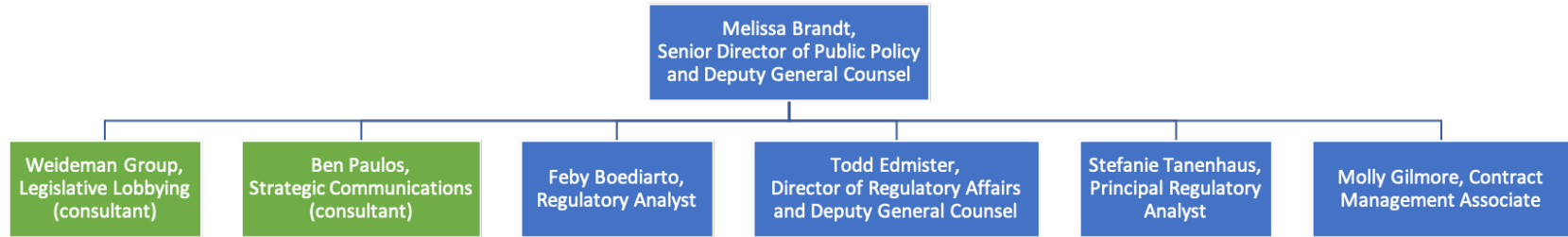


JUNE 9, 2021

Public Policy Board Retreat



EBCE's Public Policy Team



Our team covers regulatory and legislative matters on behalf of EBCE, as well as strategic policy communications. Guided by direction from EBCE's Board, we collaborate with our fellow CCAs primarily through CalCCA, and we work externally with regulators, legislators, and influential policy stakeholder groups across all issues of policy that concern EBCE.



California Community Choice Association (CalCCA)

Mission is to create a legislative and regulatory environment that supports the development and long-term sustainability of locally-run Community Choice Aggregation electricity providers in California.

EBCE is a member, as are 22 of the other 23 CCAs operating in California as well as several emerging CCA communities. CalCCA members serve upwards of 11 million customers in more than 200 cities and counties in California.



- EBCE's Public Policy Team participates in CalCCA's:
- Legislative Committee
 - Regulatory Committee
 - Compliance Committee

History of CCAs in California

2002

AB 117 passed:
California Legislature
enables Community
Choice Aggregation

2007

San Joaquin Valley
Power Authority is
the first joint powers
agency to be
certified as a CCA
by the CPUC

2010

Marin Clean
Energy (MCE)
launched and
became the first
CCA to serve
customers in
California

2011

SB 790 passed:
Legislature details
rights of CCA
agencies

2016

EBCE formed
as a Joint Powers
Agency

California Regulatory Agency Oversight

In addition to EBCE Board's jurisdiction over EBCE's operations as a Joint Powers Authority, several state agencies provide limited oversight of or coordinate with EBCE in accordance with state law.



About the California Public Utilities Commission (CPUC)













Headquartered in San Francisco

- Regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies
- Regulates CCAs and energy service providers to ensure that their activities achieve the following legislated state goals:
 1. Resource Adequacy, or RA (reliability)
 2. Renewables Portfolio Standard, or RPS (renewable energy), and
 3. Integrated Resource Planning, or IRP (statewide planning)
- Because the regulated investor-owned utilities (IOUs) are so large, and their programs reach so many customers, CPUC energy policy decisions and goals have wide influence in California

CPUC Leadership

CPUC Commissioners:

President	
Marybel Batjer 	
Learn More	
Commissioner	Commissioner
Martha Guzman Aceves 	Clifford Rechtschaffen 
	
Learn More	Learn More
Commissioner	Commissioner
Genevieve Shiroma 	Darcie L. Houck 
	
Learn More	Learn More

Five CPUC commissioners are appointed by the Governor and approved by the Senate for staggered six-year terms

- Each CPUC proceeding is jointly overseen by a presiding Commissioner and an Administrative Law Judge (ALJ)
- The ALJ issues a proposed decision in accordance with the CPUC's rules, and the Commissioner may issue an alternate proposed decision
- Commissioners vote on proposed and alternate decisions and resolutions at their regularly scheduled public meetings, held one to two times per month
- Communications with Commissioners and their staff are subject to *ex parte* rules

Key CPUC Divisions

- Energy Division handles regulation and approval of official rates and terms of service for energy IOUs and advises the Commission on energy policy issues around RA, RPS, and IRP. As such, it is the division that EBCE regularly interfaces with on policy.
- Public Advisor's Office (PAO) provides procedural information to individuals and groups who want to participate in formal proceedings. In addition, they provide programs and services to educate and assist the public. PAO approves EBCE's joint rate mailers and required notices to new EBCE customers.
- Public Advocates Office (Cal Advocates) is an independent organization within the CPUC that advocates solely on behalf of utility ratepayers. Their Director is appointed by the Governor and has its own independent operating budget. Their statutory mission is to obtain the lowest possible rate for service consistent with reliable and safe service levels. EBCE interacts with Cal Advocates in various proceedings.



CPUC Proceedings

EBCE engages in a myriad of proceedings at the CPUC, representing itself and in coordination with CalCCA or a coalition of joint CCAs as appropriate:

Procurement-Related Cases	Rates-Related Cases	Community-Related Cases	DER-Related Cases	Restructuring-Related Cases and Misc.
Resource Adequacy	Direct Access	Affordability	Net Energy Metering	PG&E Bankruptcy
Integrated Resource Planning	Power Charge Indifference Adjustment	Building Decarbonization	Electric Program Investment Charge	PG&E Safety Culture
Renewables Portfolio Standard	PG&E ERRA Forecast & Compliance Applications	De-Energization / PSPS Events	Distributed Generation / Self-Generation Incentive Program	Provider of Last Resort
Summer 2021 Reliability	PG&E General Rate Case	Service Disconnections	Microgrids	Supplier Diversity
	PG&E Commercial EV Day-Ahead Real Time Pricing Pilot	Green Tariff / Community Solar	Transportation Electrification and VGI Pilots	
		COVID-19 Utility Bill Debt Accumulation	Rule 21 Interconnection	

About the California Energy Commission (CEC)



Headquartered in Sacramento

- California's primary energy policy and planning agency
- Regulates municipal utilities with respect to RA, RPS, and IRP
- Forecasts future energy needs
- Sets appliance and building efficiency standards and works with local government to enforce those standards
- Provides market support to renewable technologies and incentives for solar electricity systems in new home construction
- Implements the Alternative and Renewable Fuel and Vehicle Technology Program (\$100M/year) including funding for electric vehicle charging infrastructure

CEC Leadership

COMMISSIONERS



David Hochschild
CHAIR



Karen Douglas
COMMISSIONER



Siva Gunda
COMMISSIONER



J. Andrew McAllister, Ph.D.
COMMISSIONER



Patty Monahan
COMMISSIONER

Five CEC commissioners are appointed by the Governor and approved by the Senate for staggered five-year terms

- Commissioners must come from and represent specific areas of expertise:
 - law
 - environment
 - economics
 - science/engineering
 - public at large
- Each CEC proceeding is overseen by a lead Commissioner
- Commissioners vote at their regularly scheduled public business meetings, held once per month



Engagement with the CEC

- Integrated Energy Policy Report, including demand forecasts
- Alternative and Renewable Fuel and Vehicle Technology Program, including CALeVIP grant
- Power Source Disclosure Program
- Load Management
- Load Modification Proposal
- Electric Program Investment Charge (EPIC) Program
- Reach Codes

California Air Resources Board (CARB)

CARB is the lead agency for climate change programs and oversees all air pollution control efforts in California to attain and maintain health-based air quality standards. CARB is headquartered in Sacramento.

The California Air Resources Board consists of 14 voting members and 2 *ex officio* nonvoting members who are members of the Legislature, one from the Senate and the other from the Assembly. Voting members are appointed for staggered six-year terms.

EBCE's primary areas of intersection with CARB:

- Transportation Electrification
- Low-Carbon Fuel Standard (LCFS) credits



California Independent System Operator (CAISO)

CAISO provides open and non-discriminatory access to the bulk of the state's wholesale transmission grid, supported by a competitive energy market and comprehensive infrastructure planning efforts. CAISO is headquartered in Folsom.

CAISO is not a state agency but rather a nonprofit public benefit corporation led by a Board of Governors consisting of five members appointed by the Governor and confirmed by the Senate. The Board of Governors typically meet one to two times per month, where they review and approve the annual CAISO budget, shape policies, and approve grid planning and market design changes.



Stakeholder Initiatives at CAISO that EBCE is engaged in:

- Resource adequacy enhancements
- Hybrid resources phase 2
- Market enhancements for summer 2021 readiness
- Maximum import capability enhancements
- Maximum import capability stabilization and multi-year allocation

Top CPUC Proceedings – Deep Dive

Resource Adequacy (RA) – CA's Reliability Program

Resource Adequacy program created after 2001 Energy Crisis to avoid future energy shortages- Public Utilities Code § 380

CPUC is required to establish RA requirements for all load-serving entities under its jurisdiction to maintain adequate generating capacity (and demand response) to meet peak demand + planning and operating reserves

CPUC's RA program goals:

1. To ensure the safe and reliable operation of the grid in real-time providing sufficient resources to the CAISO when and where needed.
2. To incentivize the siting and construction of new resources needed for future grid reliability.

RA Requirements

Under RA program, load-serving entities (LSEs) must meet three different types of RA requirements: System, Local, and Flexible

Current requirements:

Requirement	Determination
System RA	Each LSE's CEC-adjusted forecast plus a 15% planning reserve margin
Local RA	Annual CAISO study using a 1-in-10 weather year and an N-1-1 contingency
Flexible RA	Annual CAISO study that currently looks at the largest three-hour ramp for each month needed to run the system reliably

The CEC sets the load forecast annually, which the CAISO uses to determine the reliability need. The CPUC uses the CAISO study to set each LSE's individual RA compliance requirements.

RA Issues

Current RA program not designed to accommodate very high renewable grid and increased uncertainty due to extreme weather

- Shifting regional dynamics are lowering import availability
- Policy framework is undergoing reform to consider hours outside of peak load and “energy sufficiency”

State is facing capacity shortfall; RA obligations are increasingly difficult to achieve at reasonable cost

- August 2020 blackouts have increased anxiety around reliability needs
- Penalties are increasing, with no safety valve

Local RA obligations are transitioning to Central Procurement model beginning in 2023, where investor-owned utilities procure on behalf of all LSEs

- Introduces uncertainty and risk in capturing full value of EBCE’s local resource investments

About Integrated Resources Planning (IRP)

The CPUC's IRP process is required to:

Identify a diverse and balanced portfolio of resources...that provides optimal integration of renewable energy in a cost-effective manner – PU Code § 454.51

Adopt a process to ensure that LSEs do the following (PU Code § 454.52):

- Meet statewide greenhouse gas emission reduction targets
- Comply with state renewables portfolio standard target
- Ensure just and reasonable rates for customers of electrical corporations
- Minimize impacts on ratepayer bills
- Ensure system and local reliability
- Strengthen the diversity, sustainability, and resilience of bulk transmission and distribution systems, and local communities
- Enhance distribution system and demand side energy management
- Minimize air pollutants with early priority on disadvantaged communities

IRP Activities and Cadence

IRP currently operates on two-year planning cycle

In Year One:

- CPUC performs system-wide modeling to generate optimal resource portfolio that achieves GHG target, RPS requirements and meets reliability needs
- Portfolio is used in statewide planning (*e.g.*, CAISO transmission planning process)
- CPUC may order/authorize new procurement in case of expected shortages

In Year Two:

- LSEs develop and file individual Plans that demonstrate how their procurement will meet individual greenhouse gas targets and all other requirements
- CPUC evaluates and aggregates all LSE Plans

IRP Issues

- Modeling inputs and assumptions have lagged real-time developments
- Process is new and evolving at a time when capacity shortfall is looming (Diablo Canyon nuclear power plant coming offline, natural gas plant retirements)
 - Planning process is disjointed from procurement needs
- CPUC has had to rely on emergency procurement orders that require LSEs to invest in new build
 - 3,300 MW of RA capacity by 2023
 - 11,500 MW of RA capacity by 2026 (proposed)

About Power Charge Indifference Adjustment (PCIA)

CCA enabling legislation requires CCA customers to pay legacy procurement costs - Public Utilities Code § 366.2(f)

A retail end-use customer purchasing electricity from a community choice aggregator pursuant to this section shall reimburse the electrical corporation that previously served the customer for all of the following:

- (1) The electrical corporation's unrecovered past undercollections . . .
- (2) . . . unavoidable electricity purchase contract costs attributable to the customer, as determined by the commission. . .

The CPUC PCIA methodology has *all* customers pay uneconomic costs associated with legacy procurement – D.18-10-019

PCIA Mechanism

The CPUC is responsible for determining how the PCIA is calculated and endorsed the current PCIA methodology in its Decision 18-10-019

- Conceptually, the PCIA is a "mark to market" mechanism: compare portfolio value to portfolio cost, then pass any difference through to customers
- Costs are straightforward to determine:
 - Costs for utility-owned assets are set by the CPUC in rate cases
 - Costs for contracts are set by the contracts, which are subject to CPUC review
- Portfolio value is determined by reference to sales from the portfolio and/or sales by market participants

Whether the PCIA mechanism adequately captures portfolio value is a major issue for CCAs

PCIA Allocation of Legacy Resources

Since CCA and bundled customers both pay for legacy resources, CCAs have argued for equal access to those resources

- Currently, PG&E allocates energy from legacy GHG-free resources (hydro, nuclear)
- The CPUC has directed allocation of legacy renewables resources beginning in 2023
- The CPUC rejected a CCA/SCE/Commercial Energy proposal for allocation of legacy resource adequacy

About Energy Resource Recovery Account (ERRA)

Utilities do not earn a rate of return on most electricity generation costs, instead, actual costs as passed through directly to customers and utility rates to recover those passthrough costs are set via the ERRA application

ERRA consists of two applications that the utilities are required to file annually:

- ERRA Forecast: filed initially in June and updated in November, sets utility rates for the following year
- ERRA Compliance: filed in March and audits utility costs and rates charged in the previous year

Participating in ERRA allows CCAs to prevent anticompetitive utility rates

ERRA Proceedings

ERRA Forecast Proceeding

- The PCIA rate is set annually
- PG&E sets its bundled customers' generation rates
- EBCE's value proposition is currently tied to PG&E's bundled generation rate, accounting for the PCIA
- Joint CCAs including EBCE ensure that the PCIA rate is calculated correctly and that PG&E's generation customers are not being subsidized by distribution rates which all customers pay

ERRA Compliance Proceeding

- PG&E procurement for the prior year is reviewed annually in a compliance proceeding
- Joint CCAs audit prior year's rates and ensure that the PCIA and generation rates were accurately calculated – this is important as the CPUC relies on intervenors to audit the numbers they care most about

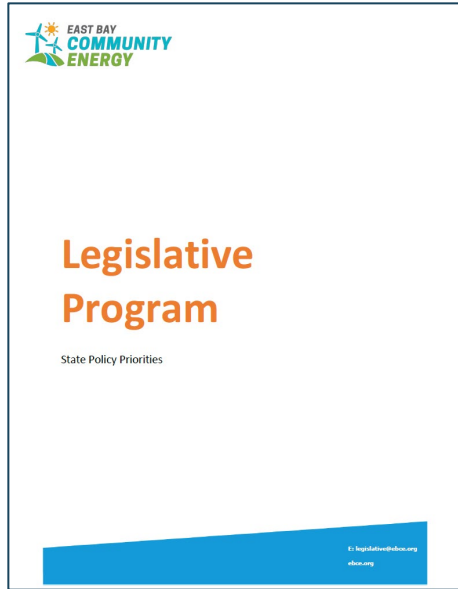
History of Direct Access (DA)

- DA allows commercial and industrial customers to choose private sector retail suppliers for their electric generation instead of utility (or CCA) service
- DA is a legacy of California's failed 1996 restructuring – AB 1890 (1996)
- The legislature suspended DA during the energy crisis, with limited grandfathering for existing DA customers – AB1X (2001)
- The legislature has periodically allowed for limited DA expansion, most recently in SB 237 (Hertzberg, 2018)

DA Issues

- DA retail sellers, called Electric Service Providers (ESPs), compete with CCAs and utilities for commercial and industrial customers
 - When a customer leaves a CCA for an ESP, the CCA does not charge a departing load charge, meaning remaining CCA customers carry the burden of the CCA's investments on behalf of that departed customer
- ESPs have a problematic track record, particularly in terms of their contributions (or lack thereof) to the state's grid reliability and renewables needs
- SB 237 (Hertzberg, 2018) required the CPUC to expand DA on a one-time basis and consider further expansion; the CPUC opened a rulemaking to consider expansion, but its most recent proposed decision on the topic recommends no further expansion of DA

Legislative Advocacy



EBCE's Board-adopted Legislative Program guides its legislative priorities and stances. EBCE's three major legislative priorities are:

- Accelerating Decarbonization
- Promoting Local Development
- Stabilizing Community Choice

EBCE has reached out to each of our member jurisdictions to maintain regular communications among our members' legislative staff - we can serve as a resource to our members for energy legislation

EBCE is contracted with Weideman Group for state legislative advocacy

Key Legislative Committees and EBCE's Delegation

Assembly Utilities and Energy Committee

Chief Consultant:
Laura Shybut

EBCE's Delegation cmte members:
Asm Bauer-Kahan, Asm Quirk



Senate Energy, Utilities and Communications Committee

Chief Consultant:
Nidia Bautista

EBCE's Delegation cmte member:
Sen Eggman

EBCE's Assembly Delegation:

Assembly Member Rebecca Bauer-Kahan
Assembly Member [Vacant – *formerly Bonta*]
Assembly Member Alex Lee
Assembly Member Bill Quirk
Assembly Member Carlos Villapudua



EBCE's Senate Delegation:

Senator Susan Eggman
Senator Steve Glazer
Senator Nancy Skinner*
Senator Bob Wieckowski**

*Sen Budget Cmte Chair

**Sen Budget Sub-Cmte Chair

EBCE's Adopted Bill Positions – Assembly

Bill #	Author	Description	Sponsor	Status	EBCE Position
AB 33	Ting	Requires CEC to provide grants and loans to local governments to maximize energy use savings and expand installation of energy storage and availability of transportation electrification infrastructure.		Senate (2 nd house), pending cmte referral	SUPPORT: letter to be sent to Sen cmte
AB 525	Chiu	Requires CEC to evaluate and quantify max feasible capacity of offshore wind and to establish planning goals for 2030 and 2045.	ACPA	Senate (2 nd house), pending cmte referral	SUPPORT: letter sent 3/31
AB 843	Aguiar-Curry	Allows CCAs to enter into Bioenergy Market Adjusting Tariff (BioMAT) contracts and recover related costs through the existing nonbypassable charge for the BioMAT program.	Marin Clean Energy	Senate (2 nd house), pending cmte referral	SUPPORT: letter sent 3/31
TBD	Ting	Budget bill – not yet in print. Reallocates unused funds from the New Solar Homes Partnership Program and applies them to two new programs to be administered by the CEC for residential building decarbonization efforts and grants to local governments to adopt automated permitting systems to support reducing home GHG emissions.	NRDC	Sen and Asm budget proposals use General Fund	SUPPORT: signed on to coalition letter

EBCE's Adopted Bill Positions – Senate

Bill #	Author	Description	Sponsor	Status	EBCE Position
SB 52	Dodd	Expands sudden and severe energy shortage definition to include deenergization events, constituting state of emergency and local emergency.	Napa Cty Board of Supervisors	Asm Emergency Mgmt Cmte (2nd house)	SUPPORT: letter to be sent to Asm cmte
SB 68	Becker	Requires CEC to develop guide for overcoming barriers to electrification of buildings and installation of EV charging equipment. Authorizes CEC EPIC \$ for reducing costs of building electrification.	Author-sponsored	Assembly (2 nd house), pending cmte referral	SUPPORT: letter to be sent to Asm cmte
SB 99	Dodd	Community Energy Resiliency Act of 2021. Requires the CEC to develop and implement a grant program for local govts to develop community energy resilience plans.	The Climate Center	Asm U&E Cmte (2 nd house)	SUPPORT: letter sent 4/14
SB 551	Stern	Establishes California EV Authority in the Governor's office, responsible for coordinating state agency activities to deploy EV and zero emission charging infrastructure, create funding/financing tools to support deployments, prioritize equity	LACI, TEP	Assembly (2 nd house), pending cmte referral	SUPPORT: letter sent 3/31
SB 589	Hueso	Requires CEC to identify workforce development and training resources needed to meet EV charging infrastructure goals.	Author-sponsored	Assembly (2 nd house), pending cmte referral	SUPPORT: letter to be sent to Asm cmte
SB 612	Portantino	Requires electrical corporations to annually offer for the following year an allocation of each product arising from legacy resources that departed load customers currently bear cost responsibility for through the PCIA.	CalCCA	Assembly (2 nd house), pending cmte referral	SUPPORT: letter sent 3/1

Strategic Communications

From the CEO's Desk Blog



In this occasional newsletter, our CEO Nick Chaset and other EBCE staff and board members share insights on the operations, planning, trends, and policies that impact EBCE and our member communities.

Features articles highlighting recent EBCE endeavors and successes, Board member and staff profiles, results of relevant data analyses, and recent news clips involving EBCE

Sent out to policymakers as an eNewsletter and also available on ebce.org.

Goal is to keep policymakers up to date on EBCE's activities, analyses, and programs

Thank You!

