

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 McMorris, Culver City, thanked Chair Horvath for invitation to attend the Legislative & Regulatory Committee Meeting.

ADJOURN

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