

MINUTES

REGULAR MEETING of the Energy Planning & Resources Committee
of the Clean Power Alliance of Southern California
Wednesday, February 24, 2021, 12:15 p.m.

The Energy Planning & Resources 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 McKeown called the meeting to order at 12:15 p.m. and Clerk of the Board, Gabriela Monzon, conducted roll call.

ROLL CALL			
Alhambra	Jeffrey Maloney	Committee Member	Remote
Arcadia	Tom Tait	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Santa Monica	Kevin McKeown	Chair	Remote
Sierra Madre	Robert Parkhurst	Committee Member	Remote
Thousand Oaks	Helen Cox	Committee Member	Absent
Ventura County	Carmen Ramirez	Committee Member	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 Energy Committee Meeting
2. Receive and File January 2021 Risk Management Team Reports

Motion: Committee Member Parkhurst, Sierra Madre
Second: Committee Member Ramirez, Ventura County
Vote: The consent agenda was approved by a roll call vote, with a correction to Item 1.

REGULAR AGENDA

3. Resource Adequacy (RA) Market and Regulatory Review

Natasha Keefer, Director of Planning & Procurement, and CC Song, Director of Regulatory Affairs, provided an overview of the item. Ms. Keefer briefly reviewed the RA program's history and noted that CPA met all RA requirements despite challenging supply/demand dynamics. Ms. Keefer explained that the California Public Utilities Commission (CPUC), the California Independent System Operator (CAISO), and the California Energy Commission (CEC), all participate in the RA program, and sometimes lack coordination of RA program design and guidelines, affecting how CPA complies with all three agencies. Ms. Keefer reviewed the general market outlook on supply, highlighting that storage additions are not expected to outpace retirements until the latter half of the decade. This means that tight supply conditions are expected through 2025, particularly with the remaining once-through cooling gas fleet and the Diablo Canyon nuclear facility expected to retire by 2024 and 2026, respectively. Ms. Keefer cautioned that storage and wind resources do not significantly contribute to RA because they are non-dispatchable intermittent resources.

Responding to Chair McKeown's question regarding the RA budget, Ms. Keefer clarified that the total RA budget will increase by 35%. In response to Committee Member Maloney's questions, Ms. Keefer explained that long-duration under RA compliance refers to conventional four-hour batteries; RA is a separate standalone product where actual capacity can be generated in any given period, and staff tracks renewable energy and energy storage differently to account for the difference in how energy storage is counted under RA. Chair McKeown asked if CPA plans to focus on 2024 where RA compliance will be significantly challenging and inquired as to any possible legislative advocacy. Ms. Keefer noted that RA compliance in 2024 is a statewide planning issue and Matt Langer, Chief Operating Officer, added that the state is addressing capacity in 2021-2023, but some of the capacity needed in the 2024-2026 period has not yet been contracted, which can worsen the outlook in 2024. Committee Member Ramirez expressed concern for the state's lack of preparation.

Ms. Keefer reviewed regulatory factors that have already impacted the supply of capacity resources, mostly due to differences in program rules between the CAISO and the CPUC. Additionally, 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 valuation of resources that can be counted from each resource for RA requirements, further restrictions

on import RA, and more stringent accounting and reporting mechanisms. Lastly, Ms. Keefer 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.

Chair McKeown commented that CPA should be prepared to manage the public perception of the anticipated shortage of resources and asked if there is an existing media strategy. Ted Bardacke, Executive Director, responded that in the industry press, the CCA perspective is well represented, and although popular media is unpredictable, CPA can present a strong front by meeting compliance requirements and aggressively pursuing battery storage goals. Committee Member Ramirez noted that CPA should demonstrate that it is accountable and responsible in the role it plays in renewable energy and reliability.

Mr. Bardacke concluded with a brief update on Senate Bill 612, which will restore some equity to the PCIA; and encouraged members to bear in mind the PCIA and supply/demand challenges as CPA begins the budget process.

COMMITTEE MEMBER COMMENTS

Committee Member Ramirez called attention to several bills that propose setbacks for oil drilling from sensitive sites and noted that Ventura County has enacted a similar setback which is being challenged through a referendum.

ADJOURN

Chair McKeown adjourned the meeting at 1:10 p.m.