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

Wednesday, April 22, 2020

10:00 a.m.

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All Participants must press “#” to join the meeting.

SPECIAL NOTICE REGARDING PUBLIC COMMENT: Pursuant to Paragraph 11 of Executive Order N-29-20, executed by the Governor of California on March 17, 2020, and as a response to mitigating the spread of Coronavirus known as COVID-19, the Legislative & Regulatory Committee will allow members of the public to participate and address Committee Members during the meeting via teleconference only. Below are the ways to participate:

- Members of the public are encouraged to submit written comments on any agenda item to publiccomment@cleanpoweralliance.org up to two (2) hours before the meeting.
- If you desire to provide public comment during the meeting, you must contact staff at (213) 269-5889 at the beginning of the meeting but no later than immediately before the agenda item is called.
  - You will be asked to provide a phone number to call you during the meeting. You will also be asked for your name (or other identifying information) similar to filling out a speaker card so that you can be called when it is your turn to speak.
  - You will be called during the comment section for the agenda item on which you wish to speak.
  - You may be put on hold until your name is called by CPA staff.
  - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must comply with our Public Comment Policy.
  - Once you have spoken, or the allotted time has run out, the phone call will be discontinued.

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 the Clerk of the Board at gmonzon@cleanpoweralliance.org or (213) 269-5870. 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.

I. CALL TO ORDER & ROLL CALL

II. GENERAL PUBLIC COMMENT

III. CONSENT AGENDA
   1. Approve Minutes from January 22, 2020 Legislative & Regulatory Committee Meeting

IV. REGULAR AGENDA
   2. Positions on Key Bills in 2019/2020 Legislative Session
   3. Update on Resource Adequacy Central Buyer

V. COMMITTEE MEMBER COMMENTS

VI. ADJOURN – NEXT MEETING MAY 27, 2020

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. Those documents are available for inspection online at www.cleanpoweralliance.org.
MEETING of the Legislative & Regulatory Committee of the
Clean Power Alliance of Southern California

Wednesday, January 22, 2020 10:00 a.m.
555 W. 5th Street, 35th Floor, Los Angeles, CA 90013

MINUTES

Agoura Hills City Hall
Planning Conference Room
30001 Ladyface Court,
Agoura Hills, CA 91301

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

Redondo Beach City Hall
Planning Conference Room
415 Diamond Street
Redondo Beach, CA 90277

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

I. WELCOME & ROLL CALL
Committee Chair Lindsey Horvath called the meeting to order at 10:02 a.m. and Jennifer Ward, Director of External Affairs, conducted roll call.

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II. GENERAL PUBLIC COMMENT
Harvey Eder provided public comment.
III. CONSENT AGENDA

1. Approve Minutes from October 23, 2019 Legislative & Regulatory Committee Meeting

   Motion: Committee Member Christian Horvath, Redondo Beach
   Second: Committee Member Deborah Klein Lopez, Agoura Hills
   Vote: Item 1 was approved a by unanimous roll call vote.

IV. REGULAR AGENDA

2. Approved 2020 Legislative and Regulatory Platform

   Gina Goodhill, Policy Director, provided a presentation on changes made to CPA’s 2019/2020 Legislative and Regulatory Platform and reviewed the proposed 2020 Platform.

   In response to Chair Horvath’s question, Ms. Goodhill clarified that the proposed platform closely resembles CalCCA’s platform. Committee Member Klein Lopez commented that the inclusion of the term resilience was important, as it would be considered a key item at the legislature.

   Committee Member Hicks asked about the expansion of CPA territory and suggested that a change to verbiage from “Territory and activities” to “service offerings and activities,” would provide more clarity. Ms. Goodhill clarified that additional information was added to reflect current discussion in the legislature and the California Public Utilities Commission (CPUC) about the PG&E bankruptcy and potential change in the role of Independently Owned Utilities (IOU). Specifically, Ms. Goodhill added that CCA’s could potentially take on new roles, such as providers of last resort and the inclusion of this language also provides direction to CPA to participate in those discussions.

   The Committee and staff agreed with the suggested change to the platform in Section D.

   Motion: Committee Member Christian Horvath, Redondo Beach
   Second: Committee Member Cedric Hicks, Carson
   Vote: Item 2 was approved, as amended, a by unanimous roll call vote.

Harvey Eder provided comments on Item 2.
3. **Regulatory Update**

CC Song, Director of Regulatory Affairs, provided a brief overview of the regulatory landscape. Specifically, Ms. Song reviewed Resource Adequacy (RA) and the Power Charge Indifference Adjustment (PCIA).

Ms. Song noted that RA has been impacted, in part, because of proliferation of CCAs and the planned retirement of gas resources. Ms. Song also noted that the CPUC has implemented policy changes, such as a recently approved interim resources accounting methodology for energy storage paired with energy generating source, set up to assist Load Serving Entities (LSEs) to procure storage resources for procurement track requirements. Ms. Song stated that the CPUC adopted a decision that changed the criteria of import RA close to the deadline, prompting CalCCA, CAISO, and PowerX to raise concerns about the market impact of this change in criteria. Additionally, CalCCA filed a motion to delay the implementation of the new RA requirements, which was granted. Ms. Song indicated that CPA would wait for the CPUC to determine if the submitted applications would be granted a hearing.

Ms. Song also stated that CPUC recently proposed that Investor Owned Utilities (IOUs) be the central buyer for local RA resources. Although initially met with pushback, a consensus proposal was ultimately submitted to the CPUC. This proposal included establishing a non-IOU as the backstop central buyer for RA resources and a decision will likely be made in February 2020.

In response to Committee Member Hicks’ request, Ms. Song confirmed that the Committee would receive a written update.

Ms. Song noted that the CPUC adopted a decision that approved SCEs 2020 ERRA application. However, Ms. Song added that SCE anticipates that their PCIA would require a trigger application, since their under collection will likely exceed 7%. Ms. Song clarified that this will likely increase the PCIA rate to just over 2 cents per kWh and that CPA would follow the status of the trigger application and provide updates to the Committee. Ted Bardacke, Executive Director, highlighted that there was a cap to the PCIA, however, the trigger circumvents the cap which is logically inconsistent.

Harvey Eder provided comments on item 3.
V. COMMITTEE MEMBER COMMENTS

Committee Member Klein Lopez commented that it would be beneficial to continue outreach to state and local representatives including those who are not in CPA territory. Ms. Goodhill indicated that this would be priority in the next year.

VI. ADJOURN

Chair Horvath adjourned the meeting.
RECOMMENDATION
Discuss and provide direction for CPA positions on various key bills in the 2019/2020 legislative session.

BACKGROUND AND DISCUSSION
Due to a truncated and uncertain legislative session that will largely focus on COVID-19, CPA expects to see fewer bills and a tighter emphasis on bills that legislators deem to be priority legislation. Despite these changes, CPA will continue to take positions on key bills that affect our interests. Some of these bills may ultimately be removed from the 2019/2020 legislative session by their respective authors due to COVID-19 and moved to the 2021/2022 session.

Staff has reviewed three bills that address Investor Owned Utility (IOU) transparency, microgrids, and resiliency, areas of keen leadership interest for CPA. Staff has provided a summary of these bills and is seeking feedback on these pieces of legislation and the suggested CPA positions from the Legislative & Regulatory Committee.
KEY BILLS

- **AB 2689 (Kalra)**, updates the IOU confidentiality provisions to allow a broader range of market experts to participate in complex IOU cost recovery proceedings and supports California Public Utilities (CPUC) oversight to protect customers from unreasonable or unjustified IOU rate increases. AB 2689 would result in greater IOU accountability and improved consumer protection, safety, and affordability. CalCCA is sponsoring this bill.
  Suggested position: Support.

- **SB 45 (Allen)**, enacts the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which would go to voters at the November 3, 2020 statewide general election. Among other things, it would authorize $2.2 billion for wildfire prevention and community resilience. It includes significant carve outs for projects that would benefit disadvantaged populations.
  Suggested position: Support.

- **SB 1215 (Stern)**, would establish the Local Government Deenergization Event Resiliency Program, administered by the Office of Emergency Services (OES), to support State and local government efforts to enhance public safety, protect vulnerable populations and individuals, and improve resiliency in response to public safety power shutoff (PSPS) events. The bill would appropriate an unspecified amount of money from the General Fund and direct OES to provide grant funding to local governments, joint power authorities and special districts to plan and deploy energy resiliency projects that maintain electricity during PSPS.
  Suggested position: Support.

Alignment with CPA 2019 Legislative & Regulatory Platform

The issues addressed in all three of these bills align with CPA’s 2020 Legislative & Regulatory Platform (attached).
ADDITIONAL UPDATES

CPA’s 2020 Lobby Day has been cancelled due to COVID-19. Staff is engaging in other tactics to virtually update legislators about CPA’s priorities, such as teleconference meetings, email updates, and social media. CPA will begin planning a 2021 Lobby Day early next year.

Attachments: 1) 2020 Legislative & Regulatory Policy Platform
2020 Legislative and Regulatory Policy Platform

Overview and Purpose
The Clean Power Alliance (CPA) Legislative and Regulatory Policy Platform serves as a guide to the CPA Board of Directors and CPA staff in their advocacy efforts and engagement on policy matters of interest to CPA. The Platform allows both Board members and staff to pursue actions at the legislative and regulatory levels in a consistent manner and with the understanding that they are pursuing actions in the best interest of the organization and its mission, its member agencies, and its customers. The Platform will also enable the organization to move swiftly to respond to events in Sacramento (Legislative / Executive) and San Francisco (California Public Utilities Commission). The Platform also provides firm guidance to the Executive Director on the support or oppose positions that should be taken on legislative and regulatory matters that come before the California Community Choice Association (CalCCA) Board of Directors.

Except under the circumstances approved by the CPA Board on June 7, 2018, when the Chair, Vice-Chairs, Legislative & Regulatory Committee Chair, and Executive Director may act on behalf of the organization, all CPA positions on individual bills will be presented to the full Board for approval.

Policy Principles
The Legislative and Regulatory Policy Platform is centered around four basic principles:

1. Protecting CPA’s local control and autonomy by its members, especially with regards to finances, power procurement, and local customer programs.

2. Ensuring fair treatment of CPA customers by the CPUC and other state agencies.

3. Supporting recognition that electricity is an essential service and that CPA should have the ability to set electric rates that are affordable for all.

4. Pursuing environmental initiatives that exceed prescriptive State mandates, promote the growth in renewable energy capacity at the local level, encourage clean energy adoption by CPA customers, and reduce fossil fuel dependency.
Policy Platform

1) Local Control, Finance, and Power Procurement
CPA will pursue legislative and regulatory activity that:
   a. Supports the authority of CPA and its Board to retain local control over its activities
   b. Supports the protection of CPA’s procurement autonomy
   c. Supports the ability of CPA to maintain control over its financial decisions
   d. Support the ability of CPA to expand its service offerings and activities in response to a changing energy landscape
   e. Support the ability of CPA to access state incentives for its customers and member agencies

2) Equitable Treatment of CPA Customers
CPA will pursue legislative and regulatory activity that:
   a. Supports the fair treatment of CPA customers by the CPUC and the legislature
   b. Supports the development of a State regulatory environment that is empowering for community-owned energy providers

3) Ratepayer Advocacy and Social Justice
CPA will pursue legislative and regulatory activity that:
   a. Supports the protection of all ratepayers, particularly low-income customers, disadvantaged communities, and other vulnerable populations in CPA service territory
   b. Supports supplier diversity among CPA activities
   c. Supports workforce development with a focus on new stable, well-paying local jobs, and participation in the Green Economy
   d. Supports the ability for CPA to set appropriate benchmarks for performance measurement using accepted industry standards

4) Environmental Leadership
CPA will pursue legislative and regulatory activity that:
a. Supports the ability of CPA and its members to meet and exceed State goals for greenhouse gas emissions reductions (e.g. encouraging movement towards 100% renewable energy), climate action planning, and fossil fuel independence

b. Supports the ability for CPA to promote growth in renewable energy capacity, resiliency and electrification at the local level
Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee
From: CC Song, Director of Regulatory Affairs
Approved By: Ted Bardacke, Executive Director
Subject: Update on Resource Adequacy Central Buyer
Date: April 22, 2020

BACKGROUND

On March 26, 2020, the California Public Utilities Commission (CPUC) issued a Proposed Decision (PD) on the highly anticipated Central Procurement Entity (CPE) for Resource Adequacy (RA). The purpose of the CPE is to procure RA on behalf of all customers either for all RA requirements (“Full CPE”) or in the case of certain LSEs not procuring their full need (“Residual CPE”). The PD rejected the settlement proposal that was put forth by CalCCA, San Diego Gas & Electric, and other market participants that would have adopted a Residual CPE. Instead, the PD adopted a Full CPE proposal by Southern California Edison (SCE) that makes Pacific Gas & Electric and SCE the CPE for their territories.

The settlement proposal would have created a framework where Load Serving Entities (LSEs) would be able to procure RA resources and show them to the CPE, who would then purchase additional resources if the total resources submitted by LSEs are not sufficient. Under the SCE proposal however, the CPE would be responsible for procuring all Local RA resources and would pass on the costs through the Cost Allocation Mechanism (CAM), a non-bypassable charge for all customers. While LSEs can give their Local resources to the CPE to reduce overall Local RA obligations, LSEs would not receive financial compensation for ensuring grid reliability.
DISCUSSION
CalCCA opposed this proposal in its comments on the PD, pointing out many flaws in the proposal, most notably the reduced incentives for LSEs to invest in clean local resources, given that LSEs would not be able to recuperate the premium value for Local RA. Other consequences of the PD could include excess resource procurement and increased cost for ratepayers.

CPA has been working with CalCCA to pursue modification of the PD, proposing a one-for-one credit mechanism where LSEs who choose to give their Local resources to the CPE would receive financial compensation for the Local RA premium. This would ensure CPA continues receive the full value of the clean energy resources it procures in LA and Ventura Counties. CalCCA members will also be asking state legislators to sign a letter to the CPUC to urge the Commissioners to incorporate two key principles in their revisions. These principles are 1) preserving the incentives for LSEs to invest in local preferred resources, and 2) maintaining competitive, neutral and affordable rates for all ratepayers.