

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 12

TO: Board of Directors

FROM: Mitch Sears, General Manager
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Mark Fenstermaker, Pacific Policy Group (PPG)

SUBJECT: Legislative Platform – 2023

DATE: November 10, 2022

Recommendation

Approve the proposed 2023 VCE legislative platform outlining policy and legislative issues and positions VCE would take on each.

The CAC reviewed the proposed 2023 VCE Legislative Platform and recommends that the Board approve it.

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 the June 25, 2020 CAC Meeting. The staff recommendation included a provision that the legislative platform would be updated annually in advance of the next legislative session to reflect ongoing and new legislative priorities. The legislative platform serves as a guide for legislative engagement in each legislative session. 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.

For the updated 2023 legislative platform, VCE staff, Pacific Policy Group (PPG), and the Legislative/Regulatory Task Group evaluated the 2022 Platform to identify if changes are needed in advance of the 2023 legislative session. As CAC members will notice, the draft 2023 Legislative 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 the document as a whole continues to formalize and organize VCE's approach to legislative activity.

The platform is meant to be an inward facing document to provide guidance to PPG for the 2023 legislative session and beyond. PPG will use the platform to help structure VCE's efforts and

communications with legislators to work toward outcomes. The platform is based on previous direction from the VCE Board and the CAC and primarily reflects existing areas of interest identified either formally or informally by the VCE Board and the CAC.

Highlights of Changes in 2023 Legislative Platform

The following highlights key proposed changes incorporated in the 2023 platform, compared to the 2022 version.

- **Introduction.** Updates information to reflect VCE’s current membership, reorganizes the section and makes miscellaneous edits.
- **Section 2. Restructuring the Electric Utility Sector.** Adds clarifying wording as needed.
- **Section 3. Resource Adequacy.** Adds clarifying wording as needed.
- **Section 5. Load Shaping/Shifting and Dynamic Time Pricing.** A new section to reflect the importance of dynamic pricing (i.e. AgFIT type programs).
- **Section 6. Public Safety Power Shut-Offs (PSPS) and Flex Alerts.** Adds Flex Alerts to this section title and adds provision related IOUs providing CCAs better customer contact information.
- **Old Section 6. Covid 19 Response.** Deletes this as a stand-alone item and adds a slightly edited version to the revised Section 9 (Energy Justice – formerly Environmental Justice).
- **Section 7. Community Resilience.** Adds “extreme temperatures” to the first bullet. Adds clarifying edits to the second bullet related to the role of IOUs in developing microgrids and makes minor clarifying edits to the third bullet related to distributed energy.
- **Section 9. Energy Justice.** Renames the 2022 section title of “Environmental Justice” to “Energy Justice” and makes related minor edits. The change to “Energy Justice”, recommended by Leg/Reg Task Group member Lorenzo Kristov, reflects a new and emerging perspective that focuses specifically on energy issues. Energy Justice is an emerging academic and policy framework. The Initiative for Energy Justice (<https://iejusa.org/>) defines energy justice as the “goal of achieving equity in both the social and economic participation in the energy system, while also remediating social, economic, and health burdens on those disproportionately harmed by the energy system. Energy justice explicitly centers the concerns of community at the frontline of pollution and climate change..., working class people, indigenous communities, and those historically disenfranchised by racial and social inequity. Energy justice aims to make energy accessible, affordable, clean, and democratically managed for all communities.”

The updated sections also add a slightly edited version of the Covid-19 statement from the section 6 in the 2022 platform.

- **Section 10. Local Economic Development and Environmental Objectives.** Adds new provision related to the ability of CCAs to plan, own and operate clean energy resources. Adds new provision related to ensuring that CCAs, their member agencies and customers have access to existing and new state and federal energy-related grant and loan funds.
- **Miscellaneous.** Adds minor clarifying edits as needed throughout the document.

Conclusion

Staff and the CAC recommend that the Board approve the attached 2023 Legislative Platform to help guide VCE’s legislative, as well as VCE’s regulatory activities.

Attachment

Draft 2023 Legislative Platform

2023~~2~~ Valley Clean Energy Legislative Platform

Adopted ~~January 27, 2022~~

DRAFT

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 ~~County of Yolo~~ County. ~~(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. 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 electricity 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 ~~because as~~ VCE's board consists of local elected officials and its deliberations and decisions are conducted in public in accordance to California law.

This Legislative Platform serves as a guide for legislative engagement in the 2023~~2~~ legislative session. ~~that~~ 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 legislative session. To review VCE's ~~v~~ision ~~s~~tatement, 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>, insert Strategic Plan URL.

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 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, 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 ~~the~~ efforts of ~~CalCCA~~ to create a functional central procurement entity for residual Resource Adequacy needs.
- b. Oppose legislation that would negatively impact 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 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 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.
- e.

5. Load Shaping/Shifting and Dynamic Time Pricing

- a. Support legislation 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.

5.6. Public Safety Power Shut-Offs (PSPS) and Flex Alerts

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.
- 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.

~~6. COVID-19 Response~~

- ~~a.f. 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, assistance to avoid electric service disconnection or economic recovery funding for transportation electrification.~~

7. Community Resilience

VCE will:

- a. Advocate for and ~~S~~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 that reduces barriers to microgrid development by CCAs.

- c. Oppose legislation that would enable IOUs to dominate or restrict microgrid development. to be the only developer of microgrids.
- d. Support legislation that facilitates increases 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, 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 Energy 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 adapt to the impacts of climate change.
- c. Support legislation that enables all California communities, including emerging and historically especially 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 legislation that efforts to enables all California communities, including emerging and especially 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.
- d.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 ~~efforts to~~ 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 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. 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 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.
- b. Support legislation that would create renewable content and environmental standards for electric service providers to match the products offered by CCAs.