a “Culture of Excellence” program that helps solidify inclusion efforts. The program consists of both an individual piece and an organizational piece.

Because people join the Navy from such diverse backgrounds, some sailors simply don’t know the historical practices that have divided different people and created inequities and racism, Dr. Milam explains. The individual piece of the “Culture of Excellence” program focuses on helping people self-reflect and be self-critical. Then, sailors are given tools to disrupt bias, know when to stand up for others or when to step back and listen, and be mindful of the language they use.

The field is very collaborative, and a consistent, proactive approach can help organizations attract and keep the best talent.

For related resources, visit www.calchamber.com/diversity.

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Select LA Investment Summit. World Trade Center Los Angeles and the Los Angeles County Economic Development Corporation. September 17, Los Angeles. (213) 236-4853.
Virtual 94th Annual World Trade Week. Los Angeles Area Chamber of Commerce. September 22, Online. (213) 580-7500.
Smart City Expo World Congress. November 17–19, Live Virtual Program. +34 93 233 20 00.
Job Killer Places COVID-Economic Fallout on Rental Property Owners

From Page 1

obligations to maintain the habitability of their property. They rely on rent to meet these and other financial obligations. Other rental property owners rely upon rent as their primary or sole retirement income. Notably, AB 1436 fails to address any of the costs for which rental property owners are responsible nor does it consider the unintended consequences of allowing tenants to simply withhold rent for an extended period.

Instead, the bill would force rental property owners of all sizes to forgo collecting unpaid rent for the entire duration of the COVID-19 state of emergency, plus 90 days, or at least until April 1, 2021, plus an additional 12 months in which the rental property owner is barred from collecting any unpaid rent.

AB 1436 would therefore require rental property owners to provide free housing for an unreasonably long time, preclude them from being able to collect any unpaid rent for another 12 months, and then expect rental property owners to collect months of back rent from tenants almost two years later. In short, rental property owners will be required to meet all their mortgage, payroll, maintenance and property tax obligations, and absorb no rent from their tenants.

The bill fails to acknowledge that the overwhelming majority of California rental property owners are already working with their tenants through the pandemic. No one wants to see mass evictions. But by denying rental property owners the ability to collect rent, unless the state provides economic help, AB 1436 will shift the economic pain from tenants onto the rental property owners, leading to foreclosures and other unintended consequences. Foreclosures alone will place additional strains on banks, lenders, and the larger housing market, exacerbating the state’s housing crisis and dampening any economic recovery.

Disincentivizes Lending, Construction

AB 1436 also hurts housing and job recovery by disincentivizing lending, investment and residential construction.

Rational lenders will not risk lending capital if investments are statutorily guaranteed to yield no returns. Without capital investments, housing construction will slow in California and tens of thousands of construction jobs could be negatively impacted. A tightening of the credit market will also disproportionately impact first-time home buyers who are already more likely to be on the edge of lenders’ qualifying guidelines.

At a time when California is reeling from an existing housing crisis and an economy struggling to rebound from months of being shut down, with potentially more shutdowns on the horizon, the state must avoid driving away critical investment in California housing and the well-paying construction jobs that come with it.

Preempted by Federal Law

AB 1436’s requirement that financial institutions carry homeowner loans for a year or more without payment and without assessing fines or penalties is likely preempted by federal law. Therefore, the bill will lead to unnecessary litigation without providing relief to the groups the bill aims to benefit.

The U.S. Supreme Court and appellate courts have consistently held that federal law under the National Bank Act preempts state laws which interfere with the business of banking. It is therefore very likely that courts would stop any attempts by California to force banks to limit rates or fees, demand forbearance or loan modifications, or require banks to make certain loans.

State Must Be the Safety Net

The COVID-19 pandemic and the actions taken to address the public health crisis have wreaked havoc to California’s economy. Shutting down non-essential businesses and forcing residents to shelter-in-place have bankrupted Californians and businesses across the state. People are struggling. But the California Legislature cannot rely upon rental property owners to serve as both the state’s tax base and economic safety net for COVID-19.

AB 1436 effectively attempts to do just that by forcing rental property owners to forgo months if not years of no rent while still being required to meet all their financial obligations, without any financial assistance from the state. It is an inequitable and unsustainable policy that will have widespread economic impacts across California’s economy.

Only the state has the power and resources to function as a safety net to guarantee the health and welfare of its citizens.

Key Vote

Senate Judiciary voted 6-0 on August 18 to send AB 1436 to the Senate Rules Committee:

Ayes: Jackson (D-Santa Barbara), Durazo (D-Los Angeles), Lena Gonzalez (D-Long Beach), Monning (D-Carmel), Stern (D-Canoga Park), Wieckowski (D-Fremont).

Not voting: Borgeas (R-Fresno), Melendez (R-Lake Elsinore), Umberg (D-Santa Ana).

Staff Contact: Adam Regele
Legislature Should Stick to COVID-19 Priorities

Despite their leaders’ vow to concentrate their attention on the pandemic and economic crises, it’s business as usual at the California Legislature. In early spring, the prolific Assemblywoman Gonzalez, who apparently self-exempted from the need to “rethink” or “reconsider” policies not focused on crisis recovery.)

- **Protected leave:** SB 1383 requires businesses with as few as five employees to provide 12 weeks of protected leave each year, threatening litigation for any unintentional mistake.
- **Online marketplaces:** AB 3262 would, in the words of a Democratic Senator, “(E)ffectively strangle the only pathway that small businesses currently can pursue to sell goods and earn revenues online, by extending strict liability to the online marketplaces where their goods are offered for sale.”
- **Garment manufacturing:** SB 1399 targets non-unionized employers in the garment manufacturing industry by eliminating piece rate as a method of payment, even though it can benefit employees, and increasing litigation exposure for labor contractors for these workers.
- **Attorney fees:** AB 1947 undermines administrative resolution of whistleblower cases by ordering attorney’s fees for retaliation claims, thereby incentivizing litigation over resolution. Governor Newsom vetoed similar legislation last year.
- **Wage disparities:** SB 973 requires California employers to submit potentially incomplete or misleading pay data to state agencies that may allow advocates to characterize a false impression of wage disparity where none exists.
- **Prevailing wages:** AB 2231 creates a statutory minimum amount of public subsidy that would trigger prevailing wage requirements on an otherwise private project, overturning established practice of considering the subsidy in the overall context of the project. Two Governors have vetoed this proposal.
- **Warehouse workers:** AB 3056 limits the ability of warehouse employers to use performance standards, like boxes-per-hour, and adds a related litigation risk to employing warehouse workers.
- **Health system mergers:** SB 977 presumptively characterizes health system mergers or acquisitions as anti-competitive and empowers the Attorney General to reject this market activity.
- **Recycling:** SB 54 and AB 1080 were left for dead at the end of 2019. As resurrected, these measures require millions in new state government spending, expansive new rules and fee authority by state regulators, and fail to address deficiencies in existing programs like the Bottle Bill, while the state struggles financially.
- **Climate goals for farms:** AB 2954 directs the Air Resources Board to develop a climate neutrality goal for agricultural and working lands, which could result in the consolidation of crop types and reduce diversity of food supplies in California.
- **Taxpayer confidentiality:** SB 972 requires state tax collectors to disclose the identities and amounts of tax credits claimed by any taxpayers with gross receipts of more than $5 billion. This violates long-respected taxpayer confidentiality, undermines business strategy, and destabilizes the competitive market.
- **Trade secrets:** SB 749 removes the protection of confidentiality of certain trade secrets by businesses that contract with state agencies.

Legislative leaders extended their promise of crisis management to the annual state budget. The Senate lead on budget issues, Holly Mitchell, earlier said she expects “a keep-the-lights-on kind of budget.” Nonetheless, with just two weeks left in its session, the budget committees held a special hearing to consider reorganization of state agencies regulating ... consumer financial institutions.

The coronavirus and economic recession may consume the attention of California voters, businesses and residents, but leave it to the Legislature to find the time and fortitude to treat this year as it does any other.

Loren Kaye is president of the California Foundation for Commerce and Education, a think tank affiliated with the California Chamber of Commerce.
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precarious (and expensive) energy grid.

Less than six months ago, CAISO Regional Affairs Manager Virginia Thompson sat down with California Chamber of Commerce Energy and Climate Policy Advocate Leah Silverthorn to discuss with Capitol staffers issues surrounding renewable integration and potential shortfalls in energy generation that the state would soon face if fast-ramping, flexible resources such as natural gas were less available to meet unexpected demand.

With the Western states increasing their reliance on weather-dependent solar and wind power and moving away from zero-emission nuclear power, Thompson predicted that fewer resources could be available when California’s demand goes up unexpectedly due to weather events like this one. Where out-of-state power is available for purchase to meet this shortfall, it comes at a pricey premium to California’s ratepayers.

Systemic Capacity Shortfall

CAISO predicts a systemic capacity shortfall of between 2,300 and 4,400 megawatts (MW) beginning next summer. If the shortfall is not solved, rolling blackouts will become commonplace as demand outpaces capacity.

CPUC’s analysis found that the shortfall arises from several factors, including:

• shifts in peak electric demand to later in the year and later in the day, which reduces the ability of solar generation to meet peak capacity requirements;
• changes in the method for calculating qualifying capacity of wind and solar resources, resulting in less availability than originally predicted for these resources; and
• uncertainty regarding out-of-state imports as a result of increasing renewables policy across the West.

As a result, a cross-agency working group recommended extension of the life of several natural gas plants to avoid blackouts, including extension of once-through cooling deadlines for coastal plants. This proposal is pending before the State Water Resources Control Board and is expected to be heard on September 1. Extensions such as these will help to avoid systemic blackouts until the difficult problem of renewable integration is solved.

Temporary Waiver

In the short term, Governor Newsom’s Executive Order suspended “permitting requirements or conditions” imposed by the Energy Commission and local air districts that limit the amount of power that facilities can generate, restrict the amount of fuel, or impose air quality requirements during peak demand hours of 3 p.m. to 10 p.m., or as otherwise necessary to respond to the event.

While the executive order suspended these restrictions, businesses and facilities still were to notify the relevant local Air Quality Management District, the CEC, and the ARB within 48 hours and provide additional information “within 30 days of the order.”

Matosantos indicated this situation caught everyone off guard and was due primarily to a 1,000 MW unanticipated gap and a delay/unavailability of a plant. She also indicated that demand was about as predicted, but that the speed of demand was faster than usual. Without further action, these regulatory suspensions were due to expire at 11:59 p.m. on August 20, 2020.

At a mid-week news conference, the Governor acknowledged how efforts of energy producers and customers helped prevent blackouts and noted that state officials looked forward to cooling temperatures relieving the strain on the energy grid.

On Thursday morning, the “Flex Alert” switched from red to green and CAISO posted a note thanking consumers who did their part to conserve.

California’s ability to keep the lights on is limited to the resources that state policymakers have chosen to promote and incentivize. Policymakers would be wise to address these problems before blackouts become another regular occurrence.

To sign up for Flex Alerts, visit http://www.caiso.com/ or download the CAISO App.

Rent Relief Legislation on Hold in Assembly Committee

A proposal setting up an assistance program for tenants unable to pay rent due to COVID-19 is being supported by the California Chamber of Commerce if a few changes are made.

SB 1410 (Caballerio; D-Salinas) was sent to the Assembly Appropriations Committee Suspense File on August 18 pending a review of the bill’s fiscal impacts.

SB 1410 creates a tenant-owner COVID-19 eviction relief agreement, restricts rental property owners from evicting tenants for unpaid rent accrued during the state of emergency, and allows a tax credit to rental property owners that defer rent for tenants who cannot pay their rent due to COVID-19.

This approach attempts to protect the most vulnerable tenants without sacrificing mom and pop rental property owners who are not able to financially absorb months of no rent without financial assistance.

AB 1410 spreads the interest-free payments from tenants and the landlords’ corresponding tax credits over a 10-year period beginning in 2024 in order to minimize any immediate impacts to the state’s revenues.

Staff Contact: Adam Regele
A View from Taiwan

Shared Interest in High Tech, Ag Products Elements in Close Economic Collaboration

The following answers to questions posed by the California Chamber of Commerce are from Ming-Chi Scott Lai, director general, Taipei Economic and Cultural Office, San Francisco.

Taiwan-California Relations

Please describe your thoughts on the unique relationship between Taiwan and California.

Taiwan has been an important partner to California for many years, as our collaborations in various areas continue to grow. Taiwan is the seventh largest trading partner to California, reaching a bilateral trade volume of 26 billion U.S. dollars (USD) in 2019.

Among the goods imported to Taiwan from California, agricultural productions are especially popular. In 2019, Taiwanese customers consumed over 280 million USD of California agricultural products, making our country the 11th largest export market for California’s agricultural goods.

Because Taiwan and California are both famous for their fast-growing high tech industries, our government established in the Bay Area our “Asia-Silicon Valley Development Agency” in 2016. This agency acts as a technology advancement R&D center to connect Taiwan’s major high tech companies, such as Taiwan Semiconductor Manufacturing Company (TSMC), United Microelectronics Corporation (UMC), and Foxconn, with their local partners in Silicon Valley.

In addition to the close economic cooperation between Taiwan and California, many Taiwanese immigrants have settled down in the Bay Area and established their businesses here. These vibrant local Taiwanese communities have become an indispensable part of California’s ethnoscape. Their contributions in culture, education, and economic development bring great momentum to the overall growth of the state.

COVID-19 Impact

As countries all over the world feel the pandemic, what is the economic impact of COVID-19 on Taiwan?

Taiwan has successfully controlled the spread of COVID-19 in its territory, with only 480 confirmed cases and seven deaths to date [comments received August 17, 2020]. For this reason, Taiwan’s economy has remained strong, compared to other countries in the Asia Pacific area.

Taiwan was able to maintain an average growth rate of 1.54% in the first season and is expected to achieve 1.67% annual economic growth rate for the year of 2020.

To further boost our domestic economy, our government has issued the “Stimulus Voucher,” in order to encourage Taiwanese consumers to spend more on basic retail and domestic travel. In an initial estimation, these vouchers have generated 1.3 billion Taiwan dollars (TWD) (44 million USD) for Taiwan’s tourism industry, and we are expecting local retail businesses to reap similar benefits before the end of this year.

In the wake of increasing uncertainties in the Chinese market brought by COVID-19 and continued U.S.-China wrestling, many Taiwanese companies have decided to retreat from China and return to Taiwan. When President Tsai first assumed office in 2016, she introduced the so-called “New Southbound Policy” (NSP). This policy focuses not only on traditional production trade with Southeast Asia countries, but also encompasses various other industries, such as tourism, education, medical/health training, natural disaster prevention and more.

Our government took immediate action to help returning Taiwanese companies, especially small and medium enterprises, solve problems associated with land, water and power supply. As a result, the NSP policy has not only strengthened Taiwan’s relationship with Southeast Asia countries, but has also created more incentives for Taiwanese companies to bring their factories and production lines home.

According to the latest statistics, the total investment from those returning companies has reached more than 752 billion TWD (25 billion USD). In the future, this policy will continue to help Taiwan businesses grow steadily and
Shared Interest in High Tech, Ag Products Helps Economic Collaboration

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explore further avenues of cooperation with their Southeast Asia partners.

Challenges/Opportunities

With Taiwan’s rapid economic rise and emphasis on trade, what are the challenges and opportunities facing Taiwan?

Many countries are still suffering blows from the COVID-19 pandemic, which significantly shatters consumer and business spending. The resurgence of new cases continues to be a huge threat for the global economy’s recovery.

Therefore, the unstable global economic situation has become Taiwan’s biggest challenge in the foreseeable future, and our government plans on moving forward with caution.

As for opportunities in the future, the spread of COVID-19 has forced many countries to lock down their economies, and the global supply chain is now under restructuring. I believe Taiwan’s strong foundry industries can quickly adapt to the new situation and continue to supply products with stable quality at a competitive price.

At the same time, Taiwan has profound biotechnology and medical industries that have continuously introduced innovative and reliable new products. Due to the rising demand from front line medical personnel, the “Made in Taiwan” surgical mask and personal protective equipment (PPE) have become largely popular globally. We believe this has become a promising area for Taiwanese companies, and the Taiwan government will vigorously help our manufacturers work with international partners to further expand their overseas market.

The Taiwan government has also taken steps in loosening the restrictions for travel. Now, foreign applicants with purposes other than tourism and social visits can apply for a Special Entry Permit to enter Taiwan. This policy will allow foreign companies to visit their Taiwanese partners and look for business opportunities in Taiwan.

Our democratic political system, rule of law, efficient government, talented human resources, and success in controlling the pandemic make Taiwan an ideal place for foreign investment.

As the Director General of the Taipei Economic and Cultural Office in San Francisco, I would like to welcome all of you to reach out to our office—(415) 362-7680, sfo@mofa.gov.tw—for information about doing business in my country. We look forward to seeing you in Taiwan!

Staff Contact: Susanne T. Stirling