



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

Wednesday, March 24, 2021

10:00 a.m.

SPECIAL NOTICE: 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 COVID-19, the Legislative & Regulatory Committee will conduct this meeting remotely.

[Click here to view a Live Stream of the Meeting on YouTube](#)

*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

To Listen to the Meeting:

<https://zoom.us/j/94050201565>

or

Dial: (669) 900-9128 Meeting ID: 940 5020 1565

PUBLIC COMMENT: Members of the public may submit their comments by one of the following options:

- **Email Public Comment:** Members of the public are encouraged to submit written comments on any agenda item to clerk@cleanpoweralliance.org up to four hours before the meeting. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.
- **Provide Public Comment During the Meeting:** Please notify staff via email to clerk@cleanpoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
 - You will be asked for your name and phone number (or other identifying information) similar to filling out a speaker card so that you can be called on when it is your turn to speak.
 - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
 - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.
 - Once you have spoken, or the allotted time has run out, you will be muted during the meeting.

If unable to connect by Zoom or phone and you wish to make a comment, you may submit written comments via email to: clerk@cleanpoweralliance.org.

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Clean Power Alliance Legislative & Regulatory Committee
March 24, 2021

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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.

CALL TO ORDER & ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. [Approve Minutes from February 24, 2021 Legislative & Regulatory Committee Meeting](#)

REGULAR AGENDA

2. [Oral Update from the Policy Director on CPA Legislative Activities](#)
3. [Recommend that the Board of Directors Approve a Support Position on SB 45 in the 2021/2022 Legislative Session](#)
4. [Update on the California Public Utilities Commission \(CPUC\) Proposed Procurement Requirements for 2024-2026](#)

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING APRIL 28, 2021

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/agendas.*

MINUTES

MEETING of the Legislative & Regulatory Committee of the

Clean Power Alliance of Southern California

Wednesday, February 24, 2021 10:00 a.m.

The Legislative & Regulatory Committee conducted this meeting in accordance with California Governor Newsom’s Executive Order N-29-20 and COVID-19 pandemic protocols.

CALL TO ORDER & ROLL CALL

Committee Chair Lindsey Horvath called the meeting to order at 10:03 a.m. and Clerk of the Board Gabriela Monzon conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Carson	Cedric Hicks	Committee Member	Remote
Redondo Beach	Christian Horvath	Committee Member	Remote
West Hollywood	Lindsey Horvath	Chair	Remote

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from January 27, 2021 Legislative & Regulatory Committee Meeting

Motion: Committee Member Lopez, Agoura Hills

Second: Committee Member Hicks, Carson

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

REGULAR AGENDA

2. Recommend that the Board of Directors Approve a Support Position on SB 612 in the 2021/2022 Legislative Session

Gina Goodhill, Policy Director, provided an oral report of the item, emphasizing that SB 612 addresses the inequality in how customers pay

for legacy resources procured on their behalf. Ms. Goodhill explained that utility customers that have transitioned from Investor-Owned Utilities (IOUs) electric service to Community Choice Aggregators (CCAs), continue to bear the cost responsibility with IOU customers for legacy resources purchased on their behalf, referred to as the Power Charge Indifference Adjustment (PCIA). However, only IOU customers have the right to access the benefits of these resources, such as renewable energy, GHG-free energy, and resource adequacy. Ms. Goodhill noted that this bill would provide CCA customers an equal right to receive legacy products that were procured on their behalf in proportion to their load share for paying the full cost of those products. Ms. Goodhill added that the bill would also take measures to lower above-market costs, specifically: require the CPUC to recognize the value of GHG-free energy and any new products; require IOUs to transparently solicit interest from legacy resource contract holders to reduce costs from these contracts and require IOUs to offer remaining excess legacy resource products to the wholesale market in an annual solicitation. Lastly, the bill could help CCAs lower procurement costs overall and improve transparency for all customers.

Committee Member Lopez asked why the CPUC has not addressed this issue through the regulatory process. Staff explained that it is not a priority and there is some resistance from staff to act quickly. In response to Committee Member Hicks question regarding the timeline for the PCIA payment, Ms. Goodhill explained that legacy resource contracts become less valuable over time, and the longer the wait, the less time there is for CCA customers to gain access to benefits. Ted, Bardacke, Executive Director, added that if the legislation were to pass, it would not phase out the PCIA in the next year or two, and had the CPUC acted on a consensus proposal from Southern California Edison (SCE) and the CCAs, it would have helped deal with the PCIA next year. Chair Horvath commented that CPA's dependence on SCE for billing and how it affects CPA's rate setting process is already imbalanced and more has to be done to bring balance to the relationship between the two.

Motion: Committee Member Lopez, Agoura Hills
Second: Committee Member Hicks, Carson
Vote: Item 2 was approved by a roll call vote.

Ms. Goodhill noted that the next step is to invite member agencies to submit support letters for SB 612 and participate in CPA's virtual lobby day. Chair Horvath announced that West Hollywood took the initiative to draft a support letter and expressed content with the robust advocacy strategy.

3. Resource Adequacy (RA) Market and Regulatory Review

CC Song, Director of Regulatory Affairs, and Natasha Keefer, Director of Planning & Procurement, provided an overview of the item. Ms. Song briefly

reviewed the RA program's history and explained that CPA has met all RA requirements despite supply/demand dynamics and regulatory factors that have complicated compliance. Ms. Keefer added that RA supply will be strained through 2025, with the remaining once-through cooling gas fleet and the Diablo Canyon nuclear facility expected to retire by 2024 and 2026, respectively. Storage additions are not expected to outpace retirements until the latter half of the decade, meaning that tight supply conditions are expected through 2025. Ms. Song reviewed regulatory factors that have already impacted the supply of capacity resources, mostly due to differences in program rules between the California Independent Systems Operator (CAISO) and the CPUC. Compliance challenges are exacerbated by the CPUC's establishment of a Central Procurement Entity (CPE) that will reduce incentives for Load Serving Entities (LSEs), like CPA, to procure RA resources. The CPUC's June 2020 changes to import resources burden out-of-state suppliers, which have increased CPA's total cost for import RA by 120% from 2020 to 2021. Ms. Song also noted that a portion of the PCIA is based on the value of the RA in SCE's portfolio, and market price benchmarks are lagging indicators that understate the true cost of RA, allowing IOUs to have a competitive advantage by increasing the PCIA. Ms. Song discussed RA program changes that staff is monitoring closely, especially overall structural reform to meet evening peak hour needs, changes to capacity that can be counted from each resource for RA requirements, further restrictions on import RA, and more stringent accounting and reporting mechanisms. Lastly, Ms. Song discussed some key takeaways, noting that while regulatory reform of the RA program is necessary, anticipated changes are expected to make compliance more challenging and tightening supply will place upward pressure on prices; but, as storage resources proliferate to fill the capacity gap over the next decade, RA costs may decrease with new reliable supply.

Committee Member Lopez asked what long-duration storage refers to and which agency decides on changes to capacity counted from each resource towards meeting RA requirements. Ms. Keefer explained that long-duration storage products can discharge at a constant rate for at least eight hours; Ms. Song added that it is the CPUC that may reduce that amount of capacity to count for RA. Chair Horvath asked how the IOUs are affected and dealing with these changes. Matt Langer, Chief Operating Officer, commented that IOUs get to count resources in their portfolio, that CPA and its customers pay for, although, they are facing similar market challenges. Chair Horvath inquired as to the strategy for addressing the inequity in the long run, to which Mr. Langer explained that equal access to existing resources and building energy storage capacity will bring some long-term balance. Mr. Bardacke added that once CPA has access to the resources, it can compete on its procurement decisions. Chair Horvath suggested exploring creative

ways to engage the California legislature in dealing with challenging compliance requirements.

COMMITTEE MEMBER COMMENTS

Committee Member Lopez added that Agoura Hills' City Council will be discussing its Climate Action and Adaptation Plan, and thanked Mr. Bardacke for his support.

ADJOURN

Chair Horvath adjourned the meeting at 10:54 a.m.

DRAFT

Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee

From: Gina Goodhill, Policy Director

Subject: Oral Update on CPA Legislative Activities

Date: March 24, 2021

The Policy Director will provide an oral report on legislative activities.

Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee

From: Gina Goodhill, Policy Director

Approved By: Ted Bardacke, Executive Director

Subject: Recommend Support Position on SB 45 in the 2021/2022 Legislative Session

Date: March 24, 2021

RECOMMENDATION

Recommend that the Board of Directors approve a Support position on SB 45 (Portantino) in the 2021/2022 legislative session.

DISCUSSION

[SB 45 \(Portantino\)](#): Recommended Position: Support

This bill would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022, which would go to voters at the November 8, 2022 statewide general election. If approved, it would authorize the issuance of bonds in the amount of \$5.51 billion pursuant to the State General Obligation Bond Law to finance projects for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. Of this total, \$2.2 billion would go to wildfire prevention and community resilience, \$1.47 billion would go to protecting drinking water and water supply projects, \$970 million would go to protecting coastal lands and oceans, \$620 million would go to protecting fish and wildlife, \$190 million would go to protecting agricultural lands, and \$60 million would go to workforce development and education. At least 35% of the funds would be allocated for projects that provide meaningful and direct benefits to disadvantaged communities, disadvantaged populations, or economically distressed areas. Fifteen percent of this allocation would be for severely disadvantaged communities or extremely low-income households.

CPA supported this bill in the 2019/2020 Legislative Session, though suggested amending the bill to create a specific carve out for microgrids, rather than include microgrids as one of several fundable projects under wildfire prevention and community resilience. CPA has suggested similar amendments in this session.

Last session's SB 45 (Allen) passed out of the Senate but because of a general "bill freeze" as a result of COVID-19, was not referred to a committee in the Assembly. The bill has received robust support from local government and environmental groups and currently has no opposition. It passed out of the Senate Natural Resources and Water Committee and will next be heard in Senate Governance and Finance Committee. Much like in the previous legislative session, there is a similar bill in the Assembly, AB 1500 (E. Garcia), which would authorize a \$6.7 billion general obligation bond if approved by voters.

Alignment with CPA 2021 Legislative & Regulatory Platform

The issues addressed in the bill aligns with CPA's 2021 Legislative & Regulatory Platform, specifically section 2a.

Additional Updates

There are two Federal efforts to advance an investment tax credit (ITC) for stand-alone battery storage. H.R. 1684, introduced by Representative Doyle of Pennsylvania, would amend the Internal Revenue Code of 1986 to provide tax credits for energy storage technologies. H.R. 848 or the Green Act of 2021, introduced by Representative Thompson of California, would amend the Internal Revenue Code of 1986 to provide incentives for renewable energy, including energy storage, energy efficiency and for other purposes. H.R. 848 has additional California Representatives co-authoring the proposed legislation, including Representatives Levin, Eshoo, Brownley, Matsui, and Chu.

Energy storage helps make renewable energy a more reliable resource and more competitive with traditional sources and is a key part of CPA's strategy to meet the State's reliability requirements. Under current law, energy storage only qualifies for the

investment tax credit (ITC) when integrated with ITC-eligible renewable resources under a narrow set of conditions. Both bills would provide certainty for stand-alone energy storage projects and would remove barriers around the financing and expansion of energy storage. CPA is working to advance these bills through CalCCA, California Energy Storage Association (CESA) and with other CCAs.

ATTACHMENT

- 1) [2021 Legislative & Regulatory Platform](#)



2021 Legislative and Regulatory Policy Platform

Overview and Purpose

The Clean Power Alliance (CPA) Legislative and Regulatory Policy Platform (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 local, regional, state and federal 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 also enables the organization to move swiftly to respond to events in Sacramento (Legislative / Executive) and San Francisco (California Public Utilities Commission) and provides 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.

All CPA positions on individual bills are presented to the Board for approval, except during times of urgency as provided under the protocols approved by the CPA Board of Directors on June 7, 2018, that allow the Chair, Vice-Chairs, Legislative & Regulatory Committee Chair, and Executive Director to act on behalf of the organization in urgent advocacy matters.

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, reliability, and local customer programs.
2. Ensuring equal treatment of unbundled and bundled 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 and offer programmatic services that are affordable and inclusive 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. Supports the ability of CPA to expand its service offerings and activities in response to a changing energy landscape;
- e. Supports the ability of CPA to access state incentives for its customers and member agencies; and
- f. Supports the ability of CPA to enhance reliability through accelerating the deployment of energy storage resources, fully valuing behind the meter energy resources, and expanding the use of demand response.

2) Equitable Treatment of CPA Customers

CPA will pursue legislative and regulatory activity that:

- a. Supports the equal treatment of unbundled and bundled customers by the CPUC and the legislature; and
- b. Supports the development of a State regulatory environment that is empowering for community 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 in CPA's contracting activities and through women-owned, minority-owned, disabled-veteran-owned, and lesbian, gay, bisexual, and/or transgender owned business enterprises;
- c. Supports workforce development with a focus on new stable, well-paying local jobs, and participation in a just transition to a low-carbon economy;
- d. Supports the ability for CPA to set appropriate benchmarks for performance measurement using accepted industry standards; and
- e. Supports increased access to clean energy technologies, clean energy and contracting jobs, and clean energy opportunities for low-income people and communities of color in CPA service territory.

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, in a way that is equitable for all customers;
- c. Supports the ability for CPA to promote electrification of the transportation sector, and to help implement Executive Order N-79-20 that bans the sale of new internal combustion engines in light duty vehicles by 2035; and
- d. Supports the ability for CPA to promote electrification and the reduction of natural gas usage in the building sector.

Staff Report – Agenda Item 4

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee

From: C.C. Song, Director of Regulatory Affairs

Approved By: Ted Bardacke, Executive Director

Subject: Update on CPUC Proposed Procurement Requirements for 2024-2026

Date: March 24, 2021

SUMMARY

Staff will provide an update on the California Public Utilities Commission's (CPUC) latest analysis on electricity supply needs and proposed procurement requirements between 2024 and 2026. Staff also seeks Committee members' input on proposed policy positions. There is no action required.

BACKGROUND

On February 22, 2021, the CPUC issued a ruling to address a mid-term (2024-2026) reliability analysis focused on the upcoming retirement of Diablo Canyon Nuclear Power Plant and several natural gas units. Similar to the Integrated Resources Planning (IRP) procurement track in 2019, the CPUC proposes additional procurement of 7,500 MW to come online by 2025. Within the 7,500 MW procurement requirement, 1,000 MW would come from geothermal, and another 1,000 MW would be long-duration storage (8 hours or more).

Additionally, CPUC's proposal would require all load serving entities (LSEs) to procure without the ability to opt-out of procurement, while designating the investor-owned utilities (IOUs) as the backstop procurement entities, should an LSE fail to procure for its allocated need. CPUC also proposes to allocate procurement requirements based on an analysis of each LSEs' contracted resources to overall need. This is expected to place more of the allocation on CCAs and electric service providers (ESPs). For failure to comply with the allocated procurement requirements, the CPUC proposes to impose penalties on LSE.

Comments on the proposal are due on March 26, 2021. CPA staff have been actively participating in working group meetings held by the California Community Choice Association (CalCCA) to inform the development of comments.

DISCUSSION

As CPA approaches this discussion with other CCAs and other external stakeholders, staff are keeping these objectives in mind:

- *CPA and the broader CCA community are committed to providing reliable electricity service to our customers.* CPA is supportive of additional procurement requirements overall and is willing to procure renewable, carbon-free, and energy storage resources to play our part in contributing to a reliable electricity grid in California.
- *Specific procurement requirements should be technology neutral.* While CPA does not oppose the 7,500 MW of overall proposed mandate and believe they should come only from greenhouse-gas free resources, we question the necessity of requiring 2,000 MW of those to come from geothermal and long-duration resources. Specifically, whether thorough analyses have been conducted to conclude that those resources and the associated quantities are needed, particularly during the summer evening hours where electricity supply is most critical. CPA would advocate for a technology-neutral approach similar to the 2019 procurement mandate to prevent carveouts for specific industries or specific projects.
- *Allocation of the procurement requirements should take into account the resources that unbundled customers are paying for through the Power Charge Indifference Adjustment (PCIA).* The proposed procurement requirement allocation methodology would place most of the procurement responsibility on CCAs as customers continue to depart for CCAs from IOUs. However, the proposed allocation methodology does not consider the IOU portfolio resources that are paid by CCA customers when allocating procurement needs, thus creating inequity between bundled and unbundled customers. To ensure the allocation is equitably

divided among all LSEs, the CPUC must adopt the proposal put forth by CalCCA, SCE, and Commercial Energy in Working Group 3 in the PCIA proceeding or consider a methodology that would allocate shares of PCIA resources to LSEs when assigning specific procurement targets.

Staff is seeking Committee feedback on these and other potential objectives.

End of Document

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