



MEETING of the Energy Planning & Resources Committee of the Clean Power Alliance of Southern California

Wednesday, December 18, 2019

11:30 a.m.

555 W. 5th Street, 35th Floor

Los Angeles, CA 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 Christian Cruz, at least two (2) working days before the meeting at ccruz@cleanpoweralliance.org or (213) 269-5870. 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.

PUBLIC COMMENT POLICY: *The General Public Comment 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 Consent Agenda and Regular Agenda shall be heard at the time the matter is called. Comments on items on the Consent Agenda are consolidated into one public comment period. As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker's slip and provide it to Clean Power Alliance staff at the beginning of the meeting but no later than immediately prior to the time an agenda item is called.*

Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with a cumulative total of five (5) minutes to be allocated between the General Public Comment, the entire Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance Policy No. 8 – Public Comments for more information.

In addition, members of the Public are encouraged to submit written comments on any agenda item to PublicComments@cleanpoweralliance.org. To enable an opportunity for review, written comments should be submitted at least 72 hours but no later than 24 hours in advance of the noticed Committee meeting date. Any written materials submitted thereafter will be distributed to the Committee at the Committee meeting. Any written submissions must specify the Agenda Item by number, otherwise they will be considered General Public Comment.

Clean Power Alliance Energy Planning & Resources Committee
December 18, 2019

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

Malibu City Hall
Council Office
23825 Stuart Ranch Road
Malibu, CA 90265

Ventura County Government Center
Channel Islands Conference Room, 4th Floor
Hall of Administration
800 South Victoria Avenue, Ventura, CA 93009

I. WELCOME & ROLL CALL

II. GENERAL PUBLIC COMMENT

III. CONSENT AGENDA

1. Approve minutes from October 23, 2019 Energy Committee Meeting
2. Receive and file Risk Management Team Report

IV. REGULAR AGENDA

3. Approve Shortlist of Projects as recommended by the Review Team for the 2019 Reliability Request for Offers (RFO)

V. COMMITTEE MEMBER COMMENTS

VI. ADJOURN

Public Records: *Public records that relate to any item on the open session agenda for a Committee Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all, or a majority of, the members of the Committee. The Board has designated Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013, as the location where those public records will be available for inspection. The documents are also available online at www.cleanpoweralliance.org.*

MEETING of the Energy Planning & Resources Committee

of the Clean Power Alliance of Southern California

Wednesday, October 23, 2019, 12:15 p.m.

555 W. 5th Street, 35th Floor, Los Angeles, CA 90013**MINUTES**

Arcadia Public Works Service Center
11800 Goldring Road
Arcadia, CA 90166

Santa Monica City Hall – Room 201
1685 Main Street,
Santa Monica, CA 90401

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

Thousand Oaks Public Works Conference Room
2100 Thousand Oaks Boulevard,
Thousand Oaks, CA 91362

Malibu City Hall
23825 Stuart Ranch Road
Malibu, CA 90265

I. WELCOME & ROLL CALL

Committee Chair Ramirez called the meeting to order at 12:18 p.m. and Board Secretary Rigoberto Garcia called the roll.

ROLL CALL			
Arcadia	Tom Tait	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Absent
Malibu	Skylar Peak	Committee Member	Remote
Oxnard	Carmen Ramirez	Committee Chair	Remote
Santa Monica	Kevin McKeown	Committee Member	Remote
Sierra Madre	John Capoccia	Committee Member	Present
Thousand Oaks	Helen Cox	Committee Member	Remote

II. GENERAL PUBLIC COMMENT

There were no general public comments.

III. CONSENT AGENDA

1. Approve minutes from September 25, 2019 Energy Committee Meeting

Motion: Committee Member McKeown, Santa Monica.

Second: Committee Member Cox, Thousand Oaks.

Vote: Item 1 was approved as submitted by a roll call vote 6-0-1, with Committee Member Kulcsar.

IV. REGULAR AGENDA

2. Received Update on Resource Adequacy Market

Matt Langer, Chief Operating Officer, provided a brief update on the RA market. Mr. Langer highlighted the recent CPUC decision on imported RA, specifically in reference to system capacity. Mr. Langer stated, there are two ways to comply with system capacity 1.) purchasing capacity from a resource within the California, and 2.) Importing capacity into the California. Import RA can be used to meet system RA, however a CPUC decision changes that. Mr. Langer noted, that the CPUC decision states, that if there is a specific resource/unit out of state, then the old rules would still apply. If, however, there are unspecified power contracts, this would now require a firm energy import, instead of a must offer obligation. This decision caused specific contracts to be disqualified that would have, otherwise, allowed utilities to meet their system RA obligations. This rule change could cause non-compliance of system RA by some agencies. If obligations are not met by those agencies, then the fines can run into the millions of dollars. Mr. Langer also indicated that there is a very tight RA market that would cause increased costs. At this time, it still remains unclear what kinds of contracts would remain valid and count toward system RA. Currently, CPA is looking at challenging the decision or delaying implementation, at this time. Mr. Langer noted that they are following an additional track on procurement, whereby CPA is working with suppliers to amend or renegotiate contracts to become compliant with the new rules.

Committee Chair Ramirez asked if other entities and IOUs are in the same situation. Mr. Langer responded in the affirmative. Committee member McKeown asked if other agencies have to turn in their RA paperwork at the end of the month like CPA. Mr. Langer responded in the affirmative that all Load Serving Entities (LSE) have the same October 31st deadline to submit their 2020 Year-Ahead System, Local and Flexible RA compliance.

There were no public comments on this item.

3. Received Update on 2019 Long-Term Clean Energy RFO and Reliability RFO Process and Schedule

Natasha Keefer, Director of Power Planning and Procurement provided a presentation on the 2019 Long-Term Clean Energy RFO. Ms. Keefer highlighted, that the 2019 Clean Energy RFO will have two tracks one for utility scale and another track for distribute. Ms. Keefer also noted, that this RFO was launched to fulfill the CPA incremental capacity procurement obligations under the PUC proposed decision in the integrated resources plan. Ms. Keefer also noted the PUC a few days earlier issued a revised decision, which would actually lower the procurement obligation for CPA. Ms. Keefer highlighted the projects eligible for this RFO, which include stand-alone energy storage projects with 10-10MW of installed capacity with 4-hour duration related to resource adequacy compliance, and projects with Coming Online Dates (COD) before August 1, 2021 will be fast tracked.

Committee member Capoccia asked how likely it is that CPA will meet the 2021 RA need. Ms. Keefer stated that CPA is ahead since we are only one of two agencies to release an RFO.

Ms. Keefer noted that CPA is targeting 1-2 million MWh of annual generation to fulfill CPA long-term contracting requirements under SB 350. Additionally, the distributed track is intended to encourage development of local resources within CPA service territory, with online dates by 2024.

Committee member Cox asked if CPA was aware of a SCE filing at the Federal Energy Regulatory Commission (FERC) that would make it prohibitively expensive to connect storage projects to SCE distribution lines. Ms. Keefer did say that SCE made an update to their Distribution Access Tariff ("WDAT"), and that developers have stated it would make connectivity more difficult, and CPA is monitoring. Committee member McKeown asked about local outreach efforts to notify of this local RFO. Ms. Keefer clarified that there is a list of developers that have been notified and staff has sent it out to all CPA distribution lists.

There were no public comments on this item.

V. COMMITTEE MEMBER COMMENTS

Committee Member McKeown asked about the new CPUC chair. Staff indicated that staff met with her a few weeks ago and seems to have an open mind about CCAs.

VI. ADJOURN at 1:08

Committee Chair Ramirez adjourned the meeting at 1:08 p.m.



Staff Report – Agenda Item 2

To: Clean Power Alliance (CPA) Energy Planning & Resources Committee

From: Matthew Langer, Chief Operating Officer

Approved by: Ted Bardacke, Executive Director

Subject: Risk Management Team Report

Date: December 18, 2019

OCTOBER 2019 RMT REPORT

Key Actions

- Discussed recent market trends and outlook for winter 2019-20
- Reviewed energy position for October and decided no additional transactions were needed for the balance of month
- Reviewed Resource Adequacy position and considered potential transactions

Policy Compliance

No new policy compliance issues to report for October.

NOVEMBER 2019 RMT REPORT

Key Actions

- Discussed recent market trends and outlook for winter 2019/2020, including hydro and gas market conditions.
- Reviewed short-term energy position for November and December 2019 and decided no additional transactions were needed for the November balance of month or December.

- Reviewed long-term energy position and approved energy hedge solicitations for 2020 – 2022.

Policy Compliance

No new policy compliance issues to report for November.



2019 Reliability RFO Shortlist

Wednesday December 18, 2019
11:30 a.m.

Executive Summary

- CPA launched its 2019 Reliability RFO on October 14th, with bids due on November 11th
- This RFO is in response to the CPUC IRP Decision on reliability
- CPA targets procurement of 90-156 MW capacity in this RFO
- The RFO Review Team met on December 9th to evaluate proposals
- The Energy Committee will consider a project shortlist for approval during today's meeting

CPUC IRP Decision and Procurement Requirements

On November 7, 2019, the California Public Utilities Commission (CPUC) adopted a Decision in the Integrated Resource Planning (IRP) proceeding requiring Electric System Reliability Procurement:

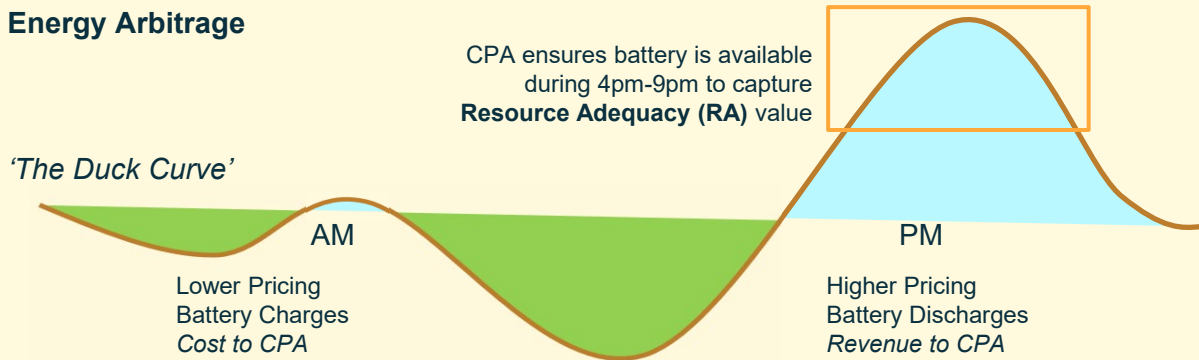
	MWs by 8/1/2021	MWs by 8/1/2022	MWs by 8/1/2023
CPUC Mandated Target for CPA	98.5	147.7	196.9
CPA Current Position with Existing Contracts*	8.8	22.8	41.5
CPA Additional Procurement Need* (cumulative)	89.6	124.8	155.4

- * • Based on current CPUC capacity rules
- Mohave County Wind Farm (White Hills) PPA may contribute an additional 39.38 MW of capacity, subject to import availability

Storage Overview

Value streams

- **Energy Arbitrage**



- **Ancillary Services (AS)** Spin, Regulation Up, Regulation Down. These services help balance the grid. Sometimes it is more valuable to sell these services instead of the energy.
- **Resource Adequacy** Storage resources count for new, reliability system capacity

Quantitative Valuation Approach

Revenue

- **Energy Revenue (\$/kWh)**
Revenue from selling energy (discharging the battery)
- **Ancillary Services (AS) (\$/kWh)***
Revenue from selling ancillary services
- **Resource Adequacy (RA) (\$/kW-month)**
Replaces RA CPA would otherwise have to purchase

Costs

- **Energy Cost (\$/kWh)**
Cost to charge the battery
- **PPA Cost (\$/kW-month)**
Flat price CPA pays to the counterparty

$$\text{Value (NPV)} = \text{Revenue} - \text{Costs}$$

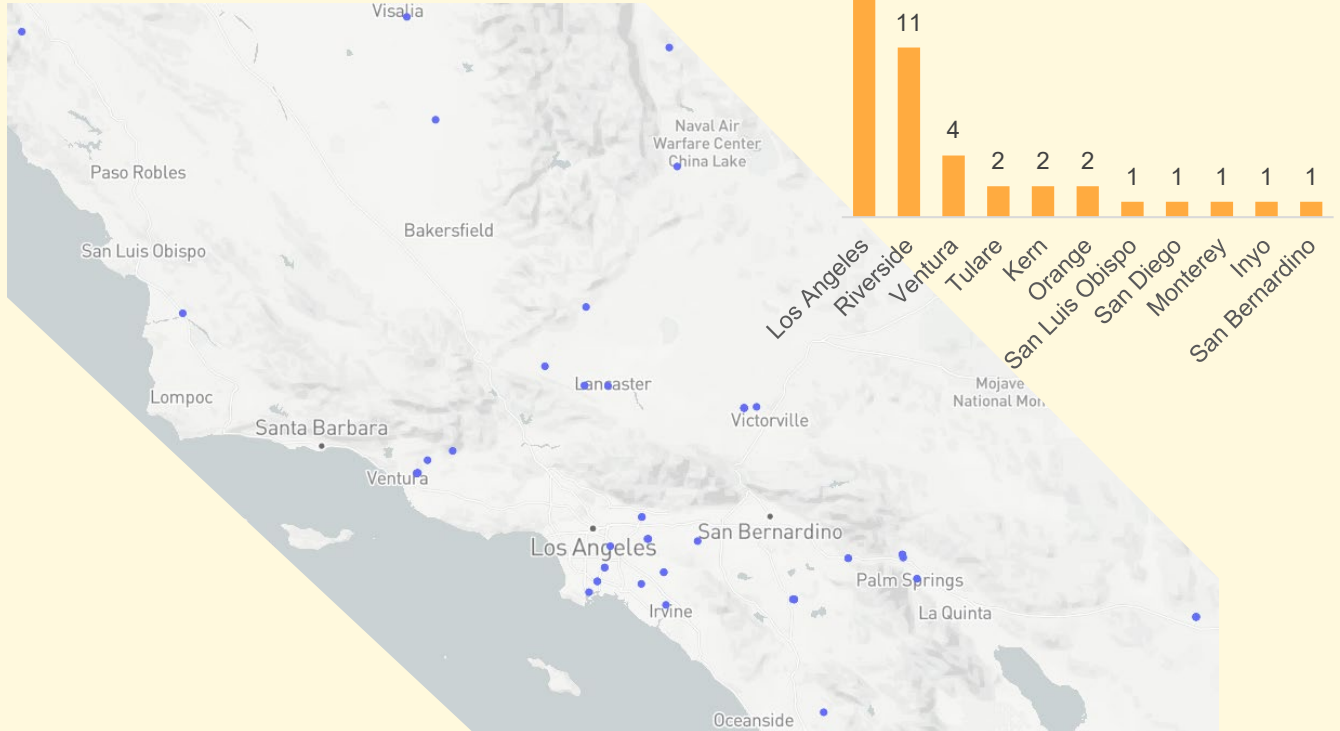
Overview of Offers

Number of conforming projects submitted	41*
Number of distinct sellers submitting offers	32
Counties spanned by submissions	12 (all in CA)
Earliest online date	7/1/2020
Latest online date	8/1/2023

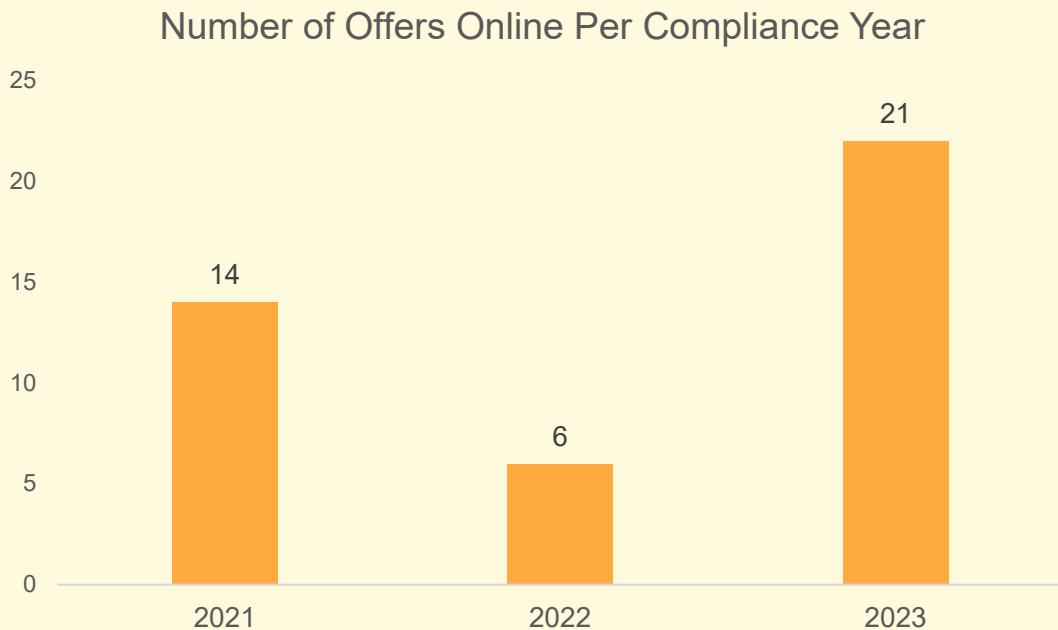
*7 offers did not meet the requirements for a conforming offer; some projects provided multiple offer variants

Location

Projects by County



Online Date



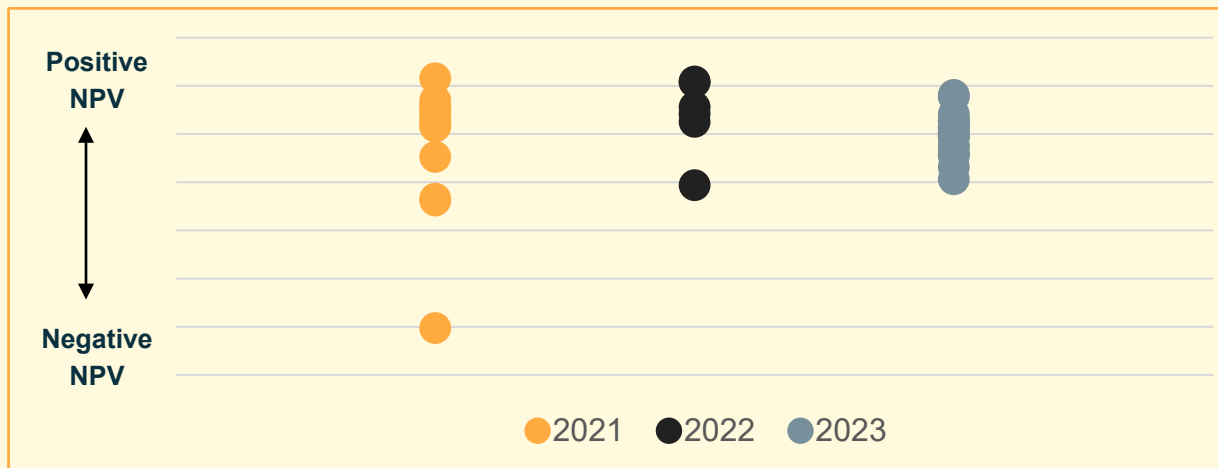
Range of Qualitative Scores

	Environmental Stewardship	Benefits to DACS	Workforce Development	Project Location	Development Risk Score
High	42%	42%	95%	46%	47%
Medium	7%	34%	0%	54%	29%
Neutral	51%	24%	NA	NA	NA
Low	0%	0%	5%	0%	24%

Pricing Trends

- Offers were very competitive and, other than one outlier, were in a narrow value range
- Offers for the 2021 compliance year were competitive with 2022 and 2023

Value Range per Compliance Year



Expanded Shortlist

- A key takeaway from the 2018 Clean Energy RFO is that in order to meet procurement targets, CPA needs a robust shortlist
- The Review Team is recommending an expanded shortlist and waitlist approach:

Shortlist

- CPA will notify bidders of a Shortlist status award
- CPA will ask for exclusivity and enter negotiations

Waitlist

- CPA will notify bidders they are on the Waitlist for the Shortlist
- CPA will not ask for exclusivity or enter negotiations
- If projects in the Shortlist drop out, Waitlist projects will be invited to enter the Shortlist at CPA staff discretion

Shortlisting Approach

The Review Team balanced the following priorities:

- Given the short compliance window and competitive market, securing 2021 projects is critical
- Given development timelines, CPA should secure 2022 projects now, assuming they are high value
- Technology prices are expected to fall; therefore, securing 2023 projects now is less of a priority; only highly attractive projects should be selected
- Maintain a manageable shortlist to facilitate effective negotiation

Shortlist Approach

Shortlist



Meet the 2021 compliance obligation
Shortlist at least 5x MW Need
Include best 2022 and 2023 offers

2021, 2022 and 2023

CRITERIA

- Competitively priced
- High Workforce Development
- Neutral or higher Environmental Stewardship
- Neutral or higher Benefits to DACs
- Medium or High Location score
- High Development Risk score

	2021	2022	2023
CPA MW Procurement Need (cumulative)	89.6	124.8	155.4
Proposed Shortlisted MW (cumulative)	494	594	794
MW Need Multiple	5.5x	4.7x	5.1x

Waitlist Approach

Waitlist



Backup for 2021 compliance obligation
Backup for 2022 and 2023 compliance obligation

2021

CRITERIA

170 MW

- Lower-ranked NPV
- High Workforce Development
- Neutral or higher Environmental Stewardship
- Neutral or higher Benefits to DACs
- Medium or high Location score
- Medium or high Development Risk score



2022 and 2023

CRITERIA

+ 150 MW

- Competitively priced
- High Workforce Development
- Medium or high Environmental Stewardship
- Medium or high Benefits to DACs
- In CPA service territory
- Medium or high Development Risk score

Waitlist Total: 320 MW

Shortlist

12 Projects

2021

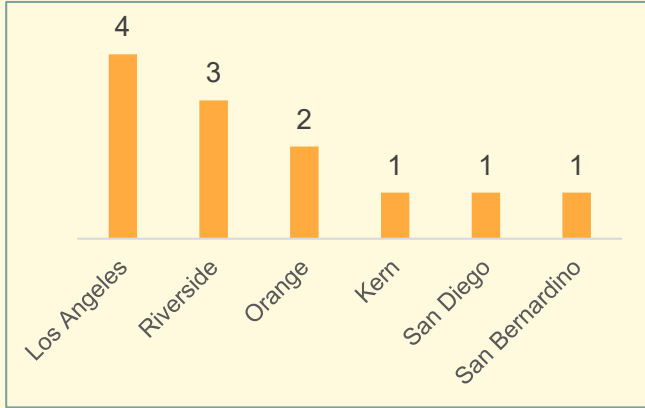
Project	MW Range	Online	Environmental Stewardship	Benefits to DACS	Workforce Development	Project Location	Development Risk Score	City
Project A	31-70	Q3 2021	Medium	Neutral	High	Medium	High	Blythe
Project C	0-30	Q3 2021	High	High	High	High	High	Whittier
Project D	0-30	Q2 2021	High	High	High	High	High	Pomona
Project F	0-30	Q3 2021	High	High	High	Medium	High	Santa Ana
Project G	71-100	Q2 2021	Medium	Medium	High	High	High	Lancaster
Project I	31-70	Q3 2021	High	High	High	Medium	High	Stanton
Project J	71-100	Q3 2021	Neutral	Neutral	High	Medium	High	Unincorporated San Diego County
Project K	31-70	Q3 2021	Neutral	High	High	Medium	High	Victorville
Project L	71-100	Q3 2021	Neutral	High	High	Medium	High	Mojave, CA

2022 and 2023

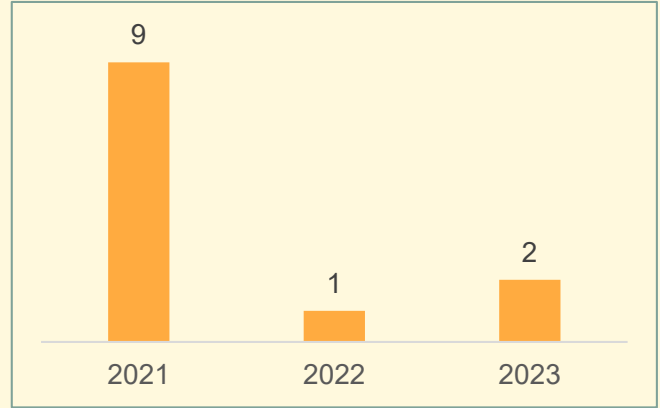
Project B	71-100	Q3 2023	Neutral	Neutral	High	Medium	High	Palm Springs
Project E	71-100	Q2 2022	High	High	High	High	High	Irwindale
Project H	71-100	Q2 2023	Medium	Medium	High	Medium	High	Blythe

Summary of Shortlisted Projects

PROJECTS BY LOCATION



PROJECTS BY COMPLIANCE YEAR



QUALITATIVE CRITERIA SCORES

	Environmental Stewardship	Benefits to DACS	Workforce Development	Project Location	Development Risk Score
High	42%	58%	100%	33%	100%
Medium	25%	17%	0%	67%	0%
Neutral	33%	25%	NA	NA	NA
Low	0%	0%	0%	0%	0%

Local Projects - Offers and Shortlist

In the Top NPV Quartile:

- 40% of offers were local (located in Los Angeles or Ventura County)
- All local, top quartile offers were selected for the shortlist except for one, which did not commit to a Project Labor Agreement

In the Top 2 NPV Quartiles:

- 38% of offers were local (located in Los Angeles or Ventura County)
- All local top 2 quartiles projects were selected, unless the project did not commit to a Project Labor Agreement or had low development risk score

Waitlist

5 Projects

2021

Project	MW Range	Online	Environmental Stewardship	Benefits to DACS	Workforce Development	Project Location	Development Risk Score	City
Waitlist D	31-70	Q3 2021	Neutral	Medium	High	Medium	High	Coso Junction
Waitlist E	0-30	Q3 2021	Neutral	Neutral	High	High	Medium	Lancaster
Waitlist F	71-100	Q3 2021	High	Medium	High	Medium	High	Moss Landing

2022 and 2023

Waitlist B	31-70	Q2 2023	High	Medium	High	High	High	Unincorporated Ventura County
Waitlist C	71-100	Q3 2023	High	High	High	High	Medium	Los Angeles

Next Steps

- Notify bidders of shortlist status on Dec. 19, 2019
- Negotiate PPAs during January – April 2020
- Submit PPAs for board approval on a rolling basis (priority by May 2020)
- CPA is also required to make the following reports to CPUC related to the mandated IRP procurement:
 - Progress report on efforts to comply with the Decision by Feb. 15, 2020
 - Data response detailing contract information as part of the IRP filing on May 1, 2020

