



**Board of Directors
Special Board Retreat
Public Policy**

Tuesday, June 27, 2023
9:00am

In person:

Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Or from the following locations:

- Wells Fargo Building - 2140 Shattuck Avenue, Floor 6, Berkeley, CA 94704
- City of Dublin City Hall, 100 Civic Plaza, Dublin, CA 94568
- 4260 Halleck St, Emeryville, CA 94608
- City of Hayward - 777 B Street, Hayward, CA 94541
- ABLE Charter School - Administrative Office F2 - 6529 Inglewood Ave., Stockton, CA 95207
- 1755 Harvest Landing Lane, Tracy, CA 95376
- 33349 9th Street (back office) Union City, CA 94587
- 10598 SE 32nd Ave., Milwaukie, OR 97222

Via Zoom:

<https://us02web.zoom.us/j/87023071843>

Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)

Webinar ID: 870 2307 1843

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@ebce.org.

If you have anything that you wish to be distributed to the Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. Welcome & Roll Call

2. Pledge of Allegiance

3. Public Comment

This item is reserved for persons wishing to address the Board on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

4. Public Policy Update (Informational Item)

Receive update on Public Policy team activities

5. Board Member and Staff Announcements including requests to place items on future Board agendas

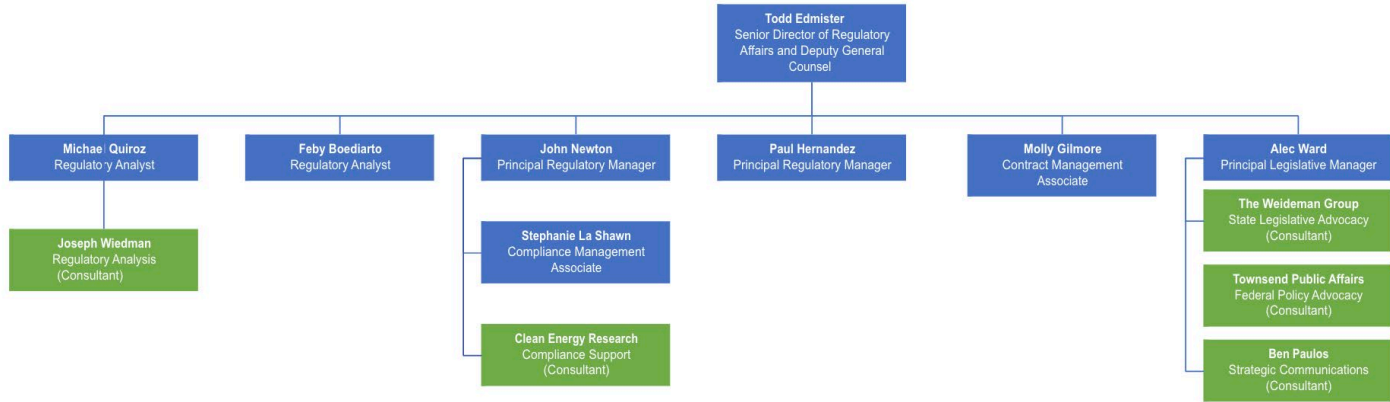
6. Adjourn

JUNE 27, 2023

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 24 of the other 25 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.



CALIFORNIA

Public Utilities Commission



**CALIFORNIA
ENERGY COMMISSION**



CALIFORNIA
AIR RESOURCES BOARD



California ISO

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 (RA) (statewide near-term reliability)
 2. Renewables Portfolio Standard (RPS) (renewable energy), and
 3. Integrated Resource Planning (IRP) (statewide long-term resource 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



President
Alice Reynolds



Commissioner
Genevieve Shiroma



Commissioner
Darcie Houck



Commissioner
John Reynolds



Commissioner
Karen Douglas

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

CPUC Proceedings

- 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 as well as resolutions at their regularly scheduled public meetings. With 18 meetings in 2023, there is at least one meeting held each 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	Transportation Electrification
Resource Adequacy	Direct Access	Affordability	Net Energy Metering	Transportation Electrification Framework
Integrated Resource Planning	Power Charge Indifference Adjustment	Building Decarbonization	Demand Flexibility	
Renewables Portfolio Standard	PG&E ERRA Forecast & Compliance Applications	De-Energization / PSPS Events	Self-Generation Incentive Program	
	PG&E General Rate Case	Service Disconnections	High DER Future	
	PG&E Commercial EV Day-Ahead Real Time Pricing Pilot	Green Tariff / Community Solar	Demand Response	
	Provider of Last Resort	Demand Flexibility (Track A)	Clean Energy Financing	
		Energy Efficiency	Microgrids	
		Supplier Diversity	DER Programs and Data	



About the California Energy Commission (CEC)



Headquartered in Sacramento

- Oversees siting of large-scale generation projects
- 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



Siva Gunda
VICE CHAIR



J. Andrew
McAllister, Ph.D.
COMMISSIONER



Patty Monahan
COMMISSIONER



Noemí Otilia Osuna
Gallardo
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 (IEPR), including demand forecasts
- Alternative and Renewable Fuel and Vehicle Technology Program, including CALeVIP grant
- Power Source Disclosure Program (source of the "power content label" or PCL)
- Energy System Reliability and Strategic Reliability Reserve incentive programs
- Load Management Standards
- Load Modification Proposal
- 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
- Interconnection Process Enhancements
- Market enhancements for summer readiness
- Maximum import capability enhancements
- Maximum import capability stabilization and multi-year allocation

Top 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 RA program objectives:

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

RA Requirements

Under the RA program, there are three different types of RA requirements: *System*, *Local*, and *Flexible*. CCA LSEs are responsible for *System* and *Flexible* RA capacity—but not for *Local* RA capacity.

Current requirements:

Requirement	Determination
System RA	Each LSE's CEC-adjusted forecast plus a 15-17% 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

CPUC is proposing to use RA compliance enforcement to limit CCA expansion

- Increasing RA scarcity makes LSE compliance with RA requirements more challenging
- RA misses could push back CCA expansion/formation several years from latest deficiency

California faces a capacity shortfall; RA obligations are increasingly difficult to achieve at reasonable costs

- August 2020 blackouts and September 2022 weather-related reliability events continue to drive reliability anxiety
- Penalties are increasing, without regard for exogenous causes of RA deficiencies
- Supply is subject to regulatory constraints

RA program moving to 24-hour “slice of day” framework in 2025 (with a practice year in 2024)

- EBCE continuing to evaluate how the “Slice of Day” RA framework will affect our portfolio performance/needs

RA program does not 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”

IRP Activities and Cadence

The IRP implements Senate Bill 350 (De León, 2015) with three objectives:

1. California's electric sector meets its GHG reduction goals
2. Maintain reliability
3. With a lowest possible cost resource portfolio

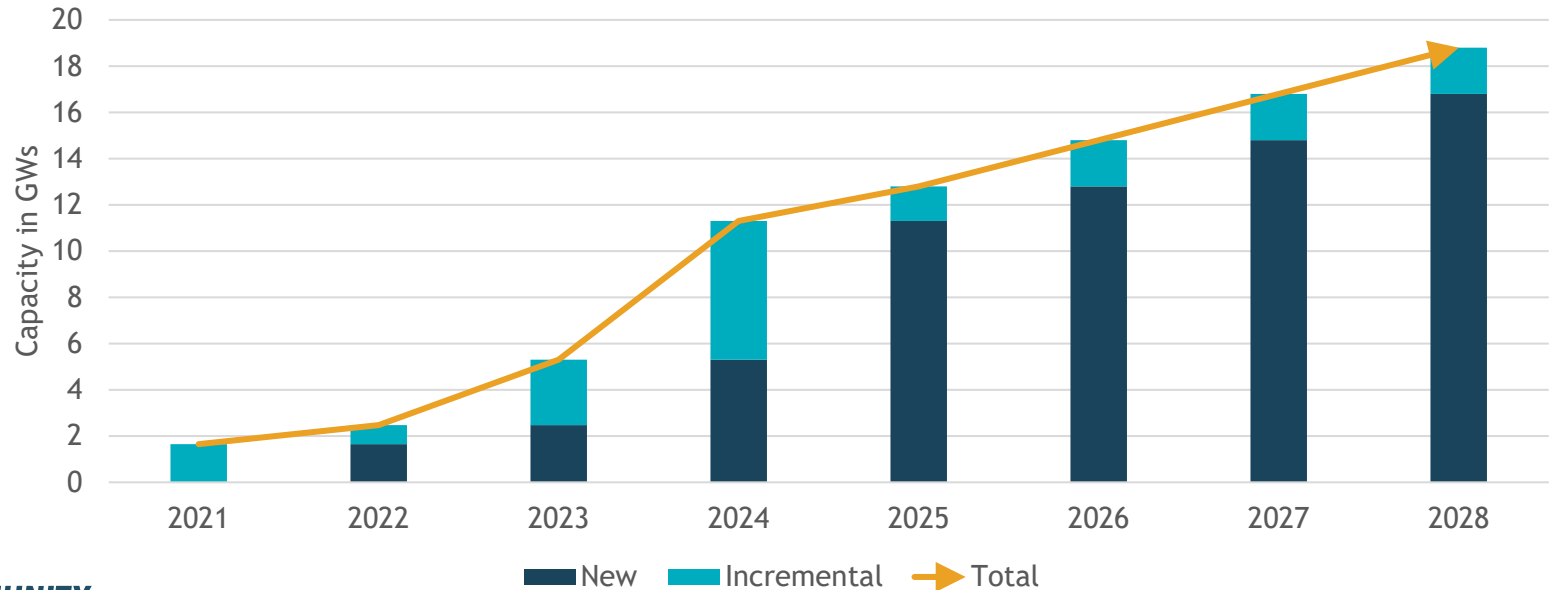
Pursuant to State law, CCAs participate in the Commission's IRP proceeding.

2-Year IRP Planning Cycle

- Year 1: Analyze and adopt an optimal portfolio of electric generation resources as a guide for LSEs to use for meeting LSE-specific GHG, reliability, and cost objectives.
- Year 2: LSEs prepare planned portfolios that meet IRP goals; CPUC reviews each LSE plan and aggregates LSE portfolios to develop a state-wide Preferred System Plan portfolio, and to consider whether further action by the LSEs, such as additional procurement, is needed to meet state goals.

CPUC-Directed IRP Procurement

California moved to an integrated resource planning process in 2016, considering state-wide incremental capacity needs over a ten-year planning horizon. CPUC-directed state-wide procurement will add nearly 20 GWs by 2028. More is expected.



IRP Issues

- Modeling inputs and assumptions lag real-time developments
- Long-term planning process continues to evolve while there is a looming statewide electric generating capacity shortfall
 - Diablo Canyon
 - California Strategic Reliability Reserve procurement competition
 - 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 with tight project development timelines
 - 3,300 MW of RA capacity by 2023 (Near-Term Reliability Order)
 - 15,500 MW of RA capacity by 2028 (Mid-Term Reliability & “MTR” Supplement Orders)

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 May and updated in October, 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

Demand Flexibility and Real Time Pricing

While system reliability has traditionally been maintained through supply-side planning, the CPUC and CEC are increasingly focused on implementing real time pricing (RTP) and other strategies to encourage flexible demand.

- RTP rates typically vary by hour and are intended to more accurately reflect grid conditions.
- The CEC's **Load Management Standards** require large load serving entities to develop RTP rates by 2027, as well as processes to upload these prices to a centralized database.
- The CPUC's **Demand Flexibility** proceeding is considering fundamental changes to IOU rate design principles that would include RTP and the necessary systems/processes
- There are many challenges and considerations associated with implementing RTP. EBCE's policy team participates in these proceedings to proactively identify any potential barriers to compliance and otherwise support other teams in transitioning to RTP.

Distributed Energy Resources Planning and Funding

State agencies also plan on distributed energy resources (DERs) playing a growing role in meeting demand and enabling demand flexibility.

- "DER" can refer to a variety of technologies, including rooftop solar, home batteries, electric vehicles, fuel cells, or smart/electric devices that can enable demand response.
- These resources offer many benefits (electrification, demand flexibility), but can be expensive and will necessitate costly distribution system investments
- EBCE participates in several proceedings that plan for the integration of these resources, or potentially provide incentives for their deployment:
 - Planning for a High DER Future (CPUC)
 - Self-Generation Incentive Program (CPUC)
 - Demand Side Grid Support (CEC)
 - Demand Response (CPUC)

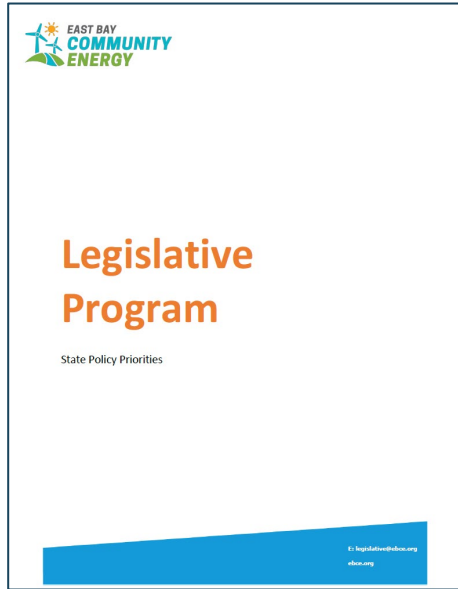
History of Direct Access (DA)

- 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 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 and Townsend Public Affairs for federal advocacy

Key State Legislative Committees and EBCE's Delegation

Assembly Utilities and Energy Committee

Chief Consultant:
Laura Shybut

EBCE's Delegation cmte members:
Asm Bauer-Kahan



Senate Energy, Utilities and Communications Committee

Chief Consultant:
Nidia Bautista

EBCE's Delegation cmte member:
Sen Eggman, Sen Skinner

EBCE's Assembly Delegation:

Assembly Member Bauer-Kahan
Assembly Member Bonta
Assembly Member Ortega
Assembly Member Alex Lee
Assembly Member Wicks
Assembly Member Villapudua

EBCE's Senate Delegation:

Senator Susan Eggman
Senator Steve Glazer
Senator Nancy Skinner*
Senator Aisha Wahab
*Sen Budget Cmte Chair



EBCE's Federal Delegation

US House of Representatives Offices



- Representative Josh Harder, 9th district
- Representative Barbara Lee, 12th district
- Representative Eric Swalwell, 14th district
- Representative Ro Khanna, 17th district



US Senate Offices



- Senator Alex Padilla, CA
- Senator Dianne Feinstein, CA

- Received \$2M last year in Community Project Funding for Hayward and Fremont Municipal Resilience projects
 - Attempting \$3.5M this year
- Targeting Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) funding



EBCE's Adopted Bill Positions

Bill #	Author	Description	Sponsor(s)	Recommended EBCE Position
BUDGET TRAILER				
AB 1373	Garcia	Establishes a Central Procurement Entity for long-lead time resources, penalizes LSEs for missing RA targets, and expands CPUC control over CCA resource mix		Neutral
INTERCONNECTION				
AB 50	Wood	Requires CPUC to create an IOU shot-clock on interconnection for new and upgraded load , as well as increased reporting and transparency		SUPPORT
AB 643	Berman	Requires CPUC to create an IOU shot-clock on interconnection for distributed energy resources , consider penalties, reduce administrative burden, and increase reporting and transparency	California Solar and Storage Association (CalSSA)	SUPPORT
SB 83	Weiner	Requires CPUC to create an IOU shot-clock on new development , issue penalties for missed deadlines, and increase reporting		SUPPORT
SB 410	Becker	Requires CPUC to create an IOU shot-clock on interconnection for new and upgraded load , consider remedial actions for misses, increase reporting, and ensure adequate staffing	International Brotherhood of Electrical Workers	SUPPORT

EBCE's Adopted Bill Positions

Bill #	Author	Description	Sponsor(s)	Recommended EBCE Position
BROWN ACT				
AB 557	Hart	Permits local agencies, like EBCE's board, to indefinitely continue the teleconference flexibilities given during the COVID state of emergency	CA Special Districts Assoc., League of CA Cities, CA State Assoc. of Counties	SUPPORT
ELECTRIC VEHICLES				
SB 529	Gonzalez	Requires CEC to create a grant program to facilitate EV sharing services at affordable, multifamily housing properties	Los Angeles Cleantech Incubator	SUPPORT
BUILDING DECARBONIZATION				
SB 527	Min	Establishes a Neighborhood Zonal Decarbonization Program for 15 communities and authorizes gas corporations to cease service if the CPUC determines an area is better suited for electrification	Building Decarbonization Coalition	SUPPORT

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!

