

## MINUTES

REGULAR MEETING of the Legislative & Regulatory Committee of the

Clean Power Alliance of Southern California

Wednesday, January 26, 2022, 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 10:00 a.m. and Interim Clerk of the Board, Raynette Tom, conducted roll call.

<b>Roll Call</b>			
<b>Agoura Hills</b>	Deborah Klein Lopez	Committee Member	Remote
<b>Carson</b>	Cedric Hicks Reata Kulcsar	Committee Member Alternate Committee Member	Remote
<b>West Hollywood</b>	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 October 27, 2021 Legislative & Regulatory Committee Meeting

**Motion:** Committee Member Lopez, Agoura Hills

**Second:** Committee Member Kulcsar, Carson

**Vote:** Item 1 was approved by a roll call vote.

### **REGULAR AGENDA**

2. Review Landscape Analysis: POLR + Additional Services

The report was jointly presented by Gina Goodhill, Policy Director, and CC Song, Director, Regulatory Affairs. Ms. Song defined the POLR (Provider of Last Resort) as a backup electricity provider that steps up to provide uninterrupted services if a Load Serving Entity (LSE) fails or cannot provide electricity service. CalCCA unsuccessfully recommended that the Governor veto SB 520, which further defined the POLR out of concern that non-IOU LSEs would be ineligible to become POLRs. Ms. Song noted that the POLR is part of a larger discussion about the long-term role of CCAs. The regulatory proceeding has three phases: service requirements and customer migration rules, designated POLR application and

requirements, and other issues. The proceeding is currently in its first phase, which includes workshop topics such as operations and expectation of POLR service and financial security requirements, etc. Ms. Song noted that the CPUC is concerned about the potential for a large volume of customers returning to IOUs, who are currently serving as the default POLR. CalCCA's position in Phase 1 is that the POLR service should be limited to serving customers during a transition period between LSEs of no more than 60 days, after which customers can be served by another LSE. Because of this limited 60-day service, the POLR should not conduct any procurement or hedging in advance, and any LSE ceasing operations should be able to select another LSE to take on their customers. In addition to POLR, CCAs currently must post a financial security requirement. In this proceeding, CalCCA is arguing that LSEs that have investment-grade credit rating or can prove sufficient financial health should have reduced financial service requirements.

Ms. Goodhill reviewed recent developments in the San Diego and Northern California regions that have called attention to the long-term role of CCAs and other LSEs. Some IOUs have expressed interest in exiting the energy business and other CCAs have expressed interest in filling transmission and distribution gaps if given the opportunity. SCE has not expressed any interest in exiting the energy market, and there are no concerns about their ability to provide transmission and distribution. Ms. Goodhill commented that there may eventually be a need for state policy to prepare for an IOU leaving the energy market. Ms. Song then recommended that CPA continue to monitor and track the POLR proceeding in collaboration with CalCCA on the positions previously discussed.

In response to questions from the Committee, staff clarified that the bill does not impose any requirements for an entity that would be a POLR, but rather directs the CPUC to administer the process. Entities that are designated as POLRs do not have to find a backup POLR for their own customers. Board Chair Mahmud asked if there was any distinction between being a POLR for commercial customers and residential customers. Ms. Song responded that the CPUC has not discussed that distinction; concerns mainly revolve about the designation of a POLR when an LSE is in financial distress. Staff also explained that hedging is costly and requiring POLRs to hedge and procure in advance, with the possibility of never using the resources procured, will translate into higher costs for all customers. Therefore, other options may be explored, such as collateral requirements for LSEs to offset costs for customers transferred to a POLR. Board Chair Mahmud commented that the repeated troubles with PG&E caused frustration at the legislature and will likely affect how CCAs are impacted by the bill. After further discussion, Ms. Goodhill noted that some bill proposals explore the creation of a third entity, such as a central procurement entity (CPE), to serve as a POLR, but staff is still in the information-gathering phase and will report back. Because of the limited scope of the proceeding at the CPUC, Ms. Song similarly explained that at the regulatory level, the discussion remains centered on the requirements of a POLR. Staff noted that it will continue to provide updates to the Committee.

3. Presentation: Sacramento Shifts

Ms. Goodhill updated the Committee on Sacramento leadership changes, redistricting, and the budget. There were various appointments made recently at the legislature that affect CPA. Both the Senate and Assembly Appropriations Committees are chaired by representatives from who have CPA territory in their

districts and there is a new leader in the Assembly Utilities and Energy Committee. Alice Reynolds, former chief energy advisor to the Governor has been appointed as the new President of the CPUC. And John Reynolds has been appointed as the new Commissioner to the CPUC. Mr. Reynolds has worked extensively on issues that affect CCAs and has a strong CPUC background. Ms. Goodhill added that the redistricting process has been completed and current CPA members will continue to represent their existing districts while in this current legislative session. Commencing with the election in early June, representatives will be running under the new lines drawn during the redistricting process. Ms. Goodhill stated that this will most likely prompt a change in representatives for CPA, with at least 22 new legislators after the November 2022 election. Ms. Goodhill suggested that CPA will continue to monitor budget opportunities for additional funding to flow through CPA. She also announced a tentative time period of the last week of May and first week of June for a virtual 2022 lobby day. Chair Horvath flagged some dates as challenging, as some key legislators will be participating in an election. Ms. Goodhill thanked the Committee for their feedback and said she would explore alternative dates.

#### **COMMITTEE MEMBER COMMENTS**

None.

#### **ADJOURN**

Chair Horvath adjourned the meeting at 11:01 a.m.