



**Valley Clean Energy Alliance (VCEA)
Community Advisory Committee (CAC) Meeting
Monday, July 30, 2018
at 5:30 P.M.**

Davis Senior Center located at 646 "A" Street, Davis, CA 95616

Meetings are accessible to people 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 Alisa Lembke, VCEA Board Clerk/Administrative Analyst, at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@valleycleanenergy.org.

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Committee Members: Gerry Braun (Chair), Christine Shewmaker (Vice-Chair), Marsha Baird (Secretary), Mark Aulman, Tom Flynn, Yvonne Hunter, Lorenzo Kristov, David Springer

5:30 PM CALL TO ORDER

- 1. Welcome and Roll Call**
- 2. Approval of Agenda**
- 3. Public Comment** - This item is reserved for persons wishing to address the Advisory Committee on any VCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to two minutes per speaker, but an extension can be provided at the discretion of the Chair.
- 4. Brief VCEA Staff and Advisory Task Group Reports** - Representatives of VCEA staff and active Task Groups will provide updates on on-going work. Task Group recommendations requiring Committee attention require a regular agenda item. Summaries of written reports received by the Committee in advance of the meeting will receive a time allocation of up to ten minutes. Otherwise, the time allocation will be five minutes, including questions and answers. The Committee may decide to allocate additional time at the end of the regular agenda.

CONSENT AGENDA

- 5. Approval of Minutes from May 30, 2018 and July 2, 2018 Committee Meetings**
- 6. Receive Long Range Calendar**



REGULAR AGENDA

7. **Make Recommendation to VCEA Board of Directors on Long Term Renewables Procurement Solicitation Criteria/Policy on Local Resource Definition (Action)**
8. **Net Energy Metering (NEM) Policy Amendment Update (Informational)**
9. **Community Advisory Committee Legislative/Regulatory Task Group Summary and Recommendation on (Action): Senate Bill 1088 (Dodd).** Safety, reliability, and resiliency planning.; Senate Bill 1347 (Stern). Energy storage systems: procurement.; Senate Bill 237 (Hertzberg). Direct Access.; Assembly Bill 893 (Garcia). Renewable Portfolio Standard. Geothermal.; Assembly Bill 2208 (Aguiar-Curry). Electrical Utilities. Biomass. Geothermal.; and, Assembly Bill 2726 (Levine). California Global Warming Solutions Act of 2006: consumption-based accounting.
10. **Community Advisory Committee Administration**
11. **Advisory Committee Member and Staff Announcements**

Action items and reports from members of the Advisory Committee, including announcements, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

The next **Community Advisory Committee meeting** is scheduled for **Wednesday, August 29th** at 5:30 p.m. at the **Yolo County Department of Community Services, Cache Creek Room, 292 W. Beamer St., Woodland, CA 95695.**

The next Valley Clean Energy Alliance *Board* meeting is scheduled for Thursday, August 9, 2018 at 5:30 p.m. at Woodland City Council Chambers, located in the 2nd Floor, at 300 1st Street, Woodland, CA 95695.

12. **Adjournment (Approximately 7:30 p.m.)**

Public records that relate to any item on the open session agenda for a regular board 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 members, or a majority of the members of the Board. VCEA public records are available for inspection by contacting Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. Agendas and Board meeting materials can be inspected at VCEA's offices located at 604 2nd Street, Davis, California 95616; those interested in inspecting these materials are asked to call (530) 446-2750 to make arrangements. Documents are also available on the Valley Clean Energy website located at: www.valleycleanenergy.org/meetings.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item - 5

TO: VCEA Community Advisory Committee
FROM: Alisa Lembke, Board Clerk/Administrative Analyst
SUBJECT: CAC Minutes of May 30, 2018 and July 2, 2018 Meetings
DATE: July 30, 2018

Recommendation

- 1) At the CAC's meeting held on July 2, 2018, the draft May 30, 2018 meeting minutes were tabled to the next scheduled CAC meeting. The minutes have been revised for clarification purposes only by Staff Member Olof Bystrom, which are attached in "red lined" form for your review. Please note that formatting of the Minutes will need to occur after the changes have been approved by the CAC. Staff recommend receiving and approving the revised draft minutes from the May 30, 2018 meeting.

- 2) Receive and approve the minutes from the July 2, 2018 CAC meeting.

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE
Wednesday, May 30, 2018

Chairperson Gerry Braun opened the Community Advisory Committee of the Valley Clean Energy Alliance in regular session beginning at 5:36 p.m. in the Davis Senior Center, located at 646 "A" Street, Davis, CA 95616.

Welcome and Roll Call

Committee Members Present: Gerry Braun (Chair), Christine Shewmaker (Vice-Chair), Mark Aulman, Tom Flynn, David Springer, Marsha Baird (Secretary), Yvonne Hunter, and Lorenzo Kristov

Committee Members Absent: None

Approval of Agenda Y. Hunter moved, seconded by M. Aulman to approve the agenda. Motion passed by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Springer, Baird, Hunter, Kristov

NOES: None

ABSENT: None

ABSTAIN: None

Public Comment Chairman Braun opened it up for public comment. A person from the public, who is a volunteer for UC Davis Energy Center, and now works as an independent consultant, will be more engaged in VCEA.

Mr. Kristov commented that a future agenda item for the CAC to discuss are those current customers that are participating in 3rd party demand response (home connect). No structure is in place such as this with VCEA, so the transition needs to be discussed to offer this to the customers. This is a deficiency within all CCA's. Ms. Hunter asked if the only way to resolve this issue is through legislation? Mr. Kristov answered by saying that he did not think so, but rather VCE should come up with a similar contract. Ms. Hunter's thought was that possibly CCA could come up with a contract/agreement template.

Chairperson Braun asked for a Staff update. Mr. Sears announced that he has asked SMUD technical, Lean Energy and other CCAs how they have handled 3rd party demand response questions and issues. Currently, Mr. Sears does not know the scope of the number of customers this effect.

Legislative and Regulatory Task Group: Ms. Hunter stated that Shawn Marshall of Lean Energy listed the bills at the last CAC meeting of what bills CCA is following and what Cal CCA's point of view/approach is on those bills. She said that there is a summary available, but it does not give CCAs opinion on each at this point – there were several bills that were "opposed unless amended". So, they wait till all opinions come out. There are other bills moving forward and the Task Group will keep the other members of the CAC apprised of what those are. Chairperson Braun asked if the Task Group have met in person. Ms. Hunter said they have not but have been communicating through e-mails. Ms. Shewmaker informed those present that she has seen copies of letters on the internet from Cal CCA stating their opinions, but we (CAC) can't have them? Mr. Sears commented that Cal CCA is trying to position and organize themselves with an approach with the minute by minute changes in legislation. If there are letters available to the public on the internet, then it is okay to have them.

Mr. Kristov commented that there is a hot item in front of the CPUC regarding regulatory adequacy - Phase 2 will be addressing procurement and hearings on this subject start soon. Mr. Kristov informed those present that Cal CCA has asked him to provide expert testimony at the CPUC hearings. He would like to meet with the Task Group soon, then at the CAC July 2nd meeting he can provide the status of his testimony and how it is going. Mr. Kristov stated that Cal CCA is trying to offer solutions as their strategy. Mr. Sears agrees that Cal CCA is approaching with solutions rather than firm opposition.

Mr. Aulman asked how the revisions to the website were coming along? Ms. Hunter reviewed the VCEA website for completion, accuracy and clarity. Ms. Hunter says that it is a group process and that she has met with VCEA Staff Member Jim Parks on the proposed revisions. Ms. Shewmaker provided her opinion that the VCEA website needs to change as it is not user friendly and some of the information is not accurate. Ms. Hunter would like to see the revisions and updates be combined with the result being captured in a new pamphlet. Mr. Springer asked if the information on the website came from CirclePoint? Ms. Hunter said that it appears that it did. Mr. Sears reassured those present that the information on the VCEA website and postcard mailers is accurate.

There were no further comments from the public.

Approval of April 26, 2018 Committee Meeting Minutes – IRP Workshop Mr. Aulman moved, seconded by Mr. Springer to approve the April 26, 2018 Committee meeting minutes. Motion passed by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Springer
NOES: None
ABSENT: None
ABSTAIN: Kristov, Hunter, Baird

Million LED Lamp Challenge (Informational) Professor and Director Michael Siminovitch of the UC Davis California Lighting Technology Center presented information on the Million LED Lamp Challenge. A brief slide presentation was provided which highlighted the program of establishing quality-based standards for lighting inside structures, so one specification that all lighting must meet. It is a statewide alliance of colleges and other Agencies. When the Request for Proposals went out, 20 companies responded. The objectives were to: 1) develop performance specifications, 2) establish a MLC program and 3) have a two-phase implementation approach. They looked at all aspects of a light bulb: color, shadow, strength, length of bulb, etc. As a result, performance specifications were developed and adopted.

Question from Public:

What percentage of California is lighting? Answer: Depends on the building type and operating under – applies to all facilities/homes.

Is there a requirement to list on the bulb information/labeling? Answer: Currently not, but it is forthcoming.

Was the RFP solicitation for the bulb or specifications? Answer: Specifications - one vendor was selected for this round, but each year they will have to go out to RFP.

LED only? Answer: yes, only LED lighting.

How can a CCA help? Via customers? Or? Answer: websites have information and are helpful especially while moving into the customer side. So, yes, CCA's can put it on their website, through a link with quality information.

Ms. Hunter offered to connect Mr. Siminovitch to a few government entities.

Gary Lawson and Olof Bystrom of SMUD each introduced themselves. Mr. Lawson reminded the Board Members that the IRP is due August 1st. SMUD met with CAC at the end of May and will provide a draft IRP and their recommendation to the CAC's July meeting. He asked that the CAC give thought as to what needs to be answered and/or done for the CAC to make a recommendation to the Board. Mr. Sears reminded those present that this is the third time the CAC has addressed a draft IRP and now things are coming into sharper focus. He stated that tonight the Board will assist the CAC in digging deeper and setting the stage for the CAC to make their recommendation to the Board at their July meeting.

Mr. Bystrom provided a brief recap of the CAC workshop and the last CAC meeting. He provided a few size reference maps. (Slide 3) UC Davis Rooftop Solar at Winery, Brewery and Food Science Laboratory with 756 Kw capacity. Ms. Hunter asked what size would you call this? Mr. Bystrom indicated small megawatt production of 1 megawatt (MW) and up, economies of scale. (Slide 4) City of Woodland Police Department rooftop and parking lot solar with a .45 MW capacity. (Slides 5 and 6) SMUD feed-in-tariff utility scale solar with 10 MW capacity over 128 acres and 18 MW capacity over 160 acres. Per Mr. Lawson, this was completed in 2012. Mr. Sears stated that for comparison, the Cannery is over 100 acres. Ms. Shewmaker asked how many would you need? Mr. Bystrom answered 30. Mr. Kristov asked if more electricity is generated if facing north-south? Mr. Bystrom answered yes. (Slide 7) Antelope Valley Solar Ranch with the capacity of 230 MW spread over 2,100 acres - very large scale (Edison territory, but Cal ISO territory).

Mr. Bystrom reviewed Slide 9 - IRP Resources Portfolio Alternatives and made the following comments on each portfolio:

Base: meets minimum requirements, but the 75% carbon free remains throughout until 2030. Mr. Flynn asked how well does the base meet or line up with the climate action plans adopted by VCEA jurisdictions? Mr. Bystrom explained that all IRP scenarios presented today will meet or exceed the various climate action plan objectives.

Cleaner Base: a little more ambitious in the Renewable Portfolio Standard (RPS) and carbon free, with carbon free being present through 2030. Ms. Shewmaker asked if this was affordable and available? Mr. Bystrom explained that considering the assumptions used (mainly from CPUC), this would be affordable and it is assumed that carbon-free resources would be available ~~answered yes, that is the assumption.~~

Cleaner VCEA: Similar to the Cleaner Base scenario with respect to the resource choice, RPS level and carbon free content but using VCEA's load forecast rather than the IEPR. Mr. Kristov asked if the load forecasting was the main difference between this scenario and Cleaner Base? Mr. Bystrom answered yes, this is a non-conforming forecast in terms of CPUC requirements.

Mr. Braun asked what are the benchmarks that must be met? Mr. Bystrom answered that one of them is the greenhouse gas benchmark which is based on VCEA's share of the total expected greenhouse gas emissions in 2030 - 129,000 tons.

Mr. Braun stated that when looking at 2030, where large hydro is not increasing, this appears to be Carbon Free modeling in 2030, which in his opinion is not feasible. Possibly, the CAC should look at the scenario. Ms. Shewmaker stated that shifting resources is not good. Mr. Flynn commented that it appears that VCEA would be utilizing more hydro in the future than what we use today. Mr. Kristov asked if we would be importing it? Mr. Flynn said yes.

Clean Local:

Mr. Bystrom reviewed Slide 10 - Resource Portfolio Renewables, which shows resource renewables for each of the portfolios (Base, Cleaner Base, Clean Local and Cleaner VCEA). Ms. Hunter asked if the CAC chooses one portfolio or do we do a range? Mr. Bystrom suggested that the Board should choose ~~preferred-Preferred~~ and ~~alternative Alternative~~ portfolios, but at a minimum one portfolio that meets the CPUC requirements. Ms. Hunter commented that it is her understanding that VCEA's IRP is not set in stone. Mr. Bystrom ~~stated that confirmed and highlighted that IRP is to be updated every 2 years is correct and can be adjusted, at a minimum every 2 years.~~ Mr. Lawson also stated that yes at that point time, we will have more information about procurement and costs, to make changes. Mr. Bystrom also stated that VCEA will ~~also~~ have other CCA's IRP filings for reference since the IRPs are public documents.

Mr. Flynn asked if local meant small scale? Mr. Bystrom answered, yes – such as parking lots, small ag fields, not behind the meter. One of the main considerations is cost. Mr. Braun asked why “behind the meter” is 0? Mr. Bystrom stated that they start at 0, then in 2022 39 solar MW. Mr. Braun asked exiting behind the meter? Mr. Bystrom answered yes, residential and business already installed. Mr. Braun commented that incremental adjustment could potentially be achieved.

Mr. Kristov asked about geothermal - is that all new construction? Mr. Bystrom answered yes ~~-- for the purposes of the IRP and for VCEA it is new capacity, but it would not have to be new construction new capacity for VCEA, but not really whether it is new geothermal.~~ He continued to state that wind power in Tehachapi and Solano could potentially be used, but there is limited availability this source is expensive. Mr. Kristov stated that solar is the lowest cost per megawatt - 3 megawatts battery come from CPUC requirements. Mr. Bystrom stated yes - there is a requirement for usage of new battery storage.

Mr. Braun commented about wind: there is an interest by Energy Commission looking at off shore wind, technologies being demonstrated showing that California could have off shore wind power. Thereby, mitigating the cost of wind power on land.

Mr. Bystrom reviewed Slide 11 - Resource Portfolio Generation Mix.

Mr. Bystrom reviewed Slide 13 - Resource Portfolio Capacity at Annual Peak Hour which showed that in 2016 the cost of wholesale energy [electricity, fixed cost (loans), reserve capacity] does not have any transmission or distribution charges because PG&E is required to pay this. The key results are shown in the 2030 Power Cost Breakdown of energy graph on the far right, with being Carbon Free content in 2030.

Mr. Bystrom skipped Slide 14 - Carbon Neutral vs. Carbon Free.

Mr. Bystrom reviewed Slide 15 - Observations & Recommendations. On the left are the observations and to the right shows the recommendations. Ms. Shewmaker asked what do you mean by Carbon neutrality? Mr. Bystrom then referred to Slide 14 - showing

hour by hour over a 24-hour period, purchasing in a block, showing the difference between Carbon Neutral and Carbon Free. Mr. Lawson stating that the comparison shows balancing loads with VCEA's needs so, looking at it hour by hour rather than over the course of 24 hours and/or based on your portfolio. Ms. Shewmaker observed that in the long term getting away from using fossil fuels.

Mr. Bystrom continued with his review of costs for renewable energy in Slide 15 - Observations & Recommendations. SMUD's recommendation is leaning towards "Cleaner ~~based~~ Base" portfolio, focusing on large scale conventional renewables and be open to local competitive offers. Ms. Shewmaker commented that she is thinking about what it means to be carbon neutral and carbon free - she needs to think about this.

Mr. Braun commented that the environmental effects on where things located are different (such as: local, in the community, ground field sites) and there is a trade off with things elsewhere. All have effects on the environment. Transmission costs and losses on generation expansion - CCAs do not have to worry about this. ~~This does not mean that others who do have to pay attention to this have to pay these costs.~~

Mr. Flynn asked about the Resource Portfolio on Slide 13, the graph emphasizes function? It appears that it is assuming 36.5 increments for 3 years. Maybe not so ambitious so smooth out the curves. Mr. Bystrom stated that there are many ways to make the curves. Mr. Lawson added that possibly there will be favorable local prices in the procurement process.

Mr. Sears commented that the main slide for the CAC to look at is Slide 15 to fashion a recommendation to the Board.

**Integrated
Resource Plan
(IRP)
Prioritization of
Action Plan
Activities for
Years 1-3**

Mr. Lawson reminded the CAC that the IRP – Action Plan will be important as it will be VCEA's "deliverable" on how you are going to get to your 2030 goals.

Mr. Braun suggested that the CAC Members go through the listed items understood by the Committee, do an on-line survey for the Committee Members to prioritize, then ask Staff to see if the CAC members are trending in the same direction/consensus.

Mr. Kristov asked what the significance is of the IRP? Mr. Lawson explained that the CPUC wants to know what VCEA's commitment is to achieve your 2030 goals, then the next deliverables will be in the next IRP due in 2 years.

Mr. Lawson reviewed Slides 44-46, which is Staff's prioritization of possible Action Plan Activities. On Slide 47, it lists the logic behind Staff's proposed prioritization.

Mr. Braun asked what does VCEA want to commit to in this "cycle" - can we also do things beyond what is in our Action Plan? Can VCEA look at the IRP that way? Mr. Sears responded with yes, there are basics that need to be in Plan, but "behind the scenes" goals and how to go about accomplishing those goals can certainly be discussed by the CAC and the Board. Mr. Braun suggested that possibly those "outside" goals could be broken down into some business plan years (such as 5, 4, 3) then there are longer term vision goals that do not have to be done by next meeting. To summarize, scoping before resources are being committed or IRP CPUC requirements then outline a VCEA long term process. Mr. Sears suggested that those ideas or approach should be presented to the Board at their June 6th meeting.

Ms. Hunter suggested that the CAC develop long term goals which may include 1st, 2nd or 3rd year actions, but that the CAC should come back to Staff and the Board for suggestions. Ms. Hunter liked the idea of being pre-emptive by looking at a variety of issues, priorities and goals.

Public Comment: A person from the audience suggested that the CAC consider placing in the IRP that the Board will “develop a long-term plan....” or however, they would like to word it.

Mr. Braun supports Staff’s recommendation of outlining high operational priority action steps, then identifying the intention to come back to the Board with CAC’s long-term goals that will first need to be developed, resolved and planned for, but those goals would not feed into this IPR process. Mr. Sears reiterated that this will set the stage for the next Board meeting whereby the CAC presents a 1-3 year Action Plan and confirms with the Board on whether they agree with the priorities and descriptions suggested.

Recommendation on Suspension of Forward PCC-2 Renewable Procurement

Mr. Lawson reviewed the Staff report with those present asking that the CAC support Staff’s recommendation for the Board to adopt a resolution in summary 1) to suspend the current procurement of PCC2 until 2019 pending outcome of the California Energy Commission’s effort until we know how it is defined; 2) authorize the General Manager to reactivate PCC2 Renewable procurement should the ruling be favorable as to the treatment of PCC2 power; and, 3) require staff to return for additional authorization in the event that CEC’s change in Power Source Disclosure / Power content labeling requirements is not favorable.

Mr. Lawson reviewed the chart on page 59 of the packet showing 2019 carbon footprint and renewable input estimations under current assumptions. He also reviewed the chart on page 60 showing the same estimations but under the proposed report requirements.

Mr. Braun commented that by taking time off from PCC2 procurement, it will give the CAC the opportunity to see how it is generated, in what way, what the environmental impact is, and what are the implications of purchasing PCC2 power. Mr. Sears commented that yes, the VCEA has an environmental and fiduciary duty to look at all aspects of the type of energy procured.

There were no public comments made.

Ms. Hunter moved, seconded by Mr. Flynn to support Staff’s recommendation to the Board to suspend the procurement of PCC2 renewables. Motion passed by the following vote:

AYES: Braun, Aulman, Flynn, Springer, Baird, Hunter, Kristov
NOES: None
ABSENT: None
ABSTAIN: Shewmaker

Advisory Committee Member and Staff Announcements

Mr. Sears reminded those present that the VCEA Launch party is this Friday. He stated that the opt out rates was at approximately 2% and or large loads the opting out rate is at about 5.5-6%. He reminded those present that the economic modeling assumed a 10% opt out rate. Mr. Flynn asked if the large was agricultural or residential? Mr. Sears

answer with agricultural. Ms. Hunter asked if Staff knew the reason as to why agricultural were opting out. Mr. Sears said that they did not like the automatic opting in. Ms. Hunter asked if Staff can look at the trends as to why they are opting out in the hopes of developing a process to get them back in. Mr. Sears stated that Mr. Parks and Cole were looking into the trends. Mr. Sears continued by stating that there were 28 residential opt ups. Mr. Sears also stated that Mr. Parks was looking at a marketing strategy top address opt outs.

Ms. Hunter announced that Cool Davis hosted a VCEA presentation and there was a good discussion amongst those who attended with the panel of speakers. Ms. Hunter asked Staff if she had heard Davis Councilperson Lucas Frerich correctly when he mentioned that City of Davis is requiring new commercial customers, a hotel she thinks, to opt up. Did she hear this correctly? Mr. Sears answered that she heard correctly, but it was his approach as the Interim General Manager he did not want to mandate customers to opt up but would rather leave this decision up to the customer.

Mr. Lawson announced that this Friday will also be the launch of Indian Valley hydro project.

Ms. Baird asked if VCEA will offer the same PG&E rates. Mr. Lawson stated that VCEA holds all tariffs that PG&E offered.

Mr. Sears thanked Mr. Lawson and the SMUD team for getting Indian Valley hydro, which is not a huge power supplier, but it is local.

Mr. Aulman announced that he would be doing a VCEA presentation on June 6th to the Woodland League of Women Voters. He will need a computer, projector and screen but that Ms. Shewmaker would confirm that they had a screen. He will also need a jump drive (USB port) with the PowerPoint presentation on it. He will be speaking with Jim Parks on the common questions asked.

Next Steps CAC Members are to go through the listed action plan items and prioritize them, then Staff will look at whether the Members are trending in the same direction/consensus. This information should be presented to the Committee at their July meeting to assist the Committee in making an IRP recommendation to the Board.

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Next Meeting The next CAC meeting is scheduled for Monday, July 2, 2018 at 5:30 p.m. at the Woodland Community & Senior Center located at 2001 East Street, Woodland, CA 95776.

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Meeting was adjourned at 8:13 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst

MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE

COMMUNITY ADVISORY COMMITTEE MEETING

Monday, July 2, 2018

Chairperson Gerry Braun opened the Community Advisory Committee of the Valley Clean Energy Alliance in regular session beginning at 5:30 p.m. in the Yolo County Department of Community Services, Cache Creek Room, 292 W. Beamer St., Woodland, CA 95695.

Welcome and Roll Call

Committee Members Present: Gerry Braun (Chair), Christine Shewmaker (Vice-Chair), Mark Aulman, Tom Flynn, Yvonne Hunter, Marsha Baird*, and Lorenzo Kristov**

Committee Members Absent: David Springer

Approval of Agenda

M. Aulman moved to approve the July 2, 2018 CAC Agenda, seconded by Y. Hunter. Motion passed unanimously with the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Hunter

NOES: None

ABSENT: Springer, Baird, Kristov

ABSTAIN: None

*Member Marsha Baird arrived at 5:34 p.m.

Public Comment

Chairperson Braun opened up the floor to public comment. There was no public comment.

VCEA Staff and Advisory Task Group Reports

There were no reports from VCEA Staff.

** Member Lorenzo Kristov arrived at 5:41 p.m.

Community Outreach Task Group: Mark Aulman provided an update. He informed those present that VCEA is going out for a marketing and public outreach RFP since Circlepoint's contract will terminate in September 2018. VCEA will be abiding by City of Davis procurement policies including request for proposals (RFP) subject to legal counsel's review. The current status is that VCEA Staff are waiting for legal counsel's comments to the draft RFP. He informed those present that based on input from solar vendors and NEM customer feedback, VCEA Staff was asked to address potential modifications to the current NEM policy.

Gary Lawson reported that a fire took out 30 poles at Hidden Valley Hydro. SMUD, PG&E and other entities will be viewing the site and assisting where possible.

Legislative and Regulatory Task Group: Delayed to later discussion in this meeting.

Energy Task Group: Delayed to a later discussion in this meeting.

Approval of May 30, 2018 Committee Meeting Minutes

Chairperson Braun suggested that the Minutes be sent out to the CAC Members for review prior to finalizing the draft meeting minutes; removing the May 30, 2018 draft Minutes from the consent Agenda; and, tabling the Minutes to the next CAC meeting. Members discussed the process by which Minutes are to be amended and approved.

Public Comment: None.

C. Shewmaker moved to table the approval of the May 30, 2018 meeting minutes to the next regular scheduled CAC meeting, seconded by Chairperson Braun. Motion passed by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Baird, Kristov
NOES: Yvonne Hunter
ABSENT: Springer
ABSTAIN: None

Long Range Calendar

Y. Hunter moved to have the Monday, September 3rd CAC meeting rescheduled to Wednesday, August 29, 2018 due to September 3rd being a national holiday, seconded by C. Shewmaker. Motion passed unanimously by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Hunter, Baird, Kristov
NOES: None
ABSENT: Springer
ABSTAIN: None

A few Agenda items were requested to be added to the calendar:

1. add NEM policy to the CAC's Monday, July 30th meeting and to the Board's Thursday, August 9th meeting.
2. add solicitation of draft long term renewable procurement policy to CAC's July 30th meeting.

C. Shewmaker moved to add the above items to the long term calendar, seconded by Chairperson Braun. Motion passed unanimously by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Hunter, Baird, Kristov
NOES: None
ABSENT: Springer
ABSTAIN: None

Net Energy Metering (NEM) Policy

VCEA Staff Jim Parks reviewed the current NEM policy and the potential issues that may arise. He reviewed numerous slides that covered solar community feedback and concerns about the true up date and other issues that have come to light. As a result, VCEA Staff reviewed the current NEM policy to look at those concerns. Staff is recommending to postpone NEM enrollment until 2019 (expected first quarter of calendar year 2019) to allow for development/finalization of a modified policy and billing systems. Mr. Parks reviewed several policy amendment concepts:

- 1) consider staying with the PG&E model;
- 2) shift some customers from annual billing to monthly billing who consistently owe more than \$500 a year while maintaining their existing true up date; and,
- 3) for new NEM customers, place them on annual billing and their true up date will be in the month they become a NEM customer, unless their annual true up exceeds \$500.

Chairperson Braun asked what does “impact” mean to the business - a loss? Accounts receivable? Mr. Parks responded stating that it is a cash issue - cash is recognized as revenue once it is received.

Mr. Parks asked that the CAC start to think about the issues for a future discussion. He also presented the next steps.

Y. Hunter moved to request that the VCE Board postpone enrollment of NEM customers until 2019 to allow for Staff to develop/finalize a modified policy and billing systems; asked that the Board address the NEM policy at their scheduled August 9, 2018 meeting; and, if the Board approved CAC’s recommendation, the CAC would like to emphasize to the Board the need for communication with NEM customers on the postponement and any amendments to the policy, seconded by M. Aulman. Motion passed unanimously by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Hunter, Baird, Kristov
NOES: None
ABSENT: Springer
ABSTAIN: None

Integrated Resource Plan (IRP) – CAC to recommend final draft to Board for submittal to CPUC

VCEA Staff Olof Bystrom presented a final draft Integrated Resource Plan and Action Plan within. Mr. Bystrom reviewed several items including: “What’s New”, Resource Portfolio Generation Mix, and the differences between Base, Cleaner Base, and Local.

Mr. Kristov commented that in one of the graphs, local consumption in 2030 flattens out from the year 2022. Mr. Bystrom stated that it actually goes down slightly since additional PV (photovoltaic), behind the solar meter, drives down the demand and that it is anticipated additional technical efficiency will be achievable in the future. He also mentioned that they used .49 range in increase in VCEA’s ten (10) year budget forecast.

Mr. Kristov asked why in Slide 22 (Estimated General Costs by Portfolio) does the graph go up dramatically in 2026? Mr. Olof responded that the carbon cost goes up in 2026. He added that they used the CPUC reference portfolio model, which must be used as a reference portfolio for comparison.

Ms. Shewmaker asked what does “greenfield” mean on Slide 23 (Notes on Resource Choices)? Mr. Bystrom stated that “greenfield” means that the site is starting from scratch, no rehabbing an established site. He added that solar, storage, scale, resources, environmental and regulatory issues are looked at when considering development within Yolo County. Mr. Flynn asked if storage will cost less in the future? Mr. Bystrom said that it is anticipated that the costs would go down around the year 2022. Mr. Bystrom continued reviewing the slides.

Ms. Shewmaker asked what is your time for ramp up if the deadline year is 2021? Mr. Bystrom responded that modeling shows that in 2021 should be ramped up to 65% and another ramp up in 2022. Ms. Hunter suggested that Staff clarify with better examples in the section “...161,518 MWh by 2021...” for the Board.

Mr. Lawson reviewed the slides pertaining to the Action Plan by highlighting the changes and edits to the initial draft IRP and the incorporation of the CAC Members’ ranking of action plan activities. Mr. Lawson asked if there were any questions or comments. Mr. Kristov wanted to emphasize the opportunistic approach of the procurement strategy as addressed in the IRP by Staff.

The Members and Staff discussed the IRP and made various suggestions on how to improve, clarify and expand on items covered within the IRP. Chairperson Braun reminded those present that VCEA is at a very early stage in its existence and that it is difficult to come up with a solid five (5) year plan, but that there will be plenty of opportunities to revise the plan as more information comes in and is available. Ms. Shewmaker suggested that possibly an alternate plan be included. Mr. Bystrom stated that that the IPR needs to include a portfolio that CPUC will certify as compliant and alternate portfolios can be listed within. He informed the Members that all three (3) portfolios (Base, Cleaner Base, and Local) are in compliance but that only one will be certified by the CPUC.

Ms. Hunter suggested that a statement be included in the IRP that summarized Chairperson Braun's suggestion that as VCEA gains more experience, information and as VCEA evolves, VCEA will explore local renewables. Mr. Lawson stated that this discussion on renewables will come up sooner than later and should be discussed at a future meeting. Mr. Bystrom reminded those present that the IRP is a document that "advertises" VCEA's policies and that the 3 year Action Plan outlines the actions VCEA plans to take to achieve the goals and objectives set out in the IRP.

Members discussed what factors and future analysis will need to be made after the IRP has been submitted. It was suggested that the Cities' and County's Action Plans be looked at while talking about future planning for VCEA.

C. Shewmaker made a motion to 1) accept Staff's recommendation to approve the attached IRP adopting Cleaner Base as its preferred portfolio with the local being the alternative and would ask Staff to insert in the appropriate places to look at local renewable proactively and we would incorporate local renewables where feasible and cost effective and 2) approve the IRP Action Plan, seconded by Y. Hunter.

Chairperson Braun commented that he has a concern with the motion as made. He would like to codify the motion - he would like it clarified. Board Clerk Alisa Lembke repeated several times the motion, each time making it clearer with suggestions from Ms. Shewmaker and Mr. Hunter. After Ms. Lembke repeated the motion as clarified, Chairperson Braun asked if the other Members were good with the motion as clarified. Mr. Aulman and Ms. Baird said they liked the motion. Mr. Flynn said he had nothing to add. Mr. Kristov had no comments.

C. Shewmaker revised her original motion to 1) accept Staff's recommendation to approve the draft IRP adopting Cleaner Base as its preferred portfolio with Local being the alternative portfolio; 2) direct Staff to insert in the appropriate places, VCEA's desire to maximize the incorporation of local renewables to the extent feasible and cost effective; and, 3) approve the IRP Action Plan, seconded by Y. Hunter. Motion passed unanimously by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Hunter, Baird, Kristov

NOES: None

ABSENT: Springer

ABSTAIN: None

CAC Legislative / Regulatory Task Ms. Hunter reviewed the Legislative/Regulatory ("Leg./Reg.") Task Group and VCEA Staff Report. She reminded those present that there is a policy already established about

**Group Summary
and
Recommendation
on Assembly Bill
813 and Senate
Bill 100**

how the CAC would go about reviewing legislation and would follow CalCCA's position recommendation but that if the Task Group thought differently on CalCCA's position, the Task Group would bring it to the Board as a CAC recommendation.

Senate Bill 100 (SB 100): Both Leg./Reg. Task Group and VCEA Staff agree to support this bill, which is being heard in Committee tomorrow.

Y. Hunter moved to accept Task Group's recommendation to the VCEA Board to support SB 100 (de Leon) Renewable Portfolio Standard. GHG Emissions, said position is consistent with CalCCA's position including the topics raised in CalCCA's letter dated January 16, 2018 to Honorable Kevin DeLeon which would result in withdrawal of support, seconded by M. Aulman. Motion passed by the following vote:

AYES: Hunter, Flynn, Shewmaker, Aulman, Baird

NOES: -0-

ABSENT: -0-

ABSTAIN: Braun, Kristov

Assembly Bill 813 (AB 813): Ms. Hunter reviewed AB 813 which proposes for a multi-State regional transmission system organization. Task Group recommends "No Position". She noted that VCEA Staff is recommending to follow CalCCA's position, which is to support AB 813.

Mr. Kristov expressed concern on how CalCCA derives their decisions and whether VCEA Staff are involved. Ms. Hunter clarified that CalCCA is new and getting organized. They have a Board of Directors and Leg. Committee consisting of CCA Members, who make recommendations to the CalCCA's Board of Directors. CalCCA is trying to stream-line their process. Ms. Shewmaker commented that this is a very complicated issue and even though she has listened to many opinions and read analysis, she is comfortable with the Task Group's position. Mr. Kristov commented that possibly it is an innate response to agree with CalCCA's position. Mr. Kristov continued that he personally opposes AB 813 because there are only 2 choices, which do not recognize objectives and how to approach those objectives. He thinks that there should be a third choice that outlines those objectives and how to achieve them. Ms. Shewmaker commented that there is no hurry to take a position - it has not gone through the Committee. Ms. Hunter agrees with Mr. Kristov and Ms. Shewmaker and suggested that taking a "No Position" is better than opposing or supporting.

Ms. Baird asked if the CAC Members need to vote on a position or can the recommendation go to the Board from the Task Group. Ms. Hunter stated that the recommendation needs to come collectively from the CAC not the Task Group.

C. Shewmaker moved to accept Task Group's recommendation to the VCEA Board to take "No Position" on AB 813 (Holden) Multi-State Regional Transmission System Organization, seconded by Y. Hunter. Mr. Kristov asked if there were any questions or comments. There being none. Motion passed with the following vote:

AYES: : Braun, Shewmaker, Aulman, Flynn, Hunter, Kristov

NOES: -0-

ABSENT: David Springer

ABSTAIN: Marsha Baird

Chairperson Braun asked if there was any public comment. An Attendee mentioned that in Agenda Item #7 – Net Energy Metering (NEM) Policy that VCEA might want to consider the PR implications and get the message to NEM Customers sooner than later. Also the suggestion was made to consider creating incentives to bring them (NEM Customers) on board sooner than delaying their enrollment until later. She suggests getting them informed and involved as soon as possible. Also, she suggested that the subject of looking for grants should be added to the CAC Agenda.

**Advisory
Committee
Member and Staff
Announcements**

Chairperson Braun thanked Staff for collecting information on the Action Plan activities in the IRP. Ms. Shewmaker said the webinar that took place on June 27, 2018 was good.

Mr. Lawson presented a PowerPoint slide outlining “VCEA Staff Critical Path Items for Long Term Renewables Solicitation”. He said he would send it out to the CAC Members in the hopes that it will be placed on the CAC’s July 30th agenda for discussion and possible recommendation to the Board.

Next Steps

CAC Members are to review the slide presented tonight by Staff regarding “critical path items for long term renewable procurement solicitation”. This item will be discussed at the next CAC meeting scheduled for Monday, July 30th.

Next Meeting

The next CAC meeting is scheduled for Monday, July 30, 2018 at 5:30 p.m. at the Davis Senior Center located at 646 “A” Street, Davis, CA 95616.

Adjournment

Y. Hunter made a motion to adjourn the meeting, seconded by M. Aulman. Motion passed unanimously by the following vote:

AYES: Braun, Shewmaker, Aulman, Flynn, Hunter, Baird, Kristov

NOES: None

ABSENT: Springer

ABSTAIN: None

Meeting was adjourned at 7:50 p.m.

Alisa Lembke
Board Clerk/Administrative Analyst

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item - 6

TO: VCEA Community Advisory Committee

FROM: Mitch Sears, Interim General Manager

SUBJECT: Long Range Calendar

DATE: July 30, 2018

Recommendation

Review and approve long range calendar.

VALLEY CLEAN ENERGY
2018 Meeting Dates and Topics – Board and Community Advisory Committee

MEETING DATE		TOPICS	ACTION
May 10, 2018	Board WOODLAND	<ul style="list-style-type: none"> Recontracting Master Agreement 	<ul style="list-style-type: none"> Approve
June 4, 2018	Advisory Committee DAVIS	<ul style="list-style-type: none"> Integrated Resource Plan 	<ul style="list-style-type: none"> Informational
June 1, 2018 -- LAUNCH			
June 6, 2018	Board DAVIS	<ul style="list-style-type: none"> Integrated Resource Plan 	<ul style="list-style-type: none"> Discussion
July 2, 2018	Advisory Committee WOODLAND	<ul style="list-style-type: none"> Integrated Resource Plan 	<ul style="list-style-type: none"> Recommend
July 12, 2018	Board WOODLAND	<ul style="list-style-type: none"> Integrated Resource Plan NEM Enrollment – Postponement 	<ul style="list-style-type: none"> Approve Approve
July 30, 2018	Advisory Committee DAVIS	<ul style="list-style-type: none"> NEM Policy Amendment Update Long Term Renewables Procurement Policy 	<ul style="list-style-type: none"> Informational Recommend
August 9, 2018	Board DAVIS	<ul style="list-style-type: none"> NEM Policy Amendment Update Long Term Renewables Procurement Policy 	<ul style="list-style-type: none"> Informational Approve
August 29, 2018 (Wednesday)	Advisory Committee WOODLAND	<ul style="list-style-type: none"> NEM Policy Amendment 	<ul style="list-style-type: none"> Recommend
Sept 13, 2018	Board WOODLAND	<ul style="list-style-type: none"> NEM Policy Amendment 	<ul style="list-style-type: none"> Approve
October 1, 2018	Advisory Committee	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

	DAVIS		
October 11, 2018	Board DAVIS	•	•
October 29, 2018	Advisory Committee WOODLAND	•	•
November 8, 2018	Board WOODLAND	•	•
December 3, 2018	Advisory Committee DAVIS	•	•
December 13, 2018	Board DAVIS	•	•

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Agenda Item 7

TO: Valley Clean Energy Alliance Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Gary Lawson, Sacramento Municipal Utility District (SMUD)

SUBJECT: Adoption of Key Criteria for Long Term Renewable Solicitation

DATE: July 30, 2018

RECOMMENDATION

Staff is requesting the Community Advisory Committee (CAC) support the recommendations it will be making to the Board on the key criteria for the Long Term Renewable Solicitation (“Solicitation”) planned for issuance in August.

BACKGROUND

General

In August, staff will release a request for proposals for VCE to procure renewable energy through long-term power purchase agreements that will be executed in VCE’s name. This solicitation is identified in the Action Plan included as a requirement in VCE’s Integrated Resource Plan to be filed with the CPUC by or on August 1, 2018. The number one item in the Action Plan is conducting the Long Term Renewable Procurement. The Action Plan states specifically:

“VCE will be conducting a long-term solicitation in 2018 in which it will be seeking renewable power from RPS-qualifying renewable energy projects, with an expectation that power purchase agreements will be executed in early 2019. In support of the initial solicitation, VCE will:

- Develop criteria/information requests to evaluate new renewables for projects implementing responsible siting practices (both environmental and land use). Develop associated evaluation criteria.
- Develop criteria for acceptable and preferred renewable technologies and locations (e.g. local vs. remote).
- Develop position on procuring out-of-state resources. Develop criteria defining limits on which states VCE will procure long term renewables from.
- Develop a position on the definition of "local" for renewable resource procurement.
- Determine whether to include battery or other storage options in solicitation.
- Develop criteria for assessing the portfolio content of local versus non-local for short-list selection.

- Do a literature review on the economic impacts/value of locally sited renewable resources.

Other Considerations

To put this solicitation in context with VCE's immediate needs, as well as to set expectations for outcomes resulting from this solicitation, here are some facts to keep in mind:

Key Outcome Needed from Solicitation. The primary result needed from this first long-term renewable solicitation for VCE is to begin building its long-term renewable portfolio with low cost renewable resources. VCE currently has no long-term energy supply commitments.

Legal Requirement for Long Term Renewables. VCE needs to have at least 65% of its minimum RPS requirements under long term contract by 2021. 2021 RPS minimum requirements are 34.8% of retail load. Minimum RPS requirements continue to increase each year, so this solicitation should probably target renewables needed to meet the minimum contracting requirements out through 2025, which are at 41.7%. That's 27.11% of retail load, or 206,761 MWh/yr for 2021. So, for a minimum long-term contracted amount, this minimum amount equates to the annual energy output of a 91 MW solar PV plant.

VCE is Likely to Receive Some Attractive, Low-Priced Solar Proposals. Staff expects that some PPA pricing will be more attractive than the cost of purchasing renewables on the short-term market. If this is the case, it may be feasible from the offers received in this solicitation to procure up to VCE's full 42% renewable content. For 2021 this would be a renewable supply of 320,383 MWh, the equivalent energy output of a 141 MW solar PV plant.

Offers for Output from Operating Projects. VCE may receive proposals for projects that are existing and already in commercial operation.

Additional Future Procurements. This initial solicitation will not be VCE's only solicitation for renewable power. Once the base portfolio is procured, VCE can consider future efforts to encourage local renewables development. Various procurement approaches can be used to accomplish this, including a feed-in-tariff, VCE-coordinated efforts to locate developable parcels in each member's community and enlist participating project developers, issuing more targeted solicitations, etc.

Evaluation Methodology. The solicitation will be requesting bidders to submit a lot of information concerning their proposed projects. The solicitation document will not however, provide bidders a defined rating methodology. There will be additional work after the solicitation is issued to build the evaluation methodology and review with the Community Advisory Committee

Criteria for The LT Solicitation

The set of criteria that Staff is requesting the Board approve is a subset of many criteria in the solicitation. The criteria selected generally are those that set the tone and direction for the types of renewable resources that VCE, given its desires for a local emphasis and encouraging sustainable development practices. The balance of the solicitation criteria has been developed over time to increase the likelihood that selected projects have a high likelihood of successfully achieving commercial operation. The criteria staff is requesting consideration for are:

- 1. Definition of Local Resources
- 2. Siting Criteria
- 3. Development Status Criteria
- 4. Acceptable Technologies
- 5. Energy Storage
Include in Solicitation (or Not)
Which Technologies
- 6. Out-of-State Resources
- 7. Interconnection Status

Additionally, staff recommends that only two policy decisions related to these criteria are needed by the Board. One for the definition of “Local” resources, and a second related to siting criteria with regard to excluding for consideration any project proposed to be constructed on farmland with a prime designation.

Staff does not believe that policy decisions are required at this time for the other criteria. An example of criteria not needing a policy decision at this time relates to whether to accept proposal for out-of-state projects. Staff is recommending that the current planned solicitation be limited to resources located in California only. There may be good reason in the future to request resources from out-of-state. Establishing a Board policy now that states a prohibition against out-of-state renewable resources would require reversing this policy in order to facilitate the follow-up solicitation.

ANALYSIS

The paper included as Attachment 1, Long Term Renewable Solicitation Criteria Discussion, presents discussion on each of the criteria, which won’t be repeated for this staff report, only highlighted, along with the staff recommendations.

1. Definition of Local Resources

Discussion

If the definition of Local is limited to located within Yolo County, resource opportunities won’t be as readily plentiful than if Local were defined as a broader geographical area. Regardless, in the long run to encourage the development of resources within Yolo County additional efforts subsequent to this Solicitation will be required. Those efforts may include Yolo County-only solicitations, direct coordination between land owners and developers, feed-in-tarffs, etc.

Reserving the distinction of “Local” for Yolo County located resources makes sense, particularly if consideration is given to establishing a “Regional” definition, which encompasses resources nearby, but not located within Yolo County.

Recommendation

Staff recommends that the Board adopt a policy defining following resource criteria for location, and that these criteria be included in the Solicitation.

“Local” is defined as any resource located within Yolo County, or nearby Yolo County if having a nexus back to Yolo County (the Indian Valley Hydro Project owned by Yolo County Flood Control and Water Conservation District is an example of a nearby project having a nexus back to Yolo County).

“Regional” is defined as any resource located within the six adjacent counties and including the the Geysers Geothermal Resource Area in Sonoma County.

2. Siting Criteria

Discussion

Defining restrictions on the types of lands associated with energy projects that VCE wants to procure is important so that VCE does not procure power from projects that may be proposed for areas:

- a. VCE determines have important land uses to protect, such as prime farm lands;
- b. That increases the likelihood of there being conflicts with sensitive wildlife species, cultural sensitivities, or other environmental issues.

The Renewable Energy Transmission Initiative (“RETI”) was a statewide effort of the CEC, CPUC, utilities, and various stakeholders to identify locations where additional renewable development would be likely to occur. During the RETI development, two categories of lands were identified where renewable resource development should not be encouraged by the addition of new transmission system extensions into those areas.

RETI Category 1 is defined as: Lands where development is prohibited by law or policy;

RETI Category 2 is defined as: Lands which include environmentally sensitive areas where development would be difficult and controversial.

Recommendation

Given the magnitude of land use in Yolo County classified as agricultural, and given the loss of farmlands elsewhere in the state, staff recommends the Board adopt a policy against development of new renewable projects on farmlands classified as prime.

Additionally, staff recommends including in the Solicitation that projects will not pass initial screening if they are proposed for either: prime farmlands; RETI Category 1 (development prohibited) lands; or, RETI Category 2 (potential resource conflicts) lands.

3. Development Status Criteria

Discussion

Projects that are farther into their development cycle are much more likely to achieve commercial operation than projects that are just beginning their development, and will be able to better meet the needed commercial operation date for VCE's portfolio (power needs to be delivered s in 2021).

As such, establishing minimum criteria for development progress will be important.

Recommendation

Staff recommends that the following criteria be placed in the Solicitation as a minimum criteria to pass initial screening:

Project proposers must provide:

Acknowledgment by the relevant land use authority that a permit application has been received.

Evidence of site control.

4. Acceptable Technologies

Discussion

There is no reason to limit acceptable technologies for this solicitation, other than to require that any equipment proposed be a mature listed technology, and that the bidder provide documentation supporting the bankability of the equipment.

Recommendation

Staff recommends that the following acceptable technology criteria be placed in the solicitation document:

Proposers can submit project proposals for any renewable technology and project equipment that is a mature listed technology. Additionally, and the proposer must submit supporting bankability documentation.

5. Energy Storage

Discussion

State law and CPUC rulings require CCA to procure energy storage in a minimum amount equal to 1% of a CCA's forecast 2020 peak load (2.3 MW). Furthermore, each CCA must have this minimum storage capacity online by 2024.

Therefore, inclusion of storage in this renewable solicitation will be important to facilitate VCE's compliance with the legal requirements. Additionally, the most cost-effective storage installations currently are those installations integrated with renewable power projects. Integrated storage systems are eligible for the 30% investment tax credits available for renewable energy projects. Battery systems are the common storage technology used for integration with renewable energy projects.

Recommendation

Staff recommends that the Solicitation include storage, with a limitation of battery storage systems integrated with a renewable project (wind and/or solar).

6. Out-of-State Resources

Discussion

Given that there are ample locations in the state for development of renewable resources, and given that this won't be VCE's only renewable solicitation, there will be opportunity for future consideration of the possible benefits of procuring power from out-of-state projects. There is no reason to seek out-of-state resources for this Solicitation.

Recommendation

Staff recommends that this Solicitation be limited only to proposals from resources located in-state.

7. Interconnection

Discussion

It will be important, for reasons of achieving timely project commercial operation, to require that any project submitted into the Solicitation, have already been enrolled in a generator interconnection process, and that the bidder has requested that the interconnection support deliverability of the full project capacity (called full capacity deliverability status).

Recommendation

Staff recommends that the Board approve a minimum Solicitation criteria requiring that submitted projects already be in an interconnection queue, and that the project has request full capacity deliverability status for its interconnection.

CONCLUSION

Staff is requesting the Community Advisory Committee (CAC) support the recommendations to the Board contained herein.

Attachment 1 – Long Term Solicitation Criteria Discussion

Long Term Renewable Solicitation Criteria Discussion

Definition of Local Resources

It will be necessary to define what “Local” means for resource procurement. If Local resources will be favored, resource providers/developers will want to know the geographic boundaries of the Local area.

Previously we’ve discussed the following three options.

1. Yolo County. Local is limited to within the boundaries of Yolo County.
2. Yolo County Nexus. Local is within Yolo County and outside of the county if there is a nexus back to the county. The Indian Valley Hydro Project is a good example of a project that is Local by nexus. It is owned by Yolo County Flood Control and Water Conservation District, which is another public agency serving Yolo County.
3. Local is within a broader geographic boundary than Yolo County, but still nearby. We’ve discussed possibly including all 6 adjacent counties as Local, which would include Colusa, Sutter, Sacramento, Solano, Napa, and Lake counties, in addition to the Geysers Geothermal Resource Area that spans Lake and Sonoma counties.

Figure 1 shows Yolo County and the adjacent 6 counties. Included are data on existing power plants, provided by the CEC. The Montezuma Hills Wind Resource Area (identified by the light blue wind generator icons) is in Solano County. The Geysers Geothermal Resource Area spans across southwestern Lake County and northeastern Sonoma County.

Limiting “Local” to Options 1 or 2

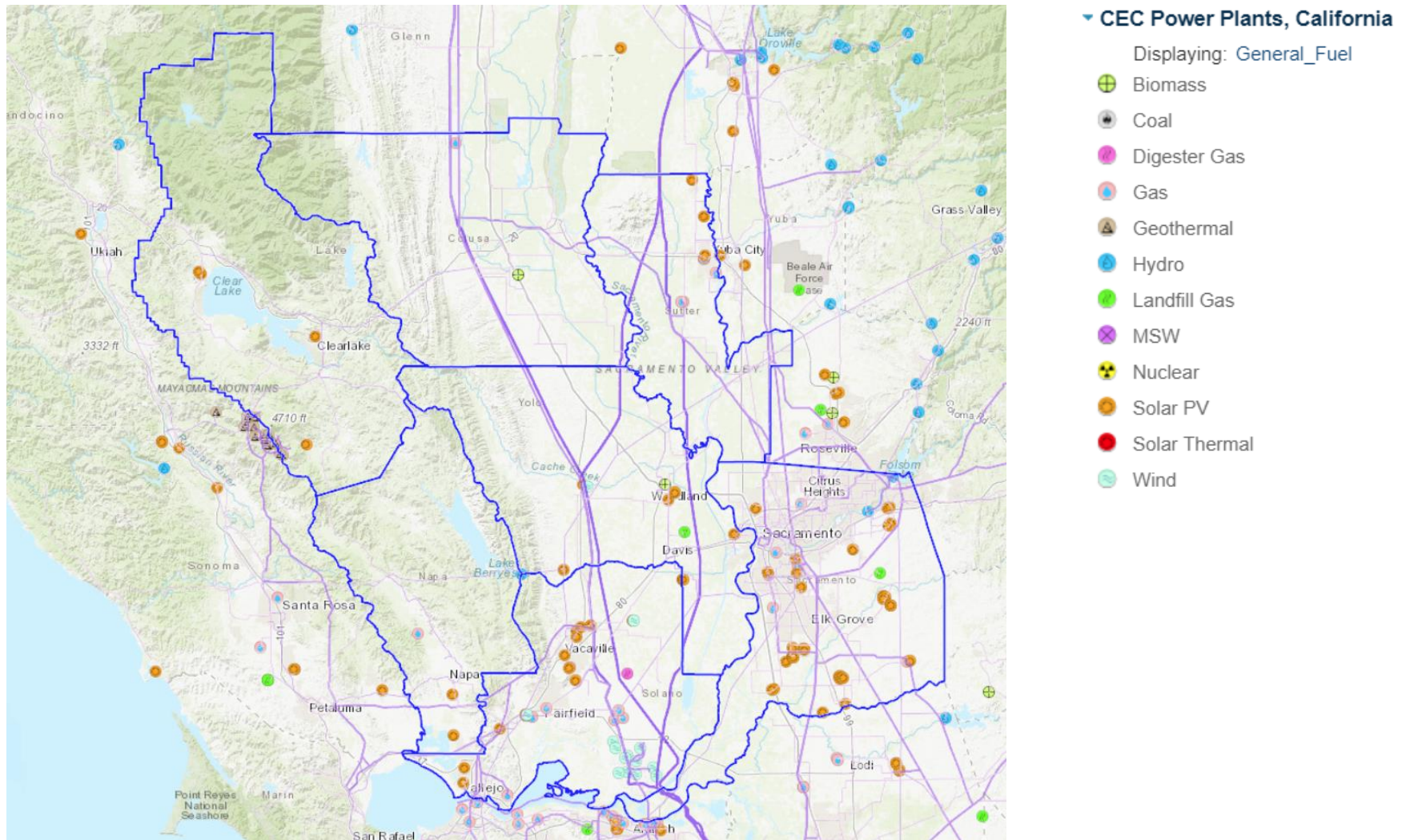
The challenges with defining Local using options 1 or 2, have to do with the land use restrictions that exist in Yolo County.

Figures 2 through 4 show incremental land use restrictions for the following factors:

- Prime Farmland
- Conservation Easements
- Williamson Act

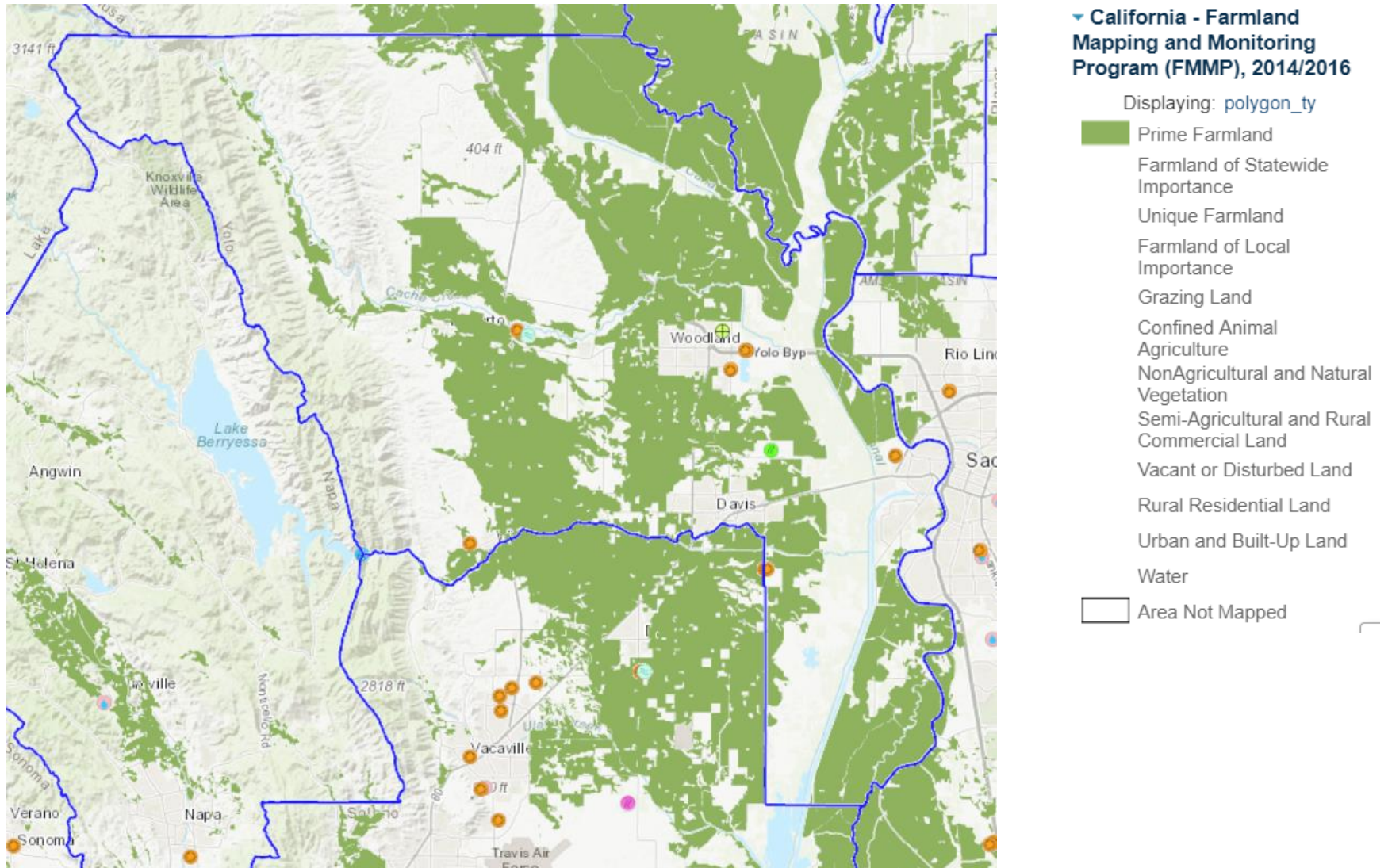
Long Term Renewable Solicitation Criteria Discussion

Figure 1. Yolo and Adjacent Counties with Existing Power Plants



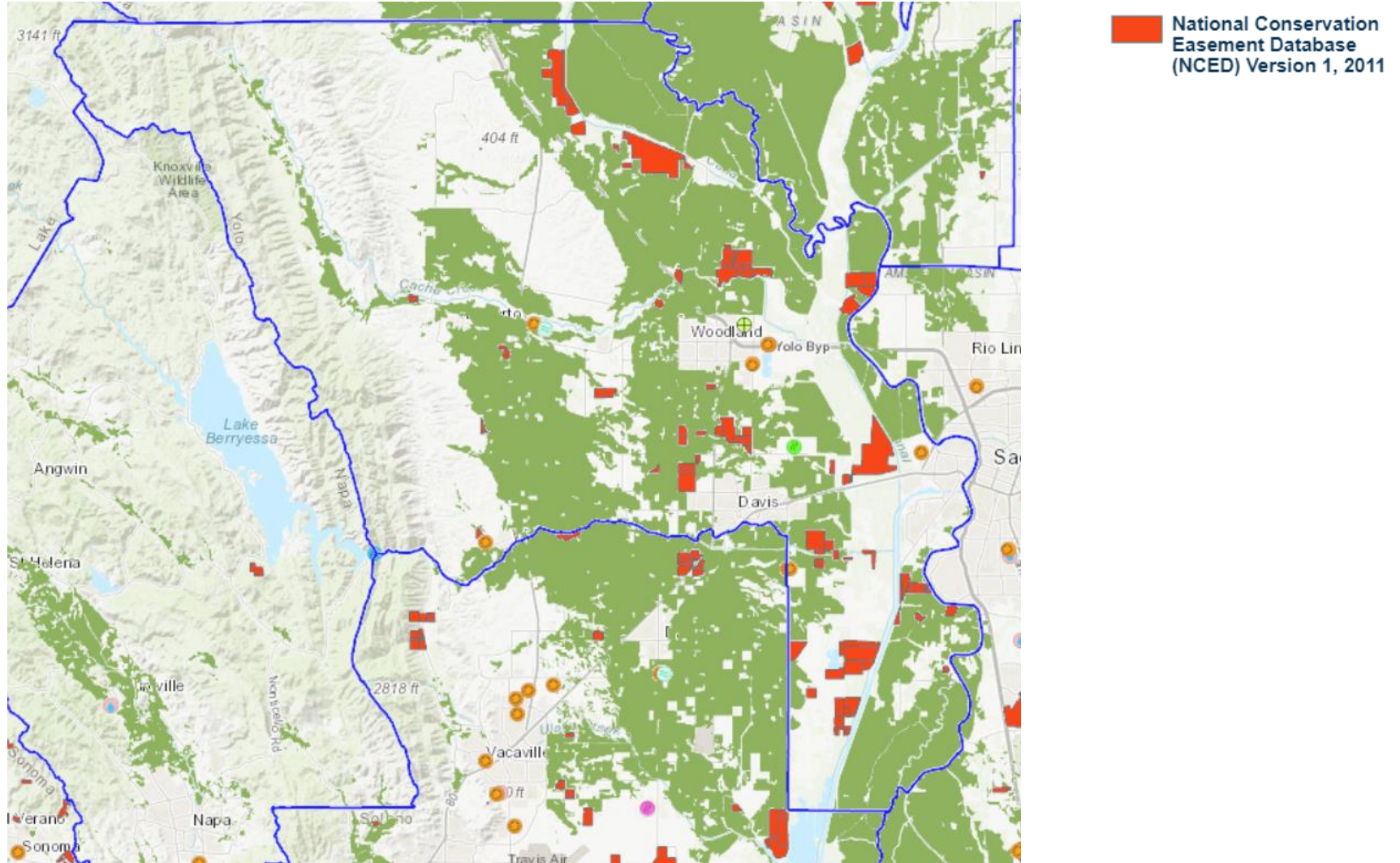
Long Term Renewable Solicitation Criteria Discussion

Figure 2. Yolo County Farmlands Designations



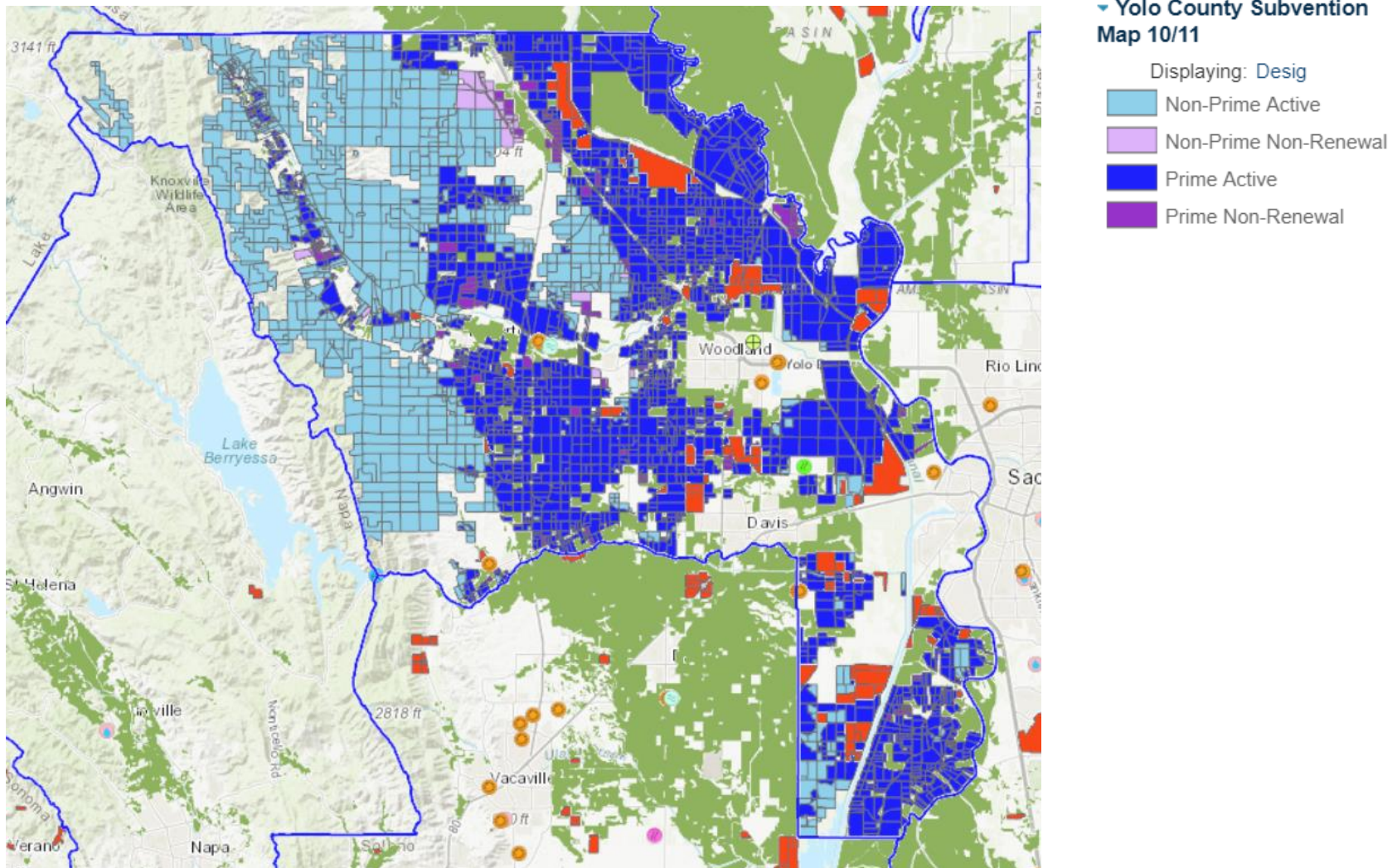
Long Term Renewable Solicitation Criteria Discussion

Figure 3. Yolo County Farmlands and Conservation Easements



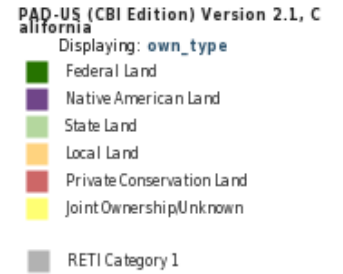
Long Term Renewable Solicitation Criteria Discussion

Figure 4. Yolo County Farmlands, Conservation Easements, and Williamson Act Lands

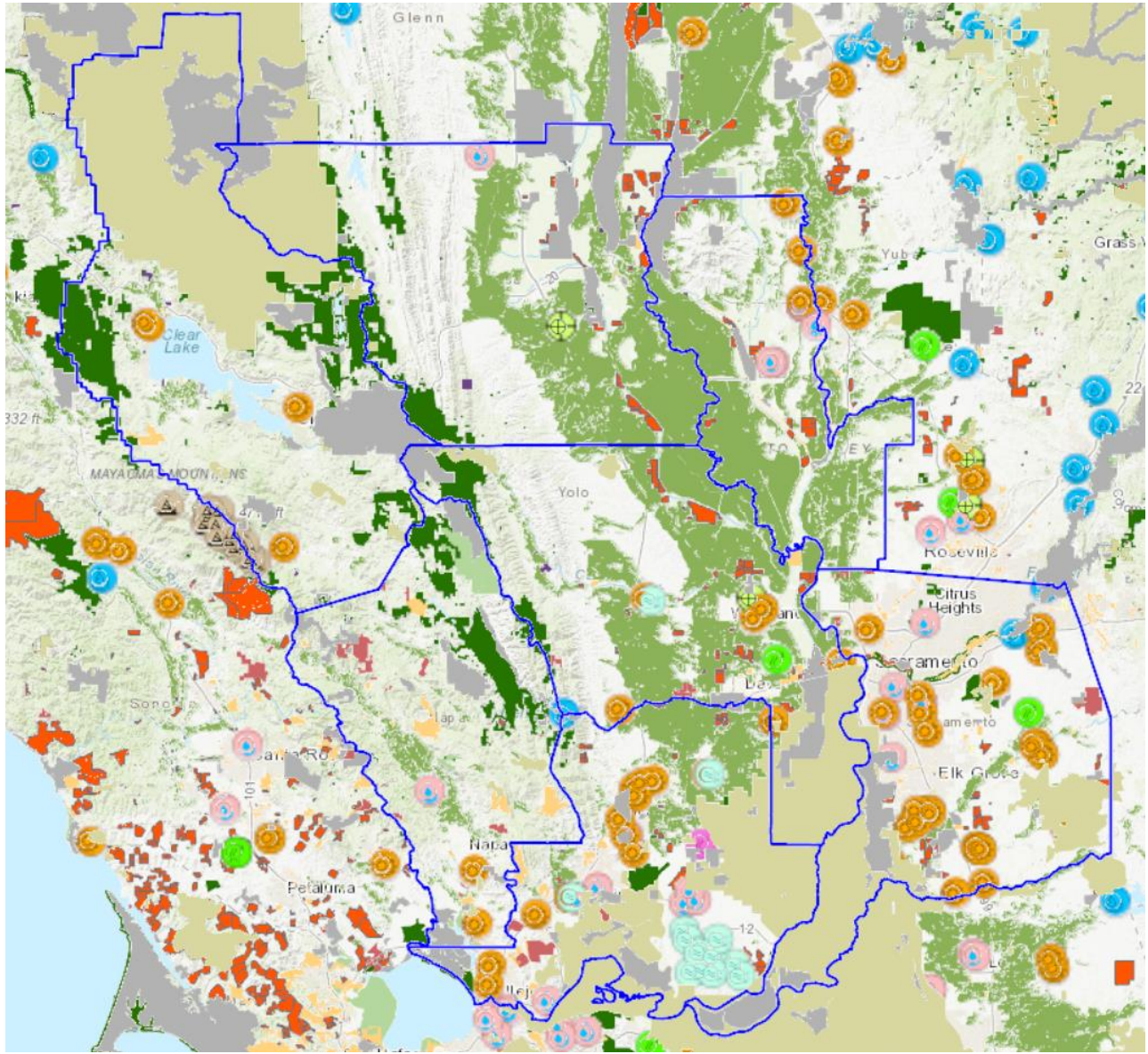


Long Term Renewable Solicitation Criteria Discussion

Figure 5. Option 3 For Local Definition



Long Term Renewable Solicitation Criteria Discussion



Long Term Renewable Solicitation Criteria Discussion

Discussion of Options

Options 1 or 2 - Yolo County Only, or Yolo County w/Nexus back to County (i.e. Indian Valley Hydro Project)

Value

The primary value of limiting “Local” to Yolo County only, or Yolo County with a nexus back to Yolo County, is that any benefits of resource development are focused within the immediate VCEA service area.

Constraints

The big constraint is that there are limited areas within Yolo County for renewable resource development. If Options 1 or 2 are selected for the definition of Local, then the amount of Local resources will necessarily be smaller, and development of those resources will likely be stretched over a longer period of time than if Local had a broader definition. Local wind would not be likely. Local renewable resource options would be solar, the existing Woodland biomass project, and local landfill biogas.

Option 3 - Yolo County, Adjacent Counties and the Geothermal Resource area in Sonoma County

The primary value of expanding Local to Yolo County, adjacent counties and the parts of the Geysers Geothermal Resource Area in Sonoma County is that the pool, and diversity renewable resources available for the Local portfolio is greatly expanded. VCE would be able to incorporate Local wind and geothermal resources in its portfolio.

Figure 5 shows the expanded Yolo County plus 6 adjacent counties of Colusa, Sutter, Sacramento, Solano, Napa, and Lake. Included in the restricted lands are prime farmland, conservation easements, restricted federal lands, RETI (Renewable Energy Transmission Initiative) Category 1 lands and RETI Category 2 lands. RETI Category 1 lands are lands where development is prohibited, and RETI Category 2 lands are lands that are problematic.

Distinguishing Local from Regional and from Elsewhere in the State

During discussion with the Energy Subcommittee of the Community Advisory Committee, a proposal was made to consider adding a geographic area of “Regional” to VCE’s resource preference areas. “Local” would be limited to projects located in Yolo County (Option 1 or 2). Regional would be the geographical area defined generally by the surrounding 6 counties, including the Geysers Geothermal Resource Area.

Resources within Yolo County would be deemed Local, and would get the highest ranking in order of preference. Resources within the area defined as Regional, would get a higher ranking than resources located elsewhere within state. Resources located elsewhere in the state would receive the lowest rank for the location criteria. Adding

Long Term Renewable Solicitation Criteria Discussion

“Regional” then allows VCE to capture the large neighboring resource pool in a preferred category.

Long Term Renewable Solicitation Criteria Discussion

Siting Criteria

Discussion

Siting criteria is important to define so that VCE does not procure from projects that may be under development in areas:

1. VCE determines have important land uses to protect, such as prime farm lands;
2. That increases the likelihood of there being conflicts with sensitive wildlife species, cultural sensitivities, or other environmental issues.

The Renewable Energy Transmission Initiative (RETI) has been a statewide effort of the CEC, CPUC, utilities, and various stakeholders, to identify locations where additional renewable development would be likely to occur. This effort was specifically for the purpose of determining the need for additional transmission investment to make interconnection of renewable energy project to the grid possible.

As part of the exercise of determining transmission needs, the RETI effort identified Category 1 and Category 2 lands which are areas RETI targeted to avoid planned transmission expansions.

RETI Category 1 is defined as: Lands where development is prohibited by law or policy;

RETI Category 2 is defined as: Lands which include environmentally sensitive areas and other sensitive areas where development would be difficult and controversial.

Additional factors will impact developability due to land use restrictions, such a lands under conservation easements and encumbered by Williamson act commitments.

Defenders of Wildlife has developed a set of criteria it recommends for the procurement of renewables that promotes “Smart Green Energy.” Their recommendations are attached.

Conflicts of projects with lands categorized as either prime, RETI 1, or RETI 2 will be screened by determining whether their location is proposed for any of the conflict locations shown in:

<https://databasin.org/datasets/b83ea1952fea44ac9fc62c60dd57fe48;>

<https://databasin.org/maps/new#datasets=5df0a3e83a984b8293728cb690442f81>; and,

<https://databasin.org/maps/new#datasets=92e523f8598f40e99abebf3901f5bd46>

Long Term Renewable Solicitation Criteria Discussion

Development Status Criteria

Discussion

The status of a project's development is important for VCE, in that a project that is much farther into its development cycle will generally have lower risk to VCE that the resource does never achieves commercial operation.

Defenders of Wildlife has developed a set of criteria it recommends for the procurement of renewables that promotes "Smart Green Energy."

DOW recommends that a project not pass screening if they have not received a status of "Application deemed complete" by the appropriate land use authority.

A concern is that not all land use authorities may issue status notifications such as that.

An alternative is to have minimum pass/fail screening for the following development aspects:

- Acknowledgment by the relevant land use authority that a permit application has been received.

- Evidence of site control (meaning the developer has secured commercial terms from the land owner for the land use).

Ranking criteria can be established for the following (this language would not be in the solicitation, but will be used during the evaluation phase).

- Permit status (Permit obtained would be best, application deemed complete would rank lower, and application submitted would rank lowest).

Long Term Renewable Solicitation Criteria Discussion

Acceptable Technologies

While different renewable technologies do have differing environmental impacts, in the long run, VCE will likely need a mix of technologies with differing production shapes to create an overall renewable portfolio that attempts to follow VCE's loads as closely as possible.

As an observation, renewable technologies such as biomass and geothermal will generally be more expensive than wind or solar, just taken on a cost per MWh. In the short run, to meet long term renewable contracting requirements, it's most likely that a lower cost renewable portfolio will be more favorable to VCE's financial needs to maintain a least cost generation mix, meaning wind and solar will be the likely least-cost resources, and not likely biomass or geothermal. Over the long-run, more expensive renewable technologies can be brought later into the mix to provide additional support in better matching VCE's load shape.

The only restrictions that should be considered on technologies for this solicitation is that VCE does not want projects proposed with equipment or technologies that are not commercially produced at scale and that are not "bankable." Thus, no technologies or equipment that is in a research and development phase.

Long Term Renewable Solicitation Criteria Discussion

Energy Storage

Storage - Include in Solicitation (or Not)

Assembly Bill 2514, (Skinner, 2010) tasks the CPUC with developing storage procurement requirements for the load serving entities under its jurisdiction.

AB 2514 states specifically:

“This bill would require the CPUC, by March 1, 2012, to open a proceeding to determine appropriate targets, if any, for each load-serving entity to procure viable and cost-effective energy storage systems and, by October 1, 2013, to adopt an energy storage system procurement target, if determined to be appropriate, to be achieved by each load-serving entity by December 31, 2015, and a 2nd target to be achieved by December 31, 2020.”

To implement AB 2514, the CPUC set hearings, and ultimately issued a ruling, Rulemaking 10-12-007 (10/17/13 hearing date). In R.10-12-007, the CPUC includes procurement requirements for CCAs and other load serving entities. Specifically:

“IT IS ORDERED that:

...

5. Community Choice Aggregators and Electric Service Providers shall file a Tier 2 Advice Letter starting January 1, 2016 and every two years thereafter until 2024 to report their progress in procuring 1% of their 2020 annual peak load from energy storage projects under contract by 2020 and describe its methodology for measuring cost-effective projects. Projects are required to be installed and delivering by no later than the end of 2024.”

For VCE, 1% of 2020 peak load is 2.25 MW (forecast peak is 225 MW). This storage capacity must be under contract by 2020, and operating by 2024. It makes sense therefore to include requests for storage in this long-term renewable solicitation.

Storage - Which Technologies

With regard to the intent of AB 2514 regarding storage technologies, while not promoting specific storage technologies, the legislative intent clearly indicates storage technologies directly producing electricity:

“The Legislature finds and declares all of the following:

(a) Expanding the use of energy storage systems can assist electrical corporations, electric service providers, community choice aggregators, and local publicly owned electric utilities in integrating increased amounts of renewable energy resources into the electrical transmission and distribution grid in a manner that minimizes emissions of greenhouse gases.

Long Term Renewable Solicitation Criteria Discussion

(b) Additional energy storage systems can optimize the use of the significant additional amounts of variable, intermittent, and offpeak electrical generation from wind and solar energy that will be entering the California power mix on an accelerated basis.

(c) Expanded use of energy storage systems can reduce costs to ratepayers by avoiding or deferring the need for new fossil fuel-powered peaking powerplants and avoiding or deferring distribution and transmission system upgrades and expansion of the grid.

(d) Expanded use of energy storage systems will reduce the use of electricity generated from fossil fuels to meet peak load requirements on days with high electricity demand and can avoid or reduce the use of electricity generated by high carbon-emitting electrical generating facilities during those high electricity demand periods. This will have substantial cobenefits from reduced emissions of criteria pollutants.

(e) Use of energy storage systems to provide the ancillary services otherwise provided by fossil-fueled generating facilities will reduce emissions of carbon dioxide and criteria pollutants.”

The CPUC in R.10-12-007 gives CCAs the flexibility to determine where to locate the storage installations.

Currently, battery storage integrated into renewable energy projects is becoming more common, and supports the goal of “integrating increased amounts of renewable energy resources into the electrical transmission and distribution grid.”

Additionally, battery storage integrated with a renewable project is fully eligible for the enhanced investment tax credit (currently at 30%). The only restriction is that for the first 5 years of the project, the battery system can only be charged by the renewable resource (not from the grid).

Consideration for other types of storage can be made later in subsequent solicitations.

Long Term Renewable Solicitation Criteria Discussion

Out-of-State Resources

Discussion

There are pros and cons on accepting (or not) renewable resources located out-of-state.

Reasons for Not Accepting Proposals for Out-of-State Resources

Here are two primary reasons influencing a decision to not accept out-of-state resources in this solicitation:

1. The politics around CCA formation. Labor influences in the state have been trying to minimize the value of out-of-state renewable resources. SB 350 established deliverability criteria for out-of-state resources, that restricted how much out-of-state renewables could be relied upon by California load serving entities. CCAs have been targeted for relying too heavily on out-of-state resources.
2. Resource development in California in general has more rigorous siting and environmental requirements than other states. Limiting proposals to in-state resources eliminates some uncertainty on the siting methodologies enforced by other states.

Reasons for Accepting Proposals for Out-of-State Resources

Wind generation from regions more central to the United States has higher capacity factors, and may have production shapes that better fit VCE's loads than in-state wind resources.

Solar from the desert southwest has higher annual average production than solar in California and the cost of delivered solar to California may be substantially lower than solar located within California, although without integrated storage, desert southwest solar production timing may not best fit VCE's load shape.

Other

This initial solicitation effort will not be VCE's last. As such, limiting proposals to in-state resources now won't overly restrict VCE in the future. It can request out-of-state resources in a later solicitation if it's shown that out-of-state wind and solar have other production characteristics that are attractive and better fit renewable production to VCE load.

Long Term Renewable Solicitation Criteria Discussion

Interconnection Criteria

Discussion

As previously mentioned it will be important for VCE to entertain projects that are further along in their development cycle. This is driven by the need for VCE to begin receiving substantial amounts of long-term procured renewable power in 2021.

One aspect of insuring that a project is further along in its development, is to require as a minimum criteria for consideration that the bidder have the project already in a transmission interconnection queue. This insures that the project is already engaged in the process for determining what will be required to interconnect the project to the electrical system and what the costs will be for that interconnection.

Additionally, to maximize the value of the renewable resource, it will be important for the project bidder to have requested system interconnection that allows for a full capacity deliverability status designation for the project (as opposed to a partial capacity deliverability status or an energy only status).

Information will be collected from each bidders on the progress their proposed projects have with the interconnection process, and this progress will be included as an evaluation criteria during the evaluation phase.

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report Item - 9

TO: VCE Community Advisory Committee
FROM: Mitch Sears, Interim General Manager
SUBJECT: Legislative/Regulatory Task Group Summary and Recommendation on Six (6) Bills
DATE: July 30, 2018

Recommendation

1. Support the CalCCA position on the legislation as outlined in the staff report below.

Background/Analysis

In February 2018, the VCE Board adopted a policy directing the Community Advisory Committee to collaborate with VCE staff on monitoring legislative and regulatory activities related to Community Choice Energy issues. The primary task was to identify and recommend positions on proposed bills to the Board that potentially impacted VCE. Based on the adopted procedure, the CAC's Legislative and Regulatory Task Group reviews positions recommended by CalCCA, identifying 2-4 high priority issues that VCE may want to "emphasize in its legislative and regulatory outreach efforts".

Consistent with the adopted policy, the Community Advisory Committee (CAC) Legislative/Regulatory (Leg./Reg.) Task Group met and has prepared the attached *preliminary* summary report on the following six (6) bills. The CalCCA position is shown in parentheses:

- A. Senate Bill 1088 (Dodd). Safety, reliability, and resiliency planning. (Oppose unless amended)
- B. Senate Bill 1347 (Stern). Energy storage systems: procurement. (Oppose unless amended)
- C. Senate Bill 237 (Hertzberg). Direct Access. (No formal position as of the date of this report)
- D. Assembly Bill 893 (Garcia). Renewable Portfolio Standard. Geothermal. (Oppose)
- E. Assembly Bill 2208 (Aguiar-Curry). Electrical Utilities. Biomass. Geothermal. (Oppose)
- F. Assembly Bill 2726 (Levine). California Global Warming Solutions Act of 2006: consumption-based accounting. (Oppose)

Note: These are the key bills that CalCCA has identified that pose significant issues for its membership. CalCCA is currently tracking close to 60 bills, the vast majority of which it takes a neutral or no position on.

The Task Group's *preliminary* report summarizes the bills but does not include their recommendation which was not available at the time of the writing of this staff report. The Task Group's recommendations will be provided at the CAC meeting. In addition, although CalCCA has not taken a position on Senate Bill 237 (Hertzberg) regarding Direct Access, the Task Group wanted to bring the bill to the CAC's attention.

Attachment

1. CAC Regulatory/Legislative Task Group Preliminary Report

LEG/REG TASK GROUP REPORT (Updated 7/27/18)
July 30, 2018 CAC Meeting
Revised with Task Group Recommendations and Additional Information

As we near the end of the 2017-2018 Legislative Session, the following five bills for which CalCCA has adopted positions may be of interest to VCE. This is especially important because CalCCA is recommending either oppose or oppose unless amended positions because of the potential negative impacts on CCAs. We also include a recommendation on SB 237 (Hertzberg), for which CalCCA has not yet taken a position (as of 7-26-18).

Because of timing and because the last month of the legislative session begins August 6, we suggest that the CAC may wish to recommend to the VCE staff and board that the board use its agreed upon expedited process to adopt interim positions before the August 9 board meeting on several bills (such as SB 237 and AB 893) so that VCE's positions can be shared with the authors, CalCCA and relevant legislative committees.

Below is the following information: a summary of each bill, a link to the bill on the legislature's bill tracking website (which includes the bill text, history and committee analyses), the status of the bill, CalCCA's position, and the recommendation of the VCE CAC Task Group. Also, CalCCA's letters for each bill are attached to this report. The Legislature will return August 6 from its summer recess; the 2017-2018 Legislative session concludes at midnight August 31.

1. SB 1088 (Dodd). Safety, reliability, and resiliency planning.

Summary: Among other provisions, his bill requires each electrical corporation or gas corporation to submit a safety, reliability, and resiliency plan to the California Public Utilities Commission (CPUC) every two years.

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB1088

Status: In the Assembly. Pending in Assembly Rules Committee after being removed from the Assembly Appropriations Committee.

CalCCA Position: Oppose unless amended. See attached CalCCA letter.

Leg/Reg Task Group Recommendation: Watch (3-1; the "no" vote preferred to oppose SB 1088). SB 1088 likely will become part of the larger discussion about wildfire liability that is ongoing in the Legislature. Thus, although it is probably not relevant in its current form, we recommend watching for possible amendments that would be of concern to VCE, such as cost impacts.

2. AB 893 (Garcia). Renewable Portfolio Standard. Geothermal.

Summary: Requires, no later than December 31, 2021, each retail seller of electricity to procure a proportionate share, as determined by the commission, of a statewide total of 3,000 megawatts of electricity generated by geothermal power plants. [This is a gut and amend bill.]

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB893

Status: Pending in Senate Appropriations Committee

CalCCA Position: Oppose. CalCCA letter is attached.

Leg/Reg Task Group Recommendation: Oppose (vote 4-0). We agree with CalCCA's position and comments. It is not appropriate to require that load serving entities (including CCAs) procure specified generation sources or carve-outs. This limits the ability of CCAs to select the best renewable generation sources that meet their needs, including availability, effectiveness and cost.

3. SB 1347 (Stern). Energy storage systems: procurement.

Summary: This bill would require the Public Utilities Commission on or before January 1, 2020, to consider procurement strategies for the installation of a statewide total of up to 2,000 megawatts of energy storage systems. As part of the procurement strategies considered by the commission, the bill would require the commission to consider appropriate targets, if any, for electrical corporations, community choice aggregators, electric service providers, and certain electrical cooperatives (collectively, load-serving entities) to procure cost-effective energy storage systems, to be achieved by December 31, 2030.

If the commission imposes an energy storage system procurement target on load-serving entities, the bill would authorize each load-serving entity to meet up to 50% of its procurement target through energy storage systems that it owns, that are interconnected at the transmission or distribution level, or that are located on the customer side of the meter, as specified. The bill does not specify how the other 50% should be procured, but language in the bill suggests that the CPUC could authorize the IOUs to procure some amounts on behalf of, and allocate costs to, other LSEs including CCAs (section (c)). The bill also requires the LSE to demonstrate cost effectiveness of energy storage procurement it proposes in its IRP, presumably giving the CPUC authority to approve or not (section (d)). The bill requires the commission to reconsider procurement strategies and appropriate targets not less than once every 3 years.

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1347

Status: Pending in Assembly Appropriations Committee.

CalCCA Position: Oppose unless amended. CalCCA letter is attached.

Leg/Reg Task Group Recommendation: While we agree that increasing the amount of storage is important and support efforts to do so, we have concerns about the inappropriate impact that the current version of the bill would have on CCAs procurement authority and flexibility, including the potential for allocation of costs from CPUC-approved IOU-procured storage resources.

Recommended position: Oppose unless amended (vote 3-0 to oppose; abstain 1)

Reasons for Leg/Reg Task Group Recommendation:

- Oppose unless amended: Agree with CalCCA position that SB 1347 restricts the procurement authority of CCAs to decide what types of storage to procure, seems to limit each CCA's self-determined procurement to 50% of its own procurement target with exposure to IOU procurement costs for the other 50%, and subjects its storage procurement choices to a showing to the CPUC to demonstrate cost-effectiveness

and viability of its proposed procurement. This gives inappropriate authority to the CPUC (instead of a CCA's governing body) to make procurement decisions.

- Abstain: This is a complex issue; not enough information to understand the nuances to make an informed decision.

4. AB 2208 (Aguiar-Curry). Electrical Utilities. Biomass. Geothermal.

Summary: Requires the incremental renewable energy procurement of each "retail seller" of electricity, i.e., investor-owned utilities (IOUs), energy service providers (ESPs) and community choice aggregators (CCAs), as well as publicly-owned utilities (POUs), to include an unspecified percentage of geothermal, biogas or biomass energy resources, including an unspecified percentage from the Salton Sea Known Geothermal Resource Area.

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2208

Status: Assembly Appropriations Suspense file; the bill is dead for the session.

CalCCA Position: Oppose. CalCCA letter is attached.

Leg/Reg Task Group Recommendation: Oppose (vote 4-0). We agree with CalCCA's position. It is not appropriate to dictate generation source carve-outs to load serving entities. In addition, the requirement to use biomass and geothermal could be problematical for CCAs since they could be faced with more expensive and less available biomass or geothermal generated electricity than other renewable sources. Since the bill appears dead for this session, we suggest notifying the author verbally about VCE's position.

5. AB 2726 (Levine). California Global Warming Solutions Act of 2006: consumption-based accounting.

Summary: Requires the Air Resources Board (ARB) to establish a "consumption-based" inventory of greenhouse gas (GHG) emissions.

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2726 Ga

Status: Assembly Appropriations Committee suspense file; bill is dead for the session.

CalCCA Position: Oppose. See attached CalCCA letter.

Leg/Reg Task Group Recommendation: Watch (vote 4-0). This bill appears dead for the session.

Other Legislation of Potential Concern

6. SB 237 (Hertzberg). Direct Access.

Summary: SB 237 would require the PUC to adopt and implement a new phase in period for expanding direct access over three year period. By the end of that time, all non-residential customers would be able to acquire electricity service from other providers.

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB237

Status: SB 237 is a gut and amend bill and only appeared in its current form in June 2018. It is currently pending in the Assembly Appropriations Committee.

CalCCA Position: CalCCA does not yet have a position on SB 237.

Leg/Reg Task Group Recommendation: Oppose (vote 4-0). There are several reasons why the opening of direct access (DA) to all non-residential customers would undermine the objectives and viability of CCAs:

- Opening DA to all non-residential customers would lead to large and unpredictable changes in the expected load for CCAs, increasing CCA procurement costs and financial risks. This problem is exacerbated by the fact that the 50% RPS from SB 350 requires each LSE to procure 65% of its RPS energy under long-term contract (10 years or more) by 2020. Managing the procurement risks of meeting that requirement under the load uncertainty created by this bill would be nearly impossible.
- Many IOUs and CCAs now exceed the RPS requirements, whereas the DA providers would only have to meet the minimum RPS requirements, which could severely slow the trajectory of GHG emission reductions. Note that a previous version from 2015 was amended to make the DA providers meet a 75% RPS - but it then died.
- From a transparency and process standpoint, such a major change in the California retail electric service market needs full vetting from committees in both houses as well as impacted stakeholders, which it has not had. An issue of this importance should not be introduced this late in the session. Rather, it should be introduced at the beginning of the session in order to have a full and informed public debate.



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May 15, 2018

The Honorable Bill Dodd
Member, California State Senate
State Capitol
Sacramento, CA. 95814

RE: SB 1088 (Dodd) – Oppose Unless Amended

Dear Senator Dodd:

On May 11, 2018 I wrote to you on behalf of CalCCA to express our opposition to SB 1088 as amended on May 2, 2018. As a follow-up to that letter we want to identify the specific amendments we are requesting.

CalCCA is supportive of your leadership on creating standards for reducing risks from future fires, but we are concerned with the language found in SB 1088 related to reliability and distributed energy resources. Specifically, we ask you to:

1. **Remove all of 2899.3.** This section effectively prohibits *most* distributed energy resource (DER) projects occurring today. Such projects include community solar power, community battery storage, microgrids, and even aggregated smart EV charging networks. Liability for DERs is already assigned in the DER contracts that providers have with investor-owned utilities today. There is no unassigned liability. However, to extend potentially unlimited system liability to small-scale local DER projects would serve to end the innovation in that sector and not recognize the investor-owned utility's existing engineering limitations that serve to protect the system from local DER impacts.

2. Modify Section 2899.2(b)(14) to read "Any other element pertaining to electric and gas safety, reliability, or resiliency deemed appropriate by the commission **with the option for community choice aggregators to self-provide resources required for reliability as determined by the Commission, consistent with the community choice aggregator's obligation to comply with resource adequacy requirements pursuant to Public Utilities Code Section 380.**" This addition is critical because CCAs are investing in reliability resources today, so CCA customers would be paying twice for reliability services without this edit.

The addition will ensure that double-procurement of reliability resources does not occur in territories served by CCAs.

When the Legislature authorized the formation of CCAs by passing AB 117 (Migden), it did so with the intent of ensuring public oversight of energy markets to reduce risks and ensure well-managed competition. These sections of SB 1088 would stifle CCAs and technology companies from competing with IOUs for innovative clean-power DERs, and increase ratepayer costs for reliability without adding value.

CalCCA does not believe it is your intent to increase costs or to block competition. Thank you for your consideration of CalCCA's request. We look forward to working with you and your staff on this effort.

Sincerely,



Beth Vaughan
Executive Director
CalCCA

Cc: Senator Ricardo Lara, Chair, Senate Appropriations Committee
Members, Senate Appropriations Committee



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May 11, 2018

Assemblymember Hueso
Member, California State Legislature
State Capitol, Room 4035
Sacramento, CA. 95814

RE: AB 893 (Hueso) – Oppose

Dear Assemblymember Hueso,

The California Community Choice Association (CalCCA) writes to respectfully oppose AB 893. In establishing a statewide target for geothermal capacity and requiring all retail sellers to procure a proportionate share of the geothermal target, AB 893 does not identify a need or basis to establish a carve-out for geothermal energy, or for the capacity target specified in the bill.

CalCCA, whose members are local, non-profit agencies formed to respond to and invest in the specific needs of their communities, objects to the requirement to purchase a specific resource from a specific location without regard to system reliability, congestion costs, or existing procurement of baseload renewable resources. Requiring the purchase of specific resources increases the cost of those resources and limits the ability of CalCCA members to procure or build local renewable resources. In addition, an electric provider in Northern California would experience significantly different congestion costs and risks in buying Salton Sea geothermal, compared to a provider in San Diego.

Fundamentally, the Legislature has a duty to ensure that ratepayers are not harmed through the application of overly prescriptive requirements that remove market competition.

It is for these reasons that CalCCA opposes AB 893 and urges you to withdraw the bill.

Regards,

Beth Vaughan
Executive Director

Cc: Committee on Revenue & Taxation

Advancing local energy choice



June 1, 2018

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The Honorable Assemblyman Holden
Chair, Assembly Utilities & Energy Committee
State Capitol, Room
Sacramento, CA

RE: SB 1347 (Stern) – Oppose unless Amended

Dear Assemblyman Holden:

The California Community Choice Association (CalCCA) writes to oppose SB 1347 unless it is amended to create a level playing field among all load-serving entities regarding cost allocation and recovery. While CCAs support the goals of SB 1347 to deploy energy storage systems to stimulate market development and meet grid reliability needs, investor owned utilities (IOUs) are not uniquely positioned to provide these benefits and should not procure resources on behalf of CCA customers in addition to CCAs already procuring such systems (also mandated by the bill). This leads to higher costs for CCA customers through costly double procurement which directly undermines a CCA's ability to serve its local community while keeping rates affordable.

CCAs choose their energy supply based on community preferences and support state efforts to transition California to a carbon-free economy. SB 1347 would result in needless, costly litigation before the Public Utilities Commission between CCAs and IOUs on the structure of the IOUs' storage procurement and the allocation of storage contract costs. CalCCA believes a better approach can be developed that allows CCAs to choose their own storage resources, with language protecting both CCA and IOU ratepayers. CCAs are well positioned to procure resources to meet state goals and develop a fair cost recovery mechanism to achieve the goals of SB 1347.

CalCCA supports amending SB 1347 to ensure that CCAs can procure energy storage in a fair and equitable manner for the customers we collectively serve.

If you have questions, or wish to discuss our position, please do not hesitate to contact me.

Regards,

Beth Vaughan
Executive Director

cc: Members, Assembly Utilities & Energy Committee



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April 20, 2018

The Honorable Al Muratsuchi
Chair, Assembly Natural Resources Committee
State Capitol, Room 2179
Sacramento, CA 95814

Re: AB 2208 (Aguilar-Curry): OPPOSE

Dear Chairman Muratsuchi,

CalCCA writes to respectfully oppose AB 2208 as amended on April 19. AB 2208 would require that an unspecified amount of the incremental renewable portfolio standard procurement requirements for each new compliance period be from geothermal, biomass, or another type of renewable source with a certain amount of flexibility.

CalCCA is the trade association representing more than 20 public community choice electricity providers (operational and affiliate members) throughout California. Community Choice Aggregators (CCAs) create public oversight of power generation and offer cleaner sources of power at competitive rates to all customers.

If AB 2208 were to pass as currently drafted, it would require CCAs to procure geothermal power from the Salton Sea Known Geothermal Resource Area whether or not they already had significant baseload renewable sources. As you know, mandating an energy provider to procure a particular resource would restrict that provider's ability to procure energy according to customer needs, cost, and load profile. Moreover, this provision is anticompetitive with other geothermal and biomass resources, which could lead to unfair pricing and increased rates.

Due to the growth of CCAs in California, implementation of this bill as drafted disproportionately impacts CCAs that are actively procuring baseload and other RPS resources. Additionally, if IOUs are required to procure more baseload resources than they need, creating expensive stranded assets that would further increase costs for all customers.

Our opposition is based on the anticompetitive nature of requiring purchase of a specific resource, the disproportionate impact this bill would have on CCAs, and the grandfathering of contracts back to January 2017, which would advantage some electric providers over others. Please feel free to reach out should you have any questions.

Sincerely,



Beth Vaughan
Executive Director, CalCCA

Cc:

Assembly Member Dante Acosta (Vice Chair)
Assembly Member Ed Chau
Assembly Member Susan Talamantes Eggman
Assembly Member Heath Flora
Assembly Member Monique Limón
Assembly Member Kevin McCarty
Assembly Member Melissa A. Melendez
Assembly Member Mark Stone
Lawrence Lingbloom, Consultant, Assembly Natural Resources Committee



April 17, 2018

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Assemblymember Al Muratsuchi
Chair of Assembly Natural Resources Committee
State Capitol, Room 2179
Sacramento, CA 94249-0066

Re: AB 2726 (Levine) -- OPPOSE

CalCCA opposes AB 2726 because it would create a methodology for shifting greenhouse gas reporting from one based on measured data from power plants to one that removes all motivation for clean power programs.

If a consumption-based system for reporting greenhouse gas emissions were adopted, it would be disconnected from the actions of electric providers, which are responsible for purchasing diverse and cleaner sources of energy. Instead, it would shift toward a system in which the behavior of customers determines the reportable emissions. It would remove the primary value of electric providers for purchasing more renewable and low-carbon sources of energy than required by law, since they would not be able to report lower emissions due to the sources they pay to operate. Rather, the emissions of electric providers would be reported based on when their customers consume power.

Disconnecting emissions reporting from contracting for power sources is dangerous and was rejected in Europe because it is anti-competitive, harmful to voluntary clean power programs, and removes responsibility from the electric providers for their actions. Consumption-based reporting would have the unintended consequence of requiring that energy purchased from a coal plant outside California would have to be reported as zero emission if the customers it served consumed energy when hydropower was flowing into California.

Concerns about “resource shuffling” and “leakage” can be more easily addressed without harming ratepayers by ensuring all states require emissions reporting by all market participants who have sold green attributes to another party in WREGIS. If violations are found, they should be challenged for removal from WREGIS. Given the widespread adoption of RPS standards, this additional step would close the gap on both resource shuffling and leakage.

The bottom line is that this bill would harm clean power programs like community choice aggregations, drive up customer rates by shrinking the energy market, and set back California's climate goals.

Sincerely,



Beth Vaughan
Executive Director

Lawrence Lingbloom, Chief Consultant, Assembly Natural Resources Committee
Assembly Member Dante Acosta
Assembly Member Ed Chau
Assembly Member Susan Talamantes Eggman
Assembly Member Heath Flora
Assembly Member Monique Limón
Assembly Member Kevin McCarty
Assembly Member Melissa A. Melendez
Assembly Member Mark Stone
Assembly Member Marc Levine