



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

Wednesday, February 26, 2020

12:15 p.m.

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 gmonzon@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
February 26, 2020

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

Beverly Hills City Hall
4th Floor, Conference Room 4B
455 N. Rexford Drive, Beverly Hills, CA 90210

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

Sierra Madre City Hall
232 W. Sierra Madre Blvd.
Sierra Madre, CA 91024

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

Malibu City Hall
23825 Stuart Ranch Road
Malibu, CA 90265

Oxnard City Hall Annex
4th Floor, Conference Room
300 W. Third Street, Oxnard, CA 93030

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

I. WELCOME & ROLL CALL

II. GENERAL PUBLIC COMMENT

III. CONSENT AGENDA

1. Approve Minutes from January 22, 2020 Energy Committee Meeting

IV. REGULAR AGENDA

2. Approve Distributed Track Shortlist of Two Projects Totaling up to 2.5 MW of Capacity as Recommended

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, January 22, 2020, 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

Oxnard City Hall Annex
4th Floor, Conference Room
300 W. Third Street, Oxnard, CA 93030

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

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

I. WELCOME & ROLL CALL

Committee Chair Ramirez called the meeting to order and Interim Board Secretary Jennifer Ward called the roll.

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

II. GENERAL PUBLIC COMMENT

Harvey Eder provided general public comments.

III. CONSENT AGENDA

1. Approved minutes from December 18, 2019 Energy Committee Meeting
2. Received and filed Risk Management Team Report

Motion: Committee Member Kulcsar, Carson.

Second: Committee Member Cox, Thousand Oaks.

Vote: Items 1 and 2 were approved by a roll call, with Committee Member Tait absent.

There were no public comments on this item.

IV. REGULAR AGENDA

3. Approved 2019 Clean Energy RFO Utility Scale Track Shortlist

Natasha Keefer, Director of Power Planning and Procurement, provided a presentation on the RFO – Utility Scale Track. Ms. Keefer highlighted that the RFO review team met on January 13th to review RFO proposals. Based on the review, staff is seeking approval from the Committee on the shortlist and waitlist for the Utility Scale Track RFO. The goal for this RFO is to meet CPA renewable energy needs and meet long-term contracting requirements under SB 350. Ms. Keefer commented that the eligible projects for this RFO include RPS and RPS + Storage projects in the 10-400 megawatt size and must be in operation by December 31, 2023.

For this RFO, there were 59 conforming offers, and project locations included California, Arizona, Nevada, and Wyoming. Approximately three quarters of the offers were solar + storage and the remainder were a mix of various other types. Most of the projects were located in California, with only one project located in Los Angeles County. Additionally, most online dates are in 2022 and 2023.

Ms. Keefer reviewed the qualitative results and indicated that a majority of projects in environmental stewardship fell in the neutral to medium range, and that a high number were located in and/or benefit Disadvantaged Communities (DACs). Additionally, 72% committed to project labor agreements. Committee Member McKeown asked why Kern County had so many more projects. Ms. Keefer stated that Kern County is a very pro-renewable development county and designate areas for renewable development.

Ms. Keefer reviewed the valuation approach. CPA values these resources by considering all the benefits of the project against all the cost to calculate a net present value (NPV) per megawatt hour. These projects are then ranked based on the first through fourth quartile, with the first quartile being the highest value. Ms. Keefer commented that the value spread by technology clearly indicates that most high value projects are solar + storage technology. However, to achieve portfolio diversity, CPA may need to consider projects in the lower quartile. Projects were removed from consideration if they scored low on the development risk and environmental stewardship categories. Additionally, out of state projects were removed if they scored in the second quartile or lower. Ms. Keefer also stated that five

wind projects bid into the RFO and two were removed due to low environmental stewardship scores and none were competitive with previous wind offers.

Ms. Keefer commented that the review team looked to have a robust shortlist, and thus targeted about 5 million megawatt hours on the shortlist in anticipation that projects will drop out, so as to allow CPA to still achieve its target of 1-2 million megawatt hours. Ms. Keefer highlighted that staff is recommending eleven projects to the shortlist, equating to about 4.5 million megawatt hours per year of generation. It was also noted that 90% of the shortlist projects committed to a project labor agreement and the remainder of the projects committed to a prevailing wage and targeted hiring.

Committee Member Kulcsar asked staff to confirm that all the shortlisted projects are in California. Ms. Keefer confirmed they are all California projects.

Ms. Keefer highlighted that three projects were added to the waitlist. These projects are next in line from an NPV basis. All of the waitlist projects are in California and are solar + storage.

Committee Member McKeown commented that the shortlist and waitlist recommendation is the best balance the review team and staff could have achieved and encourages the Committee to move forward with the staff recommendation to approve the shortlist and waitlist projects. Committee Member Cox commented that the process was well organized and well prepared, and this is a promising list of projects.

Motion: Committee Member McKeown, Santa Monica

Second: Committee Member Tait, Arcadia

Vote: Item 3 was approved by a unanimous roll call vote, with Committee Member Peak absent.

Public Comments: Harvey Eder provided comments on Item 3.

4. Update on 2020 Integrated Resource Plan Process

Natasha Keefer, Director of Power Planning and Procurement, provided an update on the Integrated Resource Plan (IRP) process. Ms. Keefer highlighted that CPA must submit the IRP filing on May 1st, and it is anticipated that the Board will consider the IRP for approval in April. The IRP is a planning exercise for load serving entities (LSE) in California to look at a range of future outcomes and ensure the reliability and environmental targets set by the state are met. Ms. Keefer commented that there are three critical discussions currently happening around the IRP. First, how to transition from a centralized investor owned utility (IOU) planning process

to a disaggregated process because of the proliferation of CCAs. Second, how to transition from dependence on fossil fuel resources to 100% clean energy. Third, maintaining grid reliability in the context of all those changes. CPA is currently participating in a joint effort with three other CCAs to conduct modeling for the IRP submission. This will help aggregate their load up to make sure that the modeling is coherent and cohesive, so when the plans are submitted to the PUC, they will be approved.

Ms. Keefer reviewed the requirement for a conforming plan that seeks to achieve the 46 million metric tons of GHG emissions target by 2030 set for the state by the California Air Resources Board (CARB). The modeling will indicate what the cost will be to get to this target. The modeling is also looking at CPA's current portfolio and a range of alternative future portfolios to meet customers' electrical energy needs in an affordable, system-wide manner.

Ms. Keefer commented that currently CPA is awaiting guidance from the CPUC on whether CPA can submit other alternative views of the conforming plan to meet better GHG targets and inputs to finalize the modeling tool.

Committee Member McKeown commented about the possibility of a 38 or 30 million metric ton GHG target, considering the climate crisis, these more aggressive targets seem to be more feasible and we should advocate strongly for that. Committee Member Cox asked about the modeling, whether we must use CPUC forecasting assumptions, and what is the impact if CPA has different load expectations. Ms. Keefer responded that this is a tenuous point in the IRP proceeding and that there is a question about how much oversight the CPUC has over directing CCA procurement. Ms. Keefer also stated that CPA is seeing more pressure from the CPUC to ensure the CCA RPS plans are consistent with their IRP filings. Chair Ramirez asked if CPA is coordinating with other CCAs on this matter. Ms. Keefer clarified that CPA is coordinating with other CCAs, and CCAs have offered to provide information on their IRP portfolios.

Public Comments: Harvey Eder provided comments that CPA should consider equity and social justice.

V. COMMITTEE MEMBER COMMENTS

Committee Member Tait thanked staff for all their hard work on the RFO. Chair Ramirez commented that the Ormond Beach Once Through Cooling Plant was scheduled to be shut down this year, but the CPUC has extended it because of reliability issues and as such, the City is working on a deal that would be presented to the State Water Board that proposes to demolish the Ormond Beach Plant once the reliability issue is resolved.

VI. ADJOURN

Committee Chair Ramirez adjourned the meeting.



Staff Report – Agenda Item 2

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

From: Natasha Keefer, Director of Power Planning & Procurement

Approved by: Ted Bardacke, Executive Director

Subject: 2019 Clean Energy RFO Distributed Track Shortlist

Date: February 26, 2020

RECOMMENDATION

Approve the 2019 Clean Energy RFO Distributed Track Shortlist of two projects totaling up to 2.5 MW of capacity as recommended by the RFO Review Team.

The recommended shortlist is on Slide 26 of the attached presentation.

SUMMARY

Natasha Keefer, Director of Power Planning & Procurement will provide a presentation to the Energy Planning & Resources Committee on the 2019 Clean Energy RFO Distributed Track Shortlist.

Attachment: 1) Distributed Track Shortlist Presentation

Item 2

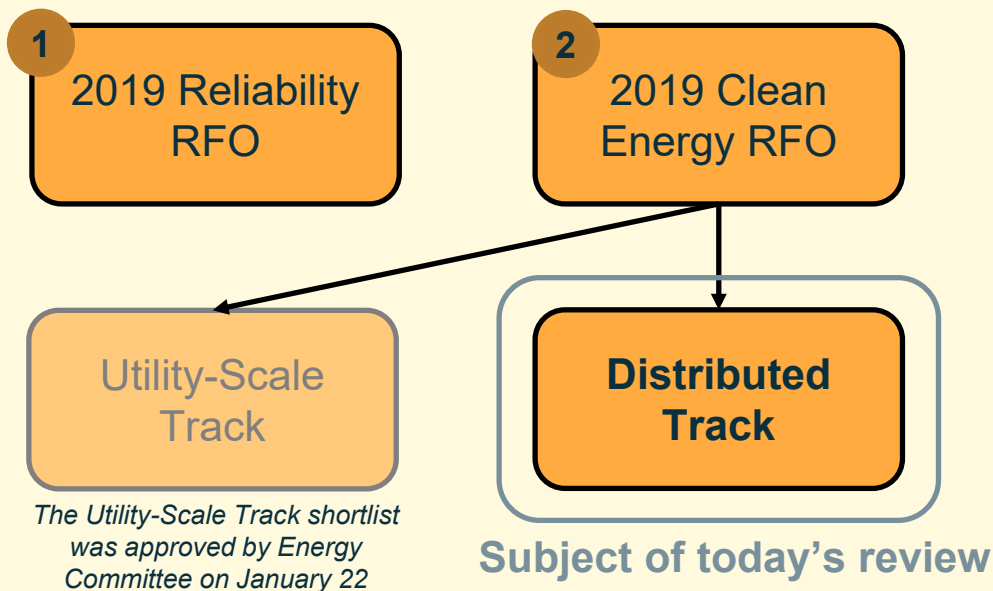
2019 Clean Energy RFO

Shortlist – Distributed Track

Wednesday February 26, 2020
12:15pm

2019 Long-term RFOs

CPA launched two long-term RFO processes in October 2019:



Executive Summary

- CPA launched its 2019 Clean Energy RFO on October 22nd, with bids due on November 22nd
- The Distributed Track was limited to projects 10 MW or smaller and located in Los Angeles or Ventura counties
- Projects in the Distributed Track are significantly more expensive than utility scale procurement
- Distributed Track project selection should be made within the context of CPA's other local procurement and program opportunities
- The RFO Review team met on February 7th to evaluate proposals
- The Energy Committee will consider a recommended project shortlist for the Distributed Track for approval during today's meeting

Overview

- Distributed Track Overview
- Local Procurement and Program Opportunities
- Overview of Offers
- Valuation Methodology
- Above Market Costs
- Recommended Shortlist

Distributed Track Eligibility

- Renewable, renewable + storage, and standalone storage projects
- Project size of 500 kW to 10 MW
- Commercial operation date (COD) no later than December 31, 2024
- Must be located within Ventura or Los Angeles counties
- Must commit to prevailing wage and extensive targeted hiring requirements

Distributed Track Purpose

The 2018 Clean Energy RFO demonstrated limited opportunities for procuring utility-scale local projects



The 2019 Distributed Track was intended to encourage development of projects in Los Angeles and Ventura counties

Intended Benefits of Distributed Track Projects:

- Economic development - local jobs for local skilled labor
- Build relationships with, and support the growth of, developers that can partner with CPA on other local programs and development
- Enable flagship projects with high visibility in our territory

Benefits Not Delivered by Distributed Track Projects:

- Resiliency
- Incremental GHG reduction compared to utility scale RPS procurement
- Local air quality benefits or other environmental benefits
- Customer cost savings

Anticipated and Potential Local Procurement

Project	Capacity	Local Cost Premium	Status
Community Solar	3 MW	None (CPUC funded)	Awaiting CPUC approval
DAC-Green Tariff	13 MW	None (CPUC funded)	Awaiting CPUC approval
2019 Reliability RFO	100+ MW Local	None	In exclusive negotiations
2019 RFO Utility Scale Track	50+ MW Local	None	In exclusive negotiations
2019 RFO Distributed Track	TBD	Yes	Pending Energy Committee review
Essential Facilities Back-up Power	TBD	Yes	Issued RFI to local member agencies
Virtual Power Plant (Behind the Meter)	TBD	Yes	Under consideration

Other Local Program Opportunities

- CPA is currently developing a strategic plan for local programs, to be discussed at the April Board of Directors meeting
- In addition to Community Solar, local programs currently under evaluation include:
 - Solar and Storage at municipal/community facilities that double as Resilience Hubs (Local Procurement)
 - Incentives for publicly accessible electric vehicle chargers (CALeVIP project)
 - Incentives to commercial customers to utilize storage for demand response (CPA Power Response Pilot)
 - Assistance and incentives to develop all-electric building reach codes
 - Incentives to utilize smart thermostats for demand response (CPA Power Response Pilot)
 - Incentives to displace fossil fuels in residential buildings

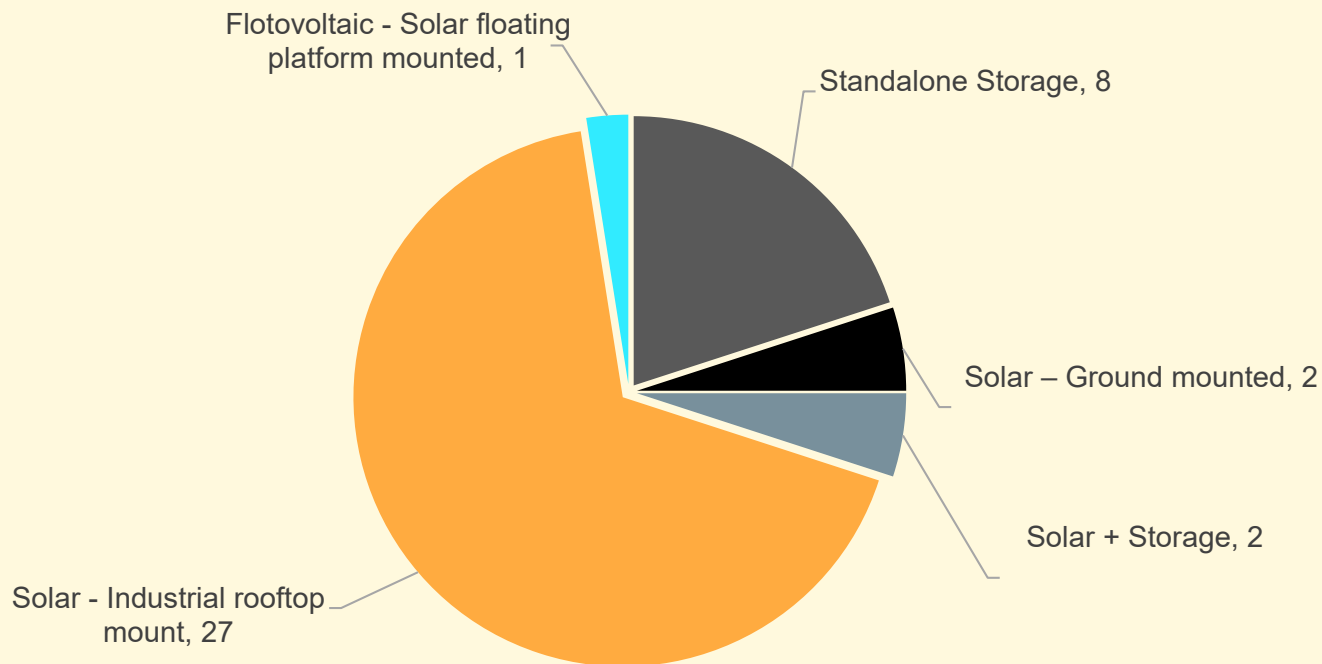
Offer Overview

Offer Overview

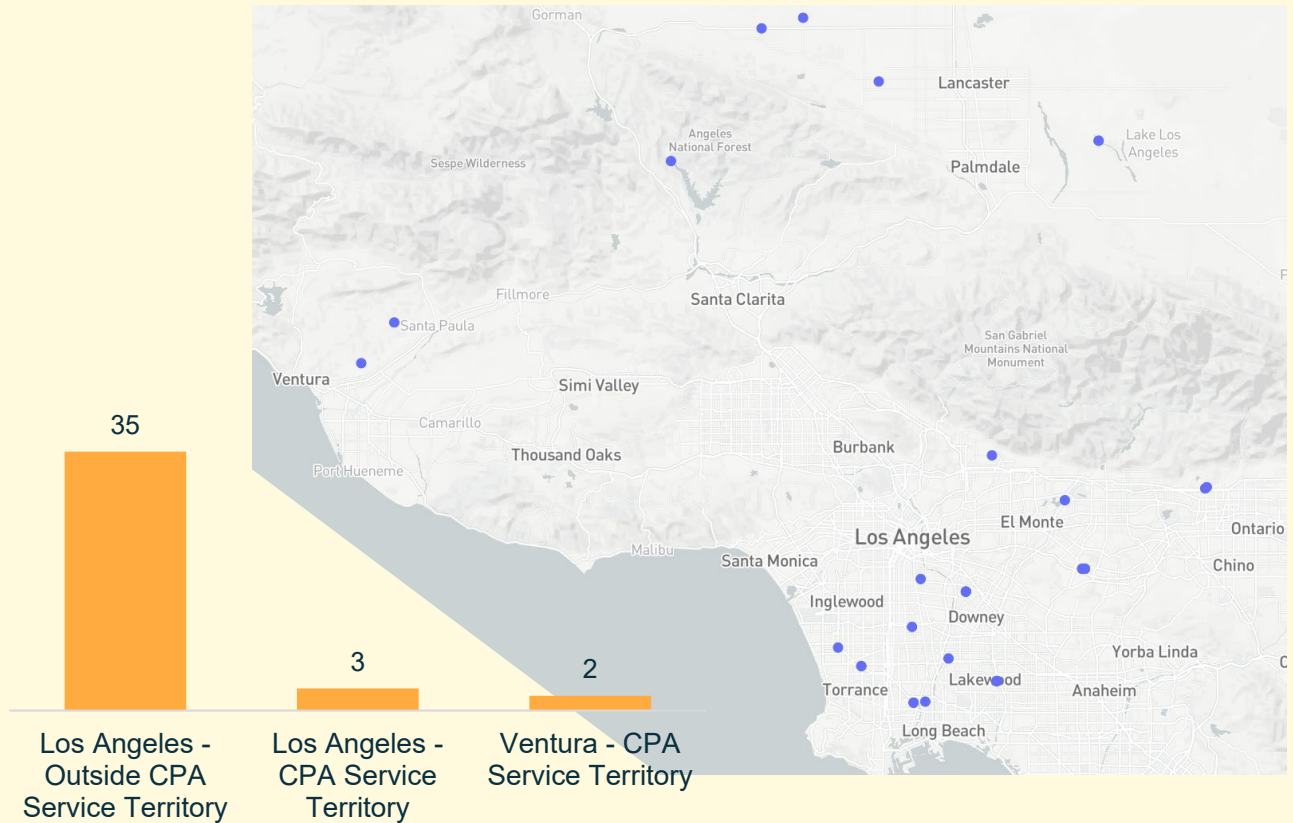
Number of conforming offers submitted	40*
Number of distinct sellers submitting offers	8
New / existing projects	40 / 0
Earliest online date	12/31/2020
Latest online date	12/31/2024

*1 project did not meet the requirements for a conforming offer

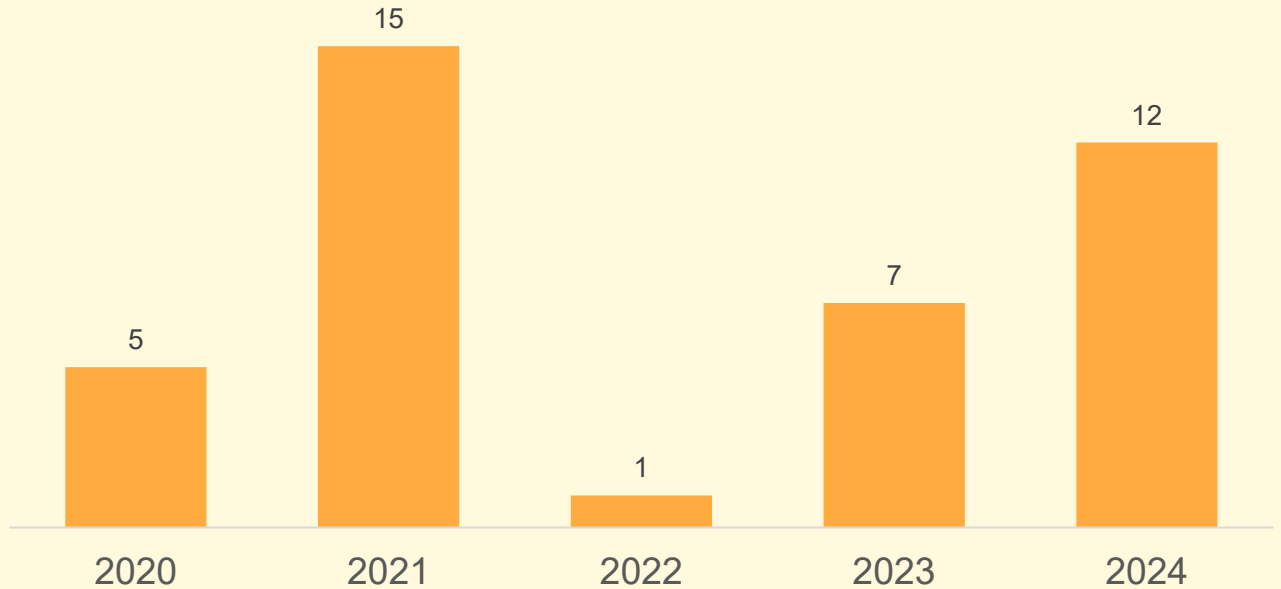
Offers by Technology Type



Offers by County Location

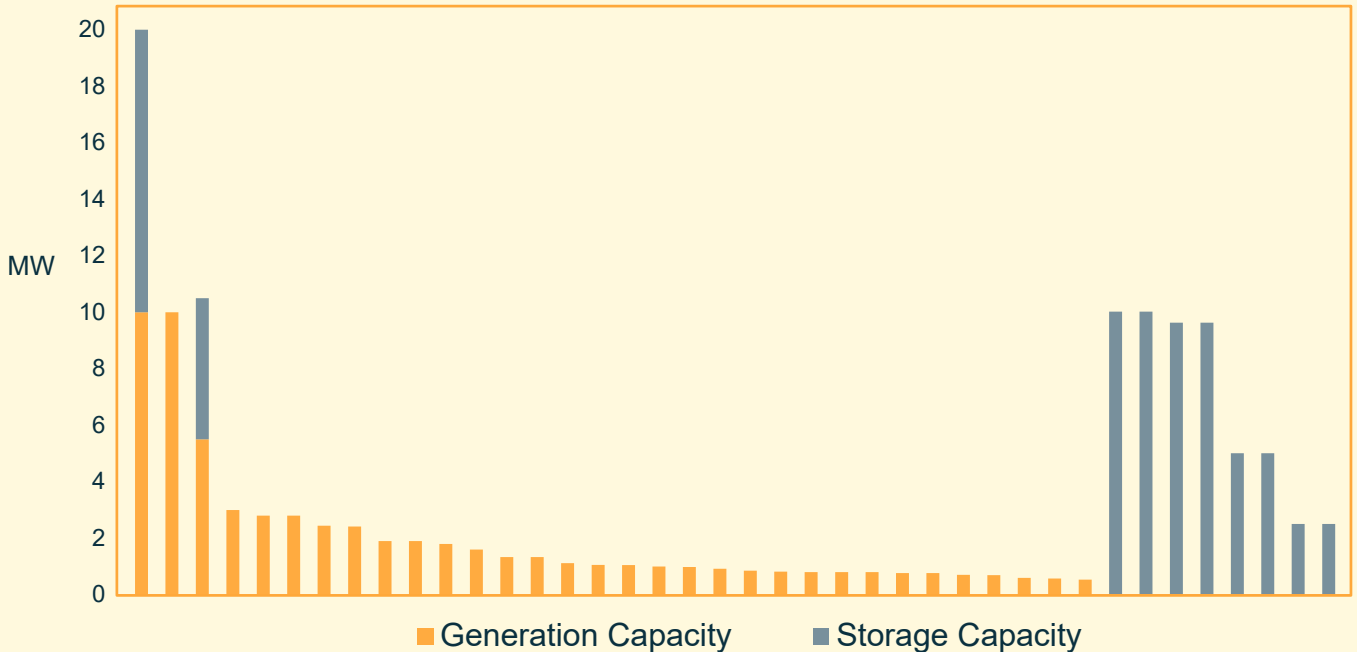


Offers by Online Year



Offers by Project Size

All Offers, Ranked by Generation Capacity



Qualitative Range of Offers

	Environmental Stewardship	Benefits to DACS	Development Risk Score
High	73%	23%	10%
Medium	5%	30%	20%
Neutral	15%	47%	N/A
Low	7%	0%	70%

All Projects:

- Are located in Los Angeles or Ventura Counties
- Committed to Prevailing Wage and extensive targeted hire requirements

Valuation Overview

Quantitative Valuation Approach

- Offers were valued and ranked based on their Net Present Value (NPV)
- Offers were categorized into first through fourth quartiles (Q1-Q4)

Benefits

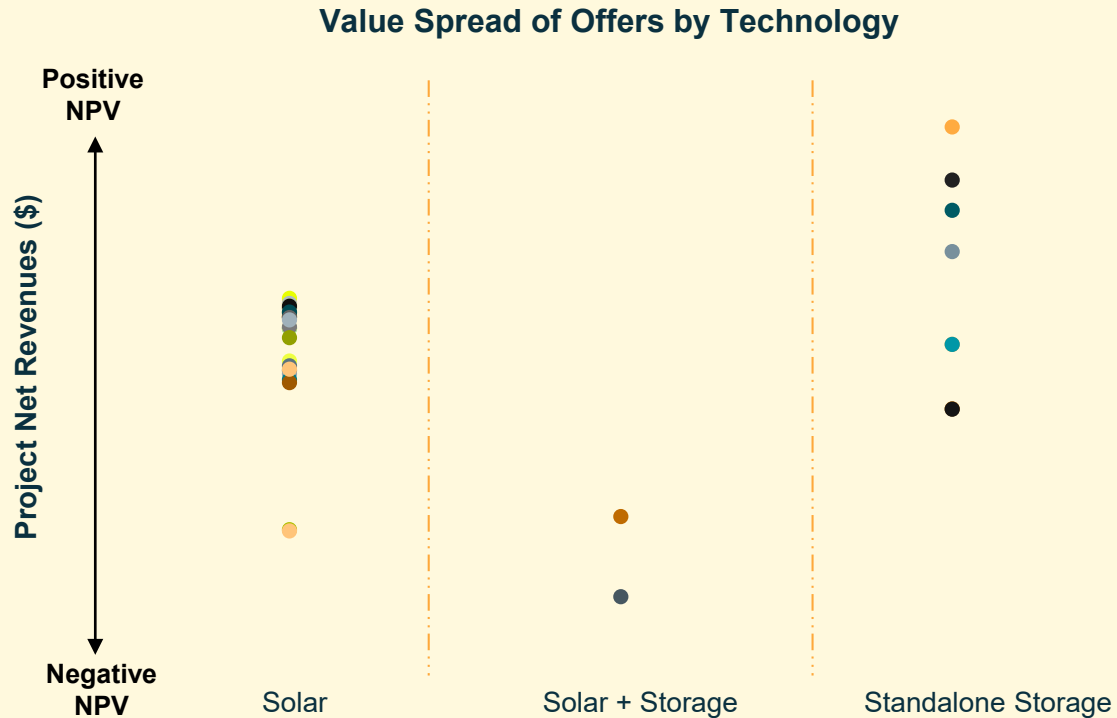
- **Energy Revenue** (\$/kWh)
Earnings from selling energy into CAISO market (from renewable generator and discharging energy from storage)
- **Resource Adequacy (RA)** (\$/kW-month)
Replaces RA CPA would otherwise have to purchase
- **Ancillary Services (AS)** (\$/kWh)
Earnings from selling ancillary services into CAISO market (applicable for storage only)

Costs

- **PPA Energy Cost** (\$/MWh)
Energy price CPA pays the counterparty
- **PPA Storage Cost, if applicable** (\$/kW-month)
Capacity price CPA pays the counterparty

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

Valuation by Technology



Above Market Costs

Above Market Costs

- The Above Market Cost per Year was determined for each offer using the Reliability RFO and Utility Scale Track shortlist averages as a baseline
- These costs are **per year** for **fifteen years**

RPS and RPS + Storage – Utility Scale Track

$$\left(\begin{array}{c} \text{PPA price for Distributed} \\ \text{Track offer (\$/kWh)} \end{array} - \begin{array}{c} \text{Average PPA price for} \\ \text{shortlist offers (\$/kWh)} \end{array} \right) \times \begin{array}{c} \text{Yearly} \\ \text{Generation} \end{array}$$

Above Market PPA Price

=

$$\left(\begin{array}{c} \text{PPA price for Distributed} \\ \text{Track offer (\$/kW-mo)} \end{array} - \begin{array}{c} \text{Average PPA price for} \\ \text{shortlist offers (\$/kW-mo)} \end{array} \right) \times \begin{array}{c} \text{Capacity} \\ \text{x 1 Year} \end{array}$$

Above Market PPA Price

Above Market Cost per Year

Storage – Reliability RFO

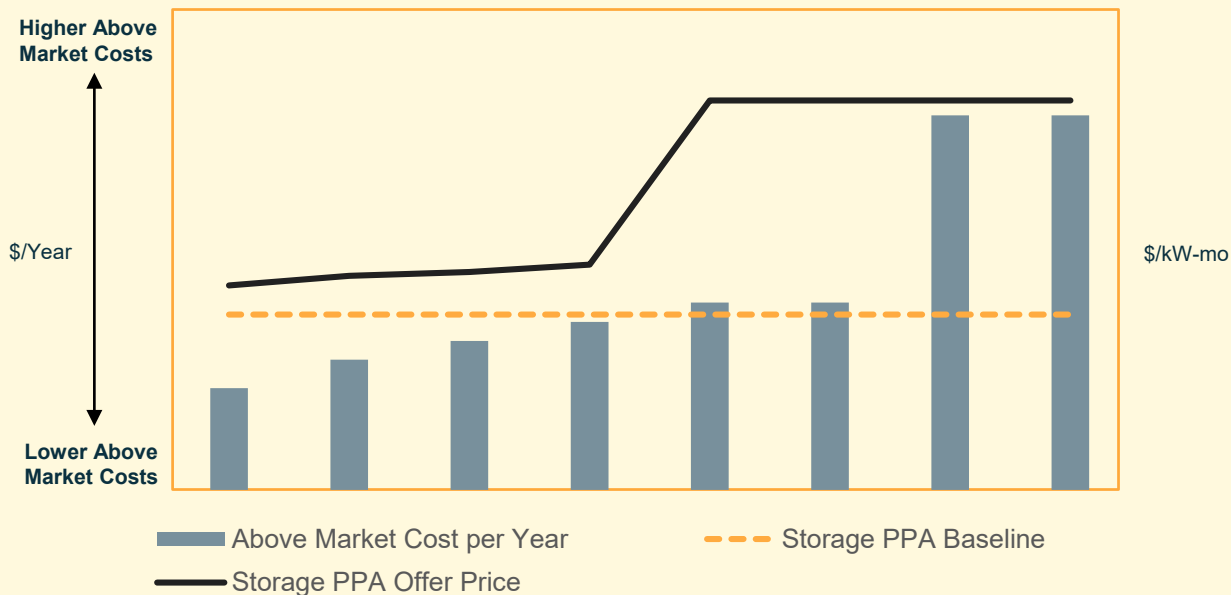
$$\left(\begin{array}{c} \text{PPA price for Distributed} \\ \text{Track offer (\$/kW-mo)} \end{array} - \begin{array}{c} \text{Average PPA price for} \\ \text{shortlist offers (\$/kW-mo)} \end{array} \right) \times \begin{array}{c} \text{Capacity} \\ \text{x 1 Year} \end{array}$$

Above Market PPA Price

Above Market Costs

Reliability RFO **vs.** Distributed Track Standalone Storage

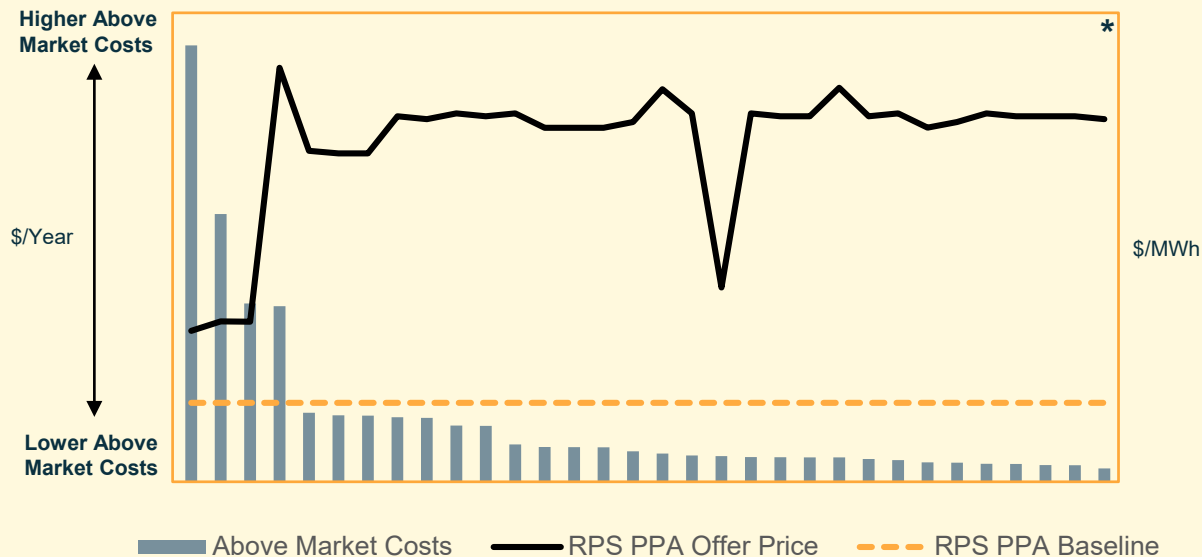
PPA Prices vs Shortlist Average (\$/kW-mo) and Total Above Market Cost (\$/Year)



Above Market Costs

Clean Energy RFO Utility Scale **vs.** Distributed Track RPS and RPS + Storage

PPA Prices vs Shortlist Average (\$/MWh) and Total Above Market Cost (\$/Year)



*Two solar plus storage projects include storage above market costs

Shortlisting Approach

Budget Consideration

- All Distributed Track offers carry significant above market costs and should be considered in the context of CPA's local programs investment strategy
 - Offers as high as 3-5x compared to utility scale renewables
 - These costs directly impact CPA's bottom line
- Limit CPA's above market costs, based on budget assessment and desire to allocate funds to local programs that provide additional benefits

Approach to Project Selection

Target projects based on the following criteria:

- Located in CPA's member agencies
- Diversity in location: expand CPA visibility
- Preference for rooftop solar
 - Low impact and uses existing space
 - Adds diversity to our portfolio: ground mounted and solar + storage highly represented in Utility Scale
 - Significant local standalone storage in CPA territory in Reliability RFO

Shortlist



Limit Above Market Costs
CPA Service Territory
Diversity in Location

NPV Quartile		Online	Technology Type	MW	Environmental Stewardship	Benefits to DACs	Development Risk Rating	PLA	City	County
1	Project 1	Q4 2021	Industrial rooftop mount solar	1 - 5	High	High	Medium	yes	Carson	Los Angeles
2	Project 2	Q4 2021	Industrial rooftop mount solar	<1	High	High	Medium	yes	Hawthorne	Los Angeles



2 projects
4,866 MWh / year
2.5 MW capacity

Next Steps

- Distributed Track process:
 - Receive Energy Committee decision on Shortlist
 - Notify bidders of shortlist status on February 27, 2020
 - Negotiate PPAs during March – June 2020
 - Submit PPAs for Board approval on a rolling basis
- Recommend to Energy Committee alternative approaches to local procurement going forward that deliver projects with greater additional benefits over the current Distributed Track construct
- Discuss local procurement in the context of a broader strategic plan for local programs, to be discussed at the April Board of Directors meeting