



MEETING of the Energy Planning & Resources Committee of the Clean Power Alliance of Southern California

Wednesday, March 23, 2022

12:15 p.m.

SPECIAL NOTICE: Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Energy Planning & Resources Committee will conduct this meeting remotely.

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

If the YouTube stream is not working, please use the zoom link.

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

To Listen to the Meeting:

<https://us06web.zoom.us/j/85975901993>

or

Dial: (720) 707-2699 Meeting ID: 859 7590 1993

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 at 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) and agenda item 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 preferred, you may also submit written comments during the meeting via email to: clerk@cleanpoweralliance.org. The written comments will be shared with Committee.

*While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click "start from your browser."

Clean Power Alliance Energy Planning & Resources Committee
March 23, 2022

Meetings are accessible to persons 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 least two (2) working days before the meeting at clerk@cleanpoweralliance.org or (323) 640-7664. 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 Board 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. Members of the public who wish to address the Board are requested to contact the Board Clerk, as specified above, at the beginning of the meeting but no later than immediately prior to the time an agenda item is called. Each speaker is 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 Policy No. 8 – Public Comment for additional information.*

CALL TO ORDER & ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from February 23, 2022 Energy Committee Meeting
2. Receive and File February 2022 Risk Management Team Report

REGULAR AGENDA

3. Review PCIA Voluntary Allocation & Market Offer (VAMO)

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING APRIL 27, 2022

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

REGULAR MEETING of the Energy Planning & Resources Committee
of the Clean Power Alliance of Southern California
Wednesday, February 23, 2022, 12:30 p.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Energy Planning & Resources Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Chair Parkhurst called the meeting to order at 12:30 p.m. and Interim Clerk of the Board, Raynette Tom, conducted roll call.

ROLL CALL			
Alhambra	Jeffrey Maloney	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Culver City	Daniel Lee	Committee Member	Remote
Oxnard	Kathleen Mallory	Committee Member	Absent
Sierra Madre	Robert Parkhurst	Chair	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 26, 2022, Energy Committee Meeting
2. Receive and File January 2022 Risk Management Team Report

In response to a question from Chair Parkhurst on the RMT, Ted Bardacke, Chief Executive Officer, stated that some exceedances of renewables purchases have been removed because a new load forecast has been incorporated that includes the default rate changes.

Motion: Committee Member Ramirez, Ventura County
Second: Committee Member Maloney, Alhambra
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

3. Oral Update on Mid-Term Reliability RFO
Natasha Keefer, Vice President, Power Supply, provided an oral report on the item. CPA shortlisted five projects and waitlisted five projects in February. Several

shortlisted projects have since dropped out and projects from the waitlist have been invited to enter exclusivity. Ms. Keefer specified the current estimate is that 3-4 projects will enter PPA negotiations, including utility scale storage, geothermal, and long-duration storage resources. Staff intends to release another RFO later this year to procure additional resources for compliance.

4. Resource Adequacy Reform Update

CC Song, Director, Regulatory Affairs, provided a presentation on Resource Adequacy (RA) including background information, CPA principles for RA reform, and a summary of proposals. Although RA was designed to ensure sufficient capacity to meet system-wide gross peak, resources on the grid have become increasingly variable and energy-limited. The California Public Utilities Commission (CPUC) found a need to develop a better framework for the future. CalCCA and Southern California Edison (SCE) submitted a joint proposal where Load Serving Entities (LSEs) would provide a portfolio with sufficient energy to meet both its load and storage charging needs. The CPUC opted for an alternate proposal and directed working groups to develop implementation details around a "slice-of-day" framework for RA compliance in 2024. Ms. Song reviewed three principles that guided CPA's engagement and evaluation process and presented two proposals: a 24-hourly slice proposal and a 2-slice proposal. Ms. Song reviewed pros and cons for each. The 24-hourly slice proposal requires each LSE to demonstrate each month that they have enough capacity to meet their load profile in all 24 hours on the CAISO's worst day. The 2-slice proposal requires each LSE to demonstrate it has enough capacity to meet its share of CAISO gross peak and net peak. Ms. Song reviewed how each measures up to CPA's guiding principles and noted that the 24-hour slice more accurately values renewable resources and provides visibility into an individual LSE's resource mix's ability to meet demand. The 2-slice proposal's renewable resource valuation would be based on a methodology that heavily discounts solar and wind capacity contribution and does not appropriately value their contribution to the grid and will not be as durable. Ms. Song described the support for the two proposals. Amongst CalCCA membership, one group of CCAs supports the adoption of a 24-hourly slice proposal with a deferred implementation until 2025, because the CPUC's decision does not provide sufficient time for thoughtful implementation. Another smaller group supports the 2-slice proposal as a temporary bridge while a more durable framework can be developed. CPA staff will continue to work with CalCCA to develop comments on the workshop report expected in March and will identify potential opportunities for engagement. The CPUC proposed decision is expected in early summer 2022.

In response to questions from Chair Parkhurst regarding the impact of the CPUC's proposed decision on procurement strategy, staff explained that CPA's short-term contracts for RA are very specific to the current RA framework and may need amendments to reflect a new RA program structure. However, the impacts will be better understood once a decision is issued. Committee Member Ramirez asked how the Ukraine crisis impacts the energy market and demand for renewables. Staff noted that renewables demand is highly driven by California environmental targets. As it pertains to natural gas, the United States is somewhat insulated from the Ukraine crisis, because it relies on the domestic production of gas. Mr. Bardacke added that building new transmission will eventually need to be a priority to expand the supply of renewables.

Chair Parkhurst asked how transmission planning is developed and how that impacts CPA's Integrated Resource Plan. Staff clarified that in California,

transmission planning happens at the CAISO; it presents some challenges because transmission building might incorporate multiple jurisdictions. Transmission planning affects the IRP in how resources are incorporated based on CPUC and CAISO planning efforts.

COMMITTEE MEMBER COMMENTS

Chair Parkhurst and Committee Member Ramirez both expressed their gratitude for all the hard work accomplished by CPA staff. In response to Committee Member Maloney's question regarding billing issues, Mr. Bardacke noted that staff has been working closely with cities with the highest percentage of impacted customers, SCE sent out an email notice to all impacted customers who have an email address on file, and an informational banner was posted on CPA's website for further explanation. The banner was clicked on over 3,000 times and the number of calls and wait times at the call center have both normalized. Two holidays have passed without further issues, so the particular holiday synching issue between SCE and CPA's billing manager appears to have been addressed.

ADJOURN

Chair Parkhurst adjourned the meeting at 1:24 p.m.

DRAFT



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Energy Committee
From: Geoff Ihle, Director of Market Risk
Approved by: Ted Bardacke, Chief Executive Officer
Subject: Risk Management Team Report
Date: March 23, 2022

February 2022 RMT REPORT

Key Actions

- Discussed January 2022 market performance.
- Reviewed energy positions and approved 2022-2025 hedges.
- Reviewed positions for RPS, carbon free, and Resource Adequacy.
- Reviewed the PCIA Voluntary Allocation & Market Offer (VAMO) process and SCE's initial allocation volumes.
- Reviewed Community Default-Change impacts on Load Forecast.

Policy Compliance

There were no policy deviations reported for January.

ATTACHMENT

None.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Energy Committee
From: Natasha Keefer, Vice President, Power Supply
Approved By: Ted Bardacke, Chief Executive Officer
Subject: PCIA Voluntary Allocation & Market Offer (VAMO)
Date: March 23, 2022

RECOMMENDATION

Receive and file.

ATTACHMENT

- 1) PCIA Voluntary Allocation & Market Offer (VAMO) Presentation

PCIA Voluntary Allocation & Market Offer (VAMO)

March 23, 2022



Executive Summary

- ⚡ CPA has an opportunity to secure voluntary allocations (VA) of PCIA-eligible renewable resources from SCE in May 2022 for deliveries beginning in 2023
 - These are renewable resources that CPA customers already pay above market costs for through the PCIA, but do not yet count towards CPA's portfolio
 - CPA actively engaged in the PCIA proceeding to allow for access to these resources for the benefit of CPA's customers
- ⚡ Available voluntary allocations include short-term (2023 and 2024) renewables as well as long-term (10 year +) contracts
 - Pursuant to the Energy Risk Management Policy, CPA's Board would need to approve long-term renewable allocations ahead of the May enrollment period
- ⚡ CPA will have another opportunity to secure allocations in 2024 for 2025 and beyond
- ⚡ Today, Staff is seeking feedback from the Energy Committee on the approach to selecting allocations, ahead of presenting the approach to the Board on April 7th

Agenda

- ⚡ Overview
- ⚡ Indicative Forecast
- ⚡ Short-term Contract Recommendation
- ⚡ Long-term Contract Recommendation
- ⚡ Next Steps

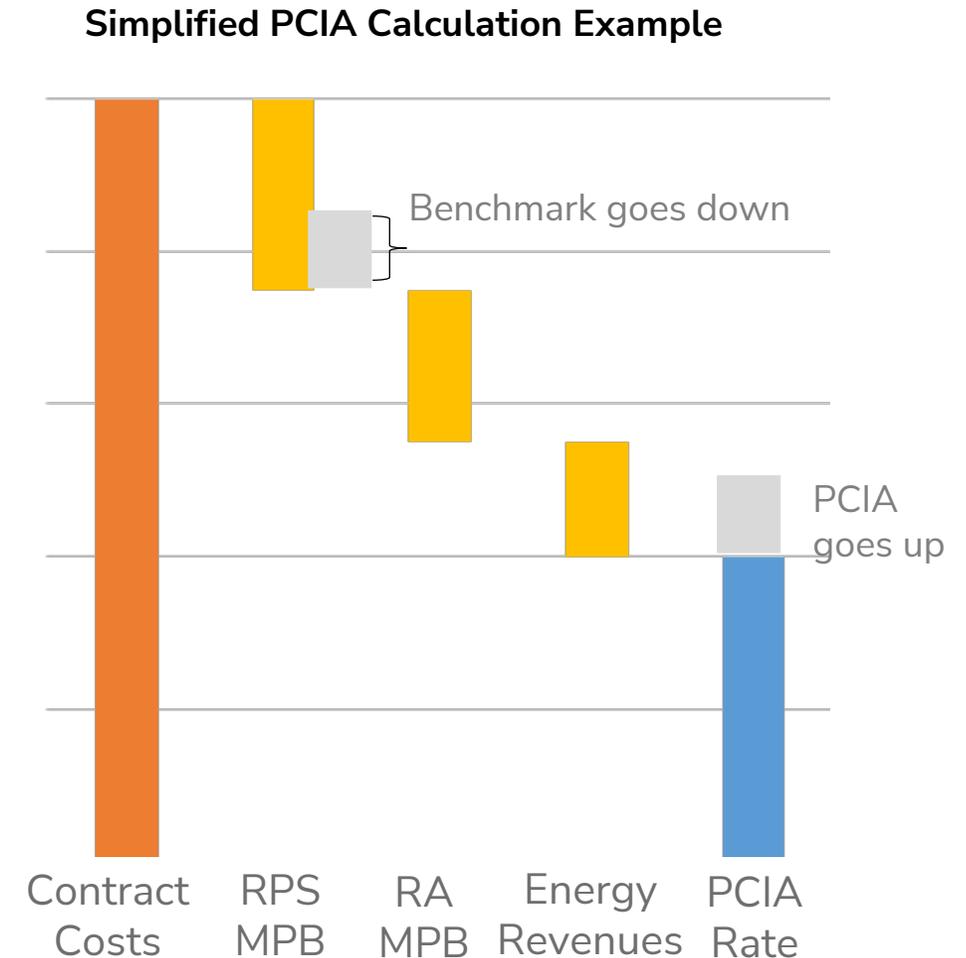


Overview



How the PCIA Works

- ⚡ The Power Charge Indifference Adjustment (PCIA) is the “exit fee” CCA customers pay to reimburse SCE for the above-market costs of the energy resources procured on behalf of those customers
- ⚡ The PCIA rate is based on the difference between actual Brown Power market energy revenues, Renewables (RPS) and RA contract costs and Market Price Benchmarks (MPB) for each
- ⚡ When prices for renewables, RA, or Brown Power are inexpensive, the PCIA rate goes up; conversely, if prices are high the PCIA rate goes down



Regulatory Background

- ⚡ In the past, CPA customers paid for these above market costs through the PCIA, but CPA was not able to count the PCIA resources in its portfolio
- ⚡ In 2021, the CPUC ordered the IOUs to offer PCIA-paying LSEs voluntary allocations of PCIA-eligible renewable resources, and then sell any unallocated resources through an annual market offer (MO) process
- ⚡ CPA now has an opportunity to secure voluntary allocations of PCIA-eligible renewable resources from SCE at the Market Price Benchmark, which is established by the current market price in any given year and is the same price at which the PCIA is set

PCIA Voluntary Allocation Overview

- ⚡ The open enrollment period for selecting voluntary allocations is May 2 – May 13, 2022
- ⚡ LSEs have the option to receive allocations from IOU portfolios based on each LSE's most recent annual load share (MWh)
 - LSEs may elect their allocations in 10% increments of the total allowable allocation
- ⚡ SCE remains the counterparty of the resource contracts
- ⚡ The PCIA renewable allocation is bundled renewable energy but does not provide RA value or an energy hedge
- ⚡ Once transferred to the LSE portfolio, LSEs may resell the elected Voluntary Allocation renewable energy

PCIA Voluntary Allocation Overview (cont.)

- ⚡ The LSEs will have the choice to receive allocations separately for short-term (terms < 10 years remaining) and/or long-term (terms > 10 years remaining) contracts
- ⚡ If an LSE chooses to receive a long-term allocation, the allocation will span the full term of the underlying contracts
- ⚡ Long-term and short-term allocations will be offered once per compliance period
 - In the first Voluntary Allocation, the short-term allocation will be offered for vintages 2023-2024 only, since these are the remaining years of the CA RPS Compliance Period 4 (2021-2024)
 - Next opportunity for allocation will be in 2024 for the 2025-2027 compliance period



Market Offer Process

- ⚡ Any remaining short-term and long-term allocations not elected by LSEs will be sold to the market through the market offer process
 - SCE has a price floor (confidential) at which they can sell through the market offer process
- ⚡ CPA may be able to secure additional RECs through the market offer process, although the price will be subject to the price floor
- ⚡ Any unsold volumes in the market offer process will remain with SCE for the benefit of their customers

2022 VA Election Schedule

VA Enrollment & Contracting Activities	Date
Indicative Allocation Forecast provided to LSEs	February 1, 2022
Final Allocation Forecast provided to LSEs	By April 30, 2022
Voluntary Allocation enrollment period	May 2-13, 2022
Contracting for Voluntary Allocation commences	May 14, 2022
Deadline for LSEs to execute & return	May 24, 2022

CPA will seek approval from the Board on the long-term voluntary allocation approach at its April 7th Board meeting

Key Considerations

- ⚡ CPA has a large and growing renewable energy demand; allocations help offset additional renewable energy demand of member agency default rate opt-ups
- ⚡ Long-term allocations contribute to CPA's SB 350 long-term contracting obligations
- ⚡ Allocations would effectively reduce CPA's demand for new-build renewables
- ⚡ Allocations that remain in SCE's portfolio (i.e. not obtained by LSEs) will only benefit SCE's customers

Indicative Forecast



Indicative Forecast of CPA's VA

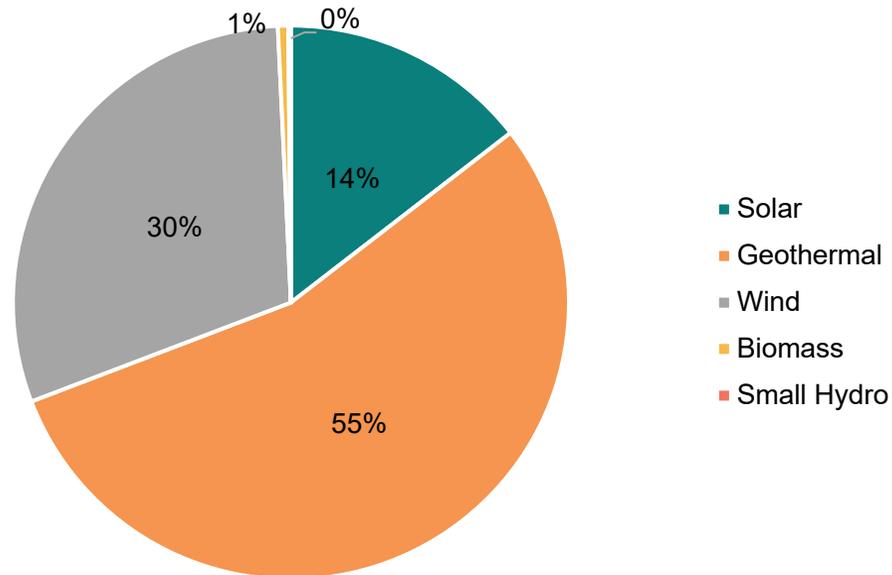
- ⚡ CPA received an indicative forecast from SCE on the available short-term and long-term resources
 - Short and long-term resources will be described in further detail on the next slides
- ⚡ CPA has evaluated the portfolio of resources and has no material concerns related to any projects or technologies
- ⚡ However, SCE's PCIA RPS portfolio includes PCC0 resources; the CPUC has not yet determined how out-of-state PCC0 resources will transfer to LSE portfolios
 - There is a risk that out-of-state PCC0s will transfer to LSEs as PCC3s (but charged to CPA at the PCC1 price)
 - PCC3s are valued at a significant discount to PCC1, are discouraged by the JPA, and are difficult to remarket

Portfolio Content Category (PCC) 0:

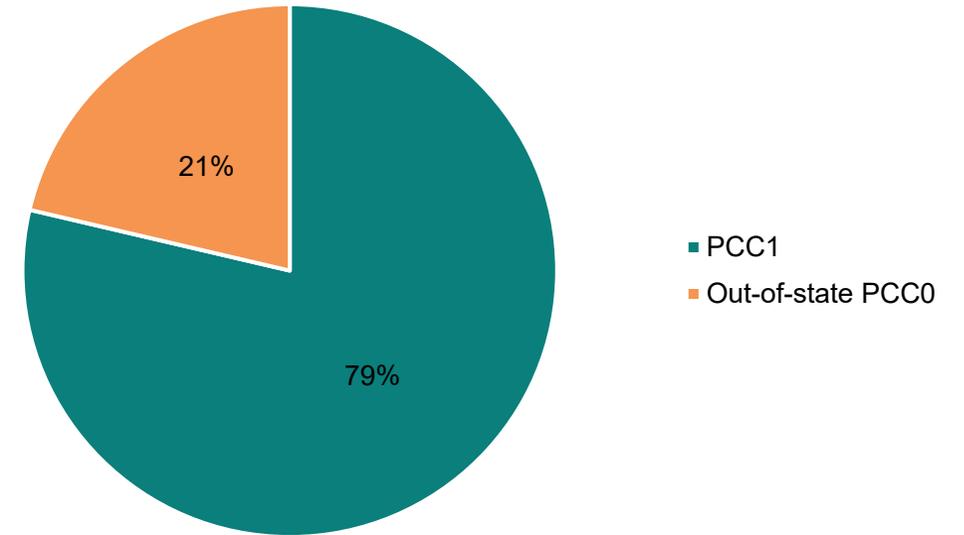
- ⚡ *Procurement from contracts executed before June 1, 2010, are not subject to the PCC classifications established in D.11-12-052, and thus qualify for "PCC0"*
- ⚡ *PCC0 RECs are treated like PCC1 RECs on the Power Content Label*

Short-Term Indicative Allocation

Short-Term Resource Type & Volume (GWh)



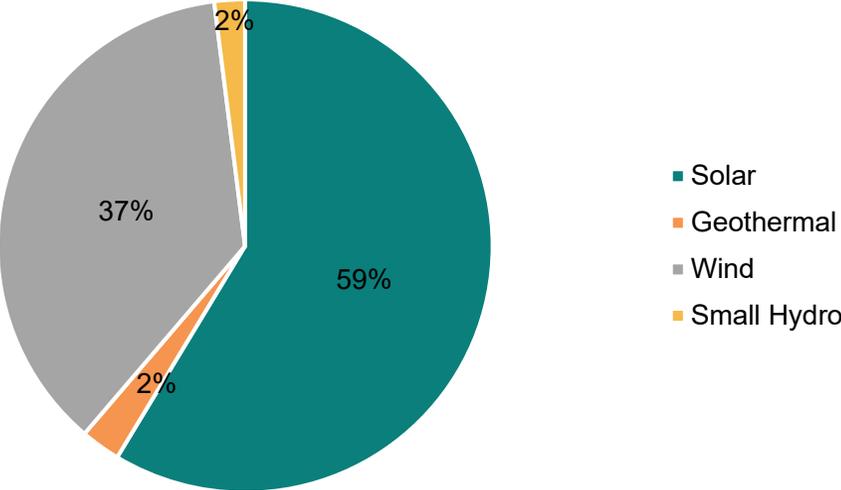
Short-Term Renewable Product Mix



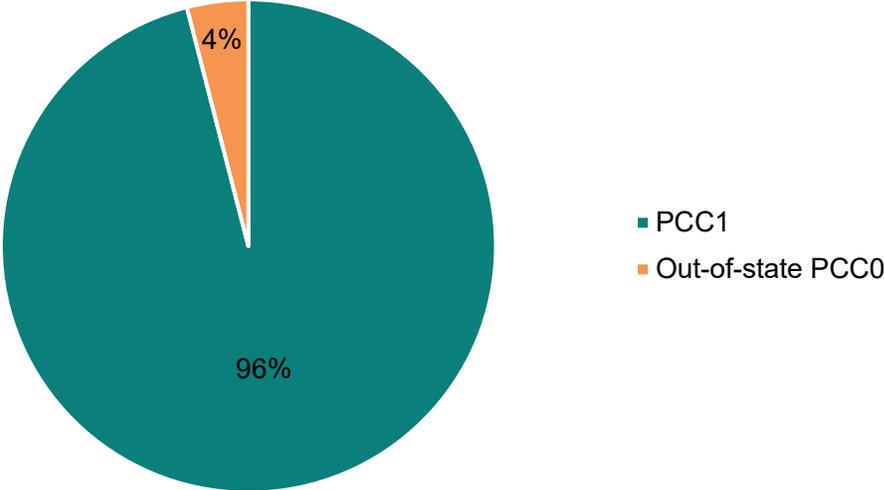
- ⚡ CPA could take the entire allocation of short-term resources, which would only meet a portion of CPA's remaining renewable energy demand for 2023 and 2024
- ⚡ The short-term portfolio has a large percentage of out-of-state PCC0s

Long-Term Indicative Allocation

Long-Term Resource Type & % of VA Portfolio



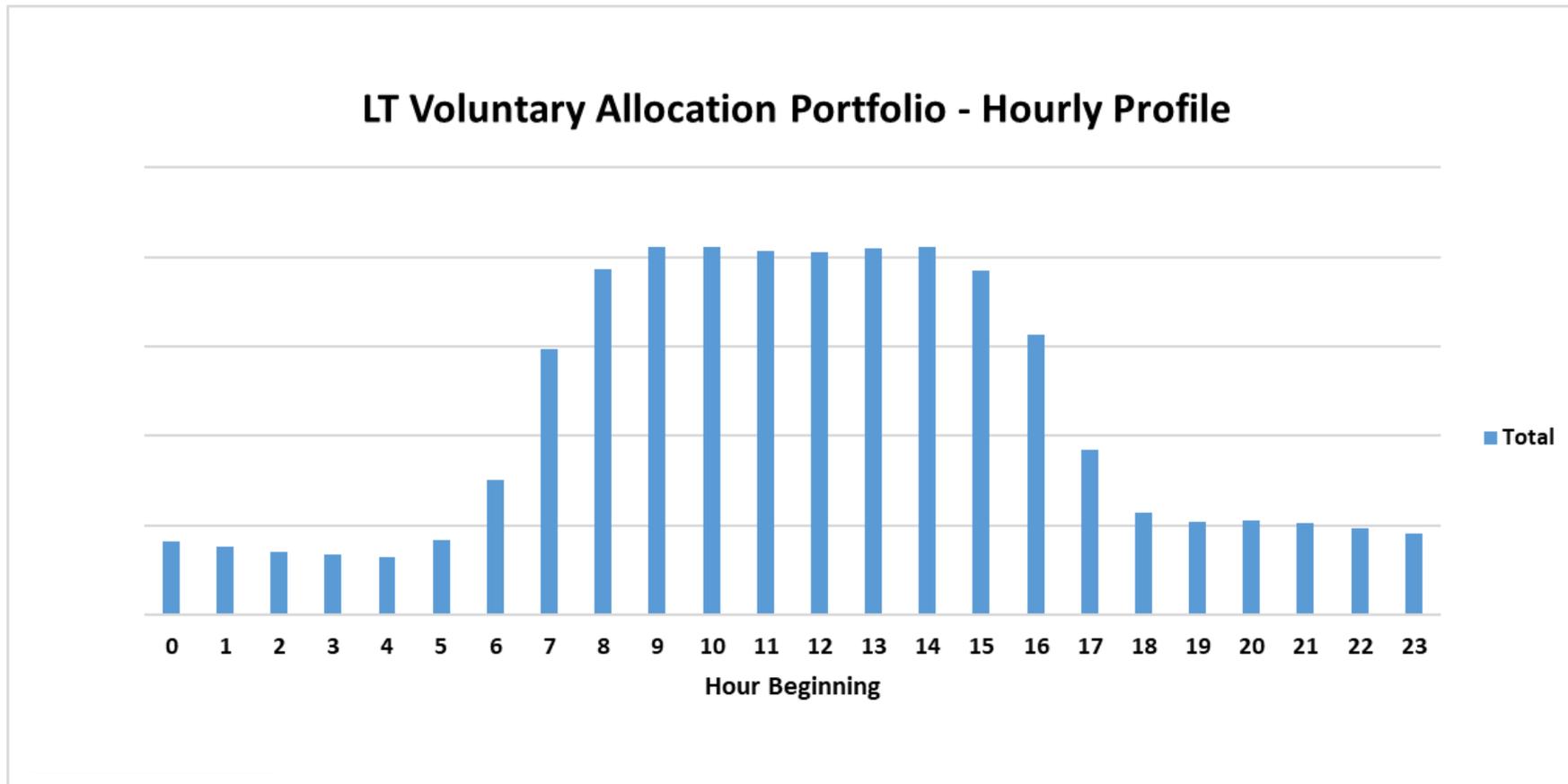
Long-Term Renewable Product Mix



- ⚡ Approx. 41% of the long-term portfolio are non-solar resources
- ⚡ The long-term portfolio has a small percentage of out-of-state PCC0s

Long-Term Average Hourly Profile

- ⚡ The long-term voluntary allocation would provide some beneficial baseload renewables to CPA's portfolio



Short-Term Contract Recommendation



Short-Term Allocation Recommendation

Pros

- ⚡ Opportunity to fill a portion of CPA's remaining renewables need in 2023 and 2024 at a competitive price

Cons

- ⚡ The short-term portfolio has a large percentage of out-of-state PCC0s (which may transfer as low value PCC3s)

Path 1 (if out-of-state PCC0s transfer as PCC3s):

- ⚡ Take 0% of the Short-Term Voluntary Allocations
- ⚡ Avoid paying the PCC1 Market Price Benchmark for the PCC3s
- ⚡ CPA may be able to secure PCC1s through SCE's subsequent Market Offer process

Path 2 (if out-of-state PCC0s are allowed to transfer):

- ⚡ Take 100% of the Short-Term Voluntary Allocations

Long-Term Contract Recommendation



Long-Term VA Considerations

Pros

- ⚡ Insurance for meeting SB 350 long-term contracting requirement in case of LT PPA delays/failure
- ⚡ Voluntary Allocations help offset position impacts of Member Agency opt-ups
- ⚡ Market Price Benchmark will be at a competitive price

Cons

- ⚡ Allocations would effectively reduce CPA's demand for new-build renewables
- ⚡ If out-of-state PCC0s transfer as PCC3s, CPA would need to remarket PCC3s

SB 350 Risk

- ⚡ CPA may be at risk of meeting its long-term contracting requirements given COVID-19 and other industry-wide supply chain/commodity price pressures

RPS Under SB100 and SB350 Long-term Contracting Requirement per Compliance Period

Assuming standard failure rates*

		2021-2024	2025-2027	2028-2030
1	State Mandated RPS per Compliance Period - % of Retail Sales	40%	49%	57%
2	State Mandated % of Mandated RPS (Row #1) to be Contracted Under RPS LT Contracts	65%	65%	65%
3	CPA's LT RPS Mandate = Row #2 * Row #1	25.9%	32.1%	36.8%
4	RPS Achieved by CPA with Existing LT Contracts	29.9%	54.5%	53.1%
5	Open Position relative to State Mandate (Row 3,4) +Above/ (-) Short	4.0%	22.4%	16.2%
10	RPS Achieved by CPA with Existing LT Contracts + Pending Contracts (Failure Rates Included)	28.2%	48.8%	47.5%
11	Open Position relative to State Mandate (Row 3,10) +Above/ (-) Short with Failure Rates	2.2%	16.7%	10.7%

Assuming additional project failures

		2021-2024	2025-2027	2028-2030
1	State Mandated RPS per Compliance Period - % of Retail Sales	40%	49%	57%
2	State Mandated % of Mandated RPS (Row #1) to be Contracted Under RPS LT Contracts	65%	65%	65%
3	CPA's LT RPS Mandate = Row #2 * Row #1	25.9%	32.1%	36.8%
4	RPS Achieved by CPA with Existing LT Contracts	29.9%	54.5%	53.1%
5	Open Position relative to State Mandate (Row 3,4) +Above/ (-) Short	4.0%	22.4%	16.2%
10	RPS Achieved by CPA with Existing LT Contracts + Pending Contracts (Failure Rates Included)	25.7%	41.4%	40.4%
11	Open Position relative to State Mandate (Row 3,10) +Above/ (-) Short with Failure Rates	-0.2%	9.4%	3.6%

*CPA standard assumptions for project failure are 0% failure for online projects, 10% failure for projects under construction, and 20% for projects under development

Long-term Voluntary Allocation Approach

⚡ Three Options Considered:

% of Long-Term Allocation	Rationale	Impact to CPA's Renewables Position
10%	<ul style="list-style-type: none">• Minimum allocation required to cover BS 350 compliance risk	Small
50% (RECOMMENDED)	<ul style="list-style-type: none">• Material contribution to meeting CPA's renewable open position• Allows room for CPA contracting of new build resources	Moderate
100%	<ul style="list-style-type: none">• Maximize allocation to minimize stranded PCIA resources	Large

Long-term Allocation Recommendation

Recommendation: Take 50% of the Long-Term Voluntary Allocations

- ⚡ Ensures CPA will meet its SB 350 long-term contracting requirement in the 2021-2024 RPS Compliance Period
- ⚡ Minimizes volume of PCIA resources at risk of being stranded in the Market Offer process
- ⚡ Allows for procurement of new resource build
- ⚡ Additional PCIA long-term contracts may be secured in the 2024 VAMO process
- ⚡ Out-of-state PCCOs make up a very small portion of the long-term portfolio

Recommendation Summary

- ⚡ **Short-term:** CPA's final action will be contingent on the CPUC's clarification on the treatment of out-of-state PCC0s
 - If out-of-state PCC0s transfer as PCC3s, take 0% of the short-term voluntary allocation
 - If out-of-state PCC0s are allowed to transfer, take 100% of the short-term voluntary allocation

- ⚡ **Long-term:** Take 50% of the long-term voluntary allocation

Next Steps



Next Steps

- ⚡ CalCCA and CPA are currently seeking to clarify the treatment of out-of-state PCCOs with the CPUC
- ⚡ CPA will present a long-term allocation approach to the Board on April 7th
- ⚡ CPA will finalize enrollment by May 13
- ⚡ CPA will continue to engage in the regulatory oversight of the VAMO process



Today, Staff is seeking Energy Committee's feedback on the voluntary allocation approach