



MEETING of the Legislative & Regulatory Committee of the Clean Power Alliance of Southern California

Wednesday, July 27, 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 Access 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."

Clean Power Alliance Legislative & Regulatory Committee
July 27, 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 May 25, 2022, Legislative & Regulatory Committee Meeting

REGULAR AGENDA

2. Assembly Bill 205 Summary and Impacts
3. Update on Resource Adequacy Proceeding

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING AUGUST 24, 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

MEETING of the Legislative & Regulatory Committee of the
Clean Power Alliance of Southern California

Wednesday, May 25, 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 Raynette Tom, Board Clerk, conducted roll call.

Roll Call			
Agoura Hills	Deborah Klein Lopez	Committee Member	Remote
Carson			Absent
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 March 23, 2022, Legislative & Regulatory Committee Meeting

Motion: Committee Member Lopez, Agoura Hills

Second: Chair Horvath, West Hollywood

Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

2. Oral Update from CPA Staff

Gina Goodhill, Policy Director, provided an update on the virtual lobby day where CPA met with 10 offices and had two briefings. Ms. Goodhill noted that while CPA did not have a specific bill to push in this session, it identified three main themes discussed, including utility debt relief, the financial security requirement (FSR), and various bills involving California's greenhouse gas emission reduction goals. Ms. Goodhill added that discussions with Mary Leslie, who is on the Board of Governors for California Independent System Operator (CAISO), highlighted the increasing role that Community Choice Aggregators (CCAs) play in maintaining reliability across the grid. Ms. Goodhill thanked everyone who participated in the virtual lobby day.

Ted Bardacke, CEO, provided a presentation on the FSR. Mr. Bardacke explained that the FSR covers the cost that IOUs would incur for six months if a CCA fails. CPA must post \$97 million by July 1 unless the FSR amount is recalculated using a more favorable methodology. Mr. Bardacke indicated that the California Community Choice Association's (CalCCA) and CPA's responses include both regulatory and financial approaches. CPA staff is pursuing the possibility of purchasing a surety bond and/or increasing the line of credit held with JPMorgan. In response to Committee Member Lopez's question regarding the costs associated with a surety bond or increased line of credit, Mr. Bardacke clarified that with either option CPA will pay around \$2 million on July 1 barring any changes. Chair Horvath offered that the FSR difference when calculated in another month could be considered as part of the protest to the advice letter, and Mr. Bardacke indicated that this information will be used in the formal appeal process.

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

Ms. Goodhill indicated the bill has three main goals. It would set interim targets within the existing state law that requires all Load Serving Entities (LSEs) to procure 60% of retail sales from carbon-free renewable energy by 2030, 90% by 2035, 95% by 2040, and 100% by 2045; it would create a new climate and equity trust fund with oversight by a new entity called the California Affordable Decarbonization Authority whose funding could be distributed to LSEs for a variety of decarbonization efforts; it would require state agencies to purchase 100% carbon-free electricity by 2030. Ms. Goodhill explained that the third goal, as written, would not allow state agencies to use CPA's 100% green rate to meet this goal, as the extremely specific requirements would force CCAs to create new rates to allow state agencies to meet the requirements. CPA staff is suggesting that state agencies be able to use their local CCAs' 100% green rates currently in place.

Committee Members asked about pushback to the amendment and potential consequences of the bill if it passes without amendment. Ms. Goodhill clarified that there is no pushback on the amendment at this time, and reiterated the advantages of the bill to align renewable energy standards. Ms. Goodhill stated that the burden to comply with the bill if it passes is not on CPA but on state agencies, who then might be interested in procuring 100% Green energy from CPA.

b. SB 887 (Becker): Recommended Position: Support

Ms. Goodhill indicated the bill intends to build more transmission in California to order to meet the 2045 Clean Energy goals. The current forecasting model does not include the correct projections of clean energy, and the bill would do two things to change the planning for transmission. It would change the current 10-year forward projection plan done by the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) to a 15-year forward projection plan. It would also require CAISO to immediately identify and approve at least two high transmission priority projects to bring more renewable energy onto the grid during the 2022/2023 transmission process.

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

4. Presentation on Summer Reliability

CC Song, Director, Regulatory Affairs, provided an update and review of the summer 2022 reliability. Ms. Song reviewed various factors impacting the summer reliability; provided background on summer reliability planning after the August 2020 rolling blackouts and outlined action steps the CPUC, CEC, and CAISO have since undertaken to improve summer readiness. Ms. Song identified potential resource constraints in summer 2022; highlighted how the drought impacted California's monthly hydro electricity generation; listed various conditions impacting clean energy developments, including wildfire potential; identified numerous CPA procurement efforts to mitigate development risks. Ms. Song reviewed CPA's hedging policy designed to minimize financial exposure and outlined the reliability obligations CPA has met since last summer.

Committee Member Lopez commented that the summer reliability factors may be impacted by the bills mentioned in Item 3, adding that a transmission expansion involving new productive suppliers would help tremendously. In response to Chair Horvath's questions, staff noted that the shortfall in supply laid primarily in the inaction of the CPUC. The relative stability in past years contributed to a false sense of capacity security for the CPUC, leading to the current infrastructure needs.

COMMITTEE MEMBER COMMENTS

Alternate Director, Yasmine-Imani McMorrin, Culver City, thanked Chair Horvath for the invitation to attend the Legislative & Regulatory Committee Meeting.

ADJOURN

Chair Horvath adjourned the meeting at 11:05 a.m.



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee
From: Gina Goodhill, Director, Government Affairs
Subject: AB 205 Summary and Impacts
Date: July 27, 2022

RECOMMENDATION

For information only.

DISCUSSION

On June 30, 2022, AB 205 was signed into law by Governor Newsom, one week after being introduced. Authored by the Assembly Budget Committee, this wide-ranging bill takes various actions to implement energy items from the 2022 Budget Act, with a focus on grid reliability. Specifically, this bill:

1. Establishes a second year of the California Arrearage Payment Program (2022 CAPP), providing \$1.2 billion to assist residential utility customers with past due balances accumulated during the second half of 2021. \$1 billion is reserved for customers of investor-owned utilities (IOUs) and community choice aggregators (CCAs). The funding will be distributed similarly to the original 2021 CAPP program.

CPA expects to receive between \$15 million - \$20 million of this funding to credit customer accounts. Qualifying CPA customers should expect to see bill credits issued no later than July 2, 2023. This is in addition to the \$15.8 million from the 2021 CAPP funding that was credited to customers earlier this year.

2. Establishes the Strategic Reliability Reserve (SRR), to be administered by the Department of Water Resources (DWR). The bill authorizes DWR to own, operate, finance and/or contract for new and existing electricity reliability resources – including fossil-based resources – that could be activated in times of grid emergencies. Reliability resources may include new emergency generators of 5MW or more, extended operation of resources that had been planned for retirement, new storage systems of 20MW or more, and new zero-emission generation resources of any size. The bill also allows DWR to secure those resources through a special review process that bypasses the traditional state agency approval process. These resources are not meant to replace the procurement obligations that CPA and other load-serving entities (LSEs) must

meet to maintain grid reliability but will be in addition to these resources and used at times of extreme events.

3. Creates an expedited permitting authority through the California Energy Commission (CEC) for the siting of clean energy generation and transmission projects. The bill allows this process to replace the traditional permitting process that relies on a combination of local and state governments to issue permits. Clean energy projects must meet specific labor practices to qualify for this expedited permitting.
4. Establishes the Long Duration Storage Program at the CEC to provide financial incentives for projects that are at least one MW and are capable of at least eight hours of continuous discharge. Lithium ion and pumped storage do not qualify.
5. Establishes new demand response and distributed energy programs at the CEC. The demand side grid support program includes a one-time \$200 million payment to the CEC for demand response actions. The distributed electricity backup assets program includes funding for new zero or low emissions technologies, including energy storage, at new or existing facilities.
6. Makes changes to how CARE rates and fixed charges are calculated, with the goal of reducing the overall monthly bills that low-income customers pay.

CPA is working closely with our trade association, CalCCA, to better understand the full impact of this bill on CCAs. There has also been some discussion about a potential clean-up bill to clarify some details in the current language and the role of the SRR. Staff will continue to work with CalCCA on opportunities for clean-up and will share additional information with this committee as it becomes available.

ATTACHMENT

None.



Staff Report – Agenda Item 3

To: Clean Power Alliance (CPA) Legislative & Regulatory Committee
From: C.C. Song, Director, Regulatory Affairs
Approved by: Matthew Langer, Chief Operating Officer
Subject: Update on Resource Adequacy Proceeding
Date: July 27, 2022

Staff will provide a presentation on the item.

ATTACHMENT

1. Presentation on Resource Adequacy Proceeding



Resource Adequacy Proceeding Update

July 27, 2022



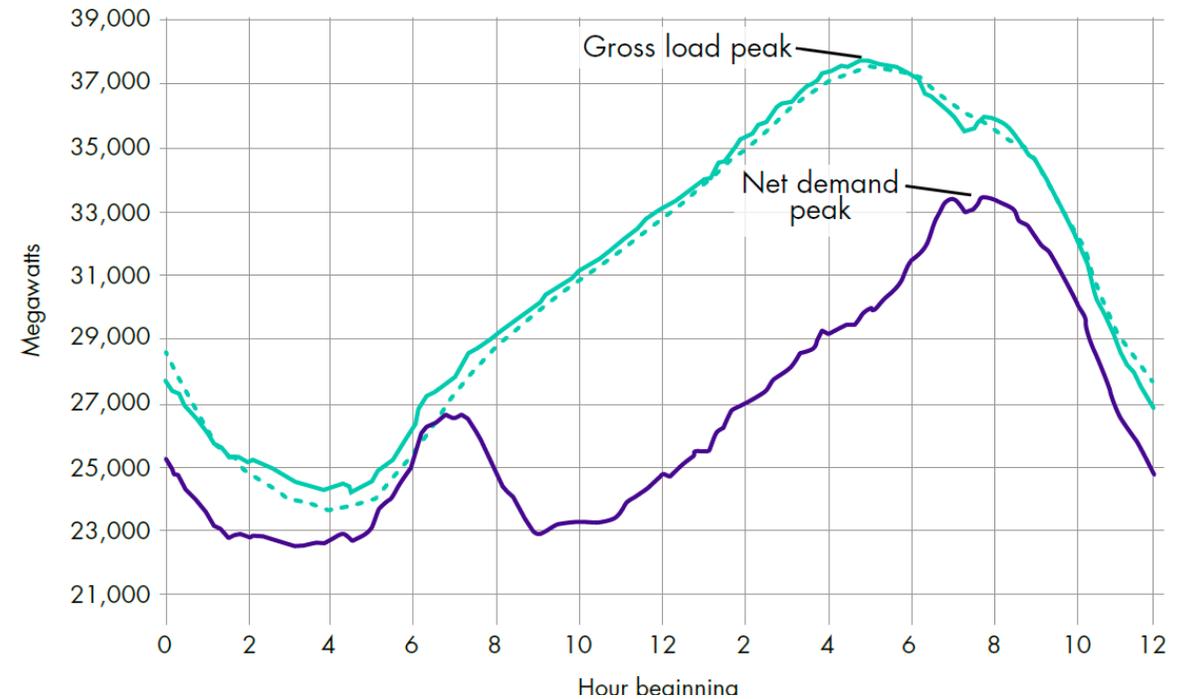
Presentation Overview

- Objective: Provide an update on the CPUC decision on RA Program Reform
- Agenda
 - Background on RA Program Reform
 - CPA position on RA Program Reform
 - Summary of Decision
 - Next Steps



Background on RA Reform

- ⚡ Goal of RA Reform: To develop a robust and durable set of rules to ensure there are sufficient resources to meet the energy needs as energy resources evolve, and as demand grows due to climate change
- ⚡ Key Factor Driving Reform– Gross Peak vs. Net Peak
 - Gross peak: Total energy required by the CAISO to serve demand at its highest level of the day
 - Net peak: Total energy demand, minus the wind and solar forecast from the gross peak load
 - The early evening net peak is becoming increasingly critical as solar production ends and demand remains high



CPA's Position on RA Reform

- ⚡ CPA's guiding principles in participating in the RA Reform proceeding track:
 - Develop a grid reliability framework that appropriately values the contributions of clean energy resources
 - Establish a long-term resource planning standard allows LSEs chart a course to 100% clean energy while ensuring grid reliability
 - Ensure that any new framework is implemented thoughtfully and with sufficient time for LSEs to adapt
- ⚡ Two Reform Proposals Were Considered by the CPUC
 - 24-Hour Slice (SCE): For each month, each LSE must demonstrate it has enough capacity to meet its load profile in all 24 hours on the CAISO's "Worst Day"
 - 2 Slice (Gridwell): For each month, each LSE must demonstrate it has enough capacity to meet its share of CAISO gross peak and net peak
- ⚡ CPA supported the SCE 24-Hour Slice Proposal, but proposed modifications
 - Implementation should be deferred until 2025 to resolve complex implementation issues
 - Hourly resource tracking and transactability issues need to be addressed
 - CalCCA official position, supported by CPA, along with EBCE, MCE, PCE, Pioneer, SJCE, and SCP

Summary of CPUC Decision

- ⚡ SCE 24-Hour Slice Framework is adopted, with RA year 2024 being a test year, and 2025 as the full implementation year
- ⚡ Unfortunately, the Commission declined to adopt a workstream to further examine hourly load and resource trading, citing complexity as the challenge. In the final decision, the Commission indicated that hourly obligation trading can be revisited in the future should concerns related to market inefficiency arise
- ⚡ Three workstreams will be conducted between end of July and early October to develop further implementation details for the test year, and for full implementation:
 - Workstream 1: Focused on compliance and showing tools, including coordination with CAISO and CEC
 - Workstream 2: Determine resource counting rules
 - Workstream 3: CAISO and CPUC validation tools
- ⚡ While CPA is pleased to see the adoptions of the 24-Hour Slice Framework and the test year proposal, CPA is disappointed that the Commission did not adopt a workstream to explore granular hourly resource trading. Without the ability to transact on an hourly basis, the new program risks constraining the market and overprocurement by LSEs, increasing cost to ratepayers.



Next Steps

- ⚡ Final proposals from workstreams are to be filed by November 15, 2022, with the opportunities to provide comments/reply comments in December, 2022. Proposed decision to be issued in Q1 2023
- ⚡ CPA staff will continue to participate in workshops, as well as discussion groups organized by CalCCA
- ⚡ Additional portfolio analysis may be needed once the new framework is more developed to determine impact on CPA's existing portfolio and procurement strategy

Questions