

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO: Valley Clean Energy Board of Directors

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

SUBJECT: Legislative Platform - 2020

DATE: July 9, 2020

RECOMMENDTION

Approve the 2020 Legislative Platform outlining positions VCE would take on various legislative issues.

BACKGROUND

In February 2019, VCE retained Mark Fenstermaker of Pacific Policy Group (PPG) as VCE's lobbyist to represent VCE on legislative matters in the capitol. During the past two legislative sessions in 2019 and 2020, staff and Pacific Policy Group have utilized the VCE Vision, Mission statement, and Board actions and direction to identify priorities for VCE legislative activities.

Throughout January and February of 2020, PPG and the VCE Interim General Manager reviewed, analyzed, and discussed potential positions on a multitude of proposed legislation. At the March 12, 2020 Board meeting, four days prior to the COVID-19 pandemic shutting down the Legislature, Mr. Fenstermaker presented on several proposed bills and recommended VCE positions for the Board to approve. The Board questioned one of the proposed recommendations, SB 917 (Wiener), and a discussion ensued on the process for bringing recommended positions to the Board. During this discussion, Chair of the Board Don Saylor requested that VCE staff and PPG prepare a legislative platform to help guide the process and decision-making of bringing recommended positions on legislation to the Board.

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 remainder of the 2020 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 primarily reflects existing areas of interest identified either formally or informally by the Board.

ANALYSIS

Based on the Board direction, Staff and PPG worked with the Legislative and Regulatory Task Force members of the Community Advisory Committee (CAC), to develop the proposed legislative platform (Attachment 1). The group reviewed legislation proposed for the 2020

legislative session as well as legislation VCE engaged in or considered from the 2019 legislative session. The group decided that the platform should go beyond energy matters and include a broader spectrum of issues that VCE may encounter, including proposed policies affecting local governments, local economies, and the environment. The key topic/issue areas covered in the proposed platform include:

1. Governance and Statutory Authority
2. Restructuring the Electric Utility Sector
3. Resource Adequacy
4. Power Cost Indifference Adjustment (PCIA)
5. Public Safety Power Shut-Offs (PSPS)
6. Community Resilience
7. Renewable Energy Generation Sources
8. Local Economic Development and Environmental Objectives
9. Miscellaneous

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 June 25th meeting. The CAC discussed several items including whether it is appropriate to include a specific reference to local biomass and that there is no reference in the draft platform to legislation related to environmental justice. The CAC also scheduled a future discussion on what "local renewable resources" means and which generation technologies should be prioritized (e.g. PV, wind, geothermal, bioenergy, etc). The CAC made the following recommendations:

- a. Recommendation to the Board to approve the Legislative Platform without the second bullet point in Item 7 (reference to local biomass). (9-0-0)
- b. The CAC also passed a motion to address how VCE defines local renewable resources at their next meeting. (9-0-0)

Staff believes the CAC recommendations are acceptable since bioenergy is also addressed in Section 7 (a) of the proposed platform. The attached recommended platform incorporates the recommended amendment as follows:

Section 7 - Renewable Energy Generation Sources

- a. Support legislation that expands opportunities for the development of renewable ~~alternative~~ energy sources, including, but not limited to, wind, solar, bioenergy ~~biomass~~, 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. Support legislation that increases opportunities for biomass generation local biomass plants that is sensitive to air quality and community concerns.~~

In addition, staff has been examining action-oriented approaches by members of the energy sector to address environmental and social justice issues and will be bringing back findings at a future Board meeting. The VCE legislative platform and other policies can be updated as part of any future Board action on these issues.

CONCLUSION

As noted, the legislative platform is meant to be an inward facing document to provide guidance to PPG for the remainder of the 2020 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, with CAC recommended amendments, to help guide VCE legislative activities.

ATTACHMENT

1. Proposed 2020 Legislative Platform



Valley Clean Energy Legislative Platform

Adopted 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 2020 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. 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>.

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. 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.

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 legislation that would bring stability to the PCIA and/or provide new mechanisms for CCAs to securitize PCIA charges.
- c. 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. 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.

7. Renewable Energy Generation Sources

VCE will:

- a. Support legislation that expands opportunities for the development of renewable ~~alternative~~ energy sources, including, but not limited to, wind, solar, bioenergy ~~biomass~~, 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. Support legislation that increases opportunities for biomass generation local biomass plants that is sensitive to air quality and community concerns.~~
- 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.

8. 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.

9. 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.

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