

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 17

TO: Board of Directors

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

SUBJECT: Legislative Platform - 2022

DATE: January 27, 2022

Recommendation

Approve the 2022 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. It was noted at that time that the legislative platform would be updated for the next legislative session to reflect ongoing and new legislative priorities.

The purpose of the updated draft 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 VCE's lobbyist Mark Fenstermaker of Pacific Policy Group (PPG) for the 2021 legislative session and beyond. PPG will continue to use the platform to help structure VCE's efforts and communications with legislators to work toward desired outcomes. The updated platform is based on previous direction from the Board and Community Advisory Committee (CAC) and primarily reflects existing areas of interest identified either formally or informally by the Board and CAC.

Analysis

Throughout the 2021 legislative session, VCE's lobbyist Mark Fenstermaker of Pacific Policy Group (PPG), the Interim General Manager and the Legislative and Regulatory Task Group (Leg/Reg Task Group) members vetted a number of bills and utilized the Legislative Platform as part of their decision-making process in terms of what position VCE should register, if any. Following the 2021 legislative session, PPG, Staff and the Leg/Reg Task Force evaluated the legislative platform to determine if edits were needed to the platform in advance of the 2022 legislative session. The group reviewed legislation proposed during the 2021 legislative session, with particular focus on 2-year bills that are technically still alive, and discussed relevant and current issues relative to VCE.

Following review and discussion, the group of PPG, Staff, and the Leg/Reg Task Force concluded that the legislative platform used during the 2021 legislative session remains applicable for the 2022. As the

2022 legislative session is the 2nd year of the 2-year session, there are 2-year bills still in play that could satisfy provisions of the platform. In addition, many provisions of the platform touch on issues that will be important to VCE for years to come, such as CCA governance and statutory authority or renewable energy generation sources even with successful 2021 bills that address this issue such as AB 843 (Aguiar-Curry). Finally, the ongoing nature of the COVID-19 pandemic warrant a provision to respond to this crisis remain on the platform in 2022 (but hopefully not in 2023).

The key topic/issue areas remain in the draft 2022 platform:

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

Within the attached draft 2022 Legislative Platform minor edits are underlined to assist the Board in identifying changes made to the adopted 2020 platform.

CAC Recommendation

At the CAC's December 16, 2021 meeting, the draft 2022 Legislative Platform was presented and reviewed, and the CAC made a recommendation that the Board approve the attached 2022 Legislative Platform to help guide VCE legislative activities in the 2021 legislative session.

Conclusion

Staff is recommending that the CAC recommend Board approval of the attached legislative platform to help guide VCE legislative activities.

Attachment

1. Draft 2022 Legislative Platform with underlined edits



2022 Valley Clean Energy Legislative Platform

Adopted _____

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, assistance 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 adapt 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.