

**VALLEY CLEAN ENERGY ALLIANCE****Staff Report – Item 10**

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**TO:** Board of Directors

**FROM:** Mitch Sears, Executive Officer  
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Mark Fenstermaker, Pacific Policy Group (PPG)

**SUBJECT:** Legislative Platform – 2024

**DATE:** November 9, 2023

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**RECOMMENDATION**

Approve the proposed 2024 VCE Legislative Platform outlining policy, legislative and regulatory issues and guides positions VCE would take on them.

**Background**

At the July 8, 2020 Board Meeting, the VCE Board of Directors adopted VCE's first legislative platform. Each year, VCE updates the legislative platform in advance of the next legislative session to reflect ongoing and new legislative priorities. It serves as a guide for legislative engagement and is based on positions that VCE has taken on past legislation, as well as the principles set forth in VCE's Vision Statement, Strategic Plan, and Environmental Justice Statement. The Legislative Platform, however, does not limit VCE's engagement in new legislative or regulatory issues that may impact VCE and are not included in the Platform.

For the updated 2024 legislative platform, PPG, VCE staff and the Leg/Reg Task Group evaluated the 2023 Platform to identify if changes are needed in advance of the 2024 legislative session. As Board members will note, the draft 2024 platform proposes a number of minor wording and technical changes as well as several new issues areas. They all reflect existing VCE policy and activity and topics that are anticipated for 2024. The document as a whole is meant to formalize and organize VCE's approach to legislative activity. It also includes more references to regulatory engagement and notes that for the 2025 update, VCE intends to more thoroughly integrate regulatory matters into the Platform with the assistance of VCE's regulatory consultant.

The platform is meant to be an inward facing document to provide guidance to PPG and VCE staff for the 2024 legislative session and beyond. The CAC reviewed the draft platform and recommends approval.

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### **Legislative Platform and VCE Procedure for Taking Positions on Bills.**

At its June 2022 meeting, the VCE board adopted an [updated Legislative and Regulatory Policy and Procedure](#) for taking positions on pending legislation and regulations. The procedure includes discussion and recommendations by the Legislative/Regulatory Task Group, the CAC and the VCE board, where the legislative timeline permits such review. The procedure also includes a process for VCE to take a position where the legislative or regulatory timeline requires quick action if VCE's engagement is to be effective. The Legislative Platform is an integral part of that process.

### **Highlights of Key Changes in 2023 Legislative Platform**

The following highlights key proposed changes incorporated in the 2024 platform, compared to the 2023 version.

#### **Section 2. Restructuring the Electricity Utility Sector**

- Paragraph c. Adds microgrids and dynamic pricing to areas where CCAs and IOUs can collaborate.

#### **Section 3. Resource Adequacy**

- Adds new paragraph d related to supporting changes to the RA waiver and penalty process through legislation and/or regulations.

#### **Section 5. Load Shaping/Shifting and Dynamic Pricing.**

- Paragraph a. Adds "funding" to areas that VCE will support.

#### **Section 9. Energy Justice**

- Paragraph e. Deletes specific reference to Covid 19 pandemic.

#### **Section 11. Miscellaneous**

- Paragraph b. Rewritten to make the intent clearer.
- Paragraph c. Adds new paragraph related in the creation of a proposed western regional transmission organization.
- Paragraph d. Adds new paragraph related to interconnection and energizing delays.

**Other.** Adds minor clarifying edits as needed throughout the document. Adds the word "regulations" in strategic sections of the document.

### **CONCLUSION**

Staff recommends that the Board approve the attached draft 2024 Legislative Platform to help guide VCE's legislative, as well as VCE's regulatory activities.

### **ATTACHMENT:**

Draft 2024 Legislative Platform with redline changes to 2023 Legislative Platform

**2024~~3~~ Valley Clean Energy Legislative and Regulatory Platform**  
Adopted \_\_\_\_\_

NOTE: In order to expand this platform to include regulatory activities as well as legislation, VCE has added references to regulatory engagement for selected issues. VCE intends to integrate regulatory matters more thoroughly into the platform next year in developing the platform for 2025 with the assistance of its regulatory consultant.

### **Introduction**

Valley Clean Energy is a joint-powers authority organized pursuant to California law that includes the cities of Davis, Woodland, Winters and the unincorporated areas of Yolo County. The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the customers in the VCE service territory. VCE is governed by a Board of Directors consisting of city council members and county supervisors from its member jurisdictions.

PG&E, the incumbent Investor--Owned Utility (IOU), continues to deliver the electricity procured by VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions may opt-out of VCE and remain a PG&E bundled-service electricity customer.

The mission of VCE is to provide cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions to residents, ~~and~~ businesses and public facilities within its member jurisdictions~~agencies~~. In addition, VCE provides a greater level of transparency and accountability in regard to energy sources and prices because VCE's board consists of local elected officials and its deliberations and decisions are conducted in public in accordance with~~to~~ California law.

This Legislative Platform serves as a guide for legislative and regulatory engagement in the 2024~~3~~ legislative session and calendar year. It is based on positions that VCE has taken on past legislation, as well as the principles set forth in VCE's Vision Statement, Strategic Plan, and Environmental Justice Statement. It will be updated annually to reflect new issues that VCE will address each year legislative session. To review VCE's Vision Statement, Strategic Plan and Environmental Justice Statement, please see <https://valleycleanenergy.org/wp-content/uploads/VCEA-Vision-Statement-11-16-17.pdf>, <https://valleycleanenergy.org/wp-content/uploads/Valley-Clean-Energy-Statement-on-Environmental-Justice-Adopted-10-8-2020-1.pdf>, <https://valleycleanenergy.org/wp-content/uploads/VCE-Strategic-Plan-Final.pdf>.

## **Issue Areas**

### **1. Governance and Statutory Authority**

VCE will:

- a. Oppose legislation and proposed regulations that limits the local decision-making authority for CCAs, including rate-setting authority and procurement of energy and capacity to serve their customers.
- b. Oppose legislation that limits VCE's ability to effectively serve its customers.
- c. Support efforts of CCAs to engage with their customers and promote transparency in their operations. Similarly, VCE will oppose legislation that restrict or limit these abilities.
- d. Support legislation that makes it easier for other cities and counties to form a CCA, become members of VCE or other CCAs, and oppose legislation and proposed regulations that restricts that ability.

### **2. Restructuring the Electricity Utility Sector**

VCE will:

- a. Work with other local governments interested in forming municipal electric utilities, as well as the California Municipal Utilities Association, to expand opportunities for municipalization. This includes supporting legislation that expands opportunities for CCAs to become municipal electric utilities.
- b. Support legislation and advocate for reforms to the utility regulatory and business model to transform Investor-Owned Utilities (IOUs) so that they must deliver greater benefits to ratepayers, increase safety and reliability, reduce costs and support the successful performance of CCAs.
- c. Advocate for greater collaboration to occur between CCAs and incumbent IOUs, particularly in local planning efforts related to energy, EV charging, community resource centers, microgrids, dynamic pricing, etc.
- d. Support efforts that result in IOUs providing CCA customer meter data to the CCA in real time to enable CCAs to better forecast and schedule load.
- e. Support effective legislation that would transform PG&E to a public power or customer owned entity.

### **3. Resource Adequacy**

VCE will:

- a. Support efforts ~~of~~ to create a functional central procurement entity for residual Resource Adequacy needs.
- b. Oppose legislation that would negatively impact CCAs' procurement authority for Resource Adequacy.
- c. Advocate for and support efforts to remove barriers to demand response, microgrids, and behind-the-meter resources and aggregations of distributed energy resources to provide Resource Adequacy.

[e.d. Support legislation and proposed regulations that would modify the RA waiver and penalty process so that they more realistically reflect the constraints in the RA markets that Load Serving Entities face.](#)

#### **4. Power Cost Indifference Adjustment (PCIA)**

VCE will:

- a. Support CalCCA efforts to increase the transparency of IOU electricity contracts and any other factors that provide the basis for ~~Power Cost Indifference Adjustment (PCIA)~~ charges that VCE (and its customers) and other CCAs must pay.
- b. Support efforts to create a pathway to wind down the PCIA.
- c. Support legislation that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
- d. Oppose legislation that would increase or expand exit fees, including PCIA, on CCA customers.

#### **5. Load Shaping/Shifting and Dynamic ~~Time~~ Pricing**

[VCE will:](#)

- a. Support legislation, [funding](#) and regulatory provisions that create viable opportunities for CCAs to shape or shift load to support grid operations.
- b. Support legislation and regulatory provisions that recognize and assign Resource Adequacy value to load shaping or load shifting programs.
- c. Support legislation and regulatory provisions that enable customers of VCE and other CCAs to participate in dynamic pricing plans to shift load away from peak, including the use of automated systems.

#### **6. Public Safety Power Shut-Offs (PSPS) and Flex Alerts**

VCE will:

- a. Support legislation [and regulations](#) that increases the notification and transparency requirements on IOUs as they implement a PSPS.
- b. Support legislation that creates standards for PSPS implementation and penalties on IOUs that execute PSPS below those standards.
- c. Support legislation that creates rules and procedures to ensure PSPSs are implemented narrowly and only as absolutely necessary.
- d. Support legislation that requires IOUs to notify impacted cities, counties and CCAs of impending PSPS.
- e. Support legislation and regulations that require IOUs to provide CCAs with better customer contact information so that CCAs may more effectively engage their customers in a timely manner.

## 7. Community Resilience

VCE will:

- a. Advocate for and support funding for programs implemented by CCAs and their member jurisdictions to increase community resilience to extreme temperatures, wildfires, PSPS events and other potential service disruptions.
- b. Support legislation and regulations that reduces barriers to microgrid development by CCAs.
- c. Oppose legislation and regulations that would enable IOUs to dominate or restrict microgrid development.
- d. Support legislation and regulations that facilitates development of community level resources and distributed energy resources and that recognizes their value in reducing the need for new transmission and distribution infrastructure.

## 8. Renewable Energy Generation Sources

VCE will:

- a. Support legislation that expands opportunities for or reduces barriers to the development of renewable energy sources, including, but not limited to, wind, solar, bioenergy, battery storage, small hydro, and geothermal, as long as local development and siting criteria are consistent with city and county land use authority and other local and state regulatory requirements.
- b. Oppose legislation that requires CCAs to purchase specific renewable energy products or technologies, which would thus limiting the ability of CCAs to meet local energy needs in a cost-effective manner and in accordance with the preferences of their member jurisdictions and conflict with their local procurement and rate setting authority.

## 9. Energy Justice

VCE will:

- a. Engage in legislation that directly or indirectly impacts the ability of underserved communities in the VCE service territory to have affordable, reliable and clean energy.
- b. Support legislation and regulations that strengthens the resilience of vulnerable communities to the impacts of climate change.
- c. Support legislation that enables all California communities, especially marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, to participate in the transition to a zero carbon electrical grid in a cost-effective manner.
- d. Support legislation that enables all California communities, especially historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, to participate in the decarbonization of the state's building stock and the transportation sector.
- e. Support legislation or budget appropriations to alleviate residential and commercial energy insecurity or financial hardships, including impacts of events such as the Covid-19 pandemic that could disrupt electricity service to VCE customers or restrict VCE customers' access to clean

energy opportunities. This could include, for example, assistance to avoid electric service disconnections or economic recovery funding for transportation electrification.

## 10. Local Economic Development and Environmental Objectives

VCE will:

- a. Support legislation that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of its member agencies and customers.
- b. Support legislation that enhances development of local and regional sources of renewable energy.
- c. Support legislation that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.
- d. ~~Support~~ Support legislation and regulations to enable CCAs to plan, own and operate clean energy resources that serve local needs while contributing to the local economy.
- e. ~~Se-~~ Support legislation and other programs that ensure that CCAs and their member agencies have access to existing and new state and federal energy-related grant and loan funds, including programs for residential, commercial, industrial, ~~and~~ agricultural and government customers.

## 11. Miscellaneous

VCE will:

- a. Oppose legislation that expands direct access or the ability or economic incentives for electric service providers to selectively recruit CCA or IOU customers.  
~~Support legislation that would create renewable content and environmental standards for electric service providers to match the products offered by CCA.~~
- b. Support legislation that would require all load-serving entities to meet the same renewable content, environmental and other procurement requirements.
- c. Engage with legislative, regulatory or other proposals to create a western regional transmission organization. Such an organization must ensure the continued ability of CCAs to retain their local governance, rate making and procurement authority and ensure that California's environmental and energy policies are not compromised.
- d. Support legislation and proposed regulations that address interconnection or energizing delays for businesses, public agencies, homes, and energy generation projects.