



**Valley Clean Energy Special Board Meeting – July 9, 2020
Via Teleconference**

Item 14 – Updates to Procurement Plan



Item 14 - 2020 Procurement Plan Update

2020 Procurement Plan

- Applies primarily to 2021 short term procurements
- Establishes the key power procurement delegations to SMUD and VCE staff for 2020 procurement activities
- Approved on December 12, 2019
- Included 2021 minimum clean renewable target of 42% anticipated to be supplied from long-term contracts, and approved continuing 33% clean large hydro target.

Item 14 - 2020 Procurement Plan Update

2020 Procurement Directives/Delegations

- Table 1 is the list of updated procurement directives, giving delegation to SMUD and staff for the listed power products and strategies.

Item 14 - 2020 Procurement Plan Update

2021 Policy Update

- In June, VCE adopted a policy strategy for incorporation of long-term renewable contracts into VCE's portfolio and to address fiscal year 2020/21 PCIA and Resource Adequacy cost impacts.
- Policy decision includes adopting a 2021 RPS target of 10% and a 2021 carbon-free target of 20% (composed of up to 10% large hydro).

Item 14 - 2020 Procurement Plan Update

Procurement Schedule Considerations

- Updated targets will be partially met by deliveries from VCE's long term PPAs.
- Due to uncertain delivery volumes and load impacts from COVID-19, staff recommend the remaining procurement to fill 2021 targets be completed in 2021, rather than 2020.

Item 14 - 2020 Procurement Plan Update

Procurement Plan Update Recommendations

- Update procurement targets to 10% RPS and 20% carbon-free (composed of up to 10% large hydro).
- Update 2021 procurement deadlines to July 1, 2021.

Item 14 - 2020 Procurement Plan Update

Questions?



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Item 15 – Integrated Resource Plan Update



Public Comments

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Item 15 – IRP Update: Objective – Provide information and seek input

- IRP Process Summary
- IRP Portfolios
- Action Plan
- Next steps

Item 15 – IRP Update: 2020 Integrated Resource Plan Time Line

Approximate timing	Activity
September 20, 2019	CPUC staff release proposed data and requirements for 2020 filing
October 8, 2019	CPUC release of preliminary RESOLVE Reference System Portfolio
November 6, 2019	CPUC formal release of Reference System Plan
November 7, 2019	CPUC Final IRP Procurement Decision (D.19-11-016)
December 9, 2019	VCE IRP Workshop (Stakeholder meeting)
February, 2020	CPUC Proposed IRP Decision and Reference System Plan (Revised in March)
March 26, 2020	CPUC Final IRP decision for 2019-2020 cycle, including Reference System Plan
May, 2020	CPUC release of final templates, tools, and filing instructions
May 28, 2020	VCE CAC workshop with draft IRP portfolios for review and public input
June 30, 2020	Draft IRP report ready
July 9, 2020	VCE Board receive update on draft IRP report
July 23, 2020	VCE CAC receive update on draft IRP and make recommendation to Board
August 13, 2020	VCE Board receive CAC's recommendation and adopt IRP
September 1, 2020	CPUC IRP filing due

Item 15 – IRP Update: Basic Requirements

Outlook Period	2020-2030
Renewable Portfolio Standard (RPS)	60% by 2030
Long term contracts for renewables	65% of RPS obligation supported by long term contracts from 2021
Resource Procurement	12.6 MW of new capacity online by August 2023
GHG Benchmark (for planning)	156,000 metric tons (MT)/year for 2030 (Based on 46MMT CPUC scenario)
GHG Alternative Benchmark	129,000 metric tons/year for 2030 (Based on 38MMT CPUC scenario)
Load Forecast	Use California Energy Commission’s 2019 IEPR
Demonstrate compliance with PUC 454.52(a)(1),	
Select at least one Preferred Portfolio for each GHG Benchmark scenario	
File IRP with CPUC by September 1, 2020	

Item 15 – IRP Update: Additional Requirements

Additional IRP Requirements in PUC 454.52(a)	Proposed approach
Meet state GHG goals	Base plan on CPUC Reference Portfolio
Just and reasonable rates	Competitive w PG&E
Minimize impacts on rate payer bills	Keep rates competitive with PG&E and build reserves for programs
Ensure system and local reliability	Procure reserves per CAISO and CPUC requirements

Item 15 – IRP Update: Portfolio Alternatives Considered

- Two portfolios are considered – the minimum mandated by the CPUC, each calibrated to a specific 2030 carbon emissions target set by the CPUC
- Resources in portfolio selected so as not to exceed VCE’s “fair share” of available resource potential for each technology

Portfolio	Key Features
Conforming 46MMT Portfolio (CPUC Required and Recommended)	<ul style="list-style-type: none">• Seeks balanced wind + solar + storage portfolio• Meets CPUC target of 156,000 metric tons of CO2 emissions in 2030• Delivers 60% RPS by 2030 and a nearly 70% carbon-free mix by 2030• Consistent with CPUC’s “Reference System Portfolio”
38 MMT Portfolio (CPUC Required)	<ul style="list-style-type: none">• Similar to 46MMT Portfolio but tuned to 129,000 tons of CO2 emissions by 2030 by using more wind, solar, battery storage and large scale hydro• Delivers 61% RPS by 2030 and a nearly 73% carbon-free mix by 2030• Consistent with the CPUC’s “38MMT Scenario”

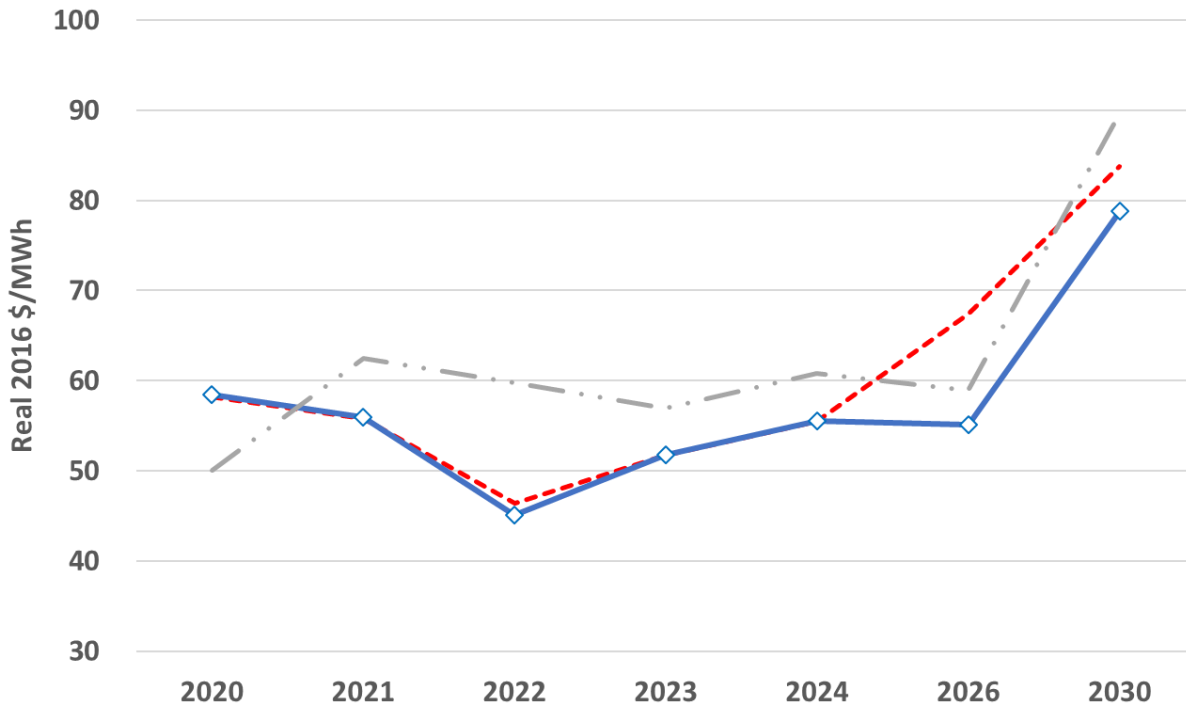
Item 15 – IRP Update: Proposed Portfolios

(MW of Rated Capacity)

	46MMT (Recommended)							38 MMT	
	2020	2021	2022	2023	2024	2026	2030	2020-2026	2030
Contracted Resources (As of July 2020)									
New Solar PV		122	122	122	122	122	122		122
Small-Scale Hydro	0.7	0.7	0.7	0.7	0.7				
Planned Resources									
New Wind						20	20	Same as 46MMT Portfolio	30
New Solar PV									2
New Local Solar				20	20	20	30		30
New 4-hour Li-Ion Battery		7.5	7.5	7.5	7.5	15	40		70
Small-Scale Hydro						0.7	0.7		0.7
Large Scale Hydro						20	20		34
BTM Solar	47	60	68	74	80	89	109		109

Item 15 – IRP Update: Portfolio All-in Cost for Electricity (\$/MWh)

- Portfolios nearly identical until 2024
- 38MMT portfolio more costly due to combination of higher market price trajectory and additional contracted resources to lower GHG emissions
- VCE's resource portfolios expected to have lower costs than a pure short term market portfolio as a result of renewable energy contracting



--- 38MMT Conforming —◇— 46MMT Conforming - - - Estimated Market-Only Portfolio

Item 15 – IRP Update: Proposed Action Plan

2020 -2021

- Complete 2020 RFOs for local capacity and RA
- Conclude RFI for long term storage (with other CCAs)
- Monitor progress of new solar projects to ensure planned CODs are met

2022-2024

- Conduct RFO for renewable energy and storage to come online in the 2025-2027 period
- Monitor RPS performance and adjust short term procurement if needed

2025-2030

- Conduct RFO for renewable energy and storage come online in the 2028-2030 period
- Consider contracting for large-scale hydro resources to ensure carbon targets are met

Item 15 – IRP Update: Portfolio Observations and Next Steps

- Conforming 46MMT portfolio recommended to submit as preferred portfolio
- 38MMT portfolio is mandatory to submit but is not the recommended path
- More aggressive solar and/or wind portfolio could lead to lower GHG emissions AND lower cost. VCE may consider such a portfolio for implementation even if not included in this IRP
- Recommend to submit only the minimal number of portfolios to avoid additional work on IRP procurement plans and RPS plans
- Wind and biomass/geothermal resources are likely harder to find in the market and takes longer to develop with higher risks of delay compared to solar PV
- Wind resources in 2026-2027 may be challenging to secure due to resource limitations but the proposed 20MW is consistent with VCE's share of CAISO-wide load
- The IRP is necessarily uncertain and somewhat hypothetical - actual portfolio will depend on the responses received in future RFOs

Based on today's discussion, IRP portfolios and report will be finalized prepared for Board adoption in August

Questions?



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Item 16 – Legislative Platform



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Item 16 - Legislative Platform

Background

- The Legislative Platform will serve as a guide for VCE's lobbyist, Pacific Policy Group, to evaluate bills and positions to recommend to VCE staff and the Board.
- VCE's Vision Statement and positions taken on past and current legislation serve as the basis for the proposed actions and positions outlined in the Legislative Platform.
- The Legislative Platform will be updated annually, preferably just prior to a new legislative session commencing.
- VCE's strategic plan, once completed, will inform future iterations of the Legislative Platform.
- The CAC recommended adoption of the Platform with modifications that staff has incorporated into the final draft.

Item 16 - Legislative Platform

Issue Areas

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

