

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report – Item 8

TO: Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Gordon Samuel, Assistant General Manager & Director of Power Services

SUBJECT: Valley Clean Energy’s Policy regarding PG&E allocation of Greenhouse Gas (GHG)-free (Large Hydro and Nuclear) resources to Community Choice Aggregators

DATE: December 17, 2020

PURPOSE

The purpose of this report is to provide background and solicit feedback from the Community Advisory Committee (CAC) regarding the GHG-free allocations from PG&E for 2021 and beyond. Staff plans to take this feedback and make a recommendation to the VCE Board in January 2021. The current proposal is for 2021, but staff is interested in the CAC’s viewpoint on extending the approval to encompass future years if the allocations become available.

BACKGROUND

PG&E owns or contracts for a number of GHG-free resources (including large hydro and nuclear from Diablo Canyon Power Plant). PG&E has been able to count these resources on its power content label (PCL) to meet its GHG-free targets. Load serving entities (LSEs), on the other hand, have been paying for those same assets through Power Charge Indifference Adjustment (PCIA), yet do not receive any of the GHG-free benefits – this includes VCE.

In mid-2019, CCAs approached PG&E to discuss whether PG&E would be agreeable to selling energy from their large hydro facilities¹. PG&E ultimately refused to make sales in 2019, but subsequently approached CCAs and offered to allocate GHG-free resources (nuclear and large hydro) to CCAs and other eligible load serving entities (LSEs).

Eventually the allocations became available in 2020, and the VCE Board elected to receive the large hydro only attributes. This became effective in the third quarter of 2020 and VCE will receive approximately 30,000-35,000 MWhs in 2020 (note: VCE will not know the final numbers until Q2 2021).

¹ Large hydro and nuclear resources count as GHG-free on the power content label (PCL), and investor-owned utilities (IOUs) have been benefiting from counting those resources to meet their GHG-free targets. LSEs, on the other hand, have been paying for those same assets through PCIA, yet do not receive any of the GHG-free benefits through the PCL.

There is no obligation to accept this allocation of GHG-free attributes. An LSE can choose to accept neither resource pool, one or the other, or both. The volume that each LSE receives will ultimately depend on the volume of electricity generated by each resource pool and the proportion of PG&E’s load served by the LSE.

TENTATIVE SCHEDULE

Tentative Timeline (<i>assumes December 17, 2020 CPUC approval of Draft Resolution 5111-E without modification</i>)	
Week of November 16, 2020	<ul style="list-style-type: none"> • Notice Issued
Week of November 30, 2020	<ul style="list-style-type: none"> • PG&E will provide Eligible LSEs with 2021 Sales Agreement for review
Thursday, December 10, 2020 (ACTION REQUIRED)	<ul style="list-style-type: none"> • Feedback on form Sales Agreement due to PG&E [Note: VCE submitted on 12/8/2020]
Thursday, December 17, 2020	<ul style="list-style-type: none"> • Scheduled CPUC Voting Meeting
Monday, January 18, 2021	<ul style="list-style-type: none"> • Expected final and non-appealable date of CPUC approval (30 days following issuance of approval via Resolution, assuming no applications for rehearing are filed)
Up to Week of January 25, 2021 (ACTION REQUIRED)	<ul style="list-style-type: none"> • PG&E will provide Eligible LSEs Offers and a final version of 2021 Sales Agreement • PG&E and Eligible LSEs will execute 2021 Sales Agreement
Monday, February 1, 2021 (<i>pending execution of Sales Agreement</i>)	<ul style="list-style-type: none"> • Expected start of Delivery Period under 2021 Sales Agreement
Week of June 14, 2021 (<i>approximation</i>)	<ul style="list-style-type: none"> • First Quarterly Report with estimated Allocation Amount will be distributed
On or about April 15, 2022	<ul style="list-style-type: none"> • Final Report will be distributed to participating LSEs

NEXT STEPS

Staff to determine what allocations, if any, to accept from PG&E and make recommendation to the Board in January in order to be prepared for the above schedule. In addition, if this allocation process continues beyond 2021, determine if staff should seek approval from the Board to include future years.