

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report - Item 12

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**TO:** Board of Directors

**FROM:** Mitch Sears, Interim General Manager  
Mark Fenstermaker, Pacific Policy Group

**SUBJECT:** Legislative Platform - 2021

**DATE:** December 10, 2020

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#### **RECOMMENDATION**

Approve the 2021 Legislative Platform outlining positions VCE would take on various legislative issues.

#### **BACKGROUND**

At the July 8, 2020 Board Meeting, the VCE Board of Directors adopted VCE's first legislative platform. The Community Advisory Committee (CAC) reviewed and provided feedback on the draft legislative platform at its June 25, 2020 Meeting. The staff report presenting the legislative platform noted that the legislative platform would be updated in late 2020 in advance of the next legislative session to reflect ongoing and new legislative priorities.

Accordingly, VCE's lobbyist Mark Fenstermaker of Pacific Policy Group (PPG), the Interim General Manager and the Legislative and Regulatory Task Force members of the CAC (Leg/Reg Task Force) have been meeting bi-weekly over the past several months to develop the updated legislative platform for the 2021 legislative session. The group reviewed legislation proposed during the 2020 legislative session, the recently adopted VCE Strategic Plan, the recently adopted VCE Statement on Environmental Justice, and discussed current issues relevant to VCE.

The purpose of the proposed legislative platform is to formalize and organize VCE's approach to legislative activity. The legislative platform is meant to be an inward facing document to provide guidance to PPG for the 2021 legislative session and beyond. PPG will use the platform to help structure VCE's efforts and communications with legislators to work toward desired outcomes. The proposed platform is based on previous direction from the Board and CAC and primarily reflects existing areas of interest identified either formally or informally by the Board and CAC.

#### **ANALYSIS**

The group of PPG, Staff, and the CAC Legislative/Regulatory Task Force decided that the proposed platform for the 2021 legislative session should include additional focuses under the categories of "Restructuring the Electric Utility Sector" and "Resource Adequacy" as these are two issue areas that will likely be worked on in the 2021 legislative session that can have profound impacts on VCE. In

addition, the group included two new categories of focus based on current issues and the recently adopted VCE Strategic Plan: (1) “COVID-19 Response”, and (2) “Environmental Justice.” Staff, PPG, and the CAC Task Group believe that both of these issue areas will continue to be front and center for California’s government and society to tackle in 2021 and VCE should be positioned to engage on these topics appropriately.

Note: while the platform attempts to address a full range of legislative issues of interest to VCE, it is not intended to limit VCE’s engagement in other issues that may impact VCE in a positive or negative way. Issues not addressed in the platform would continue to be addressed through VCE’s current legislative process.

#### CAC Discussion/Recommendation

The Community Advisory Committee considered the draft legislative platform at their November 19<sup>th</sup> meeting. The CAC discussed several items including whether to add that VCE will support efforts that create a sunset to the PCIA and additional language that tailors VCE’s positions regarding COVID-19 response and Environmental Justice legislation to those efforts that align with VCE’s mission and purpose. The CAC made the recommendation to the Board to approve the Legislative Platform with the following additions/revisions (10-0-0):

- #4 Power Cost Indifference Adjustment (PCIA) – not ambitious enough and would like to see verbiage that VCE would support phasing out or sunseting PCIA.
- #6 COVID 19 Response – too broad with language of “support legislation or budget appropriations to alleviate residential and commercial hardship caused by...”. An impact to our utility customers? Find language that balances too broad and too narrow with utility costs and impacts to strengthen #6.
- #9a Environmental Justice – again too broad, should be related to direct and indirect “utility” impacts to underserved communities within VCE service territory.
- Add Strategic Plan and Environmental Justice Statement references in introduction of Legislative Platform since it refers to VCE’s mission and vision.

Staff believes the CAC recommendations are acceptable since the PCIA should eventually phase out and VCE should support COVID-19 response and environmental justice efforts that align with VCE’s mission.

#### **CONCLUSION**

As noted, the legislative platform is meant to be an inward facing document to provide guidance to PPG for the 2021 legislative session and beyond. The proposed legislative platform will be updated in advance of the next legislative session to reflect ongoing and new priorities. Staff is recommending Board approval of the attached legislative platform, which includes CAC recommended amendments, to help guide VCE legislative activities.

#### **ATTACHMENT**

1. Proposed 2021 Legislative Platform



# 2021 Valley Clean Energy Legislative Platform

Adopted December 2020

## Introduction

Valley Clean Energy is a joint-powers authority organized pursuant to California law that includes the cities of Davis, Woodland, and the unincorporated areas of County of Yolo (and the city of Winters as of January 2021). 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. PG&E, the incumbent Investor Owned Utility, 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 customer. VCE is governed by a Board of Directors consisting of council members and supervisors from its member jurisdictions.

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 in its member agencies. In addition, VCE provides a greater level of transparency and accountability in regard to energy sources and prices as VCE's board consists of local elected officials.

This Legislative Platform serves as a guide for legislative engagement in the 2021 legislative session that 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 legislative session. To review VCE's vision statement, please see <https://valleycleanenergy.org/wp-content/uploads/VCEA-Vision-Statement-11-16-17.pdf>.

Note: For tracking purposes, platform language added for the 2021 session is shown in underline.

## Issue Areas

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

VCE will:

- a. Oppose legislation 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 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, and reduce costs.
- 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, etc.
- d. Support efforts that result in IOUs providing meter data 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 the efforts of CalCCA to create a central procurement entity for residual Resource Adequacy needs.
- b. Oppose legislation that would supplant CCAs procurement authority for Resource Adequacy.
- c. Advocate for and support efforts to remove barriers to demand response, microgrids and behind the meter resources to provide Resource Adequacy.

## 4. Power Cost Indifference Adjustment (PCIA)

VCE will:

- a. Support CalCCA efforts to increase the transparency of IOU electricity contracts that provide the basis for Power Cost Indifference Adjustment (PCIA) charges that VCE (and its customers) and other CCAs must pay.
- b. Support efforts that 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. Public Safety Power Shut-Offs (PSPS)

VCE will:

- a. Support legislation 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.

## 6. COVID-19 Response

- a. Support legislation or budget appropriations to alleviate residential and commercial financial hardship caused by the COVID-19 pandemic that could disrupt electricity service to VCE customers or restrict VCE customers accessing clean energy opportunities. This could include, for example, to avoid electric service disconnection or economic recovery funding for transportation electrification.

## 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 wildfires, PSPS events and other potential service disruptions.
- b. Support legislation that reduces barriers to microgrid development by CCAs.
- c. Oppose legislation that would enable IOUs to be the only developer of microgrids.
- d. Support legislation that increases development of community level resources and distributed energy resources that reduces 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, thus limiting the ability of CCAs to meet local energy needs in a cost-effective manner and in conflict with their local procurement and rate setting authority.

## 9. **Environmental Justice**

- 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 that strengthens the resilience of vulnerable communities to the impacts of climate change.
- c. Support legislation that enables all communities, including emerging and historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, in California to participate in the transition to a zero carbon electrical grid in a cost-effective manner.
- d. Support efforts to enable all communities, including emerging and historically marginalized communities, and individuals, regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, in California to participate in the decarbonization of the state's building stock and the transportation sector.

## 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 efforts to enhance 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.

## 11. **Miscellaneous**

VCE will:

- 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 CCAs.