



MEETING of the Legislative & Regulatory Committee of the Clean Power Alliance of Southern California

Wednesday, March 27, 2019

10:00 a.m.

555 W. 5th Street, 35th Floor

Los Angeles, CA 90013

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Jacquelyn Betha, at least two (2) working days before the meeting at jbetha@cleanpoweralliance.org or (213) 269-5870, ext.1001. Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

PUBLIC COMMENT POLICY: *The General Public Comment item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today's agenda. Public comments on matters on today's Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period. As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker's slip and provide it to Clean Power Alliance staff at the beginning of the meeting but no later than immediately prior to the time an agenda item is called.*

Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five 5 minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance Policy No. 8 – Public Comments for more information.

In addition, members of the Public are encouraged to submit written comments. Any written comments should be provided to Clean Power Alliance staff before an item is called so that they can be distributed to the Board and included in the official record.

Clean Power Alliance Legislative & Regulatory Committee
March 27, 2019

Members of the public may also participate in this meeting remotely at the following addresses:

*Carson City Hall
Executive Conference Room
701 E. Carson Street, Carson, CA 90745*

*Redondo Beach City Hall
West Wing Conference Room
415 Diamond Street, Redondo Beach, CA 90277*

*West Hollywood City Hall
3rd Floor, City Manager's Conference Room
8300 Santa Monica Blvd, West Hollywood, CA 90069*

I. WELCOME & ROLL CALL

II. GENERAL PUBLIC COMMENT

III. REGULAR AGENDA

1. Approve Minutes from January 23, 2019 Legislative & Regulatory Committee Meeting
2. Discuss Preparations and Issue to Address During CalCCA Lobby Day

IV. COMMITTEE MEMBER COMMENTS

V. ADJOURN

Public Records: *Public records that relate to any item on the open session agenda for a Committee Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all, or a majority of, the members of the Committee. The Board has designated Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013, as the location where those public records will be available for inspection. The documents are also available online at www.cleanpoweralliance.org.*

MEETING of the Legislative & Regulatory Committee
of the Clean Power Alliance of Southern California

Wednesday, January 23, 2019, 10:00 a.m.
555 W. 5th Street, 35th Floor, Los Angeles, CA 90013

MINUTES

Carson City Hall Executive Conference Room

701 E. Carson Street, Carson, CA 90745

*Redondo Beach City Hall West Wing
Conference Room, 415 Diamond Street*

*West Hollywood City Hall
3rd Floor, City Manager’s Conference Room*

*Santa Monica Blvd
West Hollywood, CA 90069*

Redondo Beach, CA 90277

I. WELCOME & ROLL CALL

The Committee Chair Lindsey Horvath called the meeting to order.

The Board Secretary Jacquelyn Betha conducted roll call.

| Roll Call | | | | |
|------------------|-----------------------|-------------------|------------------|---------------|
| 1 | Carson | Cedric Hicks | Committee Member | Remote |
| 2 | Redondo Beach | Christian Horvath | Committee Member | Remote |
| 3 | Santa Monica | | | Absent |
| 4 | West Hollywood | Lindsey Horvath | Committee Chair | Remote |

II. PUBLIC COMMENT

The following member of the public provided comments on items not on the agenda: Harvey Eder (Public Solar Power Coalition).

III. REGULAR AGENDA

1. Approved Minutes from November 28, 2018 Legislative & Regulatory

Committee Meeting

Motion: Redondo Beach, Committee Member Christian Horvath. Second: West Hollywood, Committee Chair Lindsey Horvath.

Vote: Item 1 was approved by unanimous roll call vote.

2. Received updated on SCE ERRRA and Trigger Application Rate Proposal Updates

Matthew Langer, Chief Operating Officer, provided an update on the Southern California Edison (SCE) Energy Resource Recovery Account (ERRA) proceeding, and SCE's trigger application rate proposal. CPA did receive a proposed decision regarding the trigger application, and the CPUC has decided that CPA customers should share in the \$815 million undercollection error from SCE. In addition, the CPUC is considering taking potential actions to address the repercussions of SCE's undercollection. CPA held multiple ex parte meetings with CPUC Commissioner Guzman-Aceves and staff in San Francisco regarding these issues.

CPA has maintained that if its customers will have to pay for the SCE undercollection billing error then these same customers should be refunded the brown power true-up since SCE over collected from departing CCA customers on the brown power PCIA in 2018. However, that notion was rejected by the original ERRRA proposed decision. There was an alternate proposed decision issued by Commissioner Guzman-Aceves that would grant the brown power true-up to CPA customers for Phase 1 & 2 and anyone else who had parted from SCE bundled service by the end of 2018. Staff acknowledged the help our member cities provided by sending letters to the CPUC, and these were instrumental in the consideration for acting on SCE's misconduct.

Regarding the ERRRA, due to the CPUC's alternate proposed decision the procedural schedule will be extended. In the interim, CPA's General Counsel intends to reach out to SCE's General Counsel in the attempt to obtain a compressed schedule for comments in order to keep ERRRA on schedule for January 31, 2019. SCE also would like to maintain the current schedule. CPA has made procedural motions to keep the originally planned schedule.

Ted Bardacke, Executive Director, suggested the Committee consider whether a Board Member should attend and testify in favor of the alternate proposed decision at the CPUC meeting on January 31, 2019. Committee Chair Horvath agreed with the suggestion and added that CPA should submit a letter to the CPUC from either the Legislative & Regulatory Committee or the Executive Committee if SCE does make comment, as we want to have our rebuttal comments on record.

3. Discussed and provided input on Legislative & Regulatory Issues for 2019

Ted Bardacke, Executive Director, provided an update on various legislative and regulatory issues that are facing CPA and the rest of the CCAs specifically this year and engage in discussion with the Committee members regarding CPA's approach to these 2019 topics.

IV. COMMITTEE MEMBER COMMENTS

There were no Committee Member comments.

V. ADJOURN

Chair Horvath adjourned the meeting.



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee
From: Ted Bardacke, Executive Director
Subject: Preparations and Issue to Address During CalCCA Lobby Day
Date: March 27, 2019

CPA participates in CalCCA, the statewide advocacy organization for community choice aggregators. On April 3, 2019, CalCCA is holding its annual Lobby Day, during which staff and representatives from CCAs across the state will convene in Sacramento to meet with various legislators and their staff to educate them about the pivotal role CCAs have in the state's changing energy landscape as well as the benefits they provide in their communities. Executive Director Ted Bardacke and CPA's new Policy Director Gina Goodhill are planning to represent CPA during CalCCA's Lobby Day this year. Members of the Legislative and Regulatory Committee have been invited as well.

On March 27, staff will provide an update on various legislative issues that CalCCA intends to prioritize during Lobby Day and engage in discussion with the Committee members regarding how to prepare for CPA's participation and advocacy efforts in Sacramento. The bills that have the potential to impact CPA fall into four major categories:

1. **Procurement & Markets:** Central procurement, retail choice rules, resource adequacy, regionalization, GHG accounting, grid restructuring, natural gas, transmission
2. **General Programs:** Energy efficiency, net energy metering, demand response, alternative fuels, electric vehicles, DERS, energy planning.
3. **Climate:** Electrification, cap & trade, wildfires, RPS.

4. **CCA Governance:** Cyber security, supplier diversity, rates, data, privacy, labor, CPUC reform.

The main areas where CPA expects to intervene are in the areas of central procurement, resource adequacy, electrification, and DERS; these are areas where we expect the CPUC to seek to expand their regulatory authority of over CCAs. Some of the hotly contested issues in their area are captured in the attached two articles.

- Attachments:**
- 1) Calif. Lawmakers Reveal Growing Divisions over CCAs
 - 2) California ALJ proposes statewide renewable energy procurement

Calif. Lawmakers Reveal Growing Divisions over CCAs

RTO Insider

The rift over the rapid expansion of **community choice aggregators** in California took center stage at a state Senate hearing Tuesday, as some lawmakers fretted that **CCAs** could cause future blackouts and one lashed out at the president of the California Public Utilities Commission for his alleged “hostility” toward the local electricity providers.

“Frankly, with all respect, Mr. Picker, your comments here today further bolster my belief that I don’t want to see the CPUC having a greater role [regulating **CCAs**],” Sen. Scott Wiener, a San Francisco Democrat, told CPUC President Michael Picker at the hearing of the Energy, Utilities and Communications Committee. “I think the CPUC would pretty quickly move to kill off **CCAs**. I’m just being super blunt.”

Wiener said he thought the PUC was attempting to “double down on this hyper-centralized model that has not worked well for California” and had displayed hostility toward **CCAs** and distributed energy resources (DER) such as solar power.

Wiener next took aim at Picker’s testimony in a recent Assembly hearing, when the PUC president said the commission had received 11 resource adequacy (RA) waiver requests last year from CCAs and electricity service providers (ESPs), when in fact 10 of the waivers were from ESPs, which provide electricity directly to commercial and industrial customers, and another was from one of the state’s large investor-owned utilities (IOU). (See Calif. **CCAs**, Decarbonization Provide Reliability Challenges.)

Picker responded during the testy exchange with Wiener by saying, “I will apologize for the way I characterized the problem, but I will not say there’s not a problem.”

During his Senate testimony, and in his earlier Assembly testimony, Picker expressed concern that **CCAs** may be unable to meet the state’s local RA requirements. Some serve areas with limited transmission capacity to import electricity, he said, and may be unable to compete for electricity from generators within their load pockets during times of high demand.

Picker said it may be necessary to designate an entity to serve as a central buyer of electricity to backstop **CCAs** and other load-serving entities (LSE). That entity could be an IOU, such as Southern California Edison, or an independent agency created by lawmakers. A bill, AB 56, to establish a central procurement entity was introduced in December.

Picker’s sentiments were echoed by several lawmakers who expressed concerns about a repeat of the state’s 2000/01 energy crisis, when rolling blackouts afflicted California.

Sen. Robert Hertzberg (D-Los Angeles) this year introduced a bill, SB 520, that would authorize the PUC to develop threshold attributes for an LSE to serve as a provider of last resort if other LSEs fail to deliver electricity to retail customers. It would also instruct the commission to develop a method, such as an auction, for selecting the provider of last resort and to determine how that entity would benefit from its role.

“If the perfect storm happens, there has to be a backup plan,” Hertzberg told the committee.

The state's IOUs are currently the de facto providers of last resort, but as customers migrate away from IOUs and the utilities become poles-and-wires companies, they may be unable to fulfill that function, he said.

Hertzberg, a veteran state lawmaker who served as Assembly speaker during last decade's energy crisis, said lawmakers created CCAs in the early 2000s as an interim step to deliver renewable energy to local communities.

The state's first, Marin Clean Energy, launched in 2010. There are now 19 **CCAs**, primarily in wealthy coastal California, with a dozen more under consideration by city and county governments statewide. CCAs are expected to serve more than 10 million customers, or about a quarter of California's population, this year, according to the **California Community Choice Association (CalCCA)**.

Hertzberg said the shift away from IOUs, the proliferation of renewable energy and other seismic shifts represent a "new world order" in terms of electricity delivery and reliability that still must be sorted out by policymakers.

"They'll continue to survive," Hertzberg said of **CCAs**, "but I think we're all in for a significant change to make sure we have reliability for the people of California."



BRIEF

California ALJ proposes statewide renewable energy procurement for utilities

By Iulia Gheorghiu

Published March 20, 2019

Dive Brief:

- A California Administrative Law Judge (ALJ) on Monday proposed statewide procurement for renewable resources, finding that proposed resource plans from utilities and other power providers will not reduce greenhouse gases enough to meet state goals.
- The proposed decision from ALJ Julie Fitch would refuse to adopt the combined integrated resource plan (IRP) from the state's utilities and community choice aggregators (CCA) because it "does not meet the GHG emissions goals" and could challenge reliability. Instead, Fitch proposed a new statewide Preferred System Portfolio that would guide generation decisions out to 2030.
- If adopted by the California Public Utilities Commission (CPUC), regulators at that agency would decide how power providers would comply with the new statewide portfolio. California regulators routinely adopt ALJ findings with minimal or no changes.

Dive Insight:

Fitch's proposal would create a statewide "procurement track" for generation capacity, dramatically changing the IRP protocols followed by the state's power providers today. If the proposed

decision is approved by the CPUC, regulators will work on establishing the design of the procurement track.

"The procurement track will explore how the LSEs can be directed to follow the Preferred System Portfolio," Terrie Prosper, CPUC spokesperson, told Utility Dive via email.

While California is working to eliminate natural gas-fired generation, Fitch's proposed decision notes existing gas-fired capacity will still be needed in 2030 as the state continues to integrate renewables, making the resource part of the potential Preferred System Portfolio.

Existing natural gas resources are needed to "maintain system reliability and provide affordable electricity while the broader transition to California's GHG emissions reduction goals is underway," Prosper said.

Other resources in Fitch's recommended procurement track include eight-hour duration storage and enough diverse renewable resources to reach the 2030 Preferred System Portfolio. The portfolio is supposed to reach a statewide target to lower electric sector emissions to 42 million metric tons of GHG in 2030, a 61% decline from 1990 levels in the sector.

Fitch ruled that the plans proposed by nearly 50 load serving entities (LSEs) would not collectively meet that goal. She also expressed concerns about the plans community choice aggregators are putting together as the state prepares for the retirement of its sole nuclear generator — the 2.2 GW Diablo Canyon — in the mid 2020s.

"Since Diablo Canyon was a baseload resource and most renewable resources are not, if anything we are concerned that the replacement power procured mostly by CCAs will not represent as reliable a resource as Diablo Canyon has proven to be over the decades," Fitch wrote.

While 20 LSEs submitted IRPs in 2018 that were approved or certified, 19 did not provide sufficient information on the emissions of pollutants associated with the resources they would use, Fitch wrote. One LSE did not file an IRP and eight were exempt from the requirement.

A state-wide procurement process would affect every LSE.

"[W]e can assume that the new round of procurement will incur costs that [will] then be spread to all customers of each of the utilities, including the CCA and direct access customers," Matt Freedman, staff attorney for The Utility Reform Network (TURN), told Utility Dive.

The investor-owned utilities "are trying to shed resources because they've lost a lot of customers....So all of the need for new resources is with the new providers," he added.

At the same time, Freedman said, new electric service providers "are the ones that had the hardest time putting together resource plans for the company."

The CPUC received several vague IRPs that copied a template of requirements without providing details such as when the capacity would be added, he said. TURN found many IRPs "submitted very generic resource plans," which cloud the accurate assessments of the progress on GHG reductions.

Regulators "are trying to steer rapidly changing retail markets and they are struggling to bridge the gap between Statewide Resource Planning Objectives and the paradigm of customer choice," Freedman said.

A lot of details remain undecided about a new procurement plan, he added, which would need to be addressed if the CPUC approves Fitch's proposal.

"The open question is who would do that procurement and how you would operationalize such a requirement," Freedman said.

The proposed decision has no legal effect until adopted by the Commission. The earliest CPUC business meeting where it can be taken up is on April 25.