

MINUTES

REGULAR MEETING of the Energy Planning & Resources Committee
of the Clean Power Alliance of Southern California
Wednesday, September 28, 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

Chair Parkhurst called the meeting to order at 12:15 p.m. and, Raynette Tom, Executive Assistant, conducted roll call.

ROLL CALL			
Alhambra	Jeffrey Maloney	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Culver City	Daniel Lee	Committee Member	Remote
Oxnard	Kathleen Mallory	Committee Member	Absent
Sierra Madre	Robert Parkhurst	Chair	Remote
South Pasadena	Diana Mahmud	Committee Member	Remote
Thousand Oaks	Helen Cox	Committee Member	Remote

All votes are unanimous, unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from August 24, 2022, Energy Committee Meeting
2. Receive and File August 2022 Risk Management Team Report

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

REGULAR AGENDA

3. Review Energy Procurement Update

John McNamara, Director, Structured Contracts, and Natasha Keefer, Vice President, Power Supply, provided a presentation on energy procurement. Mr. McNamara reviewed the Mid-Term Reliability (MTR) decision issued by the California Public Utilities Commission (CPUC) in 2022 and discussed CPA's current MTR compliance position from 2023 to 2026. CPA is currently short in baseload renewables and long-duration storage by 2026 and will need to conduct more procurement to meeting its compliance obligation. Mr. McNamara described

some of the challenges leading to delays in projects. Mr. McNamara discussed the PPA Price Refresh Process and explained that the process is designed to allow offers from existing project developers to refresh prices and modify online dates on contracts. Mr. McNamara reviewed the guidelines for the PPA Price Refresh described selection considerations, and next steps. The process is intended to reduce CPA's risk of compliance penalties, avoid higher costs to meet renewable energy demand and resource adequacy, and support CPA's reputation as an entity that meets its compliance and obligations. Mr. McNamara outlined the 2022 MTR Request for Offers (RFO), reviewed the 43 offers received by CPA, and provided a breakdown of the offers by product and technology type, location, commercial online date (COD), and generation capacity. Lastly, Mr. McNamara covered key considerations for CPA moving forward, specifically that projects with 2024 online dates are limited and supply-chain challenges and increased costs can elevate prices for CPA's 2022 RFO.

Responding to Committee Member Mahmud's question regarding changes in amounts of megawatts of new reliable capacity, Ms. Keefer noted that the CPUC decision includes a process for adjusting procurement targets if there is a significant load migration. In response to Committee Member Cox's question regarding offers, Mr. McNamara specified that there were seven contracts not addressed by previous amendments that had requested price increases and participated in the PPA Price Refresh Process. Committee Members Mahmud and Cox inquired about the higher number of long-duration storage as opposed to short-term storage. Staff explained an 8-hour battery has the same amount of output as a 4-hour battery, but the duration of the storage is twice as long. Responding to Committee Member Cox's question regarding procuring existing baseload capacity, staff indicated that the mid-term reliability decision calls for new incremental capacity; under the narrow definition in the decision, baseload renewables require that the technology achieves an 80% capacity factor, which qualify geothermal and biomass and but not hydro. Chair Parkhurst commented that elevated pricing and the limited projects with a 2024 online date are concerning but staff has been diligent in managing the market conditions.

Ms. Keefer reviewed Southern California Edison's (SCE's) long-term Resource Adequacy (RA) agreement. The CPUC ordered IOUs to make a one-time offer of the resource adequacy that was procured under their IRP procurement track mandate to the departed load. This load included Westlake Village, so CPA has the option to enter into an agreement with SCE to buy the RA capacity from SCE's IRP procurement track resources at the system RA market price benchmark.

4. Approve Staff to Proceed with Negotiations of an Amendment to the Power Purchase Agreement with Arlington Energy Center for Incremental Solar and Storage Capacity as Recommended by the Review Team

Mr. McNamara provided a presentation on the Arlington Solar and Storage PPA amendment. Mr. McNamara reviewed the background of the Arlington storage project; identified the project valuation and viability; and identified the reasons behind the recommendation to approve amendment negotiations for the incremental Arlington 93-megawatt solar and 12-megawatt storage capacity, as recommended by the Review Team who simultaneously reviewed this project in the context of the Price Refresh Process.

Motion: Committee Member Mahmud, South Pasadena

Second: Committee Member Maloney, Alhambra
Vote: Item 4 was approved by a roll call vote with abstention from Committee Member Kulcsar.

5. Review IRP Results

Ms. Keefer provided a presentation on initial 2022 Integrated Resource Plan (IRP) scenario results. Ms. Keefer reviewed the full portfolio of resources for the base case results and its comparison to the previous 2020 IRP results. Ms. Keefer discussed the amount of generation by resource type, noting that the RPS content of CPA's portfolio is far above the 60% RPS compliance mandate in all study years. Under this initial scenario, CPA will see a ramp up of long-term PPAs and then transition to buying most load requirements from long-term PPAs rather than market purchases. With regard to reliability, Ms. Keefer pointed out that CPA will still continue to rely on short-term RA contracts with existing resources in the future, but staff will ensure CPA is not over relying on system resources.

In response to Committee Member Mahmud's question regarding hydro power, Ms. Keefer explained that in the previous IRP the Lean Power product category was filled predominantly with carbon-free procurement while the current IRP defines the Lean Power product differently; there is some existing hydro procurement, but it is far less. Committee Member Mahmud expressed concern that CPA will rely on the market for 50% of RA in 2037 and asked if there is an assumption of significant economic risk. Ms. Keefer specified that the model does optimize around an RA price forecast but also includes the two options to build new resources or buy RA at short-term market prices. The model indicates that the most cost optimal outcome is to build up to 50% new resources and buy the remainder in market; the RA price forecast is a variable, and the CPUC significantly devalued what new resources will count for towards RA in the future, creating diminishing returns on investments in new resources. Committee Member Mahmud inquired if there is an assumption that the significant reduction is due to a degradation of the batteries. Ms. Keefer explained that the CPUC assumes that more battery penetration yields less contribution to reliability by each additional megawatt.

Ms. Keefer discussed a recent CPUC proposal for the design of a mid-to-long term procurement program for ensuring reliability and reducing greenhouse gas emissions. Part of this proposal specified that the Load Serving Entities (LSEs) IRP filings could turn into binding procurement mandates, starting with the 2022 IRP. CPA is working with CalCCA to file comments to oppose the proposal. However, staff won't have clarity until Q1 of 2023 on this proposal, so it needs to assess whether the risk should be addressed in the IRP, specifically, staff must ensure it is not overcommitting to a resource buildout that it can't fill or shouldn't fill depending on market conditions. Staff may need to convene a special meeting of the Energy Committee to discuss the issue further. Responding to Committee Member Mahmud's question, Mr. Bardacke indicated that staff will continue to assess the responses of other LSEs to the proposal. In response to Committee Member Cox's questions, staff indicated that a review team will be formed for the MTR compliance to bring a recommended shortlist to the Energy Committee at the November meeting.

6. Overview of Power Ready RFO

This agenda item was not presented.

COMMITTEE MEMBER COMMENTS

Committee Member Kulcsar requested an informational update from staff on the risks associated with standalone battery storage facilities, as there was recently a fire at a battery storage facility and mention of toxins released into the atmosphere. Committee Member Mahmud commented that, given the fragility of the California grid, it is striking that the CPUC would ask load serving entities to make far-reaching future commitments in the context of unanticipated market conditions. Staff indicated there are no Tesla batteries currently in use, but future project developers have the option to use any battery manufacturer they want. Committee Member Cox thanked staff for all their hard work and for keeping the Committee so well-informed.

ADJOURN

Chair Parkhurst adjourned the meeting at 1:50 p.m.