MEETING of the Legislative & Regulatory Committee of the
Clean Power Alliance of Southern California
Wednesday, May 25, 2022
10:00 a.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 Legislative & Regulatory 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/88054055308
or
Dial: (720) 707-2699  Meeting ID: 880 5405 5308

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 the 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.”

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 March 23, 2022, Legislative & Regulatory Committee Meeting

**REGULAR AGENDA**

2. Oral Update from CPA Staff

3. Recommend that the Board of Directors Approve Positions on Two Bills in the 2021/2022 Legislative Session
   a. SB 1020 (Laird): Recommended Position: Support if Amended
   b. SB 887 (Becker): Recommended Position: Support

4. Presentation on Summer Reliability

**COMMITTEE MEMBER COMMENTS**

**ADJOURN – NEXT MEETING JUNE 22, 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.
Call to order & roll call
Committee Chair Lindsey Horvath called the meeting to order at 10:02 a.m. and Gabby Monzon, Board Clerk, conducted roll call.

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<th>Roll Call</th>
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<tr>
<td>Agoura Hills</td>
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<td>Carson</td>
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<td>West Hollywood</td>
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All votes are unanimous unless otherwise stated.

General public comment
There was no public comment.

Consent agenda
1. Approve Minutes from February 23, 2022, Legislative & Regulatory Committee Meeting

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

Regular agenda
2. Recommend that the Board of Directors Approve Positions on Two Bills in the 2021/2022 Legislative Session

   a. SB 1287 - Recommended Position: Oppose Unless Amended

Gina Goodhill, Policy Director, explained that the bill would increase the amount of insurance that Community Choice Aggregations (CCAs) would need to have available in case customers are involuntarily returned to the Investor-Owned Utilities (IOUs). The bill was a response to the bankruptcy of Western Community Energy. Ms. Goodhill specified that for CPA, this amount has consistently been $147,000, financed through a letter of credit, but the bill would set a new minimum
of $500,000. The bill also contains language requiring this amount to include “costs for no less than 12 months of incremental procurement incurred by the Provider of Last Resort (POLR) in the last calculation of the financial security requirement amount.” Ms. Goodhill stated it is unclear what “costs” means in the language. There is also an open CPUC proceeding that is investigating the appropriate level of financial security requirements that CCAs should post. Staff recommends an opposition position to this bill unless the wording is clarified or amended.

b. AB 2238 - Recommended Position: Support

Ms. Goodhill indicated that this bill would require that California Environmental Protection Agency (EPA), the Office of Planning and Research, and the Integrated Climate Adaption and Resiliency Program, to develop a statewide extreme heat ranking system, submit a study of the costs related to past extreme heat events, and develop a public communication plan for the ranking system. Ms. Goodhill explained that once this communication system is developed, there is a partnership with local entities to develop a communication plan and CPA could be a possible partner. Staff recommends a support position for the bill.

In response to a question by Committee Member Lopez regarding the $500,000 financial security requirement (FSR), Ms. Goodhill advised CPA is not recommending the removal of the $500,000 FSR minimum and would take a neutral position, neither supporting nor opposing the bill, if the wording is clarified.

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

COMMITTEE MEMBER COMMENTS
Chair Horvath advised the Committee to watch for an upcoming email concerning CalCCA priority legislation. Ms. Goodhill shared that CPA’s virtual lobby dates are either Tuesday, May 17 or Wednesday, May 18.

ADJOURN
Chair Horvath adjourned the meeting at 10:29 a.m.
To: Clean Power Alliance (CPA) Legislative & Regulatory Committee

Subject: Oral Update on CPA Legislative & Regulatory Activities

Date: May 25, 2022

Staff will provide an oral report.
RECOMMENDATION
Recommend that the Board of Directors approve positions on two bills in the 2021/2022 California Legislative Session.

DISCUSSION

**SB 1020 (Laird):** Recommended Position: Support if Amended

This bill would do three key things to bring new rigor to California’s landmark zero-carbon electricity goals. 1) Establish interim targets to meet California’s existing SB 100 goals. 2) Create a Climate and Equity Trust Fund that can be used for various clean energy initiatives. 3) Require all state agencies to purchase 100% zero carbon electricity to serve their own needs by 2030, instead of the current date of 2045.

1. New interim targets: California’s existing SB 100 law requires that all load serving entities (LSEs), including CCAs, procure at least 60% of retail sales from renewable generation by December 31, 2030 and 100% of retail sales from zero carbon resources by December 31, 2045. This bill would advance the state’s existing SB 100 goals by establishing two interim targets to require renewable energy and zero-carbon resources supply 90% of all retail sales of electricity to customers by December 31, 2035 and 95% of all retail sales of electricity to customers by December 31, 2040.
2. Climate and Equity Trust Fund: This bill would establish a new Fund outside of the state budget that will be funded through various sources including the federal government, the greenhouse gas reduction fund, legislative appropriations, noncompliance penalties and other sources. The fund would be overseen by a new California Affordable Decarbonization Authority along with the CEC and CPUC. Funding could be distributed to LSEs, including CCAs, for a variety of measures including stable and affordable electricity rates, decarbonization and clean energy initiatives, transportation and building electrification, distributed energy resources, energy equity, and more.

3. New state agency requirements: This bill would require all state agencies to purchase 100% zero carbon electricity to serve their own needs by 2030, rather than the current target of 2045.

SB 1020, also known as the Clean Energy, Jobs, and Affordability Act of 2022, came out of a multi-month process within the Senate Workgroup on Climate and is jointly authored by all members of the Senate Working Group. The proposed interim goals would help ensure that the load serving entities that are ultimately responsible for meeting the state’s 2045 goals are making quicker progress towards those 2045 goals without moving the overall goal. CPA has consistently been on track to meet the SB 100 goals, and staff supports these new interim targets. CPA staff will discuss these interim targets at the Board’s June meeting in the context of future Integrated Resource Plan planning.

Importantly, with the creation of the Climate and Equity Trust Fund, the bill provides funding to address rising electricity rates that will make initiatives like building and vehicle electrification more difficult, especially for low-income customers. This bill proposes removing certain types of decarbonization-related costs from electric rates and instead funding the activities from the Fund.

The bill allows state agencies to meet the goal of 100% zero-carbon electricity by 2030 by procuring zero carbon resources from their local LSE. CPA has a number of state agencies in its service territory. While CPA offers a 100% Clean Energy rate, the
purchases on behalf of state agencies are subject to requirements that are more prescriptive than CPA’s current 100% Green rate. These include requirements around commercial operation date and location of all zero-carbon resources used to serve load. To meet the bill requirements, CPA would potentially need to create a new rate to help state agencies meet this requirement, which is a laborious and expensive process. As such, staff recommends working with the author’s office to amend these requirements to allow state agencies to comply more easily using CPA’s existing 100% Green rate.

Because the bill was not introduced until late April, many external stakeholders have not yet taken an official position, but we expect this bill to be supported by many environmental groups, CCAs, ratepayer advocates, and others.

Alignment with CPA 2022 Legislative & Regulatory Platform
The issues addressed in the bill aligns with CPA’s 2022 Legislative & Regulatory Platform, specifically section 1e, 2a, 3a, 3d, 3e, 4a, 4b, 4c, and 4d.

SB 887 (Becker): Recommended Position: Support

SB 887, or The Accelerating Renewable Energy Delivery Act, would accelerate the state’s planning and approvals for transmission projects to get new clean energy connected to the grid and delivered to communities quicker.

To meet the goals of SB 100, and the proposed goals of SB 1020, the state will need to triple its electric generation capacity by 2045, an additional 6 gigawatts of renewable energy and storage per year. California’s current transmission grid is not built to be able to deliver this much clean energy. This is in part because clean energy generation comes from rural areas where geothermal, wind, hydropower and solar power are naturally found, versus the major cities in which large power plants have traditionally been built. Building new transmission is a slow process, and a major transmission project often takes 10 years or more to build.
The California Independent System Operator (CAISO) oversees planning and approval for new transmission, and forecasts transmission needs based on 10-year forward looking forecasts provided by the CEC and CPUC. These forecasts have not reflected the levels of new renewable energy that will be necessary to meet the SB 100 goals, which has handcuffed the CAISO from being able to approve the level of transmission that will be needed.

This bill would require the CPUC to request that CAISO act immediately to identify the highest priority transmission needed to reduce reliance on carbon-emitting powerplants and approve at least 2 such long lead time projects during its 2022-23 transmission planning process. This will allow the CAISO to get started on some “no regrets” transmission projects urgently. This bill will also change the projections for transmission planning by the PUC and CEC by 1) requiring 15-year forecasts instead of 10-year forecasts 2) incorporating increased clean energy projections into the forecasts. These include requiring projections that eliminate the need for carbon-emitting resources for local reliability at times when renewable energy is available; projections for increased offshore wind; and projections for imports of clean energy.

This bill is supported by various labor groups, environmental organizations, and clean energy organizations. It is opposed by the Independent Energy Producers Association, in part because of their concern that it would accelerate the elimination of natural gas plants.

**Alignment with CPA 2022 Legislative & Regulatory Platform**

The issues addressed in the bill aligns with CPA’s 2022 Legislative & Regulatory Platform, specifically section 4a, 4b, and 4d.

**ATTACHMENT**

1. 2022 Legislative & Regulatory 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 members of the CPA Board of Directors and CPA 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 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 CPA Board of Directors 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 good, 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, with the goal of
combating climate change.

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 of Directors 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 and funding 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 environmental and social justice
   communities in CPA’s 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 environmental and social justice communities in CPA’s 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 of 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 of CPA to promote electrification of the transportation sector in response to state and federal goals aimed at increasing the usage of zero emission vehicles;

   d. Supports the ability of CPA to promote electrification and the reduction of natural gas usage in the building sector.
To: Clean Power Alliance (CPA) Legislative & Regulatory Committee
From: CC Song, Director, Regulatory Affairs
Approved By: Ted Bardacke, Chief Executive Officer
Subject: Summer Reliability
Date: May 25, 2022

RECOMMENDATION
Presentation from staff.

ATTACHMENT

1) Summer Reliability Presentation
Summer 2022 Reliability Landscape

May 25, 2022
Overview

- Factors Impacting Summer 2022 Reliability
- CPA Procurement and Programs that Contribute to Reliability
- CPA Perspectives on Reliability and CA Energy Market
Factors Impacting Summer 2022 Reliability

- Potential resource shortfalls during extreme weather conditions
  - Delays to anticipated new-build resources, including supply chain issues, and recent Department of Commerce investigation on solar panel imports
  - Drought has reduced availability of hydropower resources

- Wildfires and de-energization events
Summer Reliability Planning after August 2020 Rolling Blackouts

- On August 14 and 15, 2020, CAISO was forced to institute rolling blackouts due to a West-wide heat wave.

- Factors contributing to the rolling blackouts were:
  - Unprecedented heat wave across the Western states resulted in demand exceeding planning targets and resources committed to the RA program.
  - Equipment failures at fossil fuel plants.
  - Resource planning targets have not kept pace to ensure sufficient resources can be relied upon during evening hours in an extreme weather event.

- CPUC, CEC, and CAISO have since undertaken actions to improve summer readiness:
  - CPUC has mandated IOU procurement of resources higher than the existing planning reserve margin (PRM) during summer months to ensure sufficient resources are available during another extreme heat wave.
  - All LSEs are directed by the CPUC to procure resources in addition to 2019 procurement order, anticipating the retirement of Diablo Canyon.
  - LSEs have been asked by the CPUC to submit monthly progress updates on resources that are supposed to be online in summers 2022 and 2023.
Potential Resource Constraint in Summer 2022

Compared to summer 2021, more resources have been added to meet the demand of summer 2022. However, if an extreme weather event like the heat wave in August 2020 occurs, California’s grid remains vulnerable.

2,582 MW of Net Qualifying Capacity (NQC) in September has been added to the grid, but it is offset by 1,005 MW higher load forecast than 2021 due to climate change.

Source: CAISO
Western Hydro Impacted by Drought

- In 2021, California’s monthly hydro electricity generation was 48% below normal, based on the 10-year average.
- Current hydro condition is third year below normal in California. Snowpack on April 1, 2022 was 38% of average, compared to 2021’s 60% of average on April 1, 2021.
- Pacific Northwest hydro reservoirs are projected to be 94% of average.

Source: Energy Information Administration
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.

- Interconnection delays
- 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.

CAISO estimates 600 MWs of resources with original operational date in 2022 have been delayed.
Wildfire Potential in California

- Significant wildfires potential across the state—higher than average temperature so far, and summer temperature forecast to be above normal.

- Drought continues to worsen in most of Southern California, except in areas south of Los Angeles County and west of mountains.

- Wildfire risk and extreme weather could potentially cause 4,000-5,000 MW of resources to be offline. In July 2021, 4,000 MW of hydro imports were lost due to OR wildfires.

- SCE’s ongoing grid hardening work would likely reduce Public Safety Power Shutoff (PSPS) events—SCE estimated that the grid hardening work reduced the number of customers de-energized by 44% in 2021.
CPA Procurement Efforts to Mitigate Development Risks

- CPA has brought online additional 562 MW of new generation, and 150 MW of new battery storage resources since 2018
  - 200 MW of new generation and 150 of new storage achieved COD between October 2021 and June 1, 2022
  - CPA anticipates additional 232 MW storage will be online in summer 2022
- The CPA long-term resource portfolio includes 1,147 MW of solar and 779 MW of storage resources not yet online
- CPA has been actively working with developers to assess project delays
  - CPA has received Force Majeure notices from numerous projects related to the Dept. of Commerce, WRO, COVID-19, and supply chain issues
  - CPA may need to negotiate project Commercial Operation Date (COD) extensions and other terms with developers to avoid project terminations, which would make problems worse in 2023 and beyond
- CPA has requested assistance from Governor’s Office and CPUC staff whenever appropriate to help shorten project delays
CPA’s Power Response Program

Power Response is CPA’s main demand response program

- Customers Receive signup incentives, reduce strain on the grid and greenhouse gas emissions when participating in demand response events.

- Smart devices: Customers receive incentives for signing for devices (thermostats, EV charging, etc.) and participating in automated demand response events. Customers also receive annual incentives for participation.

- Behavioral Demand Response (BDR): Target of 3,000 participants. Participants will receive participation-based incentives after demand response events, and may be eligible for additional incentives.

- Power Response could result in reducing CPA’s load by 3.2 MW in 2022, and 6.2 MW in 2023.
Hedging Policy to Minimize Financial Exposure

- Extreme weather combined with insufficient supply can lead to energy market volatility
- To manage this risk, CPA conducts its hedging activities per its Board-approved Energy Risk Management Policy
- CPA’s fixed priced energy hedge targets require CPA to be 85-110% hedged for the prompt year period:

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<th>Time Period</th>
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<th>Maximum Hedge %</th>
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<td>Balance of prompt year not covered by Prompt 4 Quarters</td>
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CPA and Reliability

- CPA has met all its reliability obligations, while adding new supply to the grid since last summer.
- Programs and communications for customers will be part of the solution for managing demand; CPA is focused on these efforts.
- This year the grid is in better shape; CPA and others have added new capacity and no significant new retirements have reduced supply.
- Climate change has increased projected demand and drought is heightening supply problems; this strains the ability of CAISO to keep the lights on.
- Outages, if they occur, will likely come from a confluence of events:
  - There is barely enough supply to meet demand during the hottest days this summer.
  - If anything goes wrong during a heatwave (wildfires, unplanned transmission or generation outages, insufficient demand response), power outages could be the result.
- California waited too long to plan for these issues, leaving very little margin for error, making the grid more vulnerable to supply chain issues and other global challenges.
- The planning paradigm is beginning to catch up with events, but it will take a few years to bring enough new capacity online to provide sufficient reliability resources on the grid.
Questions