



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

Wednesday, April 27, 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
April 27, 2022

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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 March 23, 2022 Energy Committee Meeting
2. Receive and File March 2022 Risk Management Team Report

REGULAR AGENDA

3. Approve 2021 Mid-Term Reliability RFO Revised Shortlist Offer as Recommended by the Review Team

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING MAY 25, 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, March 23, 2022, 12:15 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

Committee Member Maloney called the meeting to order at 12:19 p.m. and Clerk of the Board, Gabriela Monzon, conducted roll call.

ROLL CALL			
Alhambra	Jeffrey Maloney	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Culver City	Daniel Lee	Committee Member	Absent
Oxnard	Kathleen Mallory	Committee Member	Remote
Sierra Madre	Robert Parkhurst	Chair	Absent
Thousand Oaks	Helen Cox	Committee Member	Remote
Ventura County	Carmen Ramirez	Committee Member	Absent

All votes are unanimous, unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

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

Motion: Committee Member Mallory, Oxnard
Second: Committee Member Cox, Thousand Oaks
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

3. Review PCIA Voluntary Allocation & Market Offer (VAMO)
Natasha Keefer, Vice President, Power Supply, and Ted Tardif, Senior Portfolio Manager, Environmental Products & Compliance, provided a presentation on the item. CPA can secure voluntary allocations (VA) of Power Charge Indifference Adjustment (PCIA) eligible renewable resources from Southern California Edison (SCE) in May 2022 for deliveries beginning in 2023. Available allocations include short-term renewables as well as long-term (10+ years) contracts. Ms. Keefer provided a brief refresher of the workings of the PCIA and outlined the PCIA

voluntary allocation processes. Ms. Keefer noted that SCE will remain the counterparty of the resource contracts, and CPA will receive the attributes of those contracts transferred to CPA's portfolio. Load Serving Entities (LSEs) such as CPA may resell the elected VAMO renewable energy. Any remaining short-term and long-term allocations not elected by LSEs will be sold to the market through the market offer process. CPA may be able to secure additional RECs through this same process, although the price will be subject to a confidential price floor. Ms. Keefer highlighted several considerations for CPA moving forward, including that allocations help offset additional renewable energy demand of member agency default rate opt-ups; they effectively reduce CPA's demand for new-build renewables; and long-term allocations contribute to CPA's SB 350 long-term contracting obligations.

Mr. Tardif discussed the pros and cons of short-term and long-term voluntary allocations. Mr. Tardif commented that CPA has received an indicative forecast from SCE on the available resources and outlined those indicative allocations. Mr. Tardif advised the Committee of three options staff is considering for long-term voluntary allocation. Staff is recommending CPA take 50% of the long-term voluntary allocations. CPA's final action on the short-term voluntary allocations will be contingent on the California Public Utilities Commission's (CPUC) clarification on the treatment of out-of-state PCC0s. Ms. Keefer advised the Committee that CalCCA and CPA are currently seeking to clarify the treatment of out-of-state PCC0s with the CPUC. CPA will present a long-term allocation approach to the Board on April 7 and will finalize enrollment by May 13. Staff invited feedback from the Energy Committee's feedback on the voluntary allocation approach.

Committee Member Cox asked for clarification on the various PCC categories, time commitments for contracts, and if CPA will take over specific contracts with third-party generators. Ms. Keefer indicated PCC1 represents the highest quality renewable energy credit purchased generally from in-state renewable resources; PCC2 is a lower quality renewable energy credit purchased generally from out-of-state resources; PCC3 is a low value out-of-state renewable energy credit containing energy that is not required to be delivered into California (often called an unbundled renewable energy credit). Ms. Keefer explained that PCC0 is the grandfather designation for contracts that Investor-Owned Utilities (IOUs) have entered into prior to 2010 when these PCC classifications were established. PCC0s are treated as and priced as PCC1s, but there is some uncertainty if they will be transferred over as PCC1s or PCC3s. Ms. Keefer also explained that CPA will only be receiving a slice of SCE's overall portfolio and will not be rewriting any contracts. Ms. Keefer indicated that for short-term contracts the commitment would run through 2024 and for long-term contracts the commitment would run for the remainder of the individualized contract term. Chair Maloney asked about the timeline for the PCC0 transfer decision, and Ms. Keefer noted that CPA is asking the CPUC to make a decision prior to the May enrollment period but there is no timeline in place yet. Committee Member Kulcsar requested that a future Committee agenda item include a more detailed description and timeline of the PCIA. The Committee expressed support for the staff recommendation.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Committee Member Maloney adjourned the meeting at 1:18 p.m.



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: March 2022 Risk Management Team Report
Date: April 27, 2022

March 2022 RMT REPORT

Key Actions

- Discussed February 2022 market performance.
- Reviewed energy positions and approved 2022-2025 hedges.
- Reviewed positions for RPS, carbon free, and Resource Adequacy.
- Reviewed Community Default-Change impacts on Load Forecast.

Policy Compliance

There were no policy deviations reported for February.

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: 2021 Midterm Reliability RFO Revised Shortlist Offer
Date: April 27, 2022

RECOMMENDATION

Approve revised shortlist offer as recommended by the RFO review team.

ATTACHMENT

- 1) 2021 Midterm Reliability RFO Revised Shortlist Offer Presentation

2021 Midterm Reliability RFO Revised Shortlist Offer

April 27, 2022



Executive Summary

- ⚡ To comply with the CPUC Mid-Term Reliability Decision, CPA ran its 2021 Midterm Reliability (MTR) RFO, with a Shortlist and Waitlist approved by the Energy Committee in January 2022
- ⚡ Since Fall 2021, a number of unprecedented challenges have strained renewable energy developers' ability to hold the prices submitted in the RFO
- ⚡ One shortlisted project, the 30 MW Clearway storage proposal, informed CPA that it can only move forward with a re-priced offer due to these industry-wide challenges
- ⚡ On April 18th, the MTR RFO Review Team (including Board members) met to consider this re-priced offer and is recommending the re-priced offer for Energy Committee consideration today

[*D.21-06-035 under Rulemaking 20-05-003](#)



Agenda

- ⚡ Background
- ⚡ Status of RFO Selection
- ⚡ Clearway Proposal
- ⚡ Next Steps

Background



Conditions Impacting Clean Energy Development

- ⚡ Renewable energy developers are facing several challenges in delivering on new build projects, particularly for projects with 2022-2024 online dates
 - Ongoing pandemic-related supply chain impacts
 - U.S. trade actions
 - Rising commodity prices, further exacerbated by the Ukraine War
 - Investment Tax Credit (ITC) uncertainty
- ⚡ Any one of these factors significantly impact project risk; compounded, they are posing unprecedented challenges for even highly experienced and well capitalized developers



Trade Actions and Supply Chain Hurdles

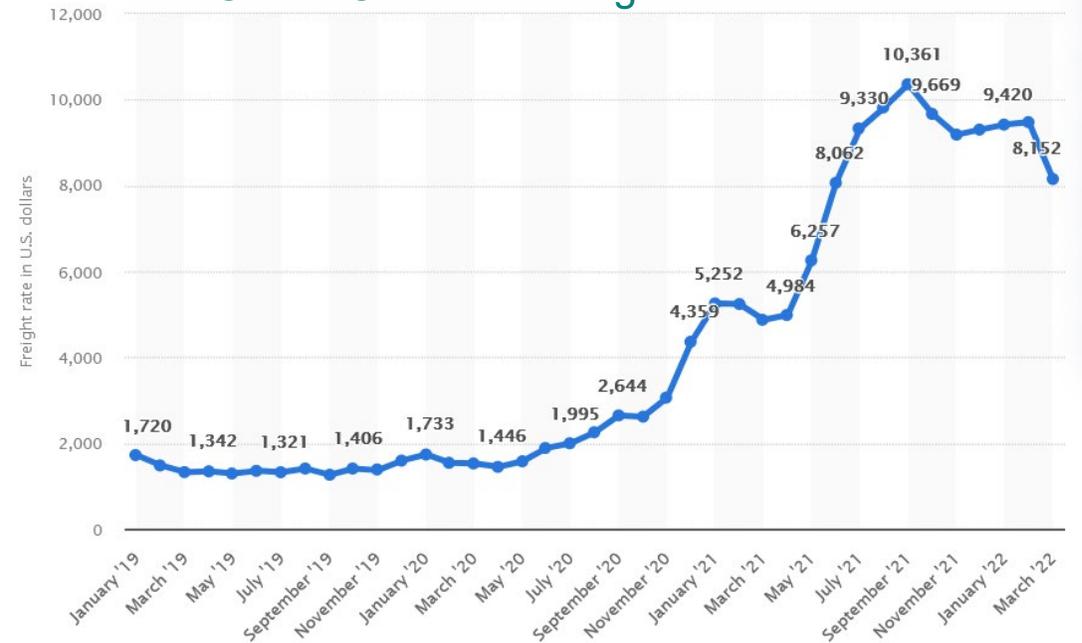
Trade Actions

- ⚡ Withhold Release Order (WRO)
 - In June 2021, Customs and Border Patrol (CBP) issued the Withhold Release Order against Hoshine Silicon Industry, a company located in China's Xinjiang Uyghur Autonomous Region
 - As a result of the WRO, CBP has detained large quantities of modules shipped from countries in Southeast Asia
 - Developers report that the threat of detention has caused suppliers to withhold or divert shipments due to uncertainty over CBP's implementation of the WRO
- ⚡ Solar Anticircumvention Investigation
 - On March 28, 2022, the Department of Commerce (DOC) has launched an investigation into alleged circumvention of existing antidumping and countervailing duty orders that apply to PV cells and modules from China
 - If DOC issues an affirmative circumvention ruling, duties as high as 250% could be imposed on solar products coming from southeast Asia
 - Developers report that some PV manufacturers are stopping production and/or delivery of panels while waiting for the DOC's preliminary finding, which is expected in late August 2022

Supply Chain and COVID-19 Impacts

- Ongoing pandemic-related impacts in southeast Asia are driving sharp increases in manufactured equipment costs. Factory shutdowns are delaying manufacture of critical equipment
- Disruptions at ports, cargo depots, and inland transit due to inadequate staffing, and container shortages in Asia, are driving ocean freight costs from Asia to the US West Coast to record levels

Global Container Freight Rate Index



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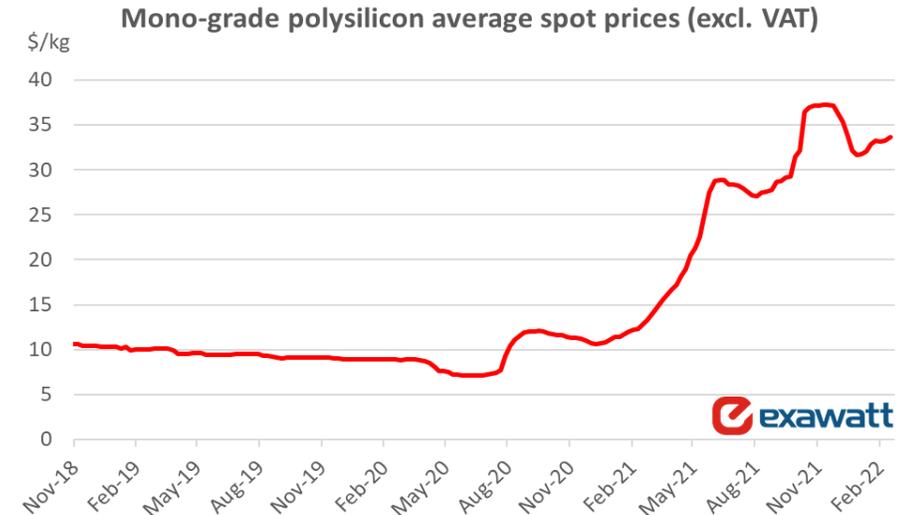
Rising Commodity Prices and ITC Uncertainty

⚡ Rising Commodity Prices

- Generally, the market for both raw materials and manufactured equipment is facing inflationary pressure due to ongoing COVID impacts
- Polysilicon prices have increased dramatically and are expected to stay elevated as demand is growing faster than supply
- Lithium costs have increased dramatically as a result of strong demand for utility scale batteries and rising demand in the automotive industry
- Steel and Aluminum prices hit all time highs in 2021. Copper prices remain at or near all time highs. These materials are used in PV module trackers, cables, and foundation and fencing materials.
- In March 2022, nickel prices surged due to sanctions against Russia, a major supplier of the metal, as a result of its invasion of Ukraine. Nickel is a key component in lithium-ion batteries.

⚡ ITC uncertainty

- An extension to the solar investment tax credit (ITC) could help mitigate pressures on US solar capacity, but federal legislation is stalled



Lithium carbonate prices are through the roof

As EV manufacturing ramps up, the supply of lithium—a key material in batteries—can't keep up with demand. Prices could remain volatile through 2023.

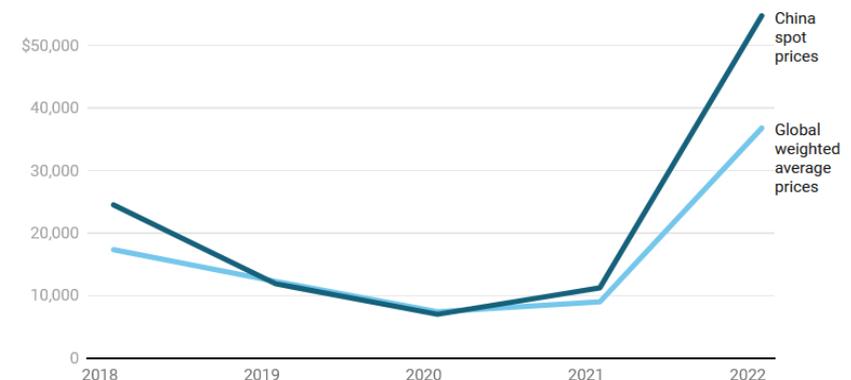


Chart: Emerging Tech Brew • Source: Benchmark Mineral Intelligence • [Get the data](#) • Created with [Datawrapper](#)



Status of RFO Selection



MTR RFO Status

⚡ Several projects selected in the CPA MTR RFO shortlist and waitlist were unable to move forward with offers priced in Fall 2021, citing a number of industry-wide factors (e.g. commodity prices, supply chain)

NPV	Qtr	Online	Technology	MW Gen Range	MW Storage	Environmental Stewardship	Benefits to DACs	Workforce Development	Project Location	Development Score	County	
★	1	A	Q2 2024	Solar + Storage	0-49	0-49	Neutral	Neutral	High	Medium	High	Kern, CA
	1	B	Q3 2023	Standalone Storage		50-100	Neutral	High	High	Medium	Medium	Tulare, CA
	1	C	Q4 2023	Standalone Storage		50-100	Medium	High	High	High	Medium	Los Angeles, CA
★	3	D	Q1 2025	Long-Duration Storage		0-49	Neutral	Medium	High	Medium	High	Riverside, CA
	4	E	Q4 2025	Geothermal	0-49		Neutral	Medium	High	Low	High	Eureka County, NV

NPV	Qtr	Online	Technology	MW Gen Range	MW Storage	Environmental Stewardship	Benefits to DACs	Workforce Development	Project Location	Development Score	County	
	1	F	Q1 2025	Standalone Storage		100-149	Neutral	Neutral	High	High	High	Ventura, CA
	4	G	Q2 2025	Long-Duration Storage		50-100	Medium	Neutral	High	Medium	High	San Diego, CA
★	4	H	Q2 2026	Long-Duration Storage		50-100	Neutral	Medium	High	Medium	High	Riverside, CA
	4	I	Q2 2026	Geothermal	0-49		Neutral	Neutral	High	Low	Low	Beaver, UT
	4	J	Q2 2025	Geothermal	0-49		Neutral	Medium	Low	Medium	Medium	Imperial, CA

★ Unable to hold original offered price
 □ Currently in exclusive negotiations



MTR Compliance

- ⚡ CPA has made progress towards MTR compliance in its 2021 MTR RFO; additional procurement will be necessary to secure CPA's Baseload Renewables and Long-Duration Storage needs

Product Type	Online By	Procurement Need (RA MW)	Current Shortlist (RA MW)	Remaining Need (-Short/+Long)
Conventional Renewables/Storage	June 1, 2025	46	127*	81
Baseload Renewables	June 1, 2026	59	48	-11
Long-Duration Storage	June 1, 2026	59	0	-59

*Includes Clearway project, pending today's discussion



Clearway Proposal



Clearway Proposal

- ⚡ Clearway originally submitted an offer to add 30 MW of storage to its already operational 40 MW Golden Fields solar project
 - Following shortlisting, CPA is currently in exclusive negotiations with Clearway for this project
- ⚡ Clearway is a highly reputable developer with three other projects under contract with CPA, in addition to Golden Fields
- ⚡ Due to supply chain challenges, Clearway is seeking a material price increase to its originally bid storage offer
- ⚡ On April 18th, the RFO Review Team reconvened to evaluate the re-priced offer within the context of the other offers from the RFO using the evaluation criteria specified in the RFO
- ⚡ The original Clearway offer was in the First Quartile of RFO offers; the updated offer is still priced competitively and still ranks in the First Quartile



RFO Review Team Recommendation

⚡ **Recommendation:** Proceed with negotiations for the Clearway project at the revised price

⚡ **Rationale:**

- Despite the price increase, the Clearway offer is high value and would have been selected for shortlisting using the RFO evaluation criteria
- The revised price remains in the first quartile for net present value (NPV) compared to pricing for storage projects
- This offer has unique and beneficial attributes - the addition of storage to an existing, operational solar facility makes the project de-risked from a project development perspective
- The project will contribute towards CPA's MTR compliance
- Given market conditions, CPA may not have the opportunity to secure new storage at this price



NEXT STEPS



Next Steps

- ⚡ Today, the RFO Review Team is recommending the updated Clearway offer to the Energy Committee for approval
- ⚡ CPA will be releasing another RFO to secure its outstanding MTR compliance needs (geothermal and long-duration storage)
- ⚡ CPA is working closely with developers of its existing contracted resources to ensure projects are able to come online
 - Several projects have notified that market conditions have put project delivery at risk

Considerations for Future MTR RFO

- ⚡ Developers are facing significant uncertainty related to project pricing; offers in the immediate future will include significant risk premiums
- ⚡ Market for incremental capacity is highly competitive
- ⚡ Geothermal will be a challenge to secure due to limited import capability
 - Most new build geothermal will be sited outside of CAISO by virtue of where geothermal resources are located
- ⚡ CPA will seek new long-duration storage opportunities, including non-lithium-ion technologies
- ⚡ Important to retain CPA's reputation for demonstrating compliance and good faith efforts to secure new reliable capacity