MINUTES

MEETING of the Legislative & Regulatory Committee of the

Clean Power Alliance of Southern California

Wednesday, March 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 10:02 a.m. and, Clerk of the Board, Gabriela Monzon conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Carson	Reata Kulcsar	Alternate	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 February 24, 2021 Legislative & Regulatory Committee Meeting

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

REGULAR AGENDA

2. Oral Update from the Policy Director on CPA Legislative Activities

Gina Goodhill, Policy Director, discussed CPA's virtual lobby day, particularly that it was successful in introducing the organization to a broader set of legislators and raising awareness about SB 612, which was recently referred to the Senate Committee on Energy, Utilities and Communication. Staff is conducting outreach to five senators on the committee who represent jurisdictions within CPA's service territory. Although there is some rising opposition from the Independent Energy Association, the trade association for developers and operators of energy facilities, staff is looking at possible amendments to address their concerns. Ms. Goodhill summarized the opposition as having to do with language in the bill which would require Investor-Owned Utilities (IOUs) on an annual basis to release a Request for Proposals (RFP) to renegotiate their contracts, which worries some contract holders. Matt Langer, Chief Operating Officer, added that a similar concern arose in the California Public Utilities Commission (CPUC) Working Group 3 discussions, which were addressed in its consensus proposal.

Chair Horvath thanked staff for a well-planned lobby day that allowed CPA to provide an introduction of its' mission and goals.

3. Recommend that the Board of Directors Approve a Support Position on SB 45 in the 2021/2022 Legislative Session

Ms. Goodhill provided an oral update of the item. SB 45 would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2022. If approved by voters in 2022, it would authorize the issuance of bonds in the amount of $5.5 billion, with $2.2 billion of that amount going to wildfire prevention and community resilience, aligning with CPA's work. CPA previously supported the bill in the 2019/2020 legislative session but suggested amending the bill to create a specific carve out for microgrids, rather than include microgrids as one of several fundable projects.

CPA staff is also tracking federal legislation; House of Representatives Bills (HR) 1684 and HR 848, which are in early stages, would both create an ITC for standalone storage. Ms. Goodhill explained that both bills would extend the ITC for commercial energy storage projects, whether they are paired with a generating resource or not. Ms. Goodhill noted that CPA is not planning on taking an individual position on either bill, but is coordinating through the CalCCA, California Energy Storage Association (CESA) and with other CCAs to advocate for an ITC for standalone storage.

In response to Committee Member Lopez's question regarding Assembly Bill 1500, Ms. Goodhill indicated that the bill is still in the early ages and will likely be merged with SB 45.

Motion: Committee Member Horvath, Redondo Beach
Second: Committee Member Lopez, Agoura Hills
Vote: Item 3 was approved by a roll call vote.

4. Update on the CPUC Proposed Procurement Requirements for 2024-2026

CC Song, Director of Regulatory Affairs, provided an update on the CPUC's recent analysis on the overall electricity supply needs of California and their proposed procurement requirements. On February 22, 2021, the CPUC issued a ruling to address the upcoming retirement of Diablo Canyon Nuclear Power Plant and several other natural gas units. Similar to the procurement track in 2019, the CPUC proposed additional procurement of 7,500 megawatts (MW) to come online by 2025, with 1,000 MW coming from geothermal, and 1,000 MW from long-duration storage. The CPUC's proposal would require all load serving entities (LSEs) to procure without the ability to opt-out, while designating the investor-owned utilities (IOUs) as the backstop procurement entities should an LSE fail to procure for its allocated need. The CPUC also proposes to allocate procurement requirements based on each LSEs' contracted position instead of overall need. Because of the methodology, Ms. Song clarified that it is expected that Community Choice Aggregators (CCAs) and electric service providers (ESPs) will procure a greater share of the 7,500 MW of resources and should any LSE's fail to comply with the allocated procurement requirements, the CPUC proposes to impose penalties.

Ms. Song also noted that CPA supports additional procurement requirements to maintain grid reliability and is willing to procure renewable, carbon-free, and energy storage resources to meet this objective. However, after review of the CPUC analysis, CPA questions the need for requiring 2,000 MW to come from geothermal and long-duration resources, and instead advocates for a technology-neutral approach to prevent carveouts for specific industries or projects. Lastly, Ms. Song noted that the allocation of the procurement requirements should consider the resources that unbundled customers are paying through the Power Charge Indifference Adjustment (PCIA) to avoid a significant burden on LSEs. If the CPUC does want to allocate resources based on contracted positions, it should consider a methodology that would allocate shares of PCIA resources to LSEs when assigning specific procurement targets.

Committee Member Kulcsar expressed support for CPA's push towards a technology-neutral approach; asked for further details regarding the 7,500 MW procurement and for possible recourse if the CPUC disagreed that the allocation of procurement requirements consider the allocation of shares of PCIA resources to LSEs. Staff clarified that the CPUC has not assigned a share of the load to CPA, but estimates place it at 400-1000 MW by 2026; the CPUC conducted a stock analysis of the resources online that resulted in the 7500 MW requirement. CPA is providing some critique of the analysis in the comments submitted by CalCCA, questioning the forecasting of electricity demand as well as modeling. Additionally, staff noted that there are trade-offs when dealing with regulatory proceedings, but most importantly, CPA wants to demonstrate its willingness to procure reliable electricity.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Chair Horvath adjourned the meeting at 10:35 a.m.