

**REGULAR MEETING of the
Legislative & Regulatory Committee of the
Clean Power Alliance of Southern California
Wednesday, May 23, 2018
10:00 a.m.**

**555 West 5th Street, 35th Floor
Los Angeles, California 90013**

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 Jacquelyn Betha, at least two (2) working days before the meeting at jbetha@cleanpoweralliance.org or (213) 269-5870, ext. 1001. Notification in advance of the meeting will enable us to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

If you wish to speak to the Committee, please fill out a speaker's slip. If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of the staff who will distribute the information to the Committee members and staff.

Members of the public may also participate in this meeting remotely at the following addresses:

*Carson City Hall
Executive Conference Room
701 E. Carson Street
Carson, CA 90745*

*Manhattan Beach City Hall
2nd Floor Conference Room
1400 Highland Ave.
Manhattan Beach, CA 90266*

*Natural Resources Defense Council
1314 2nd Street
Santa Monica, CA 90401*

*West Hollywood City Hall
1st Floor, RSH Hearing Room
8300 Santa Monica Blvd.
West Hollywood, CA 90069*

Clean Power Alliance Legislative & Regulatory Committee Meeting Agenda
May 23, 2018

I. WELCOME AND ROLL CALL

II. PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any Clean Power Alliance-related matters not on today's agenda. Public comments on matters on today's 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 Committee are requested to complete a speaker's slip. Speakers are customarily limited to two minutes, but an extension can be provided at the discretion of the Chair.

III. REGULAR AGENDA

1. Role of the Committee
2. Development of Legislative and Regulatory Policy Principles and Positions
3. Review and Discuss Draft Letter to Legislators
4. Protocol and Delegation of Authority for Timely Matters
5. CalCCA Legislative and Regulatory Protocol

IV. COMMITTEE MEMBER COMMENTS

V. ADJOURN

Public records that relate to any item on the open session agenda for a regular Committee Meeting are available for public inspection. The Board has designated the County of Los Angeles, Chief Sustainability Office, Kenneth Hahn Hall of Administration, Room 493, 500 West Temple Street, Los Angeles, CA 90012, for making those public records available for inspection. The documents are also available on our internet website at www.cleanpoweralliance.org.



Staff Report – Item 3

To: Clean Power Alliance Legislative & Regulatory Committee

From: CPA Staff

Subject: Review and Discuss Draft Letter to Legislators

Date: May 23, 2018

RECOMMENDATION

Staff is seeking feedback on the attached draft letter to legislators representing CPA member jurisdictions regarding criticisms of Community Choice Aggregators (CCAs) by the CPUC President.

BACKGROUND AND DISCUSSION

In a number of fora over the past few months, the President of the California Public Utilities Commission (CPUC), through both public statements and via the release of a draft white paper, has called for a new electricity market regulatory regime to deal with the rise of customer choice. Several times he has claimed that the rise of CCAs is creating a risk of a new energy crisis.

CalCCA has responded to these statements and the white paper in two ways. First it issued the following statement:

Highly Regulated CCAs Weigh In on CPUC White Paper

Following today's release of a CPUC white paper, "California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electricity Market," that wrongly asserts today's energy system lacks regulation and adequate planning, Beth Vaughan, the executive director of CalCCA issued the following statement:

"Highly regulated locally controlled CCAs were designed to help correct the problems from the energy crisis and they are performing as intended – delivering reliable, affordable and clean energy to local customers, while exceeding the state's GHG goals.

It is important to recognize in this report, that other states use energy choice program models that differ widely from those used by CCAs in California.

CCAs take seriously their obligation to meet California's rules to 'keep the lights on.' CCAs are building their localized programs for the long term, with a commitment to reliability, affordability, decarbonization and social equity.

We are carefully reviewing the content of the draft paper and will provide our comments by the June 4th deadline."

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Second, CalCCA wrote a letter to "friendly" legislators who had protested the CPUC's Resolution E-4907. This letter aggressively criticized CPUC President Picker and was distributed mostly to Northern California legislators, as they were the predominant signatories of the E-4907 protest letter.

CPA staff, in consultation with the Board Chair, Executive Committee, and the Legislative & Regulatory Committee Chair, believe this presents a good opportunity to address each of CPA's State Senate and Assembly Representatives and seek collaboration while cautioning them against accepting allegations about reliability that are not based on fact should the Legislature decide to discuss new regulations for CCAs. This would complement the district meetings with legislators that staff is organizing and that have been attended by individual Board members.

Attachments: Draft Letter to Legislators Regarding Regulatory Issues
CalCCA Letter to Legislators



COUNTY OF
LOS ANGELES

May 11, 2018

COUNTY OF
VENTURA

Dear Senators and Assemblymembers:

AGOURA HILLS

ALHAMBRA

ARCADIA

BEVERLY HILLS

CALABASAS

CAMARILLO

CARSON

CLAREMONT

CULVER CITY

DOWNEY

HAWAIIAN
GARDENS

HAWTHORNE

MALIBU

MANHATTAN
BEACH

MOORPARK

OJAI

OXNARD

PARAMOUNT

REDONDO BEACH

ROLLING HILLS
ESTATES

SANTA MONICA

SIERRA MADRE

SIMI VALLEY

SOUTH PASADENA

TEMPLE CITY

THOUSAND OAKS

VENTURA

WEST HOLLYWOOD

WHITTIER

The Clean Power Alliance of Southern California is the State's newest Community Choice Aggregation Joint Powers Authority, made up of 31 local agencies across Los Angeles and Ventura Counties. These agencies have banded together to provide cleaner electricity at competitive rates, offering a choice in electricity service providers for the first time to nearly 3 million residents in our region.

Over the past several weeks, the President of the California Public Utilities Commission has made several statements to the legislature and at CPUC meetings claiming that the rise of CCAs is creating a risk of a new electricity reliability crisis. Earlier this month, his office also distributed a draft white paper on the future of electricity regulation in an era of customer choice that portrayed CCAs as a problem to be dealt with rather than an opportunity to be grasped.

While we agree that the regulatory landscape for electricity is changing and that new frameworks for collaboration across multiple actors in California could be beneficial, we would caution against paying much heed to allegations about reliability that are not based on fact. Specifically, we would like to point out that CCAs across California have and continue to meet their Resource Adequacy requirements; as it ramps up service, Clean Power Alliance intends to do the same and seeks to collaborate with the Investor Owned Utilities, Publicly Owned Utilities, the California Independent System Operator and state regulators to provide the reliable electricity system our constituents expect and deserve.

The legislature promoted the creation of CCAs in the wake of the last energy crisis as a way to reduce volatility in the energy market. By introducing a level of public oversight at the local level, accountability increases and risky market manipulation is discouraged. In the meantime, Clean Power Alliance already expects to meet the 2030 state mandate of 50% renewable energy content in 2019, eleven years earlier than required. This voluntary action is also the kind of leadership our local communities can provide by engaging closely with our customers and leveraging our collective purchasing power.

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May 11, 2018

In summary, we expect that as we collectively pursue greenhouse gas reduction in the electricity sector in a decentralized manner that is affordable, reliable and fair to all customers, calls for new legislation and regulatory action will increase. We urge you to communicate with us to make sure you have all the facts and perspectives at your disposal and pledge to work closely with you to meet our mutual goals for the State and our local communities.

Sincerely,

Diana Mahmud
Chair, Clean Power Alliance
Councilmember, City of South Pasadena

Sheila Kuehl
Vice-Chair, Clean Power Alliance
Supervisor, Los Angeles County

Linda Parks
Vice-Chair, Clean Power Alliance
Supervisor, Ventura County

Lindsey Horvath
Chair, Legislative Committee, Clean Power Alliance
Councilmember, City of West Hollywood

Ted Bardacke
Executive Director, Clean Power Alliance



Apple Valley Choice Energy

Clean Power Alliance

CleanPowerSF

Desert Community Energy

East Bay Community Energy
Authority

Lancaster Choice Energy

MCE

Monterey Bay Community
Power Authority

Peninsula Clean Energy

Pioneer Community Energy

PRIME

Redwood Coast Energy
Authority

San Jose Clean Energy

Silicon Valley Clean Energy
Authority

Sonoma Clean Power

Valley Clean Energy Alliance

May 10, 2018

Dear Senators and Assemblymembers:

The California Community Choice Association (CalCCA) thanks you for the leadership you demonstrated in December when you wrote to the California Public Utilities Commission (CPUC) with concerns about its draft resolution E-4907 to change the Community Choice Aggregation (CCA) registration process. The CPUC's draft resolution proposed a de facto freeze on expansion and development of new CCAs statewide, on grounds that CCAs were not meeting California's Resource Adequacy requirements, creating a reliability crisis.

Citing an alleged urgency, the CPUC chose to pursue its de facto freeze via an unorthodox, non-transparent and rushed resolution process, rather than with a normal proceeding. Following assertions by CPUC President Picker that CCAs were failing to meet California's Resource Adequacy requirements, the CPUC Energy Division issued the draft resolution including these claims on electric reliability issues for comment December 8, 2017.

On behalf of CalCCA, which represents the interests of California's community choice electricity providers in the legislature and at the state regulatory agencies, we would like to note that despite what has been recently claimed at the CPUC, CCAs are driving real change in demonstrable and verifiable ways:

1. CCAs are meeting resource adequacy requirements.
2. CCAs are driving California toward decarbonization faster than state mandates using voluntary action precisely as AB 32 envisioned, including over 1100 MW of new, renewable generation contracted for 10 years or more.
3. CCAs are proposing fixes to California's nonbypassable charge framework in ways that save all energy consumers approximately \$700 million while also creating a durable framework for continued CCA growth.

CPUC Draft Resolution E-4907

Despite CCA's verified impacts, in public settings leading up to the publication and adoption of the Resolution E-4907, President Picker made some inaccurate claims about the role that CCAs were playing with respect to the state's grid reliability, specifically, and deregulation of the electricity market. Many of these statements can be found in the attached document.

Here are three excerpts from the February 8, 2018 voting meeting:

“... [CCAs are] not able to fully provide that resource adequacy...”

“... a voltage collapse, a voltage surge will travel to non-CCA cities.”

“... [CCA] fail to actually provide absolutely critical services to their customers and to endanger their neighbors...”

These claims were made despite lack of supporting evidence. Commissioner Guzman Aceves stated that CCAs are complying with Resource Adequacy requirements at the same February 8th CPUC voting meeting. (Id., hour 2:09:52.)

Contrary to the many assertions made at this CPUC meeting and others, all operating CCAs have met all resource adequacy requirements set by the CPUC. This is supported by a statement from the CPUC Energy Division staff noting that none of the eleven load serving entities that requested waivers to meet their 2018 resource adequacy obligations were CCAs. It is important to note that waivers can be necessary in California's constrained local capacity market where the two largest electric investor owned utilities have contracted capacity in excess of their needs, and until recently, did not make that capacity available to the market.

There is a standard of care and an expectation that California's appointed officials will make decisions on behalf of Californians based on thoughtful collection and deliberation of the facts. To make California's policies work, we need data and collaboration, not unsubstantiated urgency.

The CPUC is in the position to know the facts of our state's complex electricity sector, and particularly the details of waivers the agency has under its own review and approval. It is a reasonable expectation for legislators, energy consumers and stakeholders to rely on statements made by officials with the facts. But the CPUC's Resource Adequacy emergency resolution and the draft report it released indicate the need for skepticism and careful vetting of information from the CPUC concerning CCAs.

Report on California Customer Choice

On May 3rd, the CPUC issued its draft report “California Customer Choice: An Evaluation of Regulatory Framework Options for an Evolving Electricity Market,” claiming that publicly-administered community choice programs and rooftop solar could cause the state's next energy crisis. But CalCCA urges you to consider the following:

- CCAs were created by the legislature in the wake of the energy crisis as part of the solution, to reduce volatility in the energy market.
 - The concern at the time was that energy markets were fraught with gaming and poor management. By introducing public oversight, the legislature



hoped that CCAs would bring a mature and careful approach to protecting ratepayers against risky practices.

- The track record of CCAs in providing lower cost electricity with reduced greenhouse gas emissions and more renewables, with over 1100 MW of new renewable generation contracted for 10 years or more, is exceptional.
- A story not often heard is how CCAs are reducing ratepayer exposure to market changes with more careful procurement. The CPUC's draft report focuses on reliability as a key concern, but doesn't include input from the California ISO, which is responsible for system reliability.

The draft report reveals the CPUC's fears about losing regulatory control to community choice programs and our own governing boards, which consist of locally-elected officials. Most importantly, the report does not identify specific problems with CCAs that need to be solved. Instead, it makes erroneous assertions and may be used to justify regulatory action against CCAs. When issues do arise, CalCCA will – and already does – engage fully with both regulators and legislators to address them with solutions based on facts and data, not fallacious arguments.

Inaccurate claims that CCAs are acting irresponsibly are simply not based on reality and call into question the CPUC's ability to be a neutral and unbiased regulator on matters impacting CCAs.

As calls for legislation grow louder, we urge you to continue working closely with us. We thank you again for your leadership in helping us resolve Resolution E-4907 and we look forward to continuing to work with you as we move toward a positive, responsible transformation of the retail electricity market, community by community, and meet our mutual goals for CCA communities and the State.

Sincerely,



Dawn Weisz
President



Geof Syphers
Vice President

Attachment

President Picker's Claims Before the Senate Energy, Utilities and Communications Committee (August 2017)

1. "What we do know is that the electric industry is once again being deregulated. In 1998 it was by design discussed and adopted by the legislature. Now, we're being deregulated by technology, whole range of choices made in different forums that are not necessarily connected. We're being deregulated from the bottom up...Very important in that is reliability. How do we deal with reliability across all these different players? How do we fairly allocate the costs?"
2. "Ed [Randolph] is going to take you through what we learned in our community choice aggregation workshop. I just wanted to give you a sense that the problem is worse than you think."

(Senate Energy, Utilities and Communications Committee, Wednesday, August 23, 2017, President Picker introductory remarks, see hours 0:10:41, 0:11:35, 0:12:55).

President Picker's Claims at the CPUC (October 2017 & February 2018)

- "We are right at the crisis point, because largely smaller LSEs, whether they are ESPs providing Direct Access or the CCAs, bid short term contracts in the RA market, and they are all reporting that they are not getting bid responses, and in some places there is just no bid response at all. So we are right there at that point; so this is why I keep focusing on reliability issues. You know, many of these smaller providers clearly cannot do that, it is either because they don't have the market weight to attract bids, or because they are somehow sending signals they are not capable of paying the costs, so what do we do? Do we step in with some emergency rule and order them to then buy that from the incumbent utilities? That certainly will disturb their current market pricing and they won't start to look so cheap. What do we do?" (California Public Utilities Commission California Customer Choice Workshop, October 31, 2017, see hour 6:56:49.)

In the CPUC's voting meeting on February 8th, President Picker again made claims about CCAs and Resource Adequacy that were not based on facts:

- "... it's more than just cost shifting..." (Public Utilities Commission of the State of California, Public Agenda 3412, February 8, 2018, Item 9, see hour 2:02:35 at http://www.adminmonitor.com/ca/cpuc/voting_meeting/20180131/.)
- "... [CCAs are] not able to fully provide that resource adequacy..." (Id., hour 2:03:05.)
- "... not having that assurance before people embark, even as local governments, to provide electricity to folks has implications not only for their customers but for their neighbors." (Id., hour 2:03:14.)

- "... a voltage collapse, a voltage surge will travel to non-CCA cities." (Id., hour 2:03:40.)
- "[For CCAs to] hold themselves out as partners in the statewide electrical grid without being able to provide us that assurance of reliability. It really makes me nervous, and it makes me wonder sometimes whether people are fully prepared to embrace this responsibility." (Id., hour 2:03:58.)
- "... [CCA] fail to actually provide absolutely critical services to their customers and to endanger their neighbors..." (Id., hour 2:04:29.)



Staff Report – Item 4

To: Clean Power Alliance Legislative & Regulatory Committee

From: CPA Staff

Subject: Protocol and Delegation of Authority for Timely Matters

Date: May 23, 2018

RECOMMENDATION

Staff is seeking feedback on a protocol for authorizing CPA representatives to address issues of legislative and/or regulatory nature that are time sensitive.

BACKGROUND AND DISCUSSION

At the May 16, 2018 Executive Committee meeting, the issue was raised that instances may occur when CPA should respond in an official capacity to activity from the State Legislature and the California Public Utilities Commission (CPUC) or take action on other legislative and regulatory issues (e.g. send letters, provide testimony, etc.). These instances may necessitate timely or urgent action and securing prior Board of Directors approval may not be feasible. A recent example is the proposed CPA letter to State legislators in response to CPUC President Picker's statements and draft white paper on Community Choice Aggregation.

The near-term goal is to work within the Legislative & Regulatory Committee to develop a platform of legislative and regulatory principles that would be approved by the Board of Directors and updated on a regular basis. The Legislative & Regulatory Committee, the Executive Committee, and staff could then have some parameters to work with in representing CPA. Until such a platform can be created, staff recommends formalizing a process for taking timely necessary legislative/regulatory steps on behalf of CPA in a timely manner.

On May 16, the Executive Committee suggested authority be given to a group consisting of the Board Chair, Board Vice-Chair, Board 2nd Vice-Chair, Legislative & Regulatory Committee

Chair, and Executive Director to collectively respond on behalf of CPA, in the event the full Legislative & Regulatory Committee and/or Board of Directors are unable to act.

Staff is seeking feedback on this idea and input from the Legislative & Regulatory Committee in seeking final direction from the Board of Directors on June 7, 2018.