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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue the Development of Rates and Infrastructure for Vehicle Electrification.

Rulemaking 18-12-006

OPENING COMMENTS OF THE JOINT COMMUNITY CHOICE AGGREGATORS ON THE COVERED TOPICS

Laura Fernandez BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 (916) 326-5812 fernandez@braunlegal.com

Attorneys for the Joint Community Choice Aggregators

May 11, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue the Development of Rates and Infrastructure for Vehicle Electrification.

Rulemaking 18-12-006

OPENING COMMENTS OF THE JOINT COMMUNITY CHOICE AGGREGATORS ON THE COVERED TOPICS

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("<u>Commission</u>" or "<u>CPUC</u>"), the *Email Ruling Setting Updated Schedule For Party Comment On The Draft Transportation Electrification Framework* of assigned Administrative Law Judge ("<u>ALJ</u>") Doherty, dated February 14, 2020, and the *Email Ruling Denying Joint Motion to Stay Proceeding and Resetting Procedural Schedule*, dated March 24, 2020 ("<u>Modified</u> <u>Ruling</u>"), the Joint Community Choice Aggregators ("Joint CCAs") submit these opening comments on Section 3.4 and Section 11.3 of the Draft Transportation Electrification Framework ("<u>Draft TEF</u>") regarding scorecards, targets, metrics, and reporting requirements, as well as the investor-owned utilities' ("<u>IOUs</u>") Low Carbon Fuel Standard ("<u>LCFS</u>") Programs ("<u>Covered</u> Topics").¹

I. INTRODUCTION AND SUMMARY

The Joint CCAs appreciate the opportunity to work collaboratively with other stakeholders and the Commission to advance California's aggressive transportation electrification ("<u>TE</u>") efforts, and to further explore ways by which Community Choice Aggregators ("<u>CCAs</u>") may

¹ The Joint CCAs consist of Marin Clean Energy ("<u>MCE</u>"), Sonoma Clean Power ("<u>SCP</u>"), California Choice Energy Authority ("<u>CalChoice</u>"), Silicon Valley Clean Energy ("<u>SVCE</u>"), East Bay Community Energy ("<u>EBCE</u>"), Redwood Coast Energy Authority ("<u>RCEA</u>"), the City of San José, and Monterey Bay Community Power ("<u>MBCP</u>").

capitalize on their inherent advantages at a local and regional level to encourage and incentivize

TE. As noted previously, the Joint CCAs are encouraged by the plan in the Draft TEF by which the

Commission will be exploring the appropriate role of CCAs in accelerating TE, including the

possibility of interested CCAs serving as program administrators using funds recovered through

customer rates.²

The following is a summary of the Joint CCAs' principal positions and recommendations

with respect to the Covered Topics:

Section 3.4

- Increased coordination and planning between CCAs and IOUs in the TE space will be essential to ensure that California meets its TE goals;
 - CCAs have a critical role to play in achieving certain proposed Scorecard Targets and Metrics;
 - As CCAs progress into the role of TE program administrators, coordination between IOUs and CCAs will be necessary in order to avoid potential double-counting of Scorecard Targets and Metrics;
- The Commission should direct the IOUs to develop an online dashboard where Targets and Metrics are updated as frequently as possible, but no less than on a quarterly basis;
- Cost effectiveness targets should not be developed at this time;
 - Although cost-effectiveness targets should not be developed, it is important to track financial metrics closely, including both socialized as well as site-specific costs;
- Targets and Metrics should be as specific as possible in order to allow for efficient tracking of progress and "apples to apples" comparisons;
- A workshop process is the appropriate forum to fine tune and adjust the proposed Targets and Metrics and any associated numbers/goals;
- Any methodology utilized by the Commission for tracking greenhouse gas ("<u>GHG</u>") and air pollution reduction related to deployment of TE infrastructure

² See Draft TEF at 131.

should be consistent with the methodology used by the California Air Resources Board ("<u>CARB</u>") to track transportation sector emissions;

- The IOUs should track costs associated with development of their Transportation Electrification Plans ("<u>TEPs</u>"), including staff time, overhead and other costs associated with the development of TEPs and associated programs/pilots;
- The IOUs should report the average cost of distribution infrastructure upgrades, the number of times distribution infrastructure upgrade costs are assigned to the end-use customer, and the relative share of cost-responsibility between the IOU and end-use customer.

Section 11.3

- Given their connections within local communities, CCAs are well positioned to implement and design customer-facing TE programs, such as used Electric Vehicle ("<u>EV</u>") rebate and resilience programs;
- The IOUs should use LCFS funds on TE infrastructure upgrades;
 - In particular, special focus should be given to infrastructure in disadvantaged and low-income communities to ensure that these communities receive an equitable share of LCFS funds.

II. OPENING COMMENTS

A. Section 3.4: Scorecards, Targets, Metrics, and Reporting Requirements

The Joint CCAs are supportive of many of the Scorecard Targets and Scorecard Metrics recommended by Energy Division in Appendix E of the Draft TEF. For example, the Joint CCAs are fully supportive of the "Process Improvement Target" regarding tracking the average number of days from customer application for EV service connection to IOU approval.³ Moreover, the Joint CCAs support, in particular, the emphasis of two Scorecard Targets: (1) Percent of utility territory's EV driver customers enrolled on an EV rate; and (2) Date by which single family homeowners and those without access to home charging have the opportunity to pay the same amount per kWh to fuel an EV.⁴ In regard to these targets, the Joint CCAs believe that CCAs have

³ See id.

⁴ See *id.* at 172 and 174.

a critical role to play. With respect to the first target, CCAs regularly educate and inform their customers about rate options, and therefore can influence the awareness of EV drivers as to the different rate options and the enrollment process for these options. With respect to the second target, CCAs provide the generation supply for their customers, which makes up a significant portion of the overall bill, and therefore CCAs can work collaboratively with the IOUs to better ensure that parity is achieved in the cost per kWh of fueling EVs.

On a broader level, as applied generally to achievement of Targets and Metrics, the Joint CCAs reiterate a point that they previously made: increased coordination and planning between CCAs and IOUs in the TE space will be critical to ensure that California meets its TE and EV goals.⁵ The Joint CCAs acknowledge that coordination with CCAs is addressed in depth in Section 10.4 of the Draft TEF, and the Joint CCAs intend to provide more robust comments and proposals regarding the role of CCAs at the appropriate procedural time in this proceeding. However, for now, the Joint CCAs simply wish to note that CCAs have a role to play in achieving certain proposed Scorecard Targets and Metrics, in particular, and that coordination will be necessary to ensure progress is properly tracked. Among other things, as interested CCAs progress into the role of TE program administrators, coordination between IOUs and CCAs will be necessary in order to avoid potential double-counting of Scorecard Targets and Metrics. Moreover, careful consideration should be given as to how, or if, to count TE programs funded entirely by CCA generation revenue, rather than funds collected from all ratepayers. The Joint CCAs look forward to discussing these issues further in comments on Section 10.4 of the Draft TEF.

In addition to providing responses below to specific stakeholder questions for Section 3.4, the Joint CCAs suggest that the Commission direct the IOUs to develop an online dashboard where

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See, e.g., Joint CCA Reply Comments (April 27, 2020) at 5.

Targets and Metrics are updated as frequently as possible, but no less than on a quarterly basis. The Draft TEF already proposes that the Commission require the IOUs to "regularly publicly release their Scorecards so policymakers, ratepayers, industry, and academics can utilize and review the data demonstrating progress towards meeting state and IOU-specific TE goals."⁶ The Joint CCAs suggest that an online dashboard would be an efficient means by which the Commission, TE program administrators and other policymakers could evaluate overall progress. The Joint CCAs suggest that the online dashboard could follow the example of the California Distributed Generation Statistics website.⁷ A publicly accessible website will allow for transparency so that stakeholders are able to share information and collaborate, while also allowing program administrators to effectively assess program delivery and progress towards program goals.

Below, the Joint CCAs respond to the stakeholder questions for Section 3.4.

1. How could the financial metrics proposed in the draft Scorecard be expanded and leveraged to help develop cost-effectiveness metrics?

In the Draft TEF, Energy Division indicates that it "does not recommend developing cost effective targets for TE at this time."⁸ The Joint CCAs agree with Energy Division. Given the nascence of the TE market, the Joint CCAs believe it is premature to develop cost-effectiveness *targets*. That said, the Joint CCAs also agree with Energy Division that, although cost-effectiveness targets should not be developed, it is important to track financial metrics closely.⁹

⁶ Draft TEF at 32.

⁷ See e.g. https://www.californiadgstats.ca.gov/. The California Distributed Generation Statistics website includes data for all solar photovoltaic systems interconnected through the California IOUs net energy metering tariffs.

⁸ Draft TEF at 31.

⁹ See id.

Energy Division suggests that "the financial metrics category is critical to track

infrastructure costs across an IOU's portfolio of investments and reporting could support future consideration of cost-effectiveness metrics."¹⁰ The Joint CCAs agree, and in particular support future cost effectiveness being evaluated through financial metrics such as "cost per port by major cost category," which is one of Energy Division's recommended financial metrics.¹¹ The Joint CCAs support tracking financial metrics now, including both socialized as well as site-specific costs, in order to potentially inform cost-effectiveness targets in the future. Tracking financial metrics will enable stakeholders and the Commission to assess at a later date whether cost-effectiveness targets may or may not be appropriate. The Joint CCAs also see value in tracking financial metrics, as proposed by Energy Division, in order to potentially shed light on how costs vary across the IOUs' service territories.

2. Should the final Transportation Electrification Framework include firm targets and metrics the IOUs' Transportation Electrification Plans must address? Can those targets and metrics be addressed through the workshop and comment/response process described below?

As a general matter, the Joint CCAs suggest that Targets and Metrics should be as specific as possible in order to allow for efficient tracking of progress. Selecting specific targets and metrics will also enable stakeholders and the Commission to conduct an "apples to apples" comparison between programs, as well as among program administrators. Accordingly, the Joint CCAs support Energy Division's proposal for targets to have specific numbers assigned to them.¹² Moreover, the targets should be firm, and should ultimately be compared against California's

¹⁰ See id.

¹¹ See id. at 174.

¹² See id. at 31.

specific TE policy goals. However, the Joint CCAs note that it may be appropriate to allow metrics to be flexible, and have the ability to adapt the metrics as more data is collected and analyzed.

The Joint CCAs are also supportive of Energy Division's proposal to hold a stakeholder workshop or workshops in order to discuss the specific numbers that will be assigned to the Scorecard Targets.¹³ The Joint CCAs believe a workshop process is the appropriate forum to finetune and adjust the proposed Targets and Metrics. The Joint CCAs are hopeful that a workshop process would allow stakeholders sufficient opportunity to not only discuss specific numbers or goals that will be associated with Targets and Metrics, but also to allow for discussion of potential additional Targets and/or Metrics, as proposed in the Draft TEF.¹⁴

In this regard, the Joint CCAs suggest two additional Targets and/or Metrics for discussion and consideration at an upcoming workshop(s). First, the Joint CCAs suggest that EV adoption by low-income customers is an Equity Metric that should be tracked. Second, the Joint CCAs suggest that fleet electrification should be considered as a Metric or Target. The Joint CCAs acknowledge that Appendix E contains certain related Targets and Metrics, including number of transit agencies electrified, number of school buses electrified and percent of Fortune 1,000 companies with electrified fleets.¹⁵ However, the Joint CCAs propose tracking overall fleet electrification, which could include urban delivery trucks and vans, as well as other medium and heavy duty vehicles. Fleet electrification is an important metric to track because, even if all residents of a certain geographic area purchased EVs, air quality impacts due to fleets traveling through major highways and arterials would remain.

¹³ See id.

¹⁴ See id.

¹⁵ See id. at 173-176.

3. What methodologies for calculating greenhouse gas emission and air pollutant reductions could be applied to IOU TE programs to better track their effectiveness? Should a new emissions reduction measuring methodology be developed specifically for transportation electrification infrastructure programs?

As the Commission is aware, transportation sector GHG emissions accounting is different, and arguably more complicated, than electricity sector GHG emissions accounting. To ensure proper accounting, and given the role of CARB, the Joint CCAs suggest that any methodology utilized by the Commission for tracking GHG and air pollution reduction related to deployment of TE infrastructure should be consistent with the methodology used by CARB to track transportation sector emissions.¹⁶ At a minimum, the Commission should coordinate closely with CARB on GHG emissions accounting.

The development of a *new* emissions reduction measuring methodology for TE infrastructure programs also presents complications. On balance, the Joint CCAs do not support the development of a new methodology for several key reasons. First, although research supports that there is a *correlation* between charging station installations and EV adoption, the Joint CCAs are not confident that this research could be presently translated into a reliable formula of "X number of charging stations equates to X number of new EVs which equates to X amount of avoided GHG emissions." While the correlation appears to be strong, there simply is not enough research to reliably support a formula at this point in time.

Second, GHG emissions reductions will vary depending on the generation mix that is supplying the EV infrastructure. Therefore, any GHG reduction accounting for TE infrastructure activity should incorporate the carbon intensity ("<u>CI</u>") of the generation service to the EV infrastructure. The Joint CCAs, for example, each offer their customers standard electricity service

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See https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2017/ghg_inventory_trends_00-17.pdf.

that has a lower CI than the incumbent IOU. Additionally, the Joint CCAs also offer carbon-free and 100 percent renewable energy options to their customers. In some CCA service areas, residential and municipal customers have been automatically enrolled in a carbon-free option at the time their city or county started receiving service from the CCA. This is relevant because some CCAs have invested in and deployed public charging stations where they own the meter, and at these charging stations delivered electricity has been opted up to 100 percent renewable energy service options. All of these factors will influence actual GHG emissions reductions, and should be factored into methodologies for calculating reductions.

The Joint CCAs have also collaborated with CARB and other entities like Green-e to certify their carbon-free and 100 percent renewable energy products. This is also relevant because many CCAs, and perhaps other load-serving entities ("<u>LSEs</u>"), offer these retail service options for TE infrastructure, which results in greater GHG emission reductions from the transportation and goods movement sectors. For example, in 2019 EBCE worked with CARB to become an alternative fuel producer and received certification of its 100 percent renewable energy product as a zero-CI pathway.¹⁷ It is worth noting that EBCE was the first LSE in California to have this pathway certified. This certification now enables reporting of EBCE's 100 percent renewable energy product as a transportation fuel in the LCFS. Additional CCAs are expected to obtain this certification soon as well.

On a related note, the Joint CCAs suggest that Energy Division add additional load-shaping metrics, such as percent of residential charging occurring during off-peak times. Currently, there is only one Load Management/Vehicle Grid Integration ("<u>VGI</u>") Metric, which is "kWhs charged

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See e.g. https://ww2.arb.ca.gov/resources/documents/lcfs-pathway-certified-carbon-intensities.

with renewable energy load."¹⁸ Additional metrics are needed. The Joint CCAs believe that additional metrics related to VGI should be linked to the VGI Working Group Policy recommendations that are currently under development. These recommendations might include, for example, peak kW avoided, percent of customers enrolled in a load shaping program, customer benefits/bill savings, GHG emission and criteria pollutant reductions.

4. What additional cost data, if any, should the Commission direct the IOUs to report as metrics?

As noted above, the Joint CCAs support exploring details surrounding metrics, including financial metrics, in a workshop setting, as proposed by Energy Division.¹⁹ The Joint CCAs provide the following response in order to preview a few proposals that the Joint CCAs believe are important for consideration in a workshop setting.

In addition to the financial metrics that are proposed by Energy Division in Appendix E, the Joint CCAs request that the Commission also direct the IOUs to track additional costs. First, the Joint CCAs request that the IOUs track their costs associated with development of their TEPs, including associated TE applications and pilot programs. Specifically, the Commission should require the IOUs to track staff time, overhead and other costs associated with the development of TEPs and associated programs/pilots. Second, the Joint CCAs recommend that the Commission direct the IOUs to report the average cost of distribution infrastructure upgrades, the number of times distribution infrastructure upgrade costs are assigned to the end-use customer, the relative share of cost-responsibility between the IOU and end-use customer, and related matters. Third, the Joint CCAs also support specifically tracking all utility-side costs, including transformers, makeready facilities and other interconnection facilities. Fourth, the Commission should require the

¹⁸ See Draft TEF at 176.

¹⁹ *See id.* at 31.

IOUs to track cost data associated with the utility side of the meter investments made in different geographic areas of communities. This point requires further elaboration. While an IOU Integrated Capacity Analysis ("<u>ICA</u>") map may indicate grid capacity is available in one area of a city, a short distance from that area the ICA map may indicate less, or severely constrained, grid capacity exists. The Joint CCAs recommend tracking and reporting cost data associated with utility side of the meter investments in each of these areas.

Finally, it is worth noting that many LSEs, including CCAs, are currently working with the California Energy Commission ("<u>CEC</u>") to co-fund major charging infrastructure investment projects in their service area through the California Electric Vehicle Infrastructure Project ("<u>CALeVIP</u>"). Through CALeVIP, cost data associated with charging infrastructure deployment is collected by the CEC's program administrator, the Center for Sustainable Energy, and shared with co-funding partners. CCAs are engaged in current and upcoming CALeVIP projects that will run through 2024. In turn, this represents an opportunity for CCAs, and other LSEs working with the CEC on implementation of CALeVIP projects, to collaborate with the IOUs on charging infrastructure cost data, both on the utility and customer-side of the meters.

B. IOUs LCFS Programs

1. Do Energy Division staff's proposed Low Carbon Fuel Standard holdback program options benefit existing and/or future electric vehicle drivers? Why or why not?

While the Joint CCAs are generally supportive of Energy Division's proposals for the use of holdback credit funds, the Joint CCAs believe that CCAs may be generally better positioned to implement and design these types of programs in their service areas. This is because CCAs are, by design, inherently more local and regional in nature than the IOUs. Moreover, as public agencies, CCAs are particularly motivated to ensure that value is returned from these credits to the communities they serve in the form of programs and incentives. The Joint CCAs intend to provide further comments regarding the possibility of interested CCAs serving as program administrators using these funds in forthcoming comments on Section 10.4 of the Draft TEF.

The Joint CCAs are particularly supportive of Energy Division's proposal to develop a used EV rebate program through the use of holdback credit funds.²⁰ It is worth noting that a majority of vehicle sales in California are used vehicles.²¹ Therefore, it is critical that this market is supported with rebates, especially as more long range EVs, such as the Chevy Bolt, enter the used market. Furthermore, the Joint CCAs are interested in exploring what role CCAs could play in designing, and implementing a used EV rebate program. Such a program would require coordination with a multitude of local auto dealerships, which would be more difficult for an IOU that is responsible for a vast service territory. It is also worth noting that some CCAs, such as Peninsula Clean Energy, have already developed used EV incentives.

The Joint CCAs are also supportive of Energy Division's proposal to support EV resilience efforts. However, like with the used EV rebates, the Joint CCAs believe that CCAs are better positioned to manage resilience programs, given the momentum CCAs already have in launching resilience programs currently. MCE, for example, will be launching new energy storage programs this summer to support residential customers, as well as critical facilities, in pursuing the installation of energy storage systems to keep the power on during public safety power shut-offs and other outage events. The programs are supported by a \$6 million resiliency fund that MCE's Board approved to help alleviate grid outages and increase resiliency. Many other CCAs have

²⁰ See Draft TEF at 148.

²¹ See <u>https://www.mercurynews.com/2020/02/25/california-car-sales-dip-for-2nd-straight-year-as-suvs-trucks-climb/</u>.

implemented, or are working on implementing, similar initiatives, and it would be simple and costeffective to leverage those initiatives to support EV resilience efforts.

Regarding coordination, the Joint CCAs agree with the Draft TEF that there is an opportunity for "improved coordination across LCFS-funded and ratepayer-funded TE programs."²² Given CCA interest in utilizing LCFS proceeds, the Joint CCAs reiterate that additional coordination among program administrators, as well as between IOUs and CCAs, will be critically important.

In addition to the holdback program options described in the Draft TEF, the Joint CCAs suggest that LCFS funds should also be used on infrastructure upgrades, especially in multi-unit dwellings ("<u>MUDs</u>"), to achieve universal access to Level 1 and Level 2 charging. The Joint CCAs also suggest that an incentive program for utility meter upgrades in MUDs would be an appropriate use of these funds. An example would be panel upgrades that are sometimes required in order to enable electrification.

III. CONCLUSION

The Joint CCAs thank Assigned Commissioner Rechtschaffen and ALJs Doherty and Goldberg for their consideration of the matters discussed herein.

Dated: May 11, 2020

Respectfully submitted,

/s/Laura Fernandez

Laura Fernandez BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 (916) 326-5812 fernandez@braunlegal.com

Attorneys for the Joint Community Choice Aggregators

²² See Draft TEF at 148.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies. Rulemaking 19-09-009 (Filed September 19, 2019)

OPENING COMMENTS OF THE JOINT CCAS ON TRACK 1 PROPOSED DECISION

David Peffer BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

May 19, 2020

On Behalf Of: Clean Power Alliance Peninsula Clean Energy Authority Sonoma Clean Power Authority Redwood Coast Energy Authority San Jose Clean Energy Pioneer Community Energy Lancaster Choice Energy Monterey Bay Community Power Marin Clean Energy East Bay Community Energy

SUBJECT INDEX OF RECOMMENDED CHANGES

The Joint CCAs recommend the following changes to the Proposed Decision:

- 1. The Decision should clearly outline the timelines expected from the IOUs for interconnection processing, including "expedited interconnection process" timelines that are more aggressive than the existing Rule 21 timelines.
- 2. The Decision should formally recognize that CCAs are local governments, expressly include CCAs in all activities and IOU requirements that apply to local governments, and clarify that where the PD lists CCAs and local governments separately the Commission does not intend to imply that CCAs are not local governments.
- 3. The Decision should guarantee information portal access to all interested local and tribal governments and agencies/offices thereof, including CCAs.
- 4. The Decision should require that the IOUs provide detailed information on the impact of planned system hardening and reliability improvements on the need for resiliency resources at the circuit and local levels at the workshop, and provide plans for sharing this information in their Tier 2 advice letters implementing the workshop requirement.
- 5. The Decision should require that the IOUs establish specific timelines for each resiliency project and transmission/distribution hardening or upgrade project that will have an impact on the need for resiliency resources, and report on these projects' progress at the bi-annual workshops.
- 6. The Decision should formally require that IOUs collaborate with CCAs on all resiliency projects in CCA territory.
- 7. The Decision should clarify that the collaboration requirement extends to all parts and phases of IOU resiliency planning within a CCAs service territory, from initial planning onward, and includes both distribution upgrade planning and resiliency generation planning.
- 8. The Decision should clarify that CCAs have a statutory right to select and procure generation resources for their customers within their service areas per PU Code 366.2(a)(5). This includes resiliency generation resources, and applies regardless of whether a substation serving CCA customers is operating in islanded mode during a PSPS event.
- 9. The Decision should require that PG&E allow CCAs to connect CCA-procured generation resources to Make-Ready upgraded substations in CCA service areas.
- 10. The Decision should require that all resiliency generation resources connected to Make-Ready substations in a CCA's service area be the result of collaborative discussions between at least the CCA and the IOU.

- 11. The Decision should require that any cost-recovery reasonableness review for PG&E's projects include the resolution of reasonableness issues not addressed in this proceeding.
- 12. The Decision should require that PG&E coordinate its microgrid/resiliency generation planning with the on-line dates of its planned transmission and distribution ("<u>T&D</u>") system upgrades.
- 13. The Decision should establish annual caps on the Temporary Generation Program's use of i) diesel and ii) other fossil-fuel generation, with the goals of reducing or eliminating the use of diesel beyond 2020, and transitioning to all-renewable backup generation within the next three years.
- 14. PG&E should be required to demonstrate that it has made all reasonably possible efforts to procure renewable temporary generation before procuring fossil temporary generation.
- 15. PG&E's CMEP should be subject to the same requirements as Proposal 3, and PG&E's CMEP implementation advice letter should be required to have the same content as the Proposal 3 implementation advice letter (in addition to the CMEP-specific requirements).
- 16. PG&E's CMEP should provide local and tribal governments a specific contact *in each relevant team/ department* at PG&E that works on resiliency projects.
- 17. The Decision should specifically list the substations that are in scope for both the Make-Ready Program (for 2020, 2021 and 2022) and the Temporary Generation Program (for 2020 only), and require that PG&E file a Tier-2 advice letter if it wishes to modify this scope by including non-listed substations in either Make-Ready or Temp-Gen.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies. Rulemaking 19-09-009 (Filed September 19, 2019)

OPENING COMMENTS OF THE JOINT CCAS ON TRACK 1 PROPOSED DECISION

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("<u>Commission</u>"), the Joint CCAs¹ hereby submit the following opening comments on the Proposed Decision Adopting Short-Term Actions To Accelerate Microgrid Deployment And Related Resiliency Solutions, (the "<u>PD</u>") issued on April 29, 2020 in Track 1 of the above-captioned proceeding.

As a general matter, the Joint CCAs are greatly encouraged by the PD. In most cases, the PD adopts proposals that are reasonable, achievable, and can be implemented relatively rapidly. Equally important, the PD ties its approval of these proposals to formal oversight and compliance mechanisms, including requiring that the investor owned utilities ("<u>IOUs</u>") submit advice letters setting forth their plans for implementing the adopted proposals. In doing so, the PD recognizes that the goals of Track 1 of this proceeding are not aspirational. Rather, they are goals that must be achieved quickly and efficiently in order to reduce the impact of public safety power shutoff ("<u>PSPS</u>") outages and other de-energization events on public health, safety, and welfare. In these comments, the Joint CCAs identify areas where the Track 1 record, applicable law, and sound policy support further strengthening or refinement of the PD.

¹ The Joint CCAs consist of the following Community Choice Aggregation ("<u>CCA</u>") programs: Clean Power Alliance ("<u>CPA</u>"); Peninsula Clean Energy Authority ("<u>PCE</u>"); Sonoma Clean Power Authority ("<u>SCP</u>"); Redwood Coast Energy Authority ("<u>RCEA</u>"); San Jose Clean Energy ("<u>SJCE</u>"); Pioneer Community Energy ("<u>Pioneer</u>"); Lancaster Choice Energy ("<u>LCE</u>"); Monterey Bay Community Power ("<u>MBCP</u>"); Marin Clean Energy ("<u>MCE</u>"), and East Bay Community Energy ("<u>EBCE</u>").

I. COMMENTS ON THE PD'S DISPOSITION OF INTERCONNECTION AND TARIFF PROPOSALS

A. The PD Should Be Modified To Clarify Interconnection Proposal 3

The Joint CCAs respectfully request that the Commission clarify the exact requirements associated with the Interconnection Proposal 3 "expedited interconnection process." The PD currently states that IOUs must "meet the interconnection timelines established in Rule 21."² However, because the IOUs are already required to meet the Rule 21 timeline, it is unclear how this requirement results in an *expedited* process. The final Decision should clearly outline the timelines expected from the IOUs for interconnection processing, including "expedited interconnection process" timelines.

B. Tariff Proposal 2 Needs To Be Applied Across Commission Proceedings

The Joint CCAs support the PD's adoption of Tariff Proposal 2, which allows customers to maximize the resiliency benefit of energy storage systems by removing existing sizing limits. However, for this proposal to be effective, it must be implemented across the relevant Proceedings and programs. For example, under the Self-Generation Incentive Program ("<u>SGIP</u>"), energy storage systems can be sized up to peak load. To allow for consistent application of Commission decisions across Proceedings and programs, this SGIP rule must be updated to remove the storage sizing limit. Otherwise, customers who size storage systems larger than their peak load to meet resiliency needs would not be able to take advantage of SGIP incentives which would greatly de-incentivize storage system installation and would be counter-productive to the goals of the PD.³

II. COMMENTS ON THE PD'S DISPOSITION OF LOCAL GOVERNMENT INFORMATION SHARING PROPOSALS

A. The PD Should Be Modified To Formally Recognize That CCAs Are Local Government Agencies

The Joint CCAs respectfully request that the Commission amend the PD to adopt formal findings of fact ("<u>Findings</u>") and conclusions of law ("<u>Conclusions</u>") that recognize that entities

² PD at 27.

³ To mitigate the concern of SGIP incentive gaming, the Joint CCAs propose that the SGIP incentive still be assessessed based on peak load. So while the customer can size the system larger than

operating community choice aggregation programs ("<u>CCAs</u>") are local governments, and that the PD be further clarified to: 1) expressly include CCAs in all activities and IOU requirements that apply to local governments; and 2) clarify that where the PD lists CCAs and local governments separately, the Commission does not intend to imply that CCAs are not local governments.

In its discussion section, the PD recognizes the fact that CCAs are local governments. In discussing Information Proposal 1, the PD states: "Proposal 1 considers how to best address the interest from local and tribal government agencies – including cities and counties, tribal governments, and community choice aggregators (CCAs) – in microgrid and resiliency project planning as part of a larger community resiliency strategy to minimize the impact of grid outages."⁴ Similarly, the PD notes that the Microgrids Staff Proposal "considers local governments as cities, counties, and community choice aggregators."⁵

These statements are strongly supported by the Track 1 record and applicable law. In Opening Comments on the Staff Proposal, the Joint CCAs established that all CCAs are, by definition, programs operated by local government agencies. All of California's operational CCAs are either programs of a town or city government, or are Joint Powers Authorities ("JPAs") that are formed by, governed by, and operate under government authority delegated by their member town, city, and county governments.⁶ Under the controlling statutes, JPAs are local government agencies.⁷ For instance, Peninsula Clean Energy Authority is a JPA comprised of San Mateo County and all of its twenty municipalities. Peninsula Clean Energy Authority operates transportation electrification, community resiliency, and innovation-fostering programs, in addition to its CCA program, Peninsula Clean Energy. Pioneer Community Energy is JPA that operates a CCA program and a Property Assessed Clean Energy Program (mPOWER PACE), with a Board comprised of Placer County, the cities of Auburn, Colfax, Lincoln, and

peak load, the incentive payment would be assessed, and effectively limited by, the customer's peak load, preventing disproportional payout of SGIP incentives.

⁴ PD at 39.

⁵ PD at 5 (Footnote 7).

⁶ Joint CCA Opening Comments at 20-21.

⁷ See, Cal. Govt. Code Section 6500 (JPAs are included in the definition of "public agency"); 6252 (as public agencies that are not state agencies, JPAs are "local agencies"); 434.5 ("local government agency means a county, city, whether general law or chartered, city and county, town, municipal corporation, school district or other district, political subdivision, or any board, commission, or agency thereof, or other local agency). See also Assembly Bill 1773, wherein the Legislature amended Pub. Util. Code Section 2830 to expand the definition of "local governments" eligible for RES-BCT to include Joint Power Authorities.

Rocklin, and the town of Loomis. Non-voting members of the JPA include Nevada County, Truckee, Nevada City, Grass Valley and Folsom, who participate in PACE. Lancaster Choice Energy is a CCA program operated by the City of Lancaster.

Despite clearly establishing the fact that *CCAs are local governments* in its discussion section, the PD does not formally adopt this determination in its Findings and Conclusions. This oversight is not merely cosmetic – it has significant implications for CCAs. For instance, Local Government Proposal 3 would require that the IOUs create dedicated teams to "manage intake of local and tribal government resiliency projects."⁸ Because CCAs are local governments, their resiliency projects should qualify for intake through these dedicated IOU teams. However, because the proposal does not specifically mention CCAs, and absent Findings and Conclusions clearly establishing that the term "local governments" includes CCAs, there is a significant risk that this requirement will be misinterpreted by the IOUs and CCA projects will be denied access to the dedicated resiliency project teams.

In order to remedy this oversight, the Joint CCAs recommend that the Commission adopt new Finding and Conclusions establishing that:

- 1. CCAs are local governments as a matter of fact and law.
- 2. In implementing the PD's orders, all IOU reporting, consultation, and other requirements that apply to "local governments" apply to CCAs as well as town, city, county, and tribal governments.
- 3. Where the PD lists or discusses CCAs and local governments separately, the Commission is not implying that CCAs are not local governments.

The Joint CCAs' proposed new Findings and Conclusions are set forth in Appendix A to these Comments.

B. The PD Should Be Modified To Allow All Local Governments Including CCAs To Access The Information Portal

The Joint CCAs strongly support the PD's implementation of the Local Government Proposal 5 ("<u>Proposal 5</u>"), the separate data portal for local governments. However, the Joint CCAs are concerned by the PD's statement in its discussion section that, for the near-term, access to the portal shall be restricted to County Offices of Emergency Services and similar

⁸ PD at 53.

organizations created by county government to carry out the State Emergency Plan (together, "<u>County Emergency Offices</u>").⁹

As a threshold matter, the Joint CCAs note that while this restriction is mentioned in the PD's discussion section, it is not reflected in or supported by the PD's Findings and Conclusions. The record for this proceeding does not include any evidence that would support limiting portal access to only County Emergency Offices.

Limiting portal access to County Emergency Offices is directly contrary to the purpose of Track 1 of this Rulemaking and would severely limit the usefulness of the data portal. The purpose of Track 1 is to identify immediately available steps that can be rapidly implemented to improve system resiliency and reduce the impacts of PSPS and other outages in the near-term. To further this purpose, Commission Staff introduced and recommended the adoption of Proposal 5. As drafted by Staff, Proposal 5 would require that the IOUs implement a data portal that provides all information necessary for resiliency planning, and allow all local government entities responsible for resiliency planning - cities, counties, tribal governments and community choice aggregators – to access the portal. ¹⁰ Staff's version of Proposal 5 ensures that relevant local governments, including CCAs, have access to the information they need to effectively implement resiliency programs and projects.

In contrast, the PD's discussion section would, at least initially, only require that the IOUs allow portal access to County Emergency Offices. Thus, under the PD, the IOUs would potentially be allowed to refuse portal access to many local government entities that have *essential resiliency planning and procurement functions*, including: town and city governments;¹¹ tribal governments; county agencies and departments outside a county's Emergency Office; and CCAs.¹²

⁹ PD at 58.

¹⁰ Staff Proposal at 25 ("access would be restricted to cities, counties, tribal governments and community choice aggregators").

¹¹ While County OES has authority for coordination during emergencies with municipalities, incorporated cities have their own authority and obligations – ones that the County must respect.

¹² The statutory purpose of CCAs is to develop and procure generation for the customers and communities they serve, a purpose that extends to resiliency generation resources. In addition, the creation of a CCA program at a JPA or city department does not constrain that public agency's mission. That mission is determined by the Board of Directors or relevant oversight body within the locality. The development/procurement/ implementation of resiliency programs and generation resources that reduce the impact of PSPS outages on critical facilities and infrastructure and vulnerable customers are programs that the Joint CCAs are already undertaking on behalf of their communities.

Denying these essential agencies direct access to the portal ignores the critical distinction between the roles different local government entities play in: 1) emergency preparedness and response; and 2) planning and implementing resiliency projects. Indeed, in many cases the primary responsibility for planning and implementing local resiliency projects lies with a community's CCA, publicly owned utility, or town, city, or tribal departments or offices (including public works departments, energy departments, and energy managers).

The Track 1 record establishes that CCAs in particular have been tasked by our local government officials with a leading role in resiliency planning, implementation, and resource procurement. In comments, the Joint CCAs established that numerous CCA programs either already have resiliency programs underway or are planning to implement such programs in the near future.¹³

In many cases, the primary impediment to CCAs' timely implementation of resiliency programs (particularly front-of-meter microgrids) is the unavailability of critical system information from the IOUs. By denying CCAs access to the portal, the PD would significantly limit CCAs' ability to pursue projects that are designed to increase public safety during wildfires and other grid events. This outcome undermines the ability of communities to purse deployment of resources to protect public safety. This is detrimental not only to CCAs and their customers, but all energy consumers and to the State as a whole.

The Joint CCAs further note that denying CCAs access to the portal is at cross-purposes with the policy of requiring that IOUs cooperate with CCAs when planning resiliency projects in CCA territory, and in particular Pacific Gas and Electric Company's ("<u>PG&E</u>") Community Microgrids Enablement Program ("<u>CMEP</u>"). CMEP is supposed to encourage collaboration between CCAs and IOUs on front-of-the-meter microgrids. Not having access to the data portal will be a significant impediment to the success of collaborative CMEP efforts.

To be clear, the Joint CCAs are in no way arguing that County Emergency Offices do not need access to IOU data portals. Indeed, much of the information to be provided through the portal is absolutely critical to County Emergency Offices emergency preparedness and response planning for PSPS events, and portal access may help to inform coordination between County Emergency Offices PSPS emergency planning and other agencies' resiliency planning. Rather, the Joint CCAs believe that it is essential that *all* local government agencies (including CCAs)

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Opening Comments of the Joint CCAs on Track 1 Proposals at 2-5.

that have an interest or a community-mandated role in resiliency planning have direct and unrestricted access to the portal. Denying knowledgeable local government agencies access to the data portal will greatly hamper the ability to improve system resiliency for customers and will reduce the number of resiliency projects/resources that are online for the 2020 fire season and beyond. The PD should expressly allow for open access to data so that agencies can effectively collaborate to develop solutions. Indeed, this is already underway in Sonoma County, where a host of local governments and agencies have begun work to identify and accelerate the adoption of resiliency solutions to PG&E's Public Safety Power Shutoffs.¹⁴

To remedy this issue, the Joint CCAs respectfully request that the Commission adopt the proposed changes to the PD's Findings, Conclusions, and Ordering Paragraphs set forth in Appendix A.

C. The Proposal 1 Workshop Requirement Should be Strengthened

The Joint CCAs strongly support the PD's adoption of Local Government Proposal 1 ("<u>Proposal 1</u>"), which requires that the IOUs hold information workshops. The Joint CCAs are further greatly encouraged by the PD's adoption of clear requirements for the IOUs regarding the goals and content of the workshops, and the PD's adoption of robust reporting requirements.

The Joint CCAs recommend that the PD be modified to further strengthen the information workshops requirement. First, while the PD requires that the IOUs "incorporate their electrical and distribution investment and operation plans into the semi-annual workshops" and provides a specific list of information that the IOUs must communicate,¹⁵ the PD does not specifically require that the IOUs provide include the information most important to resiliency planning – detailed information on the impact of planned system hardening and reliability improvements on the need for resiliency resources at the circuit and local levels – at the workshops, or provide plans for sharing this information in their Tier 2 advice letters implementing the workshop requirement.¹⁶ The Joint CCAs respectfully ask that the

¹⁴ The groups include: Sonoma County Dept of Emergency Management, Sonoma County Counsel, City of Santa Rosa, Rural County Representatives of California (RCRC), California State Association of Counties, City of Healdsburg Electric, Regional Climate Protection Authority, Sonoma Water, Bay Area Air Quality Management District, Northern Sonoma County Air Pollution Control District, Sonoma County Energy & Sustainability Division, and Sonoma Clean Power Authority.

¹⁵ PD at 41-42.

¹⁶ PD at 46.

Commission address this oversight by amending the PD to require that the IOU advice letters implementing Proposal 1 include a detailed description of their plans to share, at the workshops, information on all operational plans, planned projects, and projects underway that would increase system reliability or resiliency and potentially reduce the need for resiliency resources. This amendment will ensure the Commission achieves its goals of increasing transparency and empowering local entities to make informed decisions on where to focus their resiliency planning efforts, capital investments, and pre-PSPS event operations.¹⁷

Second, the Joint CCAs recommend that the IOUs be required to establish specific timelines for each resiliency project and report on these projects' progress at the bi-annual workshops. Progress reports from these workshops should be uploaded to the Commission's website as is current practice for PSPS events. If delays in project implementation occurred, the utilities must provide detailed descriptions of the reasons for such a delay.

To effectuate this improvement, the Joint CCAs respectfully request that the Commission adopt the proposed amendments to the PD's Ordering Paragraphs, as set forth in Appendix A.

III. COMMENTS ON THE PD'S DISPOSITION OF IOU PROPOSALS

A. The PD Should Be Modified To Define And Clarify The Required Collaboration Between IOUs And CCAs

The Joint CCAs support the PD's requirement that PG&E "collaborate with the CCAs in its service territory for planning and procurement processes for Make-Ready resources that may be deployed in the CCA's service territory."¹⁸ At the same time, the Joint CCAs have two concerns related to this requirement. First, the Joint CCAs are concerned that the requirement, as currently worded, is not sufficiently precise and could be subject to multiple interpretations. More specifically, the Joint CCAs are unclear whether the collaboration requirement extends to the planning and procurement processes of the *infrastructure upgrades* implemented at substations (i.e. the Make-Ready work); or if the collaboration requirement is intended to include the planning and procurement processes for the *generation portion* connecting to the substations.

¹⁷ PD at 42, 45.

¹⁸ PD at 70.

Second, the joint CCAs are concerned that despite the essential nature of the collaboration requirement, the requirement is not included in the PD's Findings, Conclusions, or Ordering Paragraphs.

The Joint CCAs respectfully request that the PD be amended to remedy these issues by adopting the changes recommended in Appendix A. These chances would:

- Formally adopt the collaboration requirement as a Commission order.
- Clarify that the collaboration requirement extends to all parts and phases of IOU
 resiliency planning within a CCAs service territory, from initial planning onward,
 and includes both distribution upgrade planning and resiliency generation
 planning.
- Clarify that CCAs have a statutory right to select and procure generation resources for their customers within their service areas per PU Code 366.2(a)(5). This includes resiliency generation resources, and applies regardless of whether a substation serving CCA customers is operating in islanded mode during a PSPS event.
- Require that PG&E allow CCAs to connect CCA-procured generation resources to Make-Ready upgraded substations in CCA service areas to reflect the fact that CCA customers will be paying for Make-Ready investments through distribution rates.
- Require that all resiliency generation resources connected to Make-Ready substations in a CCA's service area be the result of collaborative discussions between at least the CCA and the IOU.¹⁹

The record for this proceeding and applicable law establish that IOU resiliency efforts in CCA service areas are subject to a very different set of rules than other IOU resiliency efforts. By statute, CCAs have the exclusive authority to procure generation for their customers within their service areas.²⁰ Absent clear statutory authorization, or the CCA program's consent an IOU may not procure generation to serve CCA customers. A CCA's exclusive procurement authority

¹⁹ The Boards of Directors of some CCAs have put forward stronger collaboration principles requiring that PG&E must expressly obtain the CCA's affirmative approval of any permanent generation sites and technologies within the CCAs service area and/or serving the CCA's customers.

²⁰ California Public Utilities Code Section 366.2(a)(5).

includes resiliency generation resources, including those that serve microgrids or islanded substations in a its service area.

Any collaboration between CCAs and IOUs must, as a starting point, respect these statutory roles. CCAs must be fully included in all IOU resiliency planning that impacts their customers or service areas. This inclusion must occur from each resiliency project's inception and must incorporate CCAs into decision-making processes. CCAs must have a seat at the table when the IOUs are brainstorming and planning potential projects, and must have full and equal access to all project information.

The PD must be amended to clearly define cooperation because, to date, IOU collaboration with CCAs has fallen far short of meeting these basic principles. PG&E "collaboration" efforts to date have been limited to informing local governments *after the fact* about decisions that the utility had already made to "receive feedback." However, CCAs have had no actual input into the decision-making process for resiliency projects under PG&E's DGEMS permanent generation proposal and PG&E's temporary generation program. At the same time, PG&E has been publicly stating that it is actively "collaborating" with local governments.

B. The PD's Cost Recovery And Reasonableness Review Of PG&E's Proposals Should Be Further Strengthened

The Joint CCAs strongly support the PD's decision to make its approval of both PG&E's Make-Ready Program and Temporary Generation Program contingent on a full reasonableness review of the proposals and associated costs prior to allowing any cost recovery.

The Joint CCAs request that the PD be further strengthened by specifically identifying key issues that were not addressed or resolved in this proceeding and *must* be resolved in any future reasonableness review before the authorization of cost recovery. These issues include:

- The reasonableness of PG&E's *overall* resiliency strategy (including the Make-Ready proposal and any generation resources procured by PG&E to power the islanded Make-Ready substations).
- Whether the Make-Ready substation upgrades and associated PG&E-procured generation resources are needed to meet an actual need in light of planned and/or ordered hardening and resiliency upgrades to PG&E's transmission and distribution ("<u>T&D</u>") system.

- If planned T&D upgrades will reduce or eliminate the need for resiliency resources in the future, whether the short-term resiliency need justifies the lifetime costs of the new infrastructure and generation resources.
- If the make-ready upgrades are, or will be, used to connect permanent natural gas generation, whether the upgrades are reasonable in light of the environmental and local impacts of this generation, and the likelihood that new gas generation will become a stranded asset within its operational lifetime.
- For substations in a CCA's service area, whether the upgrades were made in coordination with the CCA.

In addition, for the Temporary Generation Program reasonableness review specifically, PG&E should be required to:

- Disclose which efforts were made to look at non-diesel and renewable alternatives and for which reason the utility chose to not pursue them for 2020.
- Provide the same details as required for the Make-Ready Program, including:
 - Basis for PG&E management justification for the project
 - Documentation demonstrating the need to minimize PSPS impacts
 - \circ Data to support program efficacy and usefulness to PG&E customers

Proposed modifications to implement these recommended changes are set forth in Appendix A.

C. The PD's Restrictions On Fossil-Fueled Backup Generation Should Be Strengthened And Clarified

The Joint CCAs strongly support the PD's recognition that temporary diesel generation "is not a long-term resiliency strategy"²¹ and its requirement that PG&E's use of temporary diesel generation be limited to one year from the execution of vendor agreements enacted within 2020. The Joint CCAs recommend that this requirement be clarified, broadened and made easier to implement by the adoption of several additional mandates, discussed below.

First and foremost, if PG&E appropriately focuses on maintaining a robust, reliable, and flexible T&D system, the need for microgrid generation solutions will be reduced and/or mitigated in future years. PG&E is currently engaged in, or planning to engage in, large-scale

²¹ PD at 72.

efforts to harden, sectionalize, and otherwise improve the safety and reliability of its T&D system. In some areas, these efforts, when complete, will reduce or eliminate the need for resiliency resources. In order to ensure the most effective deployment of resiliency resources, and to avoid stranded resiliency assets, PG&E must be required to closely coordinate its resiliency generation and infrastructure upgrade planning with these larger T&D system upgrade efforts.

Second, the record for this proceeding clearly establishes that temporary diesel generation presents serious environmental, local emissions, health, and safety impacts. In light of these impacts, PG&E must be strongly encouraged to limit its use of diesel generation in 2020, and should be prohibited from using diesel beyond 2020 unless such use is absolutely critical for public health and safety. Further, PG&E should be required to focus on clean microgrid generation projects now, and should be required to transition to renewable generation solutions within 3 years.

PG&E does not appear to share the CCAs concerns regarding the environmental, health, and safety impacts of diesel and other fossil-powered temporary generation. *All of PG&E's permanent and temporary generation proposals for microgrid development to date have focused on fossil fuels*. For PG&E, this is taking the easy way out. The utility has failed to consider more innovative, cleaner solutions and has instead focused on solutions that follow its existing business model. For example, it is questionable how PG&E ran its Requests for Offers ("<u>RFO</u>") under the Temporary Microgrid Program. It is the Joint CCA's understanding that PG&E did not publicly announce the first two RFOs under the program, instead just sending an invitation to bid to a limited number of existing vendors. Furthermore, the Joint CCA's have concerns about the applicability and appropriateness of some of the terms and conditions included in the solicitations. For example, PG&E's Request for Interest ("<u>RFI</u>") to solicit non-diesel alternatives for temporary generation may have unnecessarily set up all non-diesel technologies for failure with the specifications and selection process it used (supposedly, bidders were not able to provide "turnkey solutions").

Finally, the Joint CCAs are deeply concerned by PG&E's attempts to "greenwash" its fossil fuel temporary generation proposals by stating that renewable diesel may be used to supply temporary generators. These statements are entirely unsupported by the record, which does not establish whether, or to what extent, any renewable diesel is actually available to supply the

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Temporary Generation Program; nor does it establish whether, or how many, of the mobile diesel generators to be used by the program are capable of reliably running on renewable diesel.²²

In light of PG&E's failure to take reasonable steps to limit its reliance on fossil fuel generation technologies (or even make a good-faith effort to explore alternatives), the Commission should adopt additional requirements for the Temporary Generation Program now to ensure that any proposals under the program is in alignment with California's greenhouse gas reduction goals:

- PG&E should be required to coordinate its microgrid/resiliency generation
 planning with the on-line dates of its planned transmission and distribution
 ("<u>T&D</u>") system upgrades, which should increase system reliability and reduce
 the need for temporary generation in some cases. Within 30 days of the decision,
 PG&E should be required to file a Tier-2 advice letter detailing how the need for
 each proposed substation upgrade and/or temporary generation project will be
 impacted by all planned, ongoing, and required T&D projects.
- 2. The Temporary Generation Program should be subject to annual caps on the use of i) diesel and ii) other fossil-fuel generation, with the goals of reducing or eliminating the use of diesel beyond 2020, and transitioning to all-renewable backup generation within the next three years.
- 3. Only all-renewable temporary generation should be counted towards the annual caps, and diesel generators that are partly run on fossil diesel should be counted as fossil generation.
- PG&E's fossil temp-gen should be required to abide by all state and local laws and regulations, including the California Environmental Quality Act and local air district regulations
- PG&E should be required to demonstrate that it has made all reasonably possible efforts to procure renewable temporary generation before procuring fossil temporary generation.

²² In PG&E's supplemental testimony, which was not admitted into the record, PG&E admitted that it does not know the answer to either of these questions. PG&E stated that for 2020, PG&E is asking vendors that diesel generators are *capable* of running on HVO (type of renewable diesel) and vendors will "seek to use HVO subject to supply availability."

- 6. In its temporary generation "action plan" compliance filing, PG&E should be required to:
 - Describe its long-term strategy transitioning its microgrid proposals to only clean generation technologies within the medium term, describing specific timelines and milestones that it intends to meet.
 - In addition to evaluating the results of its Clean Generation RFI, elaborate in detail why they did not consider it feasible to pursue these options for the 2020 fire season.
 - c. Outline how it is currently working with vendors to reduce its reliance on temporary diesel generation in the 2021 fire season and beyond.

Additionally, the Commission must ensure that any future proposal for permanent or temporary microgrid generation made under future tracks of this proceeding follow the same guiding principles.

D. The Joint CCAs Support The CMEP With Small Modifications

As a general matter, the Joint CCAs strongly support PG&E's Community Microgrid Enablement Program (<u>"CMEP"</u>) proposal and the additional CMEP program requirements adopted in the PD. The Joint CCAs are especially supportive of the requirement that *before* filing the CMEP implementation plan, PG&E must coordinate with, and solicit feedback from, local and tribal governments and CCAs. To further strengthen the CMEP, the Joint CCAs recommend that the Commission adopt two relatively small modifications to the program.

The PD excuses PG&E from Local Government Proposal 3 (providing a special team for managing intake of local and tribal government resiliency projects) on the grounds that CMEP is supposed to fulfill the same function.²³ To ensure that PG&E is actually providing an equivalent service to Local and Tribal Governments under CMEP, the PD should be amended to require that CMEP be subject to the same requirements as Proposal 3, and that the CMEP implementation advice letter be required to have the same content as the Proposal 3 implementation advice letter (in addition to the CMEP-specific requirements).

Second, the Joint CCAs are concerned that simply requiring that PG&E identify a liaison staffer in the "distribution planning teams" (as proposed under Proposal 3) does not provide local

²³ PD at 53.

and tribal governments with direct access to the right PG&E staffers to streamline resiliency project implementation. The PD should instead be modified to require that PG&E assign local and tribal governments a specific contact *in each relevant team/ department* at PG&E that works on resiliency projects. For behind-the-meter microgrids, for example, that would be (1) interconnection department; (2) <u>SGIP</u> program team and/or SGIP application processing department; (3) Net Energy Metering ("<u>NEM</u>") tariff team; and (4) the local electric distribution management or equivalent.

E. The PD Should Be Modified To Define The Scope of PG&E's Make-Ready Proposal Authorization

The Joint CCAs are concerned about the lack of transparency regarding the exact locations of the substations that fall under the scope of the Make-Ready and Temporary Generation Program. To date, PG&E has made several proposals regarding which substations it considers in scope. In the initial Testimony from January 21, PG&E listed 86 substations that were de-energized due to transmission-related outages in 2019²⁴ and described the process for creating a prioritized list of 20 substations for near-term mitigation.²⁵ In its supplemental testimony, which was not incorporated into the record, PG&E stated its intent to expand the list of prioritized substations to 48.

The Joint CCAs strongly recommend that the final Decision specifically list the substations that are in scope for both the Make-Ready Program (for 2020, 2021 and 2022) and the Temporary Generation Program (for 2020 only), and require that PG&E file a Tier-2 advice letter if it wishes to modify this scope by including non-listed substations in either Make-Ready or Temp-Gen.

IV. CONCLUSION

The Joint CCAs thank the Commission for their consideration of the matters discussed herein.

²⁴ PG&E testimony, attachment A, chapter 2

²⁵ PG&E testimony at 2-6 ff. See Table 2-1 for a list of the 20 prioritized substations.

Dated: May 19, 2020

Respectfully submitted,

/s/ David Peffer

David Peffer BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On Behalf Of: Clean Power Alliance Peninsula Clean Energy Sonoma Clean Power Authority Redwood Coast Energy Authority San Jose Clean Energy Pioneer Community Energy Lancaster Choice Energy Monterey Bay Community Power Marin Clean Energy East Bay Community Energy

APPENDIX A: APPENDIX OF PROPOSED MODIFICATIONS (Modifications to existing language: deletions are shown as strike-outs; additions are underlined and italicized)

MODIFICATIONS TO FINDINGS OF FACT:

Add New Finding of Fact:

<u>All CCAs are programs operated by local governments or programs operated by joint</u> powers authorities composed of local governments.

Add New Finding of Fact:

In order to identify the most effective and beneficial opportunities for resiliency resource deployment, local governments need detailed information regarding the IOUs' planned transmission and distribution hardening and reliability improvement projects.

MODIFICATIONS TO CONCLUSIONS OF LAW:

Add New Conclusion of Law:

By law, all CCAs are programs formed and operated by local governments, either alone or jointly through joint powers authorities.

Add New Conclusion of Law:

It is reasonable to require that all IOU reporting, consultation, and other requirements adopted in this Decision that apply to "local governments" apply to CCAs as well as town, city, county, and tribal governments.

Add New Conclusion of Law:

Where this decision lists CCAs and local governments separately, it is not meant to imply that CCAs are not local governments.

Modify Conclusion of Law 26:

26. It is reasonable to require PG&E, SCE, and SDG&E, to each submit Tier 2 Advice Letters within 30 days of the date of issuance of this decision, that explains their plans to conduct semi-annual workshops designed to effect the following:

[subsections (a) through (e) omitted]

f) Describing draft agendas for local and tribal government engagement meetings that include education about, at a minimum, how the how the electric transmission system and distribution system operates in the area, local grid topology and circuit configuration, electric transmission and distribution infrastructure investment and operational plans <u>including</u> <u>detailed information on the impact of planned system hardening and</u> <u>reliability improvements on the need for resiliency resources (and</u> <u>timelines, milestones, and progress reports for each improvement</u> <u>project)</u>, weather and climatology analysis predictions for future PSPS events, predictive scenarios, and a reflection on local and tribal government input.

Add New Conclusion of Law:

It is reasonable to require that all IOUs implementing resiliency projects in CCA service areas collaborate with the relevant CCAs. The collaboration requirement extends to all parts and phases of IOU resiliency planning within a CCAs service territory, from initial planning onward, and includes both distribution upgrade planning and resiliency generation planning.

Add New Conclusion of Law:

<u>Under California Public Utilities Code Section 366.2(a)(5), CCAs have a statutory right</u> to select and procure generation resources for their customers within their service areas. <u>This right includes resiliency generation resources, and applies regardless of whether a</u> substation serving CCA customers is operating in islanded mode during a PSPS event.

Add New Conclusion of Law:

It is reasonable to require that PG&E allow CCAs to connect CCA-procured generation resources to Make-Ready upgraded substations in CCA service area, and that all resiliency generation resources connected to Make-Ready substations in a CCA's service area be the result of collaborative discussions between at least the CCA and the IOU.

Add New Conclusion of Law:

<u>Prior to approving any application for cost-recovery of PG&E's proposed projects, the</u> <u>Commission must resolve the following issues that were not addressed in this</u> <u>Rulemaking:</u>
- a) <u>The reasonableness of PG&E's overall resiliency strategy (including the</u> <u>Make-Ready proposal and any generation resources procured by PG&E to</u> <u>power the islanded Make-Ready substations).</u>
- b) Whether the Make-Ready substation upgrades and associated PG&Eprocured generation resources are needed to meet an actual need in light of planned and/or ordered hardening and resiliency upgrades to PG&E's transmission and distribution ("T&D") system.
- c) If planned T&D upgrades will reduce or eliminate the need for resiliency resources in the future, whether the short-term resiliency need justifies the lifetime costs of the new infrastructure and generation resources.
- d) If the make-ready upgrades are, or will be, used to connect permanent natural gas generation, whether the upgrades are reasonable in light of the environmental and local impacts of this generation, and the likelihood that new gas generation will become a stranded asset within its operational lifetime.
- e) For substations in a CCA's service area, whether the upgrades were made in coordination with the CCA.

Add New Conclusion of Law:

In any proceeding considering cost-recovery associated with PG&E's Temporary Generation Program, PG&E should be required to:

- a) <u>Disclose which efforts were made to look at non-diesel and renewable</u> <u>alternatives and for which reason the utility chose to not pursue them for</u> <u>2020.</u>
- b) <u>Provide the same details as required for the Make-Ready Program, including:</u>
 - Basis for PG&E management justification for the project;
 - Documentation demonstrating the need to minimize PSPS impacts;
 - Data to support program efficacy and usefulness to PG&E customers.

Modify Conclusion of Law 37:

37. It is necessary to approve PG&E's Temporary Generation Program to maintain services essential for the public health, safety, and welfare for the 2020 wildfire season only, subject to the following requirements:

- a) The Temporary Generation Program shall use temporary microgrids and backup power support for societal continuity and substation microgrids;
- b) PG&E shall submit, within 30 days of the date of issuance of this decision, a Tier 2 Advice Letter that modifies its Fire Risk Mitigation Memorandum Account preliminary statement for the costs associated with this decision's conditional approval of its Temporary Generation Program; and. In this action plan PG&E shall:

- *i.* <u>Describe its long-term strategy transitioning its microgrid</u> proposals to only clean generation technologies within the medium term, describing specific timelines and milestones that it intends to meet.
- *ii.* In addition to evaluating the results of its Clean Generation RFI, elaborate in detail why they did not consider it feasible to pursue these options for the 2020 fire season.
- *iii.* <u>Outline how it is currently working with vendors to reduce its</u> reliance on temporary diesel generation in the 2021 fire season and beyond.</u>
- c) PG&E shall record the Temporary Generation Program costs in a Temporary Generation Program subaccount in this memorandum account. The costs recorded in the Fire Risk Mitigation Memorandum Account, subaccount for PG&E's Temporary Generation Program shall be subject to a full reasonableness review either via separate application or in its General Rate Case before the Commission.
- d) <u>PG&E shall coordinate its microgrid/resiliency generation planning with the</u> <u>on-line dates of its planned transmission and distribution ("T&D") system</u> <u>upgrades, which should increase system reliability and reduce the need for</u> <u>temporary generation in some cases. Within 30 days of the decision, PG&E</u> <u>should be required to file a Tier-2 advice letter detailing how the need for</u> <u>each proposed substation upgrade and/or temporary generation project will</u> <u>be impacted by all planned, ongoing, and required T&D projects.</u>
- e) <u>PG&E's Temporary Generation Program be subject to annual caps, set by the</u> <u>Commission's Energy Division, on the use of i) diesel generation and ii) other</u> <u>fossil-fuel generation, with the goals of reducing or eliminating the use of</u> <u>diesel beyond 2020, and transitioning to all-renewable backup generation</u> <u>within the next three years. Only all-renewable temporary generation should</u> <u>count as renewable for purposes of the caps.</u>
- *f)* <u>PG&E's Temporary Generation Program is required to abide by all state and local laws and regulations, including the California Environmental Quality Act and local air district regulations.</u>
- *g)* <u>PG&E shall demonstrate that it has made all reasonably possible efforts to</u> <u>procure renewable temporary generation before procuring fossil temporary</u> <u>generation.</u>

Add New Conclusion of Law:

It is reasonable to require that PG&E's CMEP be subject to the same requirements as Proposal 3, and that the CMEP implementation advice letter be required to have the same content as the Proposal 3 implementation advice letter.

Add New Conclusion of Law:

It is reasonable to require that PG&E's CMEP be subject to the same requirements as Proposal 3, and that the CMEP implementation advice letter be required to have the same content as the Proposal 3 implementation advice letter.

Add New Conclusion of Law:

It is reasonable to require that in implementing PG&E's CMEP and SCE and SDG&E's Local Government Proposal 3 plans, the IOUs be required to assign local and tribal governments a specific contact in each relevant team/ department at the IOU that works on resiliency projects.

Add New Conclusion of Law:

It is reasonable to require that PG&E file a Tier 2 advice letter and secure Commission approval before doing Make-Ready Program work on substations not listed in PG&E's Testimony or this Decision.

MODIFICATIONS TO ORDERING PARAGRAPHS:

Modify Ordering Paragraph 7:

7. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall each... [text omitted]. Additionally, in this advice letter filing, the utilities are directed to include draft agendas for local and tribal government engagement meetings and discuss how they plan to meet the specific content requirements of the workshops through examples of draft agenda items. Agenda items shall include, but not be limited to:

- a) Explanations of how the electric transmission system and distribution system operates in the area;
- b) Explanations of local grid topology and circuit configuration;
- c) Informing local and tribal governments about electric transmission and distribution infrastructure investment and operational plans, <u>including</u> <u>providing detailed information on the impact of planned system hardening</u> <u>and reliability improvements on the need for resiliency resources at the</u> <u>circuit and local levels, and specific timelines, milestones, and progress</u> <u>reports for each improvement project;</u>

[Remaining text omitted]

Modify Ordering Paragraph 11:

11. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall each submit Tier 2 Advice Letters within 30 days of the date of issuance of this decision, providing their plan for developing a separate, access-restricted data portal for sharing information with local and tribal governments. This Advice Letter shall include, at a minimum: (1) a work plan and budget estimate for developing a data portal that provides appropriate information and meets the requirements listed in section 4.3.5.1 of this decision; and (2) a narrative description of how the work plan relates to any other planned work on related systems. The work plan shall include a list of tasks, a schedule for each task, any interdependencies among tasks, and key milestones. These Advice Letters shall demonstrate compliance with Section 4.3.5.1 of this decision, which requires the access-restricted portal for local and tribal governments to include:

- a) Access to the tool available to <u>all local and tribal government agencies</u> <u>and offices responsible for PSPS emergency planning and response, or</u> <u>resiliency project planning, development, and procurement county office</u> of emergency services or government organizations that carry out the State <u>Emergency Plan (California Emergency Services Act Section 8568)</u>;
- b) Local and tribal government access to this tool should not require the execution of a non-disclosure agreement, but should be subject to confidential treatment;
- c) The portal at a minimum should include: [section omitted]

Modify Ordering Paragraph 12:

12. Pacific Gas and Electric Company's (PG&Es) Make-Ready Program is conditionally approved from 2020-2022. PG&E shall submit, within 30 days of the date of issuance of this decision, a Tier 2 Advice Letter that modifies its Fire Risk Mitigation Memorandum Account preliminary statement for the costs associated with this decision's conditional approval of its Make-Ready Program. PG&E shall record the Make-Ready costs in a separate subaccount in the Fire Risk Mitigation Memorandum Account. <u>All Make-Ready upgrades to facilities in CCA territories and all resiliency generation connected to those facilities shall be planned and implemented in full coordination with the relevant CCA. PG&E shall allow CCAs to connect CCA-procured generation resources to Make-Ready upgraded substations. The costs recorded in the Fire Risk Mitigation Memorandum Account for PG&E's Make-Ready Program shall be subject to a full reasonableness review either through a separate application or in its General Rate Case before the Commission. In this advice letter submittal, Pacific Gas & Electric shall reference compliance with this decision pursuant to Ordering Paragraph 12.</u>

Modify Ordering Paragraph 15:

15. Pacific Gas & Electric Company (PG&E) shall submit, within 30 days of the date of issuance of this decision, a Tier 2 Advice Letter that modifies its Fire Risk Mitigation Memorandum Account preliminary statement for the costs associated with this decision's conditional approval of its Temporary Generation Program. PG&E shall record the

Temporary Generation Program cost in a separate subaccount in this memorandum account. The costs recorded in the Fire Risk Mitigation Memorandum Account for PG&E's Temporary Generation Program shall be subject to a full reasonableness review either though a separate application or in its next General Rate Case before the Commission. In this Advice Letter submittal, PG&E shall reference compliance with this decision pursuant to Ordering Paragraph 15. *In addition, PG&E shall:*

- a) <u>PG&E shall coordinate its microgrid/resiliency generation planning with the</u> <u>on-line dates of its planned transmission and distribution ("T&D") system</u> <u>upgrades, which should increase system reliability and reduce the need for</u> <u>temporary generation in some cases. Within 30 days of the decision, PG&E</u> <u>should be required to file a Tier-2 advice letter detailing how the need for</u> <u>each proposed substation upgrade and/or temporary generation project will</u> <u>be impacted by all planned, ongoing, and required T&D projects.</u>
- b) <u>PG&E's Temporary Generation Program be subject to annual caps, set by the Commission's Energy Division, on the use of i) diesel generation and ii) other fossil-fuel generation, with the goals of reducing or eliminating the use of diesel beyond 2020, and transitioning to all-renewable backup generation within the next three years. Only all-renewable temporary generation should count as renewable for purposes of the caps.</u>
- c) <u>PG&E's Temporary Generation Program is required to abide by all state and</u> <u>local laws and regulations, including the California Environmental Quality</u> <u>Act and local air district regulations.</u>
- *d)* <u>PG&E shall demonstrate that it has made all reasonably possible efforts to</u> procure renewable temporary generation before procuring fossil temporary generation.
- h) *In its action plan PG&E shall:*
 - *iv.* <u>Describe its long-term strategy transitioning its microgrid</u> <u>proposals to only clean generation technologies within the</u> <u>medium term, describing specific timelines and milestones that it</u> <u>intends to meet.</u>
 - v. <u>In addition to evaluating the results of its Clean Generation RFI,</u> <u>elaborate in detail why they did not consider it feasible to pursue</u> <u>these options for the 2020 fire season.</u>
 - vi. <u>Outline how it is currently working with vendors to reduce its</u> reliance on temporary diesel generation in the 2021 fire season and beyond.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering

Rulemaking 14-07-002 (Filed July 10, 2014)

And Related Matters.

Application 16-07-015

RESPONSE OF THE JOINT CCA PARTIES ON THE PETITION FOR MODIFICATION OF DECISION 18-06-027 BY GRID ALTERNATIVES

Stephanie Chen Senior Policy Counsel MARIN CLEAN ENERGY 1125 Tamalpais Avenue San Rafael, CA 94901 Telephone: (415) 464-6664 E-Mail: <u>schen@mcecleanenergy.org</u>

On behalf of the Joint CCAs

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering

Rulemaking 14-07-002 (Filed July 10, 2014)

And Related Matters.

Application 16-07-015

RESPONSE OF THE JOINT CCA PARTIES ON THE PETITION FOR MODIFICATION OF DECISION 18-06-027 BY GRID ALTERNATIVES

I. INTRODUCTION

Pursuant to Rule 16.4(f) of the Rules of Practice and Procedure of the California Public

Utilities Commission ("CPUC" or "Commission"), Clean Power Alliance of Southern California

("CPA"),^{1 2} CleanPowerSF,³ East Bay Community Energy ("EBCE"),⁴ Marin Clean Energy

¹ CPA is a community choice aggregator that serves 32 member agencies in Southern California Edison territory. CPA's member agencies include Cities of Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Camarillo, Claremont, Carson, 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, Westlake Village, and Whittier and the Counties of Los Angeles and Ventura (unincorporated areas).

² CPA filed a motion for party status in the above proceeding on May 21, 2020.

³ CleanPowerSF is a Community Choice Aggregator ("CCA") that launched in 2016 and serves eligible customers within the City and County of San Francisco. CleanPowerSF is a not-for-profit program offered by the San Francisco Public Utilities Commission ("SFPUC"). CleanPowerSF is a local solution to the climate crisis, offering renewable, affordable, and accessible energy to over 380,000 customers in San Francisco.

⁴ EBCE is a Joint Powers Authority formed on December 1, 2016 pursuant to California Government Code §§ 6500 et. seq. by the County of Alameda and each of the following cities incorporated therein: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City. The Commission certified EBCE's Implementation Plan on November 8, 2017. EBCE started serving Alameda County businesses and municipalities in June 2018 and began serving residential customers in November 2018. On March 9, 2020, the Commission certified Addendum #1 to EBCE's Implementation Plan and Statement of Intent, adding the cities of Newark and Pleasanton, as well as the city of Tracy in San Joaquin County, to EBCE's service territory beginning in 2021. EBCE is currently one of the largest Community Choice Aggregators ("CCAs") in the state.

("MCE),⁵ and Peninsula Clean Energy Authority ("PCE")⁶ (collectively, "Joint CCAs") respectfully submit the following response in support of the *Petition for Modification of Decision* 18-06-027 by GRID Alternatives Concerning the Disadvantaged Communities Single Family Solar Homes Customer Eligibility Thresholds and Program Funding ("Petition" or "PFM") ("GRID") ("DAC SASH").⁷

The Joint CCAs collectively serve hundreds of thousands of low-income households that are struggling to make ends meet, some of whom were severely impacted by 2019's extended PSPS events, but who cannot benefit from DAC SASH as it is currently constructed. As such, the Joint CCAs urge the Commission to grant GRID Alternatives' PFM and allow DAC SASH to expand its impact in addressing energy burden, resiliency, and disparate access to renewable energy resources.

II. THE JOINT CCAS SUPPORT GRID ALTERNATIVES' PETITION FOR MODIFICATION

GRID's Petition requests three separate but related and equally necessary expansions of the DAC SASH program – geographic, income eligibility, and budgetary. For the reasons discussed below, the Joint CCAs support each of GRID's requests.

⁵ MCE, California's first Community Choice Aggregator ("CCA"), is a not-for-profit public agency that began service in 2010 with the goals of providing cleaner power at stable rates to its customers, reducing greenhouse emissions, and investing in energy programs that support communities' energy needs. MCE is a load-serving entity serving approximately 1,000 MW peak load, providing electricity generation services to more than 1.1 million people in 34 communities across Contra Costa, Marin, Napa, and Solano counties.

⁶ Peninsula Clean Energy Authority ("PCE") is a not-for-profit public agency comprised of the County of San Mateo and all twenty municipalities in the county. PCE began serving customers in 2016. PCE's mission is to accelerate decarbonization efforts within the county through accelerated procurement of renewable energy on a time coincident basis and through the development of innovative carbon reduction programs focusing on transportation and the built environment. PCE provides electricity generation services to approximately 750,000 people in its service territory. ⁷ Representatives of CPA, CleanPowerSF, EBCE, and PCE have given counsel for MCE permission to sign this pleading on their behalf.

a. Expanding the Geographic Reach of the DAC SASH Program Will Support the Commission's Equity Priorities, Benefit More Households in Need, and Better Support Resiliency in High Fire Threat Districts

GRID's Petition requests an expansion of the geographic eligibility criteria for the DAC SASH program, to include tribal lands and low-income census tracts.⁸ The requested eligibility expansion mirrors the communities identified in the Commission's Environmental and Social Justice Action Plan ("ESJ Action Plan").

The Commission adopted its ESJ Action Plan in 2019 to ensure that the Commission was addressing the needs of low-income and environmental justice communities in its many programs and proceedings.⁹ As noted in the Petition, the ESJ Action Plan defines ESJ communities as including environmental justice communities as identified by the CalEnviroScreen, tribal lands, low-income communities, and low-income households in higher-income communities.¹⁰ In adopting this inclusive definition, the Commission recognized that California communities are experiencing different kinds of environmental and socioeconomic disadvantage, and that the programs and services regulated by the Commission should strive to alleviate these needs. Expanding the DAC SASH eligibility criteria to include all ESJ communities will help ensure that DAC SASH can reach more households in need, and better align this important program with the ESJ Action Plan.

As stated in the Petition, this expansion will also allow DAC SASH to better support emissions-free resiliency in High Fire Threat Districts by including "146 new census tracts with

⁸ GRID Alternatives' Petition for Modification, p. 5.

⁹ Available at

https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastru cture/DC/Env%20and%20Social%20Justice%20ActionPlan_%202019-02-21.docx.pdf.

¹⁰ Environmental and Social Justice Action Plan, pp. 9-10.

more than 50% overlap with Tier 2 or Tier 3 HFTD."¹¹ The Joint CCAs serve counties that include both Tier 2 and Tier 3 HFTDs, making resiliency planning a key priority for both the CCAs and our local government partners. Further, as local government agencies created specifically to address climate change through increased renewable generation, ensuring that customer and community resiliency efforts are not dependent on fossil fuels is critical to the Joint CCAs. Customers who can access solar plus storage through DAC SASH and the SGIP Equity Resiliency Budget will not need to resort to dirty and dangerous portable generators to meet their critical needs during an extended power outage, and can instead depend on a system that is reliable and clean.

b. Expanding the DAC SASH Income Threshold Will Better Address the Full Scope of Need Among California's Low-Income Households

Second, GRID's petition requests that the Commission increase the income eligibility threshold for DAC SASH to 80% of Area Median Income (AMI), which would align with the original SASH program and allow many more low-income Californians to participate.¹² The Joint CCAs agree with GRID's assertion that the current eligibility threshold of 250% of the Federal Poverty Level ("FPL") disproportionately excludes low-income families living in high cost-of-living areas of the state.¹³ As illustrated in Appendix 2 of the Petition, many of the counties served by the Joint CCAs would see a significant increase in the eligible population under an 80% AMI income threshold, including Alameda, Contra Costa, Los Angeles, San Francisco, San Mateo, and Ventura Counties.

¹¹ GRID Alternatives' Petition for Modification, p. 25.

¹² *Id.* at 5.

¹³ *Id.* at 30.

As detailed in the Petition, the current DAC SASH eligibility definition misses a significant opportunity for alignment with the SGIP Equity Resiliency Budget. Since the SGIP Equity Resiliency Budget also uses an 80% AMI income threshold, adjusting the DAC SASH income threshold as requested in the Petition will increase the opportunity to align these critical support programs. Alignment influences positive customer outreach experiences, while driving consistent and streamlined program management. As discussed above, the Joint CCAs strongly support the opportunity for low-income households in our service territories to be able to access solar plus storage for energy savings, reduced carbon footprint, and resiliency during an extended power outage.

c. Increasing the DAC SASH Budget Will Allow the Program to Serve the Expanded Eligible Population

Lastly, GRID's Petition requests that the Commission double the budget for DAC SASH, to \$20 million per year beginning in 2020.¹⁴ As GRID's Petition clearly illustrates, there is significantly more need for DAC SASH's benefits than the program can meet at its current budget level. Especially now, when the economic need across California has skyrocketed, the benefits DAC SASH can deliver to low-income communities are more important than ever.

Expanding the reach and impact of DAC SASH will create multiple economic benefits. First, more low-income customers can participate in DAC SASH and reduce their energy bills, leaving more money to dedicate to other essential household needs. Second, more participating customers means more job and hands-on job training opportunities, both of which will help accelerate California's recovery from the current, swiftly-deepening economic crisis. The local economic benefits that DAC SASH can deliver in low-income communities is of particular importance to the Joint CCAs, as local government agencies that are deeply rooted in the communities we serve.

Finally, expanding the DAC SASH budget will help ensure that communities experiencing different kinds of disadvantage do not find themselves competing for scarce resources. Expanding the budget ensures that expanding eligibility, as the Petition requests, does not reduce access to the DAC SASH program for the households that are eligible under the current program parameters.

III. CONCLUSION

The Joint CCAs are pleased to support GRID Alternatives' Petition for Modification of the DAC SASH program, and urge the Commission to grant it in full.

Respectfully submitted,

/s/ Stephanie Chen

Stephanie Chen Senior Policy Counsel MARIN CLEAN ENERGY 1125 Tamalpais Avenue San Rafael, CA 94901 Telephone: (415) 464-6664 E-Mail: <u>schen@mcccleanenergy.org</u>

On behalf of the Joint CCAs

May 26, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies. Rulemaking 19-09-009 (Filed September 19, 2019)

REPLY COMMENTS OF THE JOINT CCAS ON TRACK 1 PROPOSED DECISION

David Peffer BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On Behalf Of: Clean Power Alliance Peninsula Clean Energy Authority Sonoma Clean Power Authority Redwood Coast Energy Authority San Jose Clean Energy Pioneer Community Energy Lancaster Choice Energy Monterey Bay Community Power Marin Clean Energy East Bay Community Energy

May 26, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies. Rulemaking 19-09-009 (Filed September 19, 2019)

REPLY COMMENTS OF THE JOINT CCAS ON TRACK 1 PROPOSED DECISION

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Joint CCAs1 hereby submit the following reply comments on the *Proposed Decision Adopting Short-Term Actions To Accelerate Microgrid Deployment And Related Resiliency Solutions*, (the "PD") issued on April 29, 2020.

I. REPLY COMMENTS ON PG&E PROPOSALS

A. The Commission Must Require PG&E to Submit an Application to Provide a Clean Generation Framewok for PSPS Mitigation Describing the Procurement and Use of Temporary and Permanent Local Generation After 2020

In opening comments, Pacific Gas and Electric Company ("PG&E") requests that the Commission effectively "pre-approve" all temporary or permanent generation to be connected to the make-ready substations by allowing PG&E to move forward with the projects by filing a Tier-3 advice letter ("AL") instead of the formal Commission application and full reasonableness review required for new generation projects.² Under PG&E's proposal the AL would describe implementation and deployment of both PG&E's Temporary Generation Program in 2021 and 2022, and any new permanent generation at substations and associated make-ready upgrades to come online after 2020.³ This request is unreasonable and must be rejected.

The Joint CCAs consist of the following Community Choice Aggregation ("CCA") programs: Clean Power Alliance ("CPA"); Peninsula Clean Energy Authority ("PCE"); Sonoma Clean Power Authority ("SCP"); Redwood Coast Energy Authority ("RCEA"); San Jose Clean Energy ("SJCE"); Pioneer Community Energy ("Pioneer"); Lancaster Choice Energy ("LCE"); Monterey Bay Community Power ("MBCP"); Marin Clean Energy ("MCE"), and East Bay Community Energy ("EBCE").

² PG&E Opening PD Comments at 6, 8.

³ PG&E Opening PD Comments at 6, 8 and proposed Conclusion of Law 38 ("With regard to new permanent generation at substations and associated make-ready upgrades to come online after 2020 as

First, PG&E's proposal violates established law. The proposal would result in the procurement of new generation resources without a formal Commission Decision, findings and conclusions, and the support of substantial record evidence, as are required for Commission approval of PG&E's new generation. Second, PG&E's proposal violates due process. By limiting Commission review of the procurement and associated make-ready upgrades to an *informal* Tier-3 AL, the proposal denies the public and interested parties the opportunity to introduce evidence, submit rebuttal testimony, and cross-examine witnesses in a matter of significant public interest. Third, PG&E's proposal violates the Commission's rules governing advice letter submissions. General Order ("GO") 96-B, General Rules 5.1 and 5.2 clearly establish that the AL process may only be used for the implementation of tariff changes, programs, or actions *previously authorized by the Commission or by statute*, and may not be used as an alternative to formal Commission reasonableness review.

Additionally, PG&E's proposal is outside the scope of this proceeding. The scope of Track 1 is limited to process improvements, tariff improvements, information sharing with local governments, and, relevant here, IOU proposals for the immediate implementation of resiliency strategies.⁴ This focus on high-level questions of strategy excludes the consideration or approval of specific generation projects as implicitly recognized by PG&E. Over the course of the proceeding, PG&E has made no effort to establish a record regarding the reasonableness of its planned procurement of permanent generation resources to connect to Make-Ready substations. To the contrary – PG&E has firmly and repeatedly stated that the reasonableness of its plans regarding this generation is not up for consideration in this proceeding.⁵ The Commission must not allow PG&E to side step necessary and required public review of its plans. Instead, the Commission should stay the course by sending a clear message to PG&E that it must engage with community stakeholders to develop plans which are supported by the communities it serves after consultation and collaboration with those impacted communities as the PD contemplates.

part of the going-forward Clean Generation Framework for PSPS Mitigation described above, PG&E recommends that the Commission require any such proposals to be submitted via a Tier 3 Advice Letter in order to allow those more complex projects to be considered in a separate track from the planned temporary make-ready work in 2020.").

Assigned Commisioner's Scoping Memo and Ruling for Track 1 (issued December 20, 2019) at 3.
See, PG&E Testimony at 1-10 ("PG&E intends to seek Commission review and approval of the costs associated with the permanent generation for the DGEMS Proposal as part of the procurement track of the Integrated Resource Planning (IRP) proceding").

B. The Commission Must Reject PG&E's Attempts To Avoid a Full Reasonableness Review Of Make-Ready and Temporary Generation Expenses

In opening comments, PG&E proposes significant changes to the PD's cost recovery mechanism. Instead of recording all costs in a memorandum account and requiring a full reasonableness review prior to allocation of these costs to ratepayers (as the PD would require), PG&E asks that it be allowed to allocate Make-Ready and Temp-Gen costs to a balancing account, requiring only a Tier-2 AL for cost-recovery.6 This proposal is unreasonable and must be rejected.

To qualify for recovery through a balancing account, a large generation procurement proposal must first be subjected to a full reasonableness review by the Commission, and the Commission must conclude that the proposal is just, reasonable, and otherwise consistent with the State's policies and mandates. No such prior reasonableness review has occurred here. As is appropriate for a Rulemaking addressing broad and urgent policy goals, in Track 1 the Commission did not attempt to conduct the type of before-the-fact, comprehensive, in-depth reasonableness review of PG&E's operational and procurement proposals that normally occur in an application process. As noted in the Joint CCAs' opening comments, the Track 1 record leaves unanswered a range of questions essential to determining the reasonableness of PG&E's proposals.7 As the PD aptly notes, "PG&E has not substantially justified the extent to which its portfolio of PSPS mitigations would reduce the utility's reliance on shutting off the power to its customers and/or reduce the number of customers affected."8 It is impossible to determine the reasonableness of PG&E's proposals without a record that establishes the resiliency value of PG&E's proposals while taking into account the resiliency improvements from PG&E's ongoing transmission and distribution ("T&D") system upgrades, and compares these benefits to the lifetime costs of the make-ready upgrades and the temporary generation that PG&E intends to connect to Make-Ready substations. No such a record has been established in this proceeding. It must be established through a the appropriate full application process.

⁶ PG&E Opening Comments on the PD at 3-5.

⁷ Joint CCA Opening Comments on the Proposed Decision at 10-11.

⁸ PD at 69 (agreeing with the Center for Accessible Technology).

C. The Commission Must Reject PG&E's Request To Pre-Judge Unresolved Issues

For similar reasons, the Joint CCAs oppose PG&E's request that the PD be modified to clarify that "the Commission is approving, based on the information available today, the objectives and general framework proposed by PG&E for each of the Programs in its Track 1 proposal as necessary and reasonable" and that the scope of future Commission review of PG&E's proposals be "focused on the reasonableness of the scope and costs to carry out the approved objectives within the approved framework."9 Such a "clarification" could substantially limit the scope of any future reasonableness review of costs associated with the programs. Such limitation is neither reasonable nor supported by the record.

To be clear, the record *does not* establish that PG&E's objectives and proposed general frameworks are reasonable. The record does not: (1) include any clear quantification of the resiliency benefits to be created by the Make-Ready and Temp-Gen program; (2) establish the degree to which Make-Ready upgrades and temporary generation are actually needed in light of PG&E's ongoing and proposed T&D upgrades; or (3) establish that the lifetime costs and environmental and health impacts associated with the programs are just and reasonable in light of the resiliency benefits provided by the programs. Without fully resolving these questions, the Commission cannot determine whether PG&E's proposed program objectives and general frameworks are reasonable.

II. REPLY COMMENTS ON STAFF PROPOSALS

A. The Commission Must Reject PG&E's Attempt To Weaken The Local Government Workshop Requirement

The Joint CCAs oppose all requests to water-down or weaken the Local Government Proposal 1 workshop requirement.¹⁰ Instead, PG&E recommends that Energy Division convene a workshop following the adoption of the decisions pending in both the Microgrid and PSPS proceedings to "synthesize the needs for coordination" and to "establish a process that efficiently and effectively addresses those needs on a holistic basis.¹¹

11 *Id*.

⁹ PG&E Opening Comments on the PD at 2

See, e.g., PG&E Opening Comments on the PD at 14 (PG&E objects to the Commission specifying the content, cadence, and reporting requirements for the workshops, claiming that such "specificity may be counterproductive.")

The Joint CCAs fundamentally disagree with this proposal and see it as a step backwards. The Joint CCAs applaud the Commission for proposing specific and immediately implementable solutions to improve coordination between IOUs and local and tribal governments on resiliency proposals. Weakening these proposals is counter-productive and leads to a delay in implementing resiliency solutions. A significant power imbalance exists between the IOUs and the local/tribal governments that rely on the IOUs for essential resiliency planning and PSPSrelated information. The PD addresses this imbalance by imposing clear, detailed, and enforceable requirements, along with appropriate oversight mechanisms, to ensure that the IOUs share essential resiliency planning information at the workshops. Without these requirements and close Commission oversight, there is a very real danger that Local Government Proposal 1 will become a compliance requirement without substance, one dominated by the IOUs to an extent that it provides little, if any, actual benefit.

B. It is Reasonable To Allow IOUs To Combine Their Microgrids Portal With Other PSPS-Related Portals

The Joint CCAs support PG&E's proposal that the IOUs be allowed, but not required, to combine their Microgrids data portals with other PSPS information portals,12 as long as two conditions are met. First, the combined portals must made accessible to all local/tribal government agencies and/or offices that have an interest in resiliency planning/implementation or PSPS planning/response. Second, the combined portal should, at a minimum, provide all required information categories and formats for both PSPS and resiliency planning. **III. CONCLUSION**

The Joint CCAs thank the Commission for its consideration of these Reply Comments on the PD.

Dated: May 26, 2020

Respectfully submitted,

/s/David Peffer

David Peffer

PG&E Opening Comments at 15.

BRAUN BLAISING SMITH WYNNE P.C.

555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On Behalf Of: Clean Power Alliance Peninsula Clean Energy Authority Sonoma Clean Power Authority Redwood Coast Energy Authority San Jose Clean Energy Pioneer Community Energy Lancaster Choice Energy Monterey Bay Community Power Marin Clean Energy East Bay Community Energy

JUNE FILINGS

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

June 4, 2020

Via E-Mail (EDTariffUnit@cpuc.ca.gov)

CPUC Energy Division ED Tariff Unit 505 Van Ness Avenue, 4th Floor San Francisco, CA 94102

Subject: Response of The California Community Choice Association To PG&E Advice Letter 4249-G/5827-E.

Dear Energy Division:

The California Community Choice Association ("CalCCA") hereby offers the following response to Pacific Gas and Electric Company ("PG&E") Advice Letter 4249-G/5827-E (the "AL"). As set forth below, CalCCA supports the AL as a general matter, and recommends that the Commission approve the AL subject to two minor amendments that implement existing Commission requirements and will improve PSPS notification and related planning and resiliency efforts.

In accordance with D.20-03-004 and related rulings, the AL provides PG&E's Community Wildfire Safety Outreach Workplan and Budget, which includes PG&E's study identifying the prevalent languages used by customers in its service area. CalCCA supports PG&E's efforts to improve its public safety power shutoff ("PSPS") and wildfire notification efforts, and in particular its efforts to provide notification in customers' preferred language. CalCCA applauds PG&E's significant work in this area demonstrated in the AL.

CalCCA asks that the Commission approve the AL subject to two minor amendments. First, CalCCA asks that the AL be approved with the additional direction that PG&E share its customer language preference information with CCAs, specifically:

- All study results and underlying study data that provide language information for the communities served by the CCA.
- All customer-specific preferred language information collected or held by PG&E for all of the CCA's generation customers.

Second, CalCCA asks that PG&E be instructed to collaborate with the CCAs going forward in its efforts to identify customer language and communication preferences and its efforts to develop PSPS and Wildfire notification plans.

Response to PG&E AL 4249-G/5827-E Page 2

These suggested amendments are reasonable. As the entity responsible for initiating and managing Public Safety Power Shutoff ("PSPS") outages, PG&E bears responsibility for providing all customers with timely, in-language notice. However, because CCAs are both generation service providers and local government agencies with close ties to their communities, CCAs have a unique role to play in the PSPS context. CCAs play a leading role in the development and deployment of resiliency resources and programs within their service areas, and some CCAs may be able to assist local emergency planning and response agencies in the PSPS context. Asking PG&E to share language study results and customer-specific language designations with CCAs, and to include CCAs in future language studies and notification plans, will improve CCAs' resiliency efforts and their abilities to assist local emergency agencies if called upon to do so. Many CCAs have an interest in working with PG&E and their local emergency response and planning agencies to reduce the impact of PSPS outages, and ask that the Commission encourage and facilitate this collaboration.

These suggested amendments are consistent with existing Commission requirements. Each CCA has a broad right to access all investor owned utility ("IOU") information regarding all electric customers within the CCA's service area.¹ This right extends to all information that the CCA determines is relevant to the provision of CCA service.² Asking PG&E to share study results and customer language designations is consistent with this requirement, and will allow CCAs to better participate in efforts to reduce the impact of PSPS outages.

Again, CalCCA is greatly encouraged by PG&E's efforts to improve in-language customer notice. CalCCA invites PG&E to engage with it and its member CCA programs to further improve and coordinate information sharing and customer notification planning.

///

Public Utilities Code Section 366.2(c)(9) (IOUs must "cooperate fully" with CCAs, including "providing the [CCAs] with appropriate billing and electrical load data"); D.04-12-046 at 52 (IOUs must "provide all relevant usage information, load data, and customer information to CCAs").

² D.04-12-046 at 53 ("The utilities may not determine what information is 'relevant' to CCA operations...."); D.05-12-041 at 38-39 ("[w]e have found that AB 117 does not permit the utilities to second-guess a CCA's request for relevant information and we will not revisit the issue here. The

Response to PG&E AL 4249-G/5827-E Page 3

Dated: June 4, 2020

Respectfully submitted,

/s/David Peffer

David Peffer BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On Behalf Of: CalCCA

Copy (via e-mail):

Pacific Gas & Electric Erik Jacobson Director, Regulatory Relations c/o Megan Lawson E-mail: PGETariffs@pge.com

California Public Utilities Commission Wildfire Safety Division wildfiresafetydivision@cpuc.ca.gov

Service List R.18-10-007

utilities' tariffs, therefore, shall include a provision that permits CCAs to access all relevant customer information").

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions

Rulemaking 18-12-005 (Filed December 13, 2018)

REPLY COMMENTS OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON THE PROPOSED DECISION

David Peffer BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On behalf of: The California Community Choice Association

May 26, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions

Rulemaking 18-12-005 (Filed December 13, 2018)

REPLY COMMENTS OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON THE PROPOSED DECISION

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the California Community Choice Association ("CalCCA") hereby submits the following reply comments on the *Proposed Decision of President Batjer Adopting Phase 2 Updated And Additional Guidelines For De-Energization Of Electric Facilities To Mitigate Wildfire Risk*, issued on April 27, 2020 in the instant proceeding, Rulemaking ("R.") 18-12-005. CalCCA is the trade association that represents California's Community Choice Aggregators ("CCAs"), and CalCCA is submitting these reply comments as the representative of its member CCAs.

I. GENERAL REPLY COMMENTS

A. The Reasonableness Review Requirements Proposed By TURN And CalPA Should Be Adopted And Integrated Into A Balancing Test Requirement

CalCCA supports proposals by The Utility Reform Network ("TURN") and the California Public Advocates Office ("CalPA") to strengthen Commission review of the investor owned utilities' ("IOU") de-energization decisions. CalCCA agrees with CalPA that the Proposed Decision ("PD") should be amended to require the development of specific guidelines for determining the reasonableness of de-energization decisions, and that any reasonableness review "assess the IOUs' decision-making process (for example, to verify de-energization was used as a tool of last resort), the duration and geographical scope of the de-energization event (for example, to verify that the event was appropriate based on the causal environmental conditions), and whether the de-energization event was executed in accordance with the Commission's guidance."¹ CalCCA also agrees with TURN that the Commission should clarify that the IOUs have the burden of proving that each PSPS outage was as narrowly tailored as possible.²

However, these requirements should be adopted as part of a broader balancing test requirement, as proposed by both CalCCA and the Center for Accessible Technology ("CforAT").³ Any true reasonableness review of IOU's de-energization decision-making must consider both the benefits of de-energization and the costs/harms created by de-energization.

The importance of integrating TURN and CalPA's proposals into a broader balancing test requirement is highlighted by CforAT's persuasive arguments on the matter. As CforAT aptly notes, a balancing test requirement is implicitly required by the relevant statutes, and "is the only true way to structure a de-energization program that actually considers the best way to broadly promote public safety at times of increased wildfire risk."⁴

B. The Commission Must Address Coronavirus Issues In The PSPS Context

CalCCA agrees with the California State Association of Counties ("CSAC") and CalPA that the PSPS guidelines need to be adapted to the ongoing Coronavirus emergency. In particular, CalCCA agrees with CSAC's concern that "the new guidelines do not take into consideration COVID-19 and the current shelter in place orders"5 and CalPA's concern that "it is possible that during the upcoming wildfire season there will be a de-energization event while residents are sheltered in place. If de-energization is called in an area where shelter-in-place orders are implemented, efforts to prevent the spread of COVID-19 could be impaired."6 CalCCA shares these concerns, and agrees that the Commission should give consideration to the shelter-in-place orders which may serve as a proxy for PSPS operations considerations during other disasters.

C. The Commission Should Keep And Strengthen The Power Restoration Notice Requirements

PG&E objects to the proposed new guideline requiring advance notice of power restoration to public safety partners and critical facilities and infrastructure ("CFI") operators, and instead asks

¹ CalPA Opening PD Comments at 2-3.

² TURN Opening PD Comments at 2.

³ See, CalCCA Opening PD Comments at 2-4; CforAT Opening PD Comments at 2-3.

⁴ CforAT Opening PD Comments at 2-3.

⁵ CSAC Opening PD Comments at 2.

⁶ CalPA Opening PD Comments at 3.

that IOUs only be required to provide public safety partners and CFI operators with the same notice provided to the general public.⁷ CalCCA opposes PG&E's proposal, as it ignores: 1) the critical role that CFI operators and public safety partners play in protecting the public health, safety, and welfare; 2) the reasonably foreseeable possibility that some CFI operators or public safety partners may not immediately receive IOU communications provided through normal (public facing) channels; and 3) the potential harm and disruption that may occur if adequate notice is not received by these parties.⁸

Rather than weakening this requirement as proposed by PG&E, CalCCA recommends that the requirement be strengthened. First, CalCCA supports AT&T's proposal that the IOUs be required to provide telecom operators with separate notice: 1) immediately before re-energization begins; 2) when the IOU begins to walk each circuit; and 3) when re-energization is complete. However, CalCCA recommends that the IOUs be required to share this information with all public safety partners and CFI operators. In addition, the IOUs should be required to provide this information on a circuit/sub-circuit level on their PSPS portals.

Second, in order to ensure that public safety partners and CFI operators actually receive notice of de-energization and re-energization, all IOUs should be required to maintain up-to-date lists of primary and secondary 24/7 contacts for these parties, and should be required to make continued efforts to provide notice to public safety partners and CFI operators until the IOU confirms that notice has been received.

D. The Commission Should Strengthen The Backup Generation Requirement And Require IOU Collaboration With CCAs

CalCCA opposes the IOU proposals to weaken or eliminate the requirement that IOUs provide backup generation for CFI.9 The backup generation requirement, with reasonable clarification, is just, reasonable, and consistent with the public interest. One of the best ways to protect public health and safety and reduce economic harm and societal disruption during PSPS events is to ensure that CFI sites have adequate backup generation to continue to provide essential public services.

As noted by the Joint Water Agencies, existing PSPS rules already require that the IOUs: 1) assist CFI operators in evaluating their need for backup generation (Resolution ERSB-8); and 2)

⁷ PG&E Opening PD Comments at 2-4.

⁸ See, AT&T Opening PD Comments at 4.

See, PG&E Opening PD Comments at 5; SCE Opening PD Comments at 2-4; SDG&E Opening PD Comments at 7.

work with CFI operators to provide backup generation (De-Energization Guidelines).¹⁰ CalCCA supports the Joint Water Agencies' recommendation that the IOUs be required to implement these existing requirements by conducting "comprehensive demand analysis of backup power needs" for key CFIs.¹¹ CalCCA further recommends that the Commission preserve the PD's statements regarding backup generation, and use these statements as a springboard to address the backup generation requirement in the next phase/track of this Rulemaking. In implementing this requirement, CalCCA recommends that the Commission clarify that:

- Facilities eligible for IOU-supplied backup generation are limited to critical water/wastewater, communications, transportation, medical, and emergency response infrastructure.
- Only government and nonprofit entities are eligible for IOU-supplied backup generation, with a potential exception for for-profit medical facilities.
- IOU-supplied backup generation is only available to facilities not otherwise required to have backup generation in place.
- Where backup generation is required as a result of IOU failure to properly maintain, operate, and upgrade its T&D system, backup generation should be entirely shareholder funded.
- IOUs should develop plans to deploy fully IOU-funded temporary generation and subsidized permanent backup generation at critical facilities in high PSPS risk areas.
- All backup generation plans should be consistent with the state's environmental, reliability, and safety goals.

In implementing this requirement, the Commission must take into consideration the special role of CCAs within their service areas and the specific needs of CCA customers. Under Public Utilities Code Section 366.2(a)(5), CCAs have a right to select and procure generation resources for their customers within their service areas, and to implement generation-related programs for their customers. In recognition of this role, plans to deploy IOU-funded generation in CCA territory should be collaboratively developed and mutually agreed upon by the CCA and IOU. This will provide a number of benefits: ensuring that the backup generation reflects the goals, needs, and preferences of the communities served by the CCA; avoiding duplication of efforts; and ensuring that

¹⁰ Joint Water Agencies Opening PD Comments at 2, citing Resolution ERSB-8; D.19-05-042 (Appendix A).

Joint Water Agencies Opening PD Comments at 3.

resources are used in the most efficient manner. The CCAs have the ability and desire to be active participants in the development and implementation of CFI backup generation plans, and view collaboration with the IOUs as a resiliency multiplier. At the same time, the Commission must ensure that IOU-funded backup generation resources are distributed equitably without regard to whether a CFI operator is a CCA customer or a bundled customer.

E. CalCCA Supports CalPA's Transparency Proposals

Transparency continues to be the base drum beat of many comments and interest of several parties. CalCCA encourages the Commission to give consideration to all requests for transparency, especially as it relates to the factors and considerations leading up to the decision to implement PSPS. As a broad principle, CalCCA agrees with CalPA that the PD's guidance on transparency "should be enhanced to ensure further transparency and accountability of the IOUs." CalCCA supports CalPA's proposal that the IOUs be required to submit annual status update reports, and with CalPA's recommendations regarding the required content of such reports.¹²

II. CONCLUSION

CalCCA thanks the Commission for its consideration of these Reply Comments on the PD.

Dated: May 26, 2020

Respectfully Submitted,

_/s/ David Peffer_____

David Peffer BRAUN BLAISING SMITH WYNNE P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On behalf of: The California Community Choice Association

¹² CalPA Opening PD Comments at 7.



Date: June 8, 2020

Attn: California Public Utilities Commission Energy Division Tariff Unit 505 Van Ness Ave., 4th Floor San Francisco, CA 94102

Re: Joint CCA Response to Pacific Gas and Electric Company Advice Letter 5826-E

On May 18, 2020 Pacific Gas & Electric Company (PG&E) filed advice letter 5826-E (Advice Letter) in response to Commission Decision (D.)19-11-016 (the integrated resource plan procurement track decision). East Bay Community Energy, Marin Clean Energy, Monterey Bay Community Power, Pioneer Community Energy, Sonoma Clean Power, and Valley Clean Energy, (collectively, Joint CCAs) hereby respond to the Advice Letter.

PG&E states that the Advice Letter seeks "to obtain approval from the California Public Utilities Commission (Commission or CPUC) of seven agreements resulting from PG&E's 2020 System Reliability Request for Offers – Phase 1 (SR RFO – Phase 1)."¹ The seven agreements are:

for new battery storage resources that would be either: (1) built and co-located with solar or geothermal plants that currently have no existing battery storage onsite [i.e., Blythe, Coso], (2) build at new battery storage projects that had available capacity to expand [i.e., MOSS100] (3) at a planned project that had available system RA capacity and is not in the baseline resources list [i.e., the Diablo projects].²

With respect to cost recovery, PG&E proposes to track program costs in a memorandum account pending development of a modified CAM cost recovery mechanism in Commission Rulemaking (R.) 20-05-003. PG&E also proposes to recover costs of procuring for bundled, but not departed, customers through PG&E's generation rate until the Commission approves a modified CAM cost recovery mechanism.

The Joint CCAs respectfully request the following clarifications.

1999 Harrison Street, Suite 800 Oakland, CA 94612 P: 510.650.7595 E: toddedmister@ebce.org

¹ PG&E Advice Letter 5826-E at 1.

² Ibid at 16. Project names Blythe, Coso, MOSS100, Diablo added.

I. PG&E should clarify that it is not seeking approval to allocate costs of this procurement to any LSEs that self-procure

The Advice Letter states that, with respect to procuring for entities that commit to self-provide, then fail to do so:

In D.19-11-016 the Commission adopted the concept of a new modified Cost Allocation Mechanism (CAM) rate to address cost recovery for the procurement done by IOUs on behalf of LSEs that elect not to procure and ordered IOU procurement for its proportional share of the identified need. Additionally, *the Decision will require PG&E to procure incremental MWs for any LSE in its transmission access charges (TAC) area that has certified it will self-provide but later becomes deficient in meeting its responsibility.*³

PG&E is correct that D.19-11-016 directs IOUs procurement for other LSEs that say they will self-procure, then do not. Significantly, however, D.19-11-016 contemplates such procurement will be "incremental" (as noted above) and "just in time'"⁴, and not part of advance procurements such as the one at issue here. Further, D.19-11-016 contemplates "associated non-bypassable cost allocation to that LSE's customers for that procurement, should it become necessary."⁵

The Joint CCAs seek clarification from PG&E that (1) no part of the current procurement is being obtained for the purpose of covering such LSE's short position, and (2) that PG&E is not proposing here to allocate costs of such cover procurement to LSEs that do, in fact, self-procure as they stated they would. Per D.19-11-016, there is no authorization for such a broad power purchase. Moreover, self-procuring LSEs are currently taking appropriate steps to fulfill their obligations. A preemptive power purchase in the expectation that one or more LSEs will fail to self-procure will is double procurement for which self-procuring entity customers should not have to pay.

II. The Modified CAM cost recovery mechanism should address any PCIA issues raised by projects that PG&E has selected

Several of the projects that PG&E proposes to place under contract bear names similar to PG&E utility-owned generation assets (e.g., Diablo and Gateway) that are PCIA-eligible resources. Though the new projects are not located near their namesakes, no obvious affiliation is made in

³ PG&E Advice Letter 5826-E at 16-17.

⁴ D.19-11-016 at 38.

⁵ Ibid (emphasis added).

the public portion of the Advice Letters, PG&E's filing raises the prospect of facilities being affiliated in some way with existing generation projects eligible for cost recovery through the Power Charge Indifference Adjustment (PCIA; PCIA-eligible resources). We are concerned about potential PCIA implications on the energy side of the leger from, e.g., providing for purchase of energy from PCIA eligible resources at values different than those currently used in setting PCIA rates. Whether these concerns arise will depend on a review of the confidential portion of the filing to which we do not have access. If the contracts presented here do have PCIA impacts, the Joint CCAs will request that any PCIA issues related to the approval of PG&E's filing also be addressed in R. 20-05-003.

Sincerely,

INC

Todd Edmister

Todd Edmister Director of Regulatory Affairs and Deputy General Counsel East Bay Community Energy

cc: Erik Jacobson, Pacific Gas and Electric, PGETariffs@pge.com Service Lists R. 16-02-007, s R. 20-05-003



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

R.17-09-020

CALIFORNIA COMMUNITY CHOICE ASSOCIATION COMMENTS ON THE PROPOSED DECISION ADOPTING RESOURCE ADEQUACY IMPORT REQUIREMENTS

Evelyn Kahl General Counsel California Community Choice Association One Concord Center 2300 Clayton Road, Suite 1150 Concord, CA 94520 (415) 254-5454 regulatory@cal-cca.org

June 8, 2020

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SUMMARY OF RECOMMENDATIONS

- 1. The narrow definition of "resource specific" import RA will remove reliable, resourcebacked supply from the market. The Commission should expand the definition to include individual or aggregated resources that the California Independent System Operator can operationally validate are not encumbered by another balancing area authority and are committed to the California market. Failing to expand the definition will create artificial scarcity in the market and, consequently, unnecessarily increase ratepayer costs.
- 2. The PD does not specify how the eligibility of import RA contracts for 2019 and 2020 compliance will be determined. The Commission should clarify that eligibility of these contracts will be determined by applying the compliance rules in place prior to the issuance of D.19-10-021 in a manner consistent with then-existing practices. This approach is necessary to ensure that the Commission has given load-serving entities adequate notice of changed eligibility requirements and complied with its own Order Granting Stay. Further, it would be unlawful for the Commission to apply the rules adopted in D.19-10-021 for 2019 and 2020 compliance, which it determined lack evidentiary support.
- 3. The PD will strand import RA value for contracts executed prior to the issuance of D.19-10-021 that extend beyond 2020 if those contracts do not fully conform to the PD's new requirements. The Commission should "grandfather" these contracts through their original term recognizing its failure to provide reasonable notice of changed eligibility requirements.
- 4. The PD requires that a non-resource-specific contract must include "the sale of energy to the LSE" to be eligible for RA compliance. The Commission should clarify that the LSE showing a non-resource-specific contract for compliance is not required to be the direct importer of the supply.
BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

R.17-09-020

CALIFORNIA COMMUNITY CHOICE ASSOCIATION COMMENTS ON THE PROPOSED DECISION ADOPTING RESOURCE ADEQUACY IMPORT REQUIREMENTS

The California Community Choice Association ("CalCCA")¹ submit these comments pursuant to Rule 14.3 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure on the May 22, 2020, proposed *Decision Adopting Resource Adequacy Import Requirements* ("PD").

I. INTRODUCTION

CalCCA appreciates the PD's commitment to shoring up the Commission's resource adequacy ("RA") program by removing speculative import supplies from the California market. While well-intentioned, however, the PD throws the baby out with the bathwater, foreclosing reliance on legitimate, resource-backed import supplies. Excluding these resources from available RA supply is unnecessary and will, in combination with other recent Commission actions, create a shortfall of system RA in the near term. As a consequence, the PD will increase ratepayer costs, contrary to its express intent to adopt "requirements that reasonably balance reliability and costs to ratepayers."² CalCCA thus urges the Commission to modify the definition of "resource-specific" to include all imports of specific resources or aggregated

¹ California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

² PD, Finding of Fact 4 at 50.

resource pools that can be operationally validated as unencumbered by another balancing authority area ("BAA") and committed to the California market.

In addition, CalCCA seeks clarification of the PD in three respects. <u>First</u>, the PD does not specify how the eligibility of import RA contracts for 2019 and 2020 compliance will be determined. Considering its Orders Granting Stay³ and Limited Rehearing of D.19-10-021,⁴ the Commission should clarify that eligibility of these contracts will be determined by applying the compliance rules in place prior to the issuance of D.19-10-021 in a manner consistent with thenexisting practices. This approach is necessary to ensure that the Commission has given loadserving entities ("LSEs") adequate notice of changed eligibility requirements. Further, it would be unlawful for the Commission to apply any portion of D.19-10-021, which it determined was vague and lacked sufficient evidentiary support, for this purpose.

Second, the PD will strand import RA value for contracts executed prior to the issuance of D.19-10-021 that extend beyond 2020 if those contracts do not fully conform to the PD's new requirements. The Commission should "grandfather" these contracts through their original term recognizing the critical importance of providing reasonable notice of changed eligibility requirements.

<u>Third</u>, the PD requires that a non-resource-specific contract must include "the sale of energy to the LSE" to be eligible for RA compliance. The Commission should clarify the LSE showing a non-resource-specific contract for compliance is not required to be the direct importer of the supply.

Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs are provided in Appendix A.

II. THE NARROW DEFINITION OF "RESOURCE SPECIFIC" WILL UNNECESSARILY EXCLUDE LEGITIMATE RESOURCE-BACKED IMPORT SUPPLIES TO THE DETRIMENT OF RATEPAYERS

The Rehearing Order granted rehearing of the definition of "resource specific," finding good cause in CalCCA's argument that the term was vague and left LSEs "uncertain as to what

³ D.19-12-064, Order Granting Stay of Decision (D.) 19-10-021, Dec. 19, 2019 ("Stay Order").

⁴ D.20-03-016, Order Granting Limited Rehearing of Decision (D.) 19-10-021, Mar. 12, 2020 ("Rehearing Order").

types of contracts are sufficient to meet the requirements of the Decision."⁵ The PD adopts a specific definition, providing that a resource-specific import contract must meet the following requirements:

- (1) The resource is pseudo-tied or dynamically scheduled into the CAISO day-ahead and real-time markets; and
- (2) The LSE includes a resource-specific resource ID in its filings that is on a matching CAISO supply plan and listed in the Commission's NQC list.⁶

In defining "resource specific" in this way, the PD eliminates legitimate, resource-backed resources from the RA market without justification. By unnecessarily limiting supply, the PD will undermine reliability, increase RA prices, and thus increase costs to ratepayers. This runs counter to the PD's stated objective to adopt "requirements that reasonably balance reliability and costs to ratepayers."⁷ CalCCA proposes a broader definition of resource-specific to include all individual or aggregated resources that the CAISO can validate as unencumbered by another BAA and committed to the California RA market.

A. The PD, in Combination with Other Recent Commission Actions, Will Reduce Available System RA Supply and Create Substantial Net Deficits in Summer Months

Adopting the PD without modification will dramatically tighten the already-constrained system RA supply available to LSEs who must comply with the Commission's requirements. In D.19-06-026,⁸ the Commission reduced the Effective Load Carrying Capability ("ELCC") for solar and wind resources. Based on calculations performed by East Bay Community Energy, eliminating eligible system RA supply from 120 MW in December to 3,493 MW in October.⁹ The PD proposes further reductions of qualifying capacity from hydro resources, ranging from

⁵ Rehearing Order at 8-9.

⁶ PD, Ordering Paragraph 1 at 53.

⁷ PD, Finding of Fact 4 at 50.

⁸ D.19-06-026, Ordering Paragraph 19 at 64.

⁹ 2021 Generation Estimate derived from 2020 NQC reports (updated with retirements, resource additions and import volumes). Hydro Losses under the proposed counting methodology are estimated as a 30% reduction in shown hydro in the 2019 State of the Resource Adequacy Market Report ("RA Market Report"). Based on recent indications from counterparties, monthly percentages of total shown imports from the RA Market Report are discounted by 30% to estimate import losses. ELCC impacts are calculated as the difference between the prior and updated ELCC percentages applied to 2020 NQC solar and wind resources.

527 MW for February to 1,224 MW for June.¹⁰ The PD would exacerbate the effects of these reductions, eliminating 597 MW of supply in February to 1,934 MW in September. Combined, these reductions create a net deficit in summer months ranging from 531 MW to 5,837 MW in September.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021 Generation Estimate	42,982	43,165	45,173	47,693	48,740	53,003	53,768	52,857	51,463	47,295	42,791	42,832
2021 Demand Requirement	36,510	35,540	34,568	37,382	41,723	46,963	50,711	51,026	51,542	42,590	36,452	37,632
Surplus / Deficit	6,472	7,625	10,605	10,311	7,017	6,040	3,057	1,831	(79)	4,705	6,339	5,200
CPUC Elegibility Reductions												
Hydro Losses	(635)	(527)	(758)	(689)	(795)	(1,209)	(1,224)	(1,193)	(1,119)	(750)	(630)	(630)
Import Losses	(663)	(597)	(624)	(521)	(824)	(1,082)	(1,630)	(1,686)	(1,934)	(1,281)	(640)	(729)
Solar Losses	410	110	807	(1,861)	(1,550)	(1,420)	(302)	(1,422)	(1,972)	(3,432)	(228)	26
Wind Losses	178	(296)	607	(365)	(365)	(916)	(431)	(368)	(733)	(61)	242	(120)
New Surplus / Deficit	5.762	6.315	10.638	6.875	3.482	1.413	(531)	(2.838)	(5.837)	(818)	5.083	3.747

Figure 1. Estimated RA supply reductions due to recent and proposed rule changes

Limiting available supply shifts the supply curve, increasing the cost of all RA. The 2018 Resource Adequacy Report shows that including imports in the stack reduced the weighted average price of *all* System-Only RA by \$0.25/kW-month.¹¹ With 77,166 MW of System-Only RA contracts reported for 2018-2022,¹² the savings to ratepayers of including these resources can be estimated at \$19.3 million, with the impacts concentrated in 2018 and 2019.¹³ Imposing this potential rate impact on customers is unjustified, particularly since the record does not demonstrate the need for the PD's drastic limitation.

B. The Definition of "Resource Specific" Should Be Expanded to Include, at a Minimum, Individual or Aggregated Resource Pools That Are Verified as Uncommitted to Another BAA and Committed to the Commission's RA Program

CalCCA appreciates Energy Division's quest to verify that resource-specific resources are, indeed, resource-backed. But there are ways other than pseudo-ties and dynamic schedules to assure that capacity provided by individual or aggregated resources is unencumbered by another BAA and committed to the California RA market. As CalCCA proposed in comments, a

¹⁰ R.19-11-009, Proposed *Decision Adopting Local Capacity Obligations for 2021-202, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, May 22, 2020, at 21-22 and Ordering Paragraph 10 at 75.

¹¹ 2018 Resource Adequacy Report, Aug. 2019, Tables 11 and 12 at 33.

¹² *Id.*, Table 12 at 33.

¹³ Based on the 2018 report, it appears that roughly 74% of the contracts used in analyzing system capacity prices were for Compliance Years 2018 and 2019. *Id.*, Table 6 at 23.

contract could be operationally validated as resource-backed contract, using telemetry or other operational data provided to the CAISO.¹⁴ *In addition to CAISO verification*, an attestation would be required stating that the product:

Cannot be curtailed for economic reasons, and either (a) is delivered on transmission that cannot be curtailed in operating hours for economic reasons or bumped by higher priority transmission or (b) specifies firm delivery point (*i.e.*, is not seller's choice).¹⁵

To further enforce the attestation, penalties could apply for failure to deliver using firm transmission. Finally, CAISO also could implement must-offer obligation requirements, including default energy bids as it does for pseudo-tied resources.¹⁶ These requirements would go far beyond relying solely on attestations for compliance.

The record provides evidence that expanding the definition of "resource specific" contracts to include operationally validated resources would increase the availability of import RA without introducing speculative supply. The Bonneville Power Administration ("BPA") shares CalCCA's concern that limiting the definition of resource-specific will significantly impact the availability of import RA from sources that have historically performed (such as BPA's pool of hydro resources).¹⁷ BPA explains:

In Bonneville's situation, the Pacific DC Intertie does not allow for dynamic transfers and the California-Oregon Intertie is limited to no more than 600MW of dynamic transfers in any hour. This 600 MW of dynamic transfer ability on the California-Oregon Intertie is determined and allocate [sic] to customers on a daily basis.¹⁸

BPA, however, "is capable of documenting that it delivers RA Import resources from the

[Federal Columbia River Power System]."¹⁹ Bonneville continues:

The Commission should be aware of the significance of the recent agreements of many Western balancing authorities, including Bonneville, to participate in the Reliability Coordinator (RC) functions newly administered by the CAISO. The information needed to validate that RA Imports are backed by unencumbered

¹⁴ Opening Comments of the California Community Choice Association on Track 1 Proposals, Mar. 6, 2020, at 4-7 and Appendix A.

¹⁵ *Id.*, Appendix A.

¹⁶ See PD at 24 (*citing* DMM Track 1 Comments at 7).

¹⁷ Comments of the Bonneville Power Administration on Track 1 Proposals, Mar. 6, 2020, at 3-4.

¹⁸ *Id.* at 3, n.1.

¹⁹ *Id.* at 4.

resources is already provided to the RC and Bonneville can readily provide the same to the CPUC or CAISO. This capability supports the requirements under the CAISO's proposal for source specification requirements for aggregated generation projects and will provide the verification needed to ensure against speculative supply.²⁰

In short, the record provides direct evidence that a capacity product whose commitment to the California RA program can be *operationally* documented is available yet would be unnecessarily excluded from compliance showings without justification. The exclusion of these legitimate resources will create artificial scarcity in the RA market, which will force an unjustified wealth transfer from ratepayers to eligible RA suppliers. CalCCA's proposed operationally validated capacity product would enable BPA and suppliers with reliable, individual or aggregated resources to continue to participate in the RA program, reducing upward pressure on RA prices.

For these reasons, the Commission should expand the PD's definition of "resource specific" to include legitimate, resource-backed import capacity that can be operationally validated by the CAISO as unencumbered and committed to support California reliability.

III. THE COMMISSION SHOULD CLARIFY THE IMPORT RA RULES THAT WILL APPLY FOR PURPOSES OF 2019 AND 2020 COMPLIANCE

A. The Rules in Place Before D.19-10-021 Was Issued Should Apply to Determine Eligibility of Import RA Contracts for 2019 and 2020 Compliance

The PD unambiguously directs that the "adopted requirements for import contracts shall apply for the 2021 compliance year."²¹ It leaves ambiguity, however, surrounding which rules will be applied for purposes of 2019 and 2020 RA compliance. CalCCA requests clarification that the import RA requirements in place before the issuance of D.19-10-021, as then interpreted by the Energy Division Staff, will apply for 2019 and 2020. Any other solution would contravene the Commission's conclusion in D.05-10-042, consistent with the principles of due process, that fair notice to LSEs is required in adopting RA program rule changes.

CalCCA sought clarity on this question in its comments on the Rehearing Order, ²² as the PD notes. ²³ Specifically, CalCCA requested that the Commission:

²⁰ *Id.* at 5.

²¹ PD, Ordering Paragraph 7 at 54.

²² California Community Choice Association Comments on Limited Rehearing of Decision 19-10-021, Apr. 8, 2020, at 3-7.

PD at 47.

[M]ake clear that the import RA compliance rules in place prior to the issuance of D.19-10-021, including the interpretation of those rules applied by Energy Division Staff in prior years, will be applied in assessing all import RA contracts shown for the 2019 and 2020 compliance years.²⁴

The PD appears to grant this request. The PD appropriately recognizes that it is "necessary to give LSEs and suppliers sufficient time to renegotiate or enter into new contracts based on the import RA rules adopted in this decision."²⁵ It thus provides: "[t]he adopted rules *shall not apply* for the 2019 compliance year (to the extent that compliance has not been completely determined) or the 2020 compliance year."²⁶ It does not, however, define "adopted rules" or specify which rules *will* apply. Consequently, further clarification is required to ensure adequate notice.

To give meaning to the "fair notice" requirement, the only reasonable interpretation of the PD's conclusion regarding 2019 and 2020 compliance is that the import RA rules in place before issuance of D.19-10-021 will apply. The rules governing import RA have been in flux and uncertain since last July, when the Assigned Commissioner issued a ruling seeking comment on import RA rule changes. Without clear knowledge of where the rules ultimately would land, LSEs were required to make procurement decisions to meet their December 2019 month-ahead and annual 2020 compliance requirements. Indeed, D.19-10-021 was issued on October 17, 2019, changing compliance rules only two weeks before LSEs were required to make their 2020 showing and the same day the showing was required for December 2019. At this point, most, if not all, RA transactions shown for compliance had been completed.

Not only did D.19-10-021 fail to provide adequate notice to enable compliant 2019 and 2020 showings, the Commission's legal error perpetuated uncertainty. The Commission issued the Stay Order on December 19, 2019, recognizing the "potential for harm to the parties in the event that the requirements of D.19-10-021 are modified...."²⁷ Then, on March 12, 2020, the Commission issued the Rehearing Order, requiring rehearing to address three legal errors: D.19-10-021 (1) altered, rather than clarified, the Commission's earlier decisions,²⁸ (2) lacked a

²⁴ *Id.* at 3.

²⁵ PD at 48.

²⁶ PD at 47; Conclusion of Law 7 at 52; Ordering Paragraph 7 at 54.

²⁷ Stay Order at 1-2.

²⁸ PD at 5-7.

sufficient evidentiary record,²⁹ and (3) was vague in its use of key terms.³⁰ In a ruling that followed, the Administrative Law Judge directed further development of these issues in Track 1 of R.19-11-009.³¹ Wide-ranging proposals for modified import rules were then considered through comments in R.19-11-009. There remains no certainty, even as LSEs are procuring for Compliance Year 2021.

The procedural course of D.19-10-021 has undeniably left LSEs in limbo regarding December 2019 and 2020 compliance. The Commission has previously recognized that this type of uncertainty does not meet the requirement for "fair notice" in making rules changes to its RA program. In D.05-10-042, the Commission phased out the use of liquidated damages ("LD") RA for RA compliance. It grandfathered existing LD contracts, however, on grounds that only the issuance of a final decision adopting the new rules provided "fair notice" to LSEs of their changed compliance requirements.³² CalCCA submits that providing notice through a final decision at the *end* of the procurement cycle, after the bulk of an LSE's resources have been procured and only a couple of weeks ahead of compliance showings, does not constitute "fair notice" of the new requirements.

While an interpretation requiring "fair notice" in the form of final rules with a reasonable time for compliance is most consistent with past Commission decisions and due process requirements, the PD is susceptible to an alternative, erroneous interpretation. The PD proposes to lift the stay on D.19-10-021 and "supersede" the decision "on the issues for which rehearing was granted."³³ Together, these directives suggest that D.19-10-021 will again become effective, as modified, on the effective date of the final decision. The decision will have had no effect between December 19, 2019, and the final decision, due to the Stay Order. The PD leaves unclear, however, the status of the decision between its original date of issuance – October 17, 2019, and the Stay Order.

It could be argued that D.19-10-021 was effective from its issuance until the Stay Order – the period during which both the December 2019 and annual 2020 RA compliance showings

²⁹ *Id.* at 7-8.

³⁰ *Id.* at 8-9.

³¹ *E-mail Ruling Setting Process and Schedule for Limited Rehearing of Decision 19-10-*021, Mar. 20, 2020, at 4.

D.05-10-042 at 63.

³³ PD, Ordering Paragraph 8 at 54.

occurred. Thus, an argument, albeit erroneous, could be made that D.19-10-021 applied to December 2019 and 2020 compliance. An argument making D.19-10-021 effective for *any* period, however, is not defensible because it was, by the Commission's own acknowledgement, in legal error. Even though some elements of D.19-10-021 may not have been reheard, there has been no lawful, coherent modification of the import RA requirements as they existed before the Commission's inquiry began in July 2019.

For these reasons, the Commission should modify the PD to ensure fair notice has been provided to all LSEs of changes to the import RA rules. Specifically, the Commission should conclude that "the import RA compliance rules in place prior to the issuance of D.19-10-021, including the interpretation of those rules applied by Energy Division Staff in prior years, will be applied in assessing all import RA contracts shown for the 2019 and 2020 compliance years."

B. The Commission Should Clarify the Historical Application of the Import RA Rules in Place Prior to D.19-10-021 to Conform to Underlying Decisions and Past Practices

Applying import RA rules in place before the adoption of D.19-10-021 for 2019 and 2020, as CalCCA proposes, makes it critical to clarify how these rules have historically been applied. The PD's version of history, however, fails to align with the Commission decisions that created those rules. The Commission should modify the PD to correct this error.

The PD states, without any citation, that "[r]esource-specific RA imports have *historically* included only pseudo-tied or dynamically scheduled resources."³⁴ The PD further references Energy Division's representation that for non-resource-specific imports, "the Commission has historically allowed these import contracts to count as RA if they are backed by firm energy, based on the requirements adopted in D.04-10-035 and D.05-10-042."³⁵ D.04-10-035 and D.05-10-042 established the pre-D.19-10-021 rules for import RA eligibility under the Commission's RA program. ³⁶ Nothing in either decision, however, even distinguishes between resource-specific and non-resource-specific resources, let alone mentions pseudo-tied or dynamically scheduled resources.

For purposes of 2019 and 2020, the Energy Division should be required to apply the pre-D.19-10-021 rules as it has in the past. If a specific contract type was deemed compliant in prior

³⁴ PD at 10.

³⁵ PD at 17.

³⁶ D.05-10-035 at 67.

periods, and the Energy Division cannot demonstrate that it rejected such contracts for compliance, similar contracts should be accepted for this transitional period. Indeed, LSEs' annual 2019 and 2020 filings, as well as 2020 month-ahead filings to date, have already been accepted by CAISO. Under these circumstances, invalidating *any* 2019 and 2020 import contracts at this point serves no reliability purpose, but only serves as a punitive action based on legal error.

IV. MULTI-YEAR IMPORT RA CONTRACTS EXECUTED BEFORE D.19-10-021 SHOULD BE GRANDFATHERED TO AVOID STRANDING VALUE AT RATEPAYERS' COST

As discussed in Section II, in D.05-10-042 the Commission grandfathered existing LD contracts as it eliminated these contracts for compliance under its RA program. The Commission reasoned that the grandfathering was required in order to give LSEs "fair notice" of the changed rules.³⁷

The same circumstances are presented for the PD's consideration. The Commission proposes to change the requirements for import RA contracts, which will become effective upon adoption of the final decision. Multi-year import contracts were executed, however, prior to the issuance of D.19-10-021. And at the time they were executed, as in D.05-10-042, LSEs did not have fair notice of the requirements – *i.e.*, a final decision. Absent grandfathering, the final decision will destroy the value of the contracts, leading to unnecessary cost increases for ratepayers.

In addition, it is important to note the PD's observation that the "Commission deemed it unnecessary to grandfather existing contracts since "the requirements at issue date back to Commission decisions from 2004, and thus are not new requirements."³⁸ The Rehearing Order, however, concluded that the Commission's claim that the requirements were not new was in error.³⁹ Neither D.19-10-021 nor the PD thus present valid grounds for rejecting CalCCA's proposal for grandfathering of multi-year contracts executed prior to D.19-10-021.⁴⁰

³⁷ D.05-10-042 at 63.

³⁸ PD at 5.

³⁹ Rehearing Order at 7.

⁴⁰ See Opening Comments of the California Community Choice Association on Track 1 Proposals, Mar. 6, 2020, at 3.

Consistent with its own prior decision, and lacking any reasonable grounds for rejection, the Commission should modify the PD to adopt CalCCA's grandfathering proposal. The Commission should grandfather all import RA contracts executed prior to D.19-10-021 with terms that extend beyond 2020 *provided* the contracts comply with the import RA requirements in place at the time of their execution.

V. THE COMMISSION SHOULD CLARIFY THAT AN LSE MAY SHOW IMPORT RA FOR COMPLIANCE EVEN IF THE LSE IS NOT THE DIRECT IMPORTER

The PD requires that to qualify for RA compliance, a non-resource-specific energy contract must, among other things, provide for the "sale of energy delivery to the <u>LSE</u> <u>specifically</u>, not the CAISO generally...."⁴¹ CalCCA understands this requirement to foreclose contracts that simply place a CAISO bidding requirement on the supplier, rather than an actual delivery requirement. With this understanding, CalCCA requests clarification that the requirement is not intended to require the LSE to be the direct importer of the energy, only the ultimate buyer of the delivered energy. Requiring the LSE to be the importer is unnecessary and would inhibit the range of transaction structures available in the market.

VI. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein. For all the foregoing reasons, the Commission should modify the proposed decision as provided in Appendix A.

Respectfully submitted,

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Evelyn Kahl General Counsel to the California Community Choice Association

June 8, 2020

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PD at 40; see also PD at 46, Conclusion of Law 4 at 52 (emphasis added).

APPENDIX A

PROPOSED CHANGES TO FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

Findings of Fact

10. It is reasonable to define resource-specific imports to include (a) pseudo-tied resources; (b) or dynamically scheduled resources; and (c) individual and aggregated resource pools that the CAISO has verified are not committed to another BAA and are committed to the California RA program because they provide confidence that they will be available when needed and are not speculative supply. these imports operate and have the same reliability benefits as internal generating units.

NEW. Adding penalties for individual or aggregated resource pools that are delivered using transmission that can be curtailed in operating hours for economic reasons or bumped by higher priority transmission will increase the certainty that the resource(s) will be available to meet California's reliability needs.

<u>NEW.</u> The CAISO's implementation of a MOO for all capacity resources qualifying for RA compliance would increase the certainty that the resource(s) will be available to meet California's reliability needs.

NEW. Failing to grandfather multi-year import contracts executed prior to D.19-10-021 for their initial term would reduce or eliminate the value of such contracts and increase costs to ratepayers.

13. The Commission has historically used CAISO supply plans and the NQC list to verify compliance with RA requirements. It is appropriate to require <u>pseudo-tied and dynamically</u> <u>scheduled imports</u> resource-specific imports to provide a resource ID that is listed on a matching CAISO supply plan and NQC list to verify compliance.

Conclusions of Law

1. Resource-specific resources should only include (a) pseudo-tied <u>resources</u>; (b) or resources that are dynamically scheduled into the CAISO market; <u>and (c) individual and</u> <u>aggregated resource pools that the CAISO has verified are not committed to another BAA and</u> <u>are committed to the California RA program</u>. Imports that do not qualify as a resource-specific import should be considered a non-resource-specific import.

2. An LSE using a <u>pseudo-tied and dynamically scheduled</u> imports resource-specific import should provide a resource-specific resource ID in its RA filing that is listed on a matching CAISO supply plan and on the Commission's NQC list.

NEW. For individual or aggregated resource pools, other than pseudo-tied and dynamically scheduled resources, to comply with RA program requirements: (a) the CAISO must operationally verify that the resource(s) is not committed to another BAA and is committed to the California RA program and (b) the supplier must provide an attestation, which the LSE will submit to the Energy Division staff for compliance, that the product: cannot be curtailed for economic reasons, and either (i) is delivered on transmission that cannot be curtailed in operating hours for economic reasons or bumped by higher priority transmission or (ii) specifies firm delivery point (i.e., is not seller's choice).

NEW. Energy Division Staff should present a proposal for penalties that would be applied to imports from individual or aggregated resource pools if those imports are delivered using transmission that can be curtailed in operating hours for economic reasons or bumped by higher priority transmission.

<u>NEW.</u> The due process requirement for adequate notice of changes in rules requires grandfathering multi-year import contracts executed prior to D.19-10-021 for their initial term.

NEW. The import RA requirements in place before the issuance of D.19-10-021, as then interpreted by the Energy Division Staff, shall apply for 2019 and 2020.

Ordering Paragraphs

1. A resource-specific import contract shall count towards meeting Resource Adequacy (RA) needs provided that:

(a) (i) The resource is either pseudo-tied or dynamically scheduled into the California Independent System Operator (CAISO) day-ahead and real-time markets; and (ii) (b) <u>TThe</u> load-serving entity provides a resource-specific resource ID in its RA filing that is listed on a matching CAISO supply plan and on the Commission's Net Qualifying Capacity list; or

(b) If the resource is an individual or aggregated pool of import resources:

(i) the supplier must demonstrate that the CAISO has physically verified that the resources are not committed to another BAA and are committed to the California RA program,

(ii) the supplier must attest that the product cannot be curtailed for economic reasons, and either a/ is delivered on transmission that cannot be curtailed in operating hours for economic reasons or bumped by higher priority transmission or b/ specifies firm delivery point (i.e., is not seller's choice). And

(iii) the LSE must submit the suppliers attestations to the Energy Division staff for compliance.

NEW. Energy Division Staff shall present a proposal for penalties that would be applied to imports from individual or aggregated resource pools if those imports are delivered using transmission that can be curtailed in operating hours for economic reasons or bumped by higher priority transmission.

<u>NEW.</u> Future compliance for multi-year import contracts executed prior to D.19-10-021 shall be determined applying the import RA requirements in place before the issuance of D.19-10-021, as then interpreted by the Energy Division Staff

NEW. The import RA requirements in place before the issuance of D.19-10-021, as then interpreted by the Energy Division Staff, shall apply for 2019 and 2020.



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Senate Bill No. 1488 (2004 Cal. Stats., Ch. 690 (Sept. 22, 2004)) Relating to Confidentiality of Information.

Rulemaking 05-06-040

COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON PROPOSED DECISION

Evelyn Kahl General Counsel California Community Choice Association One Concord Center 2300 Clayton Road, Suite 1150 Concord, California 94521 415.254.5454 regulatory@cal-cca.org Ann Springgate Keyes & Fox LLP 580 California Street, 12th Floor San Francisco, CA 94104 415.987.8367 aspringgate@keyesfox.com

Counsel to California Community Choice Association

June 9, 2020

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SUMMARY OF RECOMMENDATIONS

- The Commission should apply the ESP Matrix to CCAs.
- In the alternative, the Commission should add categories to the IOU and CCA Matrix to provide CCAs with the same protections afforded this information when submitted by ESPs.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Senate Bill No. 1488 (2004 Cal. Stats., Ch. 690 (Sept. 22, 2004)) Relating to Confidentiality of Information.

Rulemaking 05-06-040

COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON THE PROPOSED DECISION

The California Community Choice Association (CalCCA) submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the Proposed Decision Granting In Part Petition to Modify Decision 06-06-066 (Proposed Decision) issued on May 20, 2020.

I. INTRODUCTION AND SUMMARY

CalCCA appreciates the Commission's timely response to CalCCA's Petition to Modify D.06-06-066 (Petition). The PD, if adopted with limited modifications, will provide a better process for the treatment of community choice aggregator (CCA) confidential data submitted in Commission proceedings.

CalCCA asked the Commission to modify D.06-06-066 (Decision) to clarify that the confidentiality guidelines adopted in D.06-06-066 are applicable to CCAs. CalCCA further requested a modification to the Decision's Ordering Paragraph 11 and the addition of a new Conclusion of Law. These proposed modifications create consistency for CCAs and address an issue unique to CCAs among load-serving entities: the application of California's Public Records Act to requests for confidential, market-sensitive information.

CalCCA also requested establishing a "CCA Matrix" that mirrors the confidentiality matrix applicable to ESPs. Instead, the PD proposes applying the "IOU Matrix" to CCAs. CalCCA requests the Commission change the PD and adopt CalCCA's proposal because the ESP Matrix more closely matches the type of information submitted by CCAs. In the alternative, CalCCA requests that additional categories of information be added to the "IOU and CCA Matrix" to ensure that certain information regarding compliance with Renewable Portfolio Standard (RPS) and Resource Adequacy (RA) requirements, when submitted by CCAs, is given adequate protection.

II. THE COMMISSION SHOULD APPLY THE ESP MATRIX TO CCAS, OR IN THE ALTERNATIVE, ADD CATEGORIES TO THE IOU MATRIX TO PROVIDE CCAS WITH THE SAME PROTECTION AFFORDED INFORMATION SUBMITTED BY ESPS

A. The ESP Matrix Is a Better Fit for Information Provided by CCAs Than the IOU Matrix

Respectfully, CalCCA requests the Commission modify the proposed decision and apply

the "ESP Matrix" to CCAs. The majority of information included in the IOU Matrix is not

information CCAs are required to provide to the Commission. Among others, the IOU Matrix

includes the following categories of information that CCAs do not provide to the Commission:

1. Natural gas information – including forecasts and historical information;

2. Cost forecast data – including electric price forecasts and generation cost forecasts;

3. Forecasts of revenue requirements and customer rates;

4. Resource planning information – including forecasts of IOU generation resources, qualifying facility generation, IOU hydro generation, and pre- and post- 1/1/2003 bilateral contracts, DWR contracts, non-demand response demand side managements and energy efficiency savings;

5. Net open positions for capacity and energy, by bundled customer and by planning area;

6. Strategic procurement information – including qualitative identification of specific uncertainties, description of risk management plans, procurement incentive plans, and procurement mechanics and contract oversight; and

7. Monthly procurement costs for ERRA filings, and monthly portfolio risk assessments.

In contrast, the information included in the "ESP Matrix" mirrors the information the

Commission may request from CCAs. Significantly, the ESP Matrix, unlike the IOU Matrix,

includes categories of information that must be submitted by ESPs and CCAs regarding their

respective compliance with RPS and RA requirements. These categories of information have no

equivalent in the IOU Matrix. Thus, CalCCA requests the ESP Matrix be applied to CCAs.

B. If the IOU Matrix is Applied to CCAs, Additional Categories of Information Must be Included to Mirror the Treatment This Information Receives When Submitted by ESPs and Protect CCAs' Confidential Information

If the Commission applies the IOU Matrix to CCAs, creating a joint "IOU and CCA

Matrix", it must add categories from the ESP Matrix that have no equivalent in the IOU Matrix

to protect confidential information submitted by CCAs, and ensure those categories of

information are subject to equivalent treatment when submitted by ESPs and CCAs. These

additional categories include information regarding CCAs' compliance with RPS and RA

requirements:

Item	Public/Confidential	Explanation of Item
	Treatment	
XIV) Renewable Portfolio		
Standard (RPS)		
Information		
RPS compliance filings required by CPUC, by CCA	Public, unless disclosure of first three years of forecast retail sales and resource mix data (MWh) and/or of historical retail sales and supply data (MWh) for prior year would reveal entire net short of CCA.	Includes one-time and recurring reporting. Shows current and projected contents of a CCA's portfolios, including sales and resource mix.

Annual RPS compliance filings, by CCA XV) Resource Adequacy	Public, unless disclosure of first three years of forecast retail sales and resource mix data (MWh) or of historical retail sales and supply data would reveal the entire net short of CCA.	Includes Annual Procurement Target (APT) reporting required in Rulemaking 04- 04-026 and all other required reports.
Information		
Supply data (both year ahead and month ahead)	Supply data for first 3 years of forecast period confidential.	Year ahead data show that CCA has secured adequate generation capacity to cover the required percentages of forecast peak load for next summer months or annual local RA requirements. Month ahead data show that CCA has secured adequate capacity to cover the required percentage of its forecast load plus a reserve requirement.
Customer counts by month	Public	Monthly customer count data used to evaluate reliability of CCA load forecasts.
XVI) Load Forecast		
Information and Data- Electric		
Detailed load forecasts filed in spring for upcoming year, by CCA	Upcoming year forecast confidential; public once data is one year old.	
XVII) Recorded (Historical) Data and Information- Electric		
Market purchases of energy and capacity	Public after data are one year old.	

With the addition of these categories, the public/confidential treatment for CCAs will effectively

protect CCAs' confidential information and mirror the treatment currently afforded this

information when submitted by ESPs.

III. CONCLUSION

California Community Choice Association appreciates the opportunity to submit these comments and request adoption of the recommendations proposed herein. For all the foregoing reasons, the Commission should modify the proposed decision as provided in Appendix A.

Respectfully submitted,

<u>|s| Ann Springgate</u>

ANN SPRINGGATE

Counsel to California Community Choice Association

June 9, 2020

ATTACHMENT A

Proposed Changes to Conclusions of Law and Ordering Paragraphs

CONCLUSIONS OF LAW

3. There is no apparent reason to treat the same category of market-sensitive information submitted to the Commission differently depending on whether it is submitted by a CCA as opposed to an <u>IOU-ESP</u>.

4. D.06-06-066 should be modified to apply the IOU ESP Matrix to CCAs.

ORDERING PARAGRAPHS

1. Decision (D.) 06-06-066, as modified by D.07-05-032 and D.08-04-023, is modified to add the following conclusions of law:

25. It is reasonable to apply the HOU ESP Matrix to CCAs.

26. Pursuant to Gov. Code § 6254.5(b) and (e), CCAs' production of confidential marketsensitive information pursuant to the protections and requirements of this decision and related decisions does not constitute a waiver of the exemptions from public disclosure under the Public Records Act.

3. Ordering Paragraph 2 of Decision (D.) 06-06-066, as modified by D.07-05-032 and D.08-04-023, is modified as follows:

2. We adopt the confidentiality conclusions set forth in the IOU and CCA Matrix and ESP and CCA Matrix attached hereto as Appendices 1 and 2 (collectively Matrix, unless otherwise stated). Where a party seeks confidentiality protection for data contained in the Matrix, its burden shall be to prove that the data match the Matrix category. Once it does so, it is entitled to the protection the Matrix provides for that category. The submitting party must file a motion in accordance with Law and Motion Resolution ALJ-164 or any successor Rule, accompanied with any proposed designation of confidentiality, proving:

1.) That the material it is submitting constitutes a particular type of data listed in the Matrix,

2.) Which category or categories in the Matrix the data correspond to,

3.) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data,

4.) That the information is not already public, and

5.) That the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

5. The Investor Owned Utilities (IOU) Matrix attached to Decision 06-06-066 as Appendix 1 is retitled as "IOU and CCA Matrix." The Energy Service Provider (ESP) Matrix is retitled as "ESP and CCA" Matrix. In the alternative, the Commission should order as follows: **New Order:**

Item	Public/Confidential	Explanation of Item
XIV) Renewable Portfolio Standard (RPS) Information		
<u>RPS compliance filings</u> required by CPUC, by CCA	Public, unless disclosure of first three years of forecast retail sales and resource mix data (MWh) and/or of historical retail sales and supply data (MWh) for prior year would reveal entire net short of CCA.	Includes one-time and recurring reporting. Shows current and projected contents of a CCA's portfolios, including sales and resource mix.
Annual RPS compliance filings, by CCA	Public, unless disclosure of first three years of forecast retail sales and resource mix data (MWh) or of historical retail sales and supply data would reveal the entire net short of CCA.	Includes Annual Procurement Target (APT) reporting required in Rulemaking 04- 04-026 and all other required reports.
XV) Resource Adequacy Information		
Supply data (both year ahead and month ahead)	Supply data for first 3 years of forecast period confidential.	Year ahead data show that <u>CCA has secured adequate</u> <u>generation capacity to cover</u> <u>the required percentages of</u> <u>forecast peak load for next</u> <u>summer months or annual</u> <u>local RA requirements.</u> <u>Month ahead data show that</u> <u>CCA has secured adequate</u> <u>capacity to cover the required</u> <u>percentage of its forecast load</u> <u>plus a reserve requirement.</u>
XVI) Load Forecast Information and Data- Electric		
Detailed load forecasts filed in spring for upcoming year, by CCA	Upcoming year forecast confidential; public once data is one year old.	

6. The following categories are added to the end of the IOU and CCA Matrix:

XVII) Recorded (Historical) Data and Information- Electric		
Market purchases of energy and capacity	Public after data are one year old.	



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

R.19-11-009

CALIFORNIA COMMUNITY CHOICE ASSOCIATION COMMENTS ON THE PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2021-2023, ADOPTING FLEXIBLE CAPACITY OBLIGATIONS FOR 2021, AND REFINING THE RESOURCE ADEQUACY PROGRAM

Evelyn Kahl General Counsel California Community Choice Association One Concord Center 2300 Clayton Road, Suite 1150 Concord, CA 94520 (415) 254-5454 regulatory@cal-cca.org

June 11, 2020

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TABLE OF AUTHORITIES

CPUC Decisions

D.05-10-042	
D.06-06-064	
D.19-06-026	
D.19-11-016	passim
D.98-12-075	

CPUC Rules of Practice and Procedure

SUMMARY OF RECOMMENDED CHANGES

- 1. Recognizing the tight supply conditions in the system resource adequacy ("RA") market, adopt a waiver process for 2020 and 2021 for load serving entities ("LSEs") that take commercially reasonable actions to procure sufficient system RA but fail to achieve full compliance for reasons beyond their control. Revisit the waiver process in 2021 to determine whether conditions compel a continuation of the waiver process.
- 2. To prevent a wealth transfer from customers to generators under the current tight supply conditions in the system RA market, defer the implementation of shaped summer-month and winter-month system RA non-compliance penalties until 2022, when new Procurement Track system RA supply will be online.
- 3. To provide adequate notice to LSEs of their compliance obligations, clarify whether Month-Ahead waiver requests for "PG&E Other" subarea requirements are required, what standards and process will be applied to such waiver requests, and when the new requirements will be implemented.
- 4. To provide adequate notice to LSEs of their compliance obligations, clarify that unless otherwise specified, all new requirements proposed by the PD will be effective for the 2021 Compliance Year and will not be applied in 2020.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

R.19-11-009

CALIFORNIA COMMUNITY CHOICE ASSOCIATION COMMENTS ON THE PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2021-2023, ADOPTING FLEXIBLE CAPACITY OBLIGATIONS FOR 2021, AND REFINING THE RESOURCE ADEQUACY PROGRAM

The California Community Choice Association ("CalCCA")¹ submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure on the May 22, 2020, proposed *Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program* ("PD").

I. INTRODUCTION

CalCCA appreciates the Commission's review and aggregation of a broad range of significant RA program reforms within this proceeding. On balance, CalCCA supports several elements of the PD, including the following measures:

• The proposed Local Capacity Requirements for 2021-2023,² the proposed Flexible Capacity Requirements for 2021;³

¹ California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

² PD, Ordering Paragraphs 1-3 at page 73.

³ PD, Ordering Paragraph 8 at page 74.

- The establishment of the proposed Working Group on local capacity issues;⁴
- The definitions and counting methodologies for in-front-of-the-meter hybrid resources and co-located resources;⁵ and
- The MCC definitions and modified Option 4b MCC bucket proposal.⁶

CalCCA requests several modifications to the PD, however, to improve the penalties system proposed by the PD and generally to clarify implementation details. More specifically, the Commission should:

- Adopt a waiver process for LSEs taking commercially reasonable actions to procure sufficient system RA but failing to achieve full compliance for reasons beyond their control;
- Defer the implementation of shaped system penalties until 2023;
- Clarify the standards and process for seeking a local RA waiver for "PG&E Other" subarea requirements; and
- Clarify the timing and process for the proposed compliance changes.

Proposed Conclusions of Law and Ordering Paragraphs are provided in Appendix A.

II. THE COMMISSION SHOULD ADOPT A WAIVER PROCESS FOR LSES TAKING COMMERCIALLY REASONABLE ACTIONS TO PROCURE SUFFICIENT SYSTEM RA

CalCCA proposed expanding the existing local RA waiver process to include system and flexible RA compliance in a petition for modification of D.19-06-026, which to date has not been addressed.⁷ CalCCA renewed its request in Track 2 comments.⁸ CalCCA based its request on the serious constraints in the system RA market that are making it difficult for LSEs to meet their system requirements despite commercially reasonable efforts. CalCCA observed that expanding the waiver process to system RA would be consistent with the Commission's long-standing commitment to "ensure that LSEs are not placed in a position whereby they would have to pay any price to acquire the capacity needed for their RA obligations."⁹ The PD rejects this proposal on grounds that "a system and flexible waiver process requires further development and study,"¹⁰

⁴ PD, Ordering Paragraphs 4-6 at page 73.

⁵ PD, Ordering Paragraphs at 11-12 at page 75.

⁶ PD, Ordering Paragraph at 17-18 at pages 77-78.

⁷ See generally California Community Choice Association Petition for Modification of Decision 19-06-026, Oct. 30, 2019. CalCCA Comments at 16-17.

⁸ CalCCA Comments at 16-17.

⁹ CalCCA Comments at 16 (*quoting* D.05-10-042 at 66).

¹⁰ PD at 58.

noting in particular concerns regarding "potential leaning by LSEs and market power issues."¹¹ CalCCA urges the Commission – particularly in light of the reduction in available system RA created by recent Commission initiatives -- to examine the issue more closely and direct the development of a system RA waiver process to be in place for Compliance Year 2021.

As an initial matter, the PD lacks coherent reasoning. The PD's suggestion that the system waiver raises market power concern is directly at odds with D.06-06-064, which expressly adopted the local RA waiver as a tool to address market power.¹² In addition, a waiver process does not permit leaning; the criteria for granting waivers are intended to ensure that the non-compliant LSE acted in good faith.

In addition, a system waiver is critical in the face of the Commission's marked tightening over the past year of already-constrained system RA supply. In D.19-06-026,¹³ the Commission reduced the Effective Load Carrying Capability ("ELCC") for solar and wind resources. Based on estimated calculations performed by East Bay Community Energy, the new ELCCs eliminated eligible system RA supply ranging from 120 MW in December to 3,493 MW in October.¹⁴ . The PD proposes to potentially compound this reduction of qualifying capacity from hydro resources, ranging from 527 MW for February to 1,224 MW for June.¹⁵ The proposed import RA decision in R.17-09-020 would exacerbate the effects of these reductions, eliminating 597 MW of supply in February to 1,934 MW in September. Combined, these reductions create a net deficit in summer months ranging from 531 MW to 5,837 MW in September. Combined,

¹¹ PD at 59.

¹² D.06-06-064, Conclusion of Law 27 at 86 ("A waiver process is necessary as a market power mitigation measure, and should therefore be adopted as a component of the Local RAR program.").

D.19-06-026, Ordering Paragraph 19 at page 64.

¹⁴ 2021 Generation Estimate derived from 2020 NQC reports (updated with retirements, resource additions and import volumes). Hydro Losses under the proposed counting methodology are estimated as a 30% reduction in shown hydro in the 2019 State of the Resource Adequacy Market Report ("RA Market Report"). Based on recent indications from counterparties, monthly percentages of total shown imports from the RA Market Report are discounted by 30% to estimate import losses. ELCC impacts are calculated as the difference between the prior and updated ELCC percentages applied to 2020 NQC solar and wind resources.

¹⁵ R.19-11-009, Proposed *Decision Adopting Local Capacity Obligations for 2021-202, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, May 22, 2020, at 21-22 and Ordering Paragraph 10 at 75. CalCCA does not oppose the proposed methodology but highlights that reactionary steps from the assumed immediate reductions in NQC should not be made without robust analysis.

these reductions create a net deficit in summer months ranging from 531 MW in July to 5,837 MW in September.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021 Generation Estimate	42,982	43,165	45,173	47,693	48,740	53,003	53,768	52,857	51,463	47,295	42,791	42,832
2021 Demand Requirement	36,510	35,540	34,568	37,382	41,723	46,963	50,711	51,026	51,542	42,590	36,452	37,632
Surplus / Deficit	6,472	7,625	10,605	10,311	7,017	6,040	3,057	1,831	(79)	4,705	6,339	5,200
CPUC Elegibility Reductions												
Hydro Losses	(635)	(527)	(758)	(689)	(795)	(1,209)	(1,224)	(1,193)	(1,119)	(750)	(630)	(630)
Import Losses	(663)	(597)	(624)	(521)	(824)	(1,082)	(1,630)	(1,686)	(1,934)	(1,281)	(640)	(729)
Solar Losses	410	110	807	(1,861)	(1,550)	(1,420)	(302)	(1,422)	(1,972)	(3,432)	(228)	26
Wind Losses	178	(296)	607	(365)	(365)	(916)	(431)	(368)	(733)	(61)	242	(120)
Total Losses	(710)	(1,310)	32	(3,436)	(3,535)	(4,626)	(3,588)	(4,669)	(5,758)	(5,523)	(1,256)	(1,453)

Figure 1. Estimated RA Supply Reductions Due to Recent and Proposed Rule Changes

There is no near-term solution to address the deficits produced by the Commission's modification of the RA compliance framework until new resources begin to come online 2021 and 2022 in response to D.19-11-016.

As a result, LSEs undeniably face a reduction in available RA and a potential system RA shortage in 2021, which could extend into 2022; this shortage was, in fact, the basis for D.19-11-016.¹⁶ Penalizing LSEs who, despite commercially reasonable efforts, are unable to meet their requirements will not add capacity to the market in the near term. In these circumstances, the penalties lose their intended purpose of driving the right behavior and become merely punitive, directly increasing ratepayer costs. The Commission can avoid this result by simply extending existing rules to system RA. Adopting a system RA waiver presents little risk; it does not *require* the Commission to grant a waiver unless its criteria are met.

Establishing a system RA waiver mechanism ensures, like the local RA mechanism, that critical circumstances are considered in determining whether to impose a penalty. The general purpose of a penalty, as the Energy Division¹⁷ and prior Commission decisions¹⁸ observe, is to create an incentive to avoid violations. Given this objective, the Commission historically has considered the conduct of the entity in non-compliance.¹⁹ Indeed, this is precisely what the

¹⁶ D.19-11-016, Finding of Fact 5 at 69.

¹⁷ See PD at 53.

¹⁸ See, e.g., D.98-12-075, 1998 Cal. PUC LEXIS 1016, *89.

¹⁹ See D.98-12-075, 1998 Cal. PUC LEXIS 1016, *54.

Commission examines in determining whether to grant the local RA waiver, essentially examining whether the LSE made a robust good-faith effort to comply.²⁰

The Commission adopted the local RA waiver on two grounds: to address market power²¹ and to prevent making LSEs that are unable to contract for sufficient local RA to meet their requirement "subject to both backstop procurement costs and potential penalties."²² Both grounds are applicable in the case of system RA and, more compelling, there is substantial evidence that LSEs may be unable to comply despite reasonable efforts. The Commission should extend the existing local RA waiver mechanism to system RA for Compliance Years 2021 and 2022 and provide greater clarity on what information and data is required from submitting LSEs The need for the waiver can be revisited as procurement in response to D.19-11-016 begins to come online.

III. THE COMMISSION SHOULD DELAY THE IMPLEMENTATION OF SHAPED SYSTEM PENALTIES UNTIL COMPLIANCE YEAR 2022

The PD proposes to adopt "a shaped system penalty price that is \$8.88/kW-month in summer months (May to October) and \$4.44/kW-month in non-summer months."²³ The PD reasons that the current \$6.66/kW-month penalty price may not incentivize load-serving entities to meet their requirements in summer months.²⁴ The PD, without explanation, does not address or resolve the legitimate concerns raised by CalCCA. These issues should be addressed prior to the adoption of Energy Division's proposal. At a minimum, the Commission should modify the PD to defer implementation of shaped penalties until Compliance Year 2022.

In response to the Energy Division's proposal for shaped penalties, CalCCA pointed out that raising penalties in summer months does not address the foundational problem of a tightening RA market.²⁵ CalCCA argued that "[i]f anything, a higher penalty will likely enable suppliers to exercise even more market power, resulting in harm to ratepayers through both elevated RA prices and elevated penalties."²⁶ CalCCA concluded:

²⁰ See D.06-06-064 at 73.

²¹ D.06-06-064, Conclusion of Law 27 at 86 ("A waiver process is necessary as a market power mitigation measure, and should therefore be adopted as a component of the Local RAR program.").

²² *Id.* at 71.

²³ PD, Ordering Paragraph 19 at page 78.

²⁴ PD at 54.

²⁵ Opening Comments of the California Community Choice Association on Track 2 Proposals, Mar. 23, 2020 ("CalCCA Comments") at 18-19.

²⁶ CalCCA Comments at 18.

Even without higher penalties, high prices will continue to serve as a signal to LSEs that new capacity needs to be brought onto the system, and new builds will also continue to be incentivized in the IRP procurement track. However, pending deliveries from new builds, higher penalties will only result in LSEs paying higher prices for the existing capacity that is available today.²⁷

The solution, CalCCA argued, is to adopt a system RA penalty waiver mechanism, similar to the mechanism used for local RA compliance, to avoid penalizing LSEs and their customers despite LSEs' reasonable efforts to comply. In addition, CalCCA proposed penalties that escalate for LSEs who either repeatedly fail to demonstrate their reasonable commercial efforts through the waiver process or who fail even to seek a waiver.²⁸

The PD, while mentioning CalCCA's concerns, does not address or resolve them. It does not conclude that the shaped penalties will not increase the exercise of market power. Nor does it conclude that penalizing LSEs in a tightening market, despite reasonable efforts to comply, is acceptable or a justifiable burden on ratepayers. Instead, it adopts the shaped penalties based only on concern that the current penalty price may not incentivize compliance.²⁹

If the Commission declines to adopt CalCCA's proposals it should, at a minimum, defer implementation of the shaped penalties proposal. The Commission has directed procurement to enhance system RA supply in D.19-11-016, and these resources will begin to come online in 2021 with additional supply available in 2022. To avoid unnecessarily penalizing LSEs and their customers, the Commission should defer implementation of the shaped penalties until Compliance Year 2022. This balanced approach will avoid unproductive penalties and increased rates – a transfer of wealth to from customers to generators - while the new supply is being developed.

IV. THE COMMISSION SHOULD CLARIFY THE TIMING, STANDARDS, AND PROCESS FOR WAIVERS OF "PG&E OTHER" SUBAREA REQUIREMENTS

The PD allows LSEs to sidestep their existing obligations to procure sufficient RA capacity in each of the disaggregated "PG&E Other" local capacity areas ("LCAs") through a two-step process.³⁰ The LSE must first demonstrate circumstances to comply with the existing

²⁷ *Id.* at 19.

²⁸ *Id.* at 21.

²⁹ PD at 54.

³⁰ PD at 63; *id.*, Ordering Paragraph 21 at pages 78-79.
local RA waiver process. It must then demonstrate in its Year Ahead compliance filing that while it has not met the disaggregated requirement, it has met the requirements of the PG&E Other LCAs in aggregate. The PD's proposal would benefit from several clarifications.

Today, an LSE may seek a waiver of its disaggregated PG&E Other requirements. The only difference between this and the PD's proposal appears to be that even if an LSE does not meet disaggregated requirements, it can demonstrate it has met its aggregate PG&E Other obligation and a waiver would be granted. So, in effect, an LSE must make reasonable efforts to meet subarea requirements but will not be penalized for failing. The Commission should clarify that LSEs may still seek a waiver of one or more of the disaggregated PG&E Other obligations even if they have not been able to meet the aggregate obligation despite commercially reasonable efforts.

The Commission should also clarify the waiver process in three other respects: waiver timing, waiver standards and process, and implementation timing. <u>First</u>, the proposal appears to allow an LSE to submit a single local RA waiver request for PG&E Other subareas at the Year Ahead filing. It is unclear, however, whether LSEs filing Year Ahead waivers under this process would be required to re-file Month Ahead waivers as is required under the current waiver process. CalCCA recommends that if a waiver request is submitted in the Year Ahead compliance filing, an LSE will not be required to re-submit month-ahead waivers for disaggregated PG&E Other requirements. <u>Second</u>, to provide certainty, the Commission should clarify that the same standards and process will be applied to the PG&E Other subarea waiver as are applied to other waiver requests, including those specific requirements in Ordering Paragraph 21. <u>Third</u>, the Commission should clarify that the modified rules will apply commencing in Compliance Year 2021.

V. THE COMMISSION SHOULD CLARIFY IMPLEMENTATION TIMING FOR RA PROGRAM REFORMS

The PD does not specify the implementation timeline for the following key rule changes:

- Modifications to the QC and counting methodologies for hydroelectric and hybrid/co-located resources
- Modifications to the MCC Buckets
- Establishment of a waiver for the Provider of Last Resort
- Effective flexible capacity of storage

Absent any specified implementation date, CalCCA presumes that these measures will all be implemented for Compliance Year 2021. Implementing any of these changes for 2020 would be unreasonable because LSEs would not have had notice of the changes when procuring to meet their 2020 requirements. The Commission should make clear its intent to implement the new rules prospectively, effective for Compliance Year 2021.³¹

VI. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein. For all the foregoing reasons, the Commission should modify the proposed decision as provided in Appendix A.

Respectfully submitted,

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Evelyn Kahl General Counsel to the California Community Choice Association

June 11, 2020

³¹ CalCCA has proposed in its May 14, 2020, Petition for Modification of Decision 19-11-016, application of the new rules for purposes of determining compliance with D.19-11-016.

APPENDIX A

Proposed Changes to Findings of Fact, Conclusions of Law and Ordering Paragraphs

FINDINGS OF FACT

17. Penalty prices set below the RA capacity prices may not incentivize LSEs to meet system requirements in summer months, but capacity constraints will persist until at least 2021, when new resources ordered by D.19-11-016 come online. It is reasonable to shape system penalty prices by summer and non-summer months and to include October as summer month commencing for the 2022 compliance year.

18. A limited system and flexible waiver for the POLR is reasonable, particularly in the face of persistent system RA market constraints.

CONCLUSIONS OF LAW

11. A shaped system RA penalty price by summer and non-summer months should be adopted <u>commencing for 2022 compliance</u>.

12. A limited system and flexible waiver for the POLR should be adopted using the mechanism in place for local RA waivers.

ORDERING PARAGRAPHS

-20. The provider of last resort (POLR) may be eligible for a limited system or flexible Resource Adequacy (RA) waiver for instances in which retail load is: (a) returned to the POLR with insufficient time to meet the RA requirement, or (b) not transferred from the POLR to another load-serving entity (LSE) as planned as a result of action or inaction by the LSE. The waiver shall be submitted through a Tier 2 Advice Letter.

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

New England Ratepayers Association) Docket No. EL20-42-000

COMMENTS OF THE PENINSULA CLEAN ENERGY AUTHORITY, MARIN CLEAN ENERGY, AND SONOMA CLEAN POWER AUTHORITY

The Peninsula Clean Energy Authority ("PCE"), Marin Clean Energy ("MCE"), and Sonoma Clean Power Authority ("SCP") (collectively, "California CCAs"), by and through counsel, respectfully submit these Comments in the above-captioned proceeding. In support thereof, California CCAs state as follows:

I. <u>PRELIMINARY STATEMENT</u>

1. These Comments are tendered pursuant to Sections 205 and 206 of the Federal Power Act ("FPA"), 16 U.S.C. §§ 824d and 824e (2018); the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), and the Commission's May 5, 2020, Notice of Extension of Time, establishing June 15, 2020, as the date by which comments must be submitted in this proceeding.

2. PCE and MCE have previously intervened in the above-captioned proceeding and have provided their contact information. SCP provides its contact information as follows:

Neal Reardon Director of Regulatory Affairs Sonoma Clean Power 50 Santa Rosa Ave. 5th Floor Santa Rosa, CA 95404 Tel: 1 (707) 890-8488 E-mail: <u>nreardon@sonomacleanpower.org</u>

II. <u>DESCRIPTION OF THE COMMENTING ENTITIES</u>

3. PCE is a joint powers authority organized pursuant to California law which operates a community choice aggregation ("CCA") program among other programs. PCE operates within San Mateo County in Northern California. As a community-controlled public agency, PCE relies on flexibility and local control to develop innovative programs that accelerate decarbonization of the energy PCE supplies to its customers. PCE is also advancing decarbonization through transportation electrification, electrification of the built environment, and community resiliency programs. PCE serves nearly 13,657 net metered customers and pays a net excess compensation rate higher than required by state law because PCE supports its customers investing in distributed energy resources for the societal and local benefits these resources provide.

4. MCE was the first CCA to launch in California, and today serves 34 communities in the California counties of Contra Costa, Marin, Napa, and Solano. Launched in 2010, MCE's mission is to address climate change by reducing energyrelated greenhouse emissions with renewable energy and energy efficiency at costcompetitive rates while offering economic and workforce benefits and creating more equitable communities. MCE serves nearly 40,000 net metered customers, and has strategically invested in solar incentives, including additional incentives for low income homeowners, above and beyond the already generous California state investments. MCE has made these investments because its customers want the opportunity to contribute to positive environmental outcomes, and to provide the many local benefits described below.

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5. SCP was the second CCA in California and serves the communities in the California counties of Sonoma and Mendocino. SCP procures and provides clean energy, including from renewable resources, such as geothermal, hydroelectric, wind, solar, and biomass, to its customers, in a manner that enhances the customer's quality of life through competitive pricing, improved air quality, and local customer programs. SCP's mission is turning the tide on the climate crisis, through bold ideas and practical programs. SCP actively supports its 16,000 net energy metering customers through its NetGreen program. SCP's NetGreen program provides incentives to customers for generating local solar, significantly above Pacific Gas and Electric Company's ("PG&E") offering.

III. <u>BACKGROUND</u>

6. On April 14, 2020, the New England Ratepayers Association ("NERA") submitted to the Commission a petition for a declaratory order under Rule 207¹ requesting a declaration that there is exclusive federal jurisdiction over wholesale energy sales from generation sources located on the customer side of the retail meter. NERA describes such sales as full net metering ("FNM").² NERA further requests that the Commission issue an order declaring that the rates for such sales be priced in a manner in which NERA contends is consistent with the Public Utility Regulatory Policies Act of 1978³ ("PURPA") or the FPA.

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¹ 18 C.F.R. 385.207.

² California CCAs are more familiar with the use of the term "net energy metering" or "NEM" to describe the matter at issue, though NERA has specific definitions and limitations of what it describes as net energy metering. *See* NERA Petition at 6 n 13. To avoid confusion over terms, California CCAs use the term FNM herein.

³ Pub. L. 95-617, 92 Stat. 3117 (1978), 16 U.S.C. §§ 2601, et seq.

7. On April 15, 2020, the Commission issued a Notice of Petition for Declaratory Order, setting May 14, 2020 as the comment date. On May 5, 2020, the Commission issued a Notice of Extension of Time, extending the date on which comments are due to June 15, 2020. California CCAs' submittal is filed timely, in accordance with the Commission's notices.

IV. <u>COMMENTS</u>

A. The Commission Has Resolved Properly the Jurisdictional Bounds Regarding Full Net Metering (FNM).

8. The Commission has determined that when a resource is located

behind a meter and generates energy, and where there is no net injection of energy to the

utility, the Commission has no jurisdiction over that energy under PURPA or the FPA.⁴

In *SunEdison*, the Commission stated:

[W]here the net metering participant . . . does not, in turn, make a net sale to a utility, the sale of electric energy by SunEdison to the end-use customer is not a sale for resale, and our jurisdiction under the FPA is not implicated. That is, under the holding of *MidAmerican*, where there is no net sale over the applicable billing period to the local loadserving utility, there is no sale; accordingly, where there is no net sale over the applicable billing period to the local load-serving utility by the end-use customer that is the purchaser of SunEdison's solar-generated electric energy, SunEdison is likewise not making a sale "at wholesale," i.e., a "sale for resale." In these circumstances, SunEdison's sales of electric energy to end-use customers are not subject to the Commission's jurisdiction under Part II of the FPA.⁵

⁴ See MidAmerican Energy Company, 94 FERC ¶ 61,340 (2001); SunEdison LLC, 129 FERC ¶ 61,146 (2009) ("SunEdison").

⁵ SunEdison at P 19 (footnotes omitted).

In other words, the Commission has stated that it has no jurisdiction over net sales to the interconnected utility over the applicable billing period.

9. NERA seeks to overturn such precedent through the application of dated, and moreover, inapposite, appellate cases.⁶ The cases cited by NERA involve a different type of service from standard FNM. Specifically, such cases involve station service, meant to operate a generating resource, rather than end-use load, such as cooling a home or operating a manufacturing plant, with such resources intending to act as merchant generators in wholesale, organized markets. Leaving aside for a moment whether NERA fails to make an apples-to-apples comparison, the cases cited do not support the contentions advanced by NERA. In *SCE*, the U.S. Court of Appeals for the D.C. Circuit found that the Commission failed to show that a retail sale had not taken place.⁷ In *Calpine*, the Court affirmed the Commission's finding that it lacked jurisdiction over station power services.⁸ In addition, the cases cited by NERA do not overturn the fundamental principle that state and local authorities establish the interval that sets the billing interval for net metered retail consumers.⁹

10. The Commission, however, has issued rulings providing more recent precedent, which affirm its position concerning its jurisdiction over net sales. The Commission issued these rulings in the context of its rulemaking proceedings concerning the participation of energy storage in organized markets.¹⁰ In Order No. 841-A, the

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⁶ Calpine Corp. v. FERC, 702 F.3d 41 (D.C. Cir. 2012) ("Calpine"); S. Cal. Edison Co. v. FERC, 603 F.3d 996 (D.C. Cir. 2010) ("SCE").

⁷ SCE, 603 F.3d at 1001.

⁸ *Calpine*, 702 F.3d 41 at 50.

⁹ See Calpine at 48 (describing that transmission and energy intervals need not be the same, citations omitted).

¹⁰ See Electric Storage Participation in Markets Operated by Regional Transmission

Commission stated, "we note that *MidAmerican* applies only to retail customers participating in retail net metering programs, which is consistent with the Commission's acknowledgement in Order No. 841 that injections of electric energy back to the grid do not necessarily trigger the Commission's jurisdiction."¹¹

11. NERA's Petition is essentially a collateral attack on Commission

Orders. The Commission describes a collateral attack as:

"[a]n attack on a judgment in a proceeding other than a direct appeal" and is generally prohibited. Disfavor for collateral attacks is embodied in the doctrine of collateral estoppel: once a court or adjudicative body has decided an issue of fact or law necessary to its judgment, that decision may preclude relitigation of the issue in a suit on a different cause of action involving a party to the first case.¹²

NERA's Petition is a collateral attack against the orders issued in the *MidAmerican* and *SunEdison* proceedings, as well as Order Nos. 841 and 841-A. The Petition urges the Commission to find that it has jurisdiction where the Commission found none in these orders. The Petition would require the Commission to ignore its rulings in *MidAmerican, SunEdison, et al.*, by effectively reading out of them the measure of an "applicable billing period" such that there could not be injections to the grid by net metered customers offset by consumption during those periods and accordingly no sales. As such, NERA's Petition collaterally attacks *MidAmerican, SunEdison*, and Order Nos. 841 and 841-A,

Organizations and Independent System Operators, Order No. 841, 162 FERC ¶ 61,127 (2018), order on reh'g, Order No. 841-A, 167 FERC ¶ 61,154 (2019).

¹¹ Order No. 841-A at P 55; *see also* P 6 n.12 ("The Commission also observed that injections of electric energy back to the grid do not necessarily trigger the Commission's jurisdiction", *citing SunEdison*); Order No. 841 at P 39 n.49.

¹² New England Conference of Pub. Util. Comm'rs. v. Bangor Hydro-Elec. Co., et al., 135 FERC ¶ 61,140 at P 27 (2011) (footnotes omitted).

and should be disregarded. The present interpretation by the Commission of its authority over FNM should continue to control.

B. Questions that Require Assessing the Value of FNM are Best Left to State and Local Decisionmakers.

12. NERA raises multiple questions as to the effectiveness, impacts, benefits and costs of FNM. For example, NERA challenges the social value of FNM,¹³ its effects on the environment,¹⁴ and benefits to job creation.¹⁵ Such arguments regarding the value of FNM should be left to the states and their subdivisions, as such entities can better positioned to determine the value of these benefits based on their local circumstances. For example, if a state's manufacturing base is well-positioned to produce solar panels or if workforce training can be accessed to produce a significant labor force for solar installations, a state or locality would be able to factor in those considerations into setting FNM policy. Those considerations are not the focus of Commission Staff, nor should they be.

13. CCAs are uniquely positioned to have command of the facts that are important for making decisions regarding FNM. CCAs are entities authorized and operating pursuant to California statute,¹⁶ organized to bring together elected, accountable decisionmakers to take into account local circumstances. The composition of a CCA may consist of a city or county or a group of cities and counties organized as a joint powers agency.¹⁷ Within the CCA, a board consisting of elected officials

¹³ See NERA Petition, Brown Report at 22.

¹⁴ See id. at 37.

¹⁵ See id. at 40.

¹⁶ See Cal. Pub. Util. Code 366.2.

¹⁷ See Cal. Pub. Util. Code 366.2(a)(10)(A)-(B).

representing the cities and counties that comprise the CCA, make key, policy decisions for the CCA in public meetings. The relationship and accountability of CCA Board members to their communities and the understanding required of such Board members of the needs of their local, geographic areas, provides unmatched insight into considerations involving localized energy matters at issue in the NERA Petition. The depth of that perspective is difficult to attain at the federal level. The characteristics of CCAs underscore the advantages of state and local, rather than federal, decisions regarding FNM.

C. Contributions to Local Reliability by the Generation Subject to FNM Are Overlooked in NERA's Petition.

14. NERA advances arguments against FNM attacking several facets of the value of solar, ranging from environmental benefits to job benefits to avoided water use.¹⁸ In its listing of these facets, NERA generally takes a myopic view of benefits but also ignores benefits. For example, one significant value of distributed solar is that it increases local energy reliability and resiliency. Northern California is subject to significant delivery constraints, and the local capacity issues and load pockets in California are a perennial subject of analysis and engagement for all stakeholders in California's energy sector including California CCAs and the customers they represent.¹⁹

¹⁸ See NERA Petition, Brown Report at 30-41.

¹⁹ See e.g., CAISO 2021 & 2025 Final LCR Study Results Summary of Findings, Apr. 13, 2020, at: <u>http://www.caiso.com/Documents/OverallSummaryofFindings-Final2021and2025LocalCapacityRequirement.pdf</u>. In the study results, the CAISO cites ten local areas in California, with the Greater Bay Area presenting the greatest local capacity need for 2021. In citing these study results, California CCAs intend to illustrate the multiple, significant local capacity issues present in Northern California, and California CCAs make no endorsement of the CAISO's Local Capacity Requirement Study Results.

15. The generation that is subject to FNM tariffs are comprised of distributed resources and generation located close to load. The deployment of such resources in proximity to load has improved local resiliency. The need to encourage the installation of local generation to improve resiliency is reinforced by the frequency of PG&E in cutting power.²⁰ While PG&E faces significant reliability and safety challenges,²¹ localized generation under FNM can help mitigate or lessen interruptions, including the scope and duration of shutoffs under utilities' Public Safety Power Shutoff ("PSPS") programs. Strategic solar investments in areas prone to wildfires, as well as those areas subject to frequent use of PSPS provide additional public health and safety investments. Systems that are resilient through interruptions caused by wildfires and PSPS allow medically vulnerable customers to maintain power to life-sustaining medical devices, refrigeration for vital medicines that must remain cold – and critically in the era of COVID-19 – home charging that removes the necessity for vulnerable customers to leave their homes for public charging areas in order to charge necessary medical and communications devices. Such investments in local solar and battery resources lessen reliance on portable or localized gas and diesel generators operating adjacent to customers, thereby providing additional health and safety benefits. NERA's Petition

²⁰ See, e.g., Kovner, Guy and Rossman, Randi, "PG&E Considers Another Power Outage for North Bay but Will Its System Fixes Be Ready?" *The Press Democrat* (Oct. 21, 2019).

²¹ See "Order Modifying Conditions of Probation," U.S. v. PG&E, Case No. No. CR 14-0175 WHA at 1 (Apr. 29, 2020) ("It will take years, now, for PG&E to catch up on maintenance so that the grid can safely supply power at all times"). Chandler, Michele and Arthur, Damon, "Beyond the shutoffs: How Can California Fix Its Power Reliability Mess?" *Record Searchlight* (Nov. 4, 2019) (citing vulnerability of PG&E grid to wildfires, and noting, "As the cost of solar power and battery storage declines, some communities also are considering setting up their own backup generating facilities using solar arrays and battery storage.").

does not mention, nor otherwise factor in, the resiliency benefits provided by local generation. This lack of granular awareness at the state and local level highlights the underlying deficiencies of the NERA Petition while simultaneously illuminating the Commission's wisdom in leaving the valuation of FNM systems to state and local jurisdictions in a manner consistent with the requirements of federal law.

16. Additionally, generation under FNM models have encouraged the development of new consumer technologies. NERA assumes, without significant evidence, that net metering has the effect of disincentivizing innovations, such as the pairing of storage with solar technologies.²² Nothing could be further from reality. For example, in late 2019, PCE and other CCAs in Northern California issued a Request for Proposal seeking procurement of local, distributed energy and capacity that would include storage.²³ Contrary to NERA's assertions, the development of modular energy technologies installable at the individual user level has brought unprecedented benefits to individuals and communities harnessing these innovations. For example, in response to the significant reliability concerns caused by PG&E's PSPS events, MCE has launched an energy storage program that specifically seeks to pair storage with solar to provide reliable essential power during an outage.²⁴ Focusing on medically vulnerable customers and critical facilities such as fire stations and water treatment infrastructure, MCE's

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²² See NERA Petition at 38.

²³ See Distributed Resource Adequacy Capacity, Request for Proposal, issued Nov. 5, 2019, found at: <u>https://ebce.org/wp-content/uploads/Joint_LSE-Distributed_RA-RFP-FINAL_Draft_11_4_2019.pdf</u>. While the procurements at issue may involve metering more sophisticated than consumer-based FNM, they illustrate the demand for new, localized technologies; *see also* Chandler, *supra* n.20.

²⁴ <u>https://www.mcecleanenergy.org/resiliency/#:~:text=MCE%20will%20provide%20-battery%20energy,sources%20%E2%80%93%20like%20solar%20and%20wind.</u>

energy storage program will harness distributed energy resources to ensure that its communities are safe and protected during an extended outage. During normal grid operations, these distributed solar plus storage systems will be strategically managed to provide ramping support during peak demand hours and reduce the need for MCE to rely on fossil-fueled peaker plants.

17. Similarly, PCE is developing resiliency programs that will utilize renewable and storage technologies to maintain societal continuity during grid outages. These programs include medically vulnerable customers who require energy use to maintain their health and safety, maintaining energy supply at critical facilities such as police and fire stations, and deploying community resource centers to provide power to broader segments of the community. None of these efforts would be possible without the technologies that FNM has helped foster. NERA's Petition simply fails to acknowledge that the demand for net metered, distributed resources has prompted innovation. As the demand for such resources has been spurred in part by the desire for greater resiliency, net metered resources in turn have advanced consumer technologies.

18. These innovative programs and technologies are able to be developed and implemented due to the space accorded to local and state authorities to make decisions regarding FNM. The Commission should maintain that space by denying NERA's Petition to enable customers to continue to benefit from such innovations.

V. <u>CONCLUSION</u>

WHEREFORE, for the foregoing reasons, the Peninsula Clean Energy Authority, Marin Clean Energy, and Sonoma Clean Power Authority respectfully request the Commission to:

- 1) Consider the California CCAs' Comments as set forth above;
- 2) Deny NERA's Petition for Declaratory Order; and
- 3) Grant such other relief as the Commission deems necessary and appropriate.

Dated: June 15, 2020

Respectfully submitted,

<u>/s/ Sean Neal</u> Sean M. Neal Duncan, Weinberg, Genzer & Pembroke, P.C. 915 L Street, Suite 1410 Sacramento, CA 95814 Tel.: (916) 498-0121 Fax.: (916) 498-9975

Michael Postar Duncan, Weinberg, Genzer & Pembroke 1667 K St., NW Suite 700 Washington, D.C. 20006 Tel.: (202) 467-6370 Fax.: (202) 467-6379

Attorneys for Peninsula Clean Energy Authority and MCE, and Authorized to sign on behalf of Sonoma Clean Power Authority

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing upon each of the parties shown on the official service list compiled by the Secretary of the Commission by depositing copies thereof in the first class mail, postage prepaid and/or by electronic mail, as appropriate.

Dated at Washington, D.C. this 15th day of June, 2020.

/s/ Harry Dupre

Harry A. Dupre Duncan, Weinberg, Genzer & Pembroke, P.C. 1667 K Street, N.W., Suite 700 Washington, D.C. 20006 Tel.: (202) 467-6370 Fax.: (202) 467-6379 E-mail: had@dwgp.com June 15, 2020

CA Public Utilities Commission Energy Division Attention: Tariff Unit 505 Van Ness Avenue, 4th Floor San Francisco, CA 94102-3298



MCE Advice Letter 43-E; PG&E Advice Letter 4259-G/5850-E (ID U39 M)

Re: Marin Clean Energy and Pacific Gas and Electric Company Annual Joint Cooperation Memorandum for Energy Efficiency Programs for Program Year 2021

Pursuant to Decision ("D.") 18-05-041, *Decision Addressing Energy Efficiency Business Plans*¹, Marin Clean Energy ("MCE") hereby submits the annual Joint Cooperation Memorandum ("JCM") between MCE and Pacific Gas and Electric Company ("PG&E") for energy efficiency ("EE") programs for the program year 2021.

Tier Designation

This Advice Letter ("AL") has a Tier 2 designation pursuant to OP 38 of D.18-05-041, which requires MCE and PG&E to submit their annual JCM no later than June 15.

Effective Date

Pursuant to General Order 96-B, MCE and PG&E respectfully request that this Tier 2 AL become effective on July 15, 2020, which is 30 calendar days from the date of this filing.

Background

On January 17, 2017, MCE and PG&E filed their respective business plans with the California Public Utilities Commission ("Commission").² On June 5, 2018, the Commission issued D.18-05-041 approving the aforementioned business plans.³ The Commission granted MCE's and PG&E's sector-level proposals for the following overlapping sectors: (1) Residential, single family; (2) Residential, multifamily; (3) Commercial; (4) Industrial; (5) Agricultural; and (6) Workforce Education and Training.

¹ D.18-05-041, OP 38 at p. 190.

² See Application of Pacific Gas and Electric Company for Approval of 2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget (Application ("A.") 17-01-015) filed January 17, 2017; see *also* Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan (A.17-01-017) filed January 17, 2017.

³ See D.18-05-041.

In granting MCE's business plan, the Commission emphasized the potential for MCE and PG&E program overlap. The Commission also noted the difficulty in identifying program overlap because the business plans appropriately focus on sector-level strategies, not specific programmatic activities.⁴ Therefore, to identify areas of program overlap, the Commission directed all Program Administrators ("PAs") with overlapping service territories to develop an annual JCM to "summar[ize] the areas of potential overlap in their portfolios and the manner in which they will coordinate and collaborate during the business plan period."⁵

Submission and approval of an annual JCM is a prerequisite for consideration of MCE's and PG&E's Annual Budget Advice Letters ("ABALs").⁶

Purpose

This AL provides Commission staff with the JCM for EE programs for program years 2021, executed by and between MCE and PG&E as required by OP 38 of D.18-05-041. The JCM is included with this AL as Attachment 1.

The JCM describes the EE programs that MCE and PG&E anticipate offering in their shared service area in program year 2021 pursuant to their approved business plans. The JCM provides a summary of MCE's programs and, if PG&E offers a similar program, describes program coordination and double dipping prevention procedures.

Conclusion

PG&E and MCE respectfully submit the JCM pursuant to OP 38 of D.18-05-041 and request Commission approval of same.

<u>Notice</u>

A copy of this AL is being served on the official Commission service lists for Rulemaking 13-11-005.

For changes to these service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at <u>Process_Office@cpuc.ca.gov</u>.

Protests

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

⁴ *Id*. at p. 111.

⁵ Id.

⁶ *Id.*, OP 39 at p. 191.

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Email: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address as above).

In addition, protests and all other correspondence regarding this AL should also be sent by letter and transmitted electronically to the attention of:

Jana Kopyciok-Lande Senior Policy Analyst MARIN CLEAN ENERGY 1125 Tamalpais Ave. San Rafael, CA 94901 Phone: (415) 464-6044 Facsimile: (415) 459-8095 jkopyciok-lande@mceCleanEnergy.org

Alice Havenar-Daughton Director of Customer Programs MARIN CLEAN ENERGY 1125 Tamalpais Ave. San Rafael, CA 94901 Phone: (415) 464-6030 Facsimile: (415) 459-8095 ahavenar-daughton@mceCleanEnergy.org

Erik Jacobson Director, Regulatory Relations c/o Megan Lawson Pacific Gas and Electric Company 77 Beale Street, Mail Code B13U P.O. Box 770000 San Francisco, California 94177 Facsimile: (415) 973-3582 E-mail: <u>PGETariffs@pge.com</u>

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

Correspondence

For questions, please contact Jana Kopyciok-Lande at (415) 464-6044 or by electronic mail at jkopyciok-lande@mceCleanEnergy.org.

/s/ Jana Kopyciok-Lande

Jana Kopyciok-Lande Senior Policy Analyst MARIN CLEAN ENERGY

cc: Service Lists: R.13-11-005



California Public Utilities Commission

ADVICE LETTER SUMMARY ENERGY UTILITY



MUST BE COMPLETED BY UT	LITY (Attach additional pages as needed)									
Company name/CPUC Utility No.:										
Utility type: Contact Person: ELC GAS WATER PLC HEAT Phone #: E-mail: E-mail Disposition Notice to:										
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Submitted / Received Stamp by CPUC)									
Advice Letter (AL) #:	Tier Designation:									
Subject of AL:										
Keywords (choose from CPUC listing): AL Type: Monthly Quarterly Annual One-Time Other: If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:										
Does AL replace a withdrawn or rejected AL? I	f so, identify the prior AL:									
Summarize differences between the AL and th	e prior withdrawn or rejected AL:									
Confidential treatment requested? Yes	No									
If yes, specification of confidential inform Confidential information will be made av nondisclosure agreement. Name and co access to confidential information:	nation: vailable to appropriate parties who execute a ontact information to request nondisclosure agreement/									
Resolution required? Yes No										
Requested effective date:	No. of tariff sheets:									
Estimated system annual revenue effect (%):										
Estimated system average rate effect (%):										
When rates are affected by AL, include attach (residential, small commercial, large C/I, agricu	nment in AL showing average rate effects on customer classes ultural, lighting).									
Tariff schedules affected:										
Service affected and changes proposed ^{1:}										
Pending advice letters that revise the same tar	riff sheets:									

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Email: <u>EDTariffUnit@cpuc.ca.gov</u>	Name: Title: Utility Name: Address: City: State: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:
	Name: Title: Utility Name: Address: City: State: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Attachment 1





MCE and PG&E Joint Cooperation Memorandum for Program Year 2021

Alice Havenar-Daughton Director of Customer Programs Marin Clean Energy 1125 Tamalpais Ave San Rafael, CA 94901 E-mail: <u>ahavenar-daughton@mcecleanenergy.org</u> Erik Jacobson Director, Regulatory Relations c/o Megan Lawson Pacific Gas and Electric Company 77 Beale Street, Mail Code B13U P.O. Box 770000 San Francisco, California 94177 Facsimile: (415) 973-3582 E-mail: <u>PGETariffs@pge.com</u>

June 15, 2020

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INTRODUCTION

Per Decision (D.)18-05-041, energy efficiency (EE) Program Administrators (PAs) are required to submit annual joint cooperation memoranda as a prerequisite to the PAs' Annual Budget Advice Letters (ABALs). The MCE and PG&E Joint Cooperation Memorandum for the Program Year 2021 (2021 JCM) demonstrates how PG&E and MCE intend to minimize duplication of efforts for programs that address common sectors.

2020 is a year of transition for the PG&E portfolio. PG&E is working to outsource 25% of its portfolio to third-party implementers by June 2020, and 40% of the portfolio to third-party implementers by December 2020. As a result, PG&E anticipates many programs will ramp down in 2020 and there are many unknowns about the programs that will be onboarded through solicitations by the end of 2020. PG&E is committed to communicating with MCE to provide regular updates on program decisions whenever feasible to (1) ensure no overlap and (2) enhance the customer journey.

In preparation of the 2021 JCM, PG&E and MCE held a meeting in April 2020 to discuss coordination between overlapping programs. Additionally, program managers from both PAs talked over the phone several times regarding information included within this memo.

Information herein describes coordination for programs currently being implemented. PG&E is also fielding bids for future programs to launch in 2021 and will continue collaboration once programs are designed. Collaboration details on these potential future programs are not included in this 2021 JCM because details are not yet determined. However, PG&E provides a summary of programs that are expected to launch in 2021. MCE is currently not expecting to launch any new programs in 2021.

This document contains six main sections:

- 1. General Program Coordination
- 2. Non-Residential Sector Coordination
- 3. Residential Sector Coordination
- 4. Cross-Cutting Sector Coordination
- 5. Workpaper Ex-Ante Coordination
- 6. Programs Expected to Launch in 2021.

GENERAL PROGRAM COORDINATION

Both MCE and PG&E serve as customer-facing PAs for their respective EE programs. MCE uses a single point of contact (SPOC) model to support customers interested in MCE's program offerings. Under the SPOC model, MCE provides the customer information about the full suite of program opportunities and resources available when a customer approaches MCE about any of MCE's program offerings. To facilitate customer participation in all eligible programs, MCE informs customers about:

• programs offered by other PAs for which MCE does not have a comparable offerings;

- programs focusing on other clean energy and resource conservation activities such as solar and/or storage programs, water conservation, or waste reduction; and
- programs focusing on health and safety improvements.

MCE and PG&E coordinate across four large areas to prevent duplication and double-dipping among their general market EE program offerings:

- **Customer Choice**: Customers have a choice between PG&E and MCE programs. To ensure that customers understand this, both PAs will take steps to ensure the information on all programs is known by those staffers engaging with customers. Specifically, PG&E will designate staff within PG&E that MCE can call for any questions regarding program options. Similarly, MCE program staff is available for questions from PG&E staff. Furthermore, PG&E and MCE have access to program documentation available on California Energy Data and Reporting System (CEDARS) and use it as reference when communicating program options to customers. PG&E and MCE will keep program documents up-to-date in CEDARS and communicate program updates in their planned meetings as needed.
- **Marketing:** To avoid customer confusion, MCE and PG&E will coordinate marketing activities by providing an overview of upcoming campaigns including scheduled timelines and targeted customer segments.
- **Policy:** MCE and PG&E are aware that program policies change over time and can affect the need for coordination. Staff will use the regular coordination calls to check in on policy changes and how to coordinate on any relevant changes.
- **Double dipping prevention:** PG&E and MCE understand the potential of customers seeking to obtain incentives for the same measures from both organizations (double-dipping) and have established protocols to prevent such behavior. These protocols are discussed in more detail for each sector later in this document.

Sector-based coordination will occur in quarterly check-ins through in-person or audio or video teleconference, or email communications. Meetings will address new and ongoing coordination issues related to all relevant programs as discussed in detail below.

NON-RESIDENTIAL SECTOR COORDINATION

The following sections describes coordination efforts between MCE and PG&E regarding existing non-residential EE programs for program year (PY) 2021.

TABLES OF COMPARABLE MCE AND IOU PROGRAMS

The non-residential programs that are currently designed and offered to customers by MCE and PG&E are presented in the tables below. IOU programs include both PG&E programs, as well as statewide programs.

In addition to programs included in the table, PG&E may launch non-residential programs in 2021 that are not included in this 2021 JCM due to solicitations being still in progress. There is insufficient detail of possible programs resulting from those solicitations, and therefore

coordination on future programs are not included at the time this memo is filed. Non-residential programs expected to launch in the program year 2021 are listed in the last section of this document.

Table 1: Commercial Sector

					Measures										
Program ID	Program Name	Sector	Budget ¹	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE															
MCE02	Commercial Upgrade Program	Commercial	\$783,593	Resource	Х	Х	Х	Х	Х	Х	Х	Х	Х	Х	Х
IOU (comparab)	le programs)														
PGE21011	Commercial Calculated Incentives	Statewide	\$5,851,063	Resource	Х	Х	Х		Х	Х	X	Х	X		X
PGE21012	Commercial Deemed Incentives	Statewide	\$8,852,809	Resource	Х	Х	Х	Х	Х			Х		X	X
PGE210123	Healthcare Energy Efficiency Program	Commercial	\$994,021	Resource	Х		Х		Х	Х	Х	Х	Х	X	X
PGE210143	Hospitality Program	Commercial	\$2,529,781	Resource	Х		Х		Х	Х	Х	Х			
PGE21015	Commercial HVAC	Statewide	\$6,044,854	Resource			Х					Х			
PGE21018	EnergySmart Grocer	Commercial	\$6,176,529	Resource	Х		Х		Х	Х		Х			X
PGE2110051	Local Government Energy Action Resources (LGEAR)	Commercial	\$11,058,317	Resource	Х				Х						

¹ PG&E's and MCE's budgets are based on 2020 program budgets. These budgets are subject to change once the 2021 ABAL is finalized. PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

Table 2: Agricultural Sector

					Measures										
Program ID	Program Name	Sector	Budget ²	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE															
MCE11	MCE Agricultural and Industrial Resource Program	Agriculture	\$687,463	Resource	Х		Х		Х	Х	Х	Х	Х	Х	Х
IOU (compare	able programs)														
PGE21031	Agricultural Calculated Incentives	Statewide	\$1,947,535	Resource	Х	Х	Х		Х	Х	Х	Х	Х		Х
PGE21032	Agricultural Deemed Incentives	Statewide	\$1,894,430	Resource	Х	Х	Х	Х	Х			Х		Х	Х
PGE210311	Process Wastewater Treatment Program for Ag Food Processing	Agriculture	\$203,931	Resource						Х					Х
PGE210312	Dairy and Winery Industry Efficiency Solutions	Agriculture	\$1,421,553	Resource	Х				Х	Х	Х		Х		Х
PGE21034	Advanced Pumping Energy Agricultural Energy Advisor	Agriculture	\$2,326,462	Resource						Х					Х
PGE21039	Comprehensive Food Process Audit	Agriculture	\$2,250,083	Resource	Х		Х		Х	Х					Х

² PG&E's and MCE's budgets are based on 2020 program budgets. These budgets are subject to change once the 2021 ABAL is finalized. PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

Table 3: Industrial Sector

										Measu	ures				
Program ID	Program Name	Sector	Budget ³	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE															
MCE10	MCE Agricultural and Industrial Resource Program	Industrial	\$2,125,484	Resource	Х		Х		Х	Х	Х	Х	Х	x	X
IOU (compara	able programs)														
PGE21021	Industrial Calculated Incentives	Statewide	\$3,966,195	Resource	Х	Х	Х		Х	Х	Х	Х	Х		X
PGE21022	Industrial Deemed Incentives	Statewide	\$290,275	Resource	Х	Х	Х	Х	Х			Х		Х	Х
PGE210135	Water Infrastructure and System Efficiency	Industrial	\$1,301,793	Resource						Х					Х
PGE210210	Industrial Recommissioning Program	Industrial	\$1,426,592	Resource	Х					Х	Х	Х	Х		Х
PGE210212	Compressed Air and Vacuum Optimization Program	Industrial	\$290,275	Resource						Х					Х
PGE21026	Energy Efficiency Services for Oil Production	Industrial	\$927,077	Resource	Х					Х					Х
PGE21027	Heavy Industry Energy Efficiency Program	Industrial	\$8,117,891	Resource	Х					Х					Х
PGE21030	Industrial Strategic Energy Management	Industrial	\$4,706,245	Resource						Х					X

³ PG&E's and MCE's budgets are based on 2020 program budgets. These budgets are subject to change once the 2021 ABAL is finalized. PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

					Measures										
Program ID	Program Name	Sector	Budget ⁴	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE ⁵															
IOU (comparable	programs)														
PGE21091	On-Bill Financing (excludes Loan Pool)	Financing	\$4,986,247	Resource	X	Х	Х		Х	X	Х	X		X	Х
PGE210911	On-Bill Financing Alternative Pathway	Financing	\$793,414	Resource	X	Х	Х	Х	Х	Х	Х	X		X	Х

⁴ PG&E's and MCE's budgets are based on 2020 program budgets. These budgets are subject to change once the 2021 ABAL is finalized. PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

⁵ While MCE does not provide a comparable financing program, PG&E's on-bill financing program will be available to MCE program participants.

DESCRIPTION OF PROGRAMS

MCE02: Commercial Upgrade Program

The Commercial Upgrade Program targets commercial customers in MCE's service area. Its primary objectives are to facilitate the uptake of high-quality EE projects, and to improve the technical capability, pricing and program experience of both customers and the local contractor community. The program aims to achieve these objectives by supporting customers and contractors in the development of their projects – including equipment specification, incentives and technical assessments – but also by providing a number of participation pathways that streamline the program experience and maximize customer benefit. The program is not restricted to a deemed measure list, or program-mandated business size or load requirements. Instead, the program is open to nearly any non-residential customer and provides varied participation pathways which include deemed, custom, Normalized-Metered Energy Consumption (NMEC) and Strategic Energy Management (SEM). The program contracts with multiple implementation partners in the delivery of this program. Common measures include interior and exterior LED luminaires and lamps, networked lighting controls, connected thermostats, HVAC equipment, advanced rooftop controllers, ductless heat pumps, heat pump water heaters and other measures which may apply to customers in retail, office, and other non-residential building types.

MCE expects an expansion of the Commercial Upgrade Program in 2020 and 2021, primarily rooted in the development of population-level NMEC portfolios.

MCE10 and MCE11: MCE Agricultural and Industrial Resource Program

The MCE Agricultural and Industrial Resource (MCE AIR) Program is designed to provide individualized services to agricultural and industrial customers to identify EE opportunities, and to develop and evaluate implementation options and financial incentives. With a single customer-facing program for both industrial and agricultural customers, the program is able to leverage the same platform and simplify program administration, the customer offer and customer experience. The program provides comprehensive analyses based on customer needs, and much like MCE's Commercial Upgrade Program, MCE AIR provides multiple participation pathways, including prescriptive, custom, SEM and NMEC savings claims. The Program will act as a SPOC for these customer segments, connecting and leveraging available resources and funding sources pertaining to EE, renewable energy, and sustainability goals and needs.

PGE21011: Commercial Calculated (Statewide)

PG&E implements the Statewide Commercial Calculated program for customers in its territory. The program provides financial incentives for non-residential customers to install new equipment or systems that exceed applicable code and/or industry standards in existing buildings. PG&E's Calculated program includes both customized incentives (formerly "Customized Retrofit") and Retro-commissioning (RCx) offerings. RCx represents an important element of PG&E's EE toolkit by reducing energy usage and optimizing the efficiency of mechanical equipment, lighting, and control systems to current standards in existing facilities. To these ends, PG&E offers financial and technical assistance for customers to undertake RCx projects and implement measures that improve facility operations.

PGE21012: Commercial Deemed Incentives (Statewide)

PG&E implements the Statewide Commercial Deemed Incentives (Deemed) program for customers in its territory. The program offers prescriptive rebates directly to customers, vendors, or distributors for the installation or sale of energy-efficient equipment. The program offers a broad array of measures across technology segments including lighting, HVAC, food service, refrigeration, and water heating. This program is offered to all customer segments and sizes.

PGE210123: Healthcare Energy Efficiency

The Healthcare Energy Efficiency Program (HEEP) provides hospital facilities (medical office buildings and acute care facilities) a wide range of support services to address barriers to EE. HEEP delivers electric and gas savings through retrofits (deemed and calculated) and RCx services.

PGE210143: Hospitality

PG&E's Hospitality program offers a comprehensive list of EE measures and services to hospitality customers with annual peak demand above 100 kW or that have ten or more locations within PG&E's territory. The program offers both custom and deemed measures, and assists customers with EE projects from start to finish.

PGE21015: Commercial HVAC (Statewide)

PG&E implements the Statewide Commercial HVAC program for customers in its territory. The program is comprised of three elements that enable market transformation, direct energy savings, and demand reductions: Upstream HVAC Equipment Incentives, Commercial Quality Installation, and midstream Commercial Quality Maintenance (C-QM). This program is designed for commercial rooftop units powered by electricity from PG&E.

PGE21018: Energy Smart Grocer

The Energy Smart Grocer program provides comprehensive EE services for medium to large grocery stores and supermarkets with annual peak demand above 70kW and those with multi-plex refrigeration systems. The program provides comprehensive energy audits, long-term energy planning, and support for the implementation of efficiency measures.

Regional Direct Install: PGE211009-East Bay; PGE211013-Marin; PGE211015-Napa; PGE211029-Solano

Regional Direct Install programs serve small and medium business (SMB) customers with annual peak demand below 200 kW. Through this offering, SMBs benefit from a high level of technical assistance and turnkey installation of lighting, refrigeration, and HVAC control measures whereby the incentive payment is incorporated into to the project proposal. These programs are implemented by either 3rd parties or local government partnerships.

PGE21091: On-Bill Financing; PGE210911 On-Bill Financing Alternative Pathway

PG&E offers Energy Efficiency Financing through the On-Bill Financing program for a wide variety of energy efficient projects. The On-Bill Financing (OBF) loan program uses ratepayer funds to provide 0% interest financing to qualified non-residential customers towards the purchase and installation of new energy efficiency measures or equipment at the customer's premise. The loan terms and conditions are set to provide simple payback from energy savings during the

maximum allowed terms, and are calculated by dividing the loan amount by the estimated monthly energy cost savings resulting from the energy efficiency project.

PGE21031: Agricultural Calculated (Statewide)

PG&E implements the Statewide Agricultural Calculated program for customers in its territory. The program provides financial incentives for non-residential customers to install new equipment or systems that exceed applicable code and/or industry standards in existing buildings. PG&E's Calculated program includes both customized incentives (formerly "Customized Retrofit") and Retro-commissioning (RCx) offerings. RCx represents an important element of PG&E's EE toolkit by reducing energy usage and optimizing the efficiency of mechanical equipment, lighting, and control systems to current standards in existing facilities. To these ends, PG&E offers financial and technical assistance for customers to undertake RCx projects and implement measures that improve facility operations.

PGE21032: Agricultural Deemed Incentives (Statewide)

PG&E implements the Statewide Agricultural Deemed Incentives (Deemed) program for customers in its territory. The program offers prescriptive rebates directly to customers, vendors, or distributors for the installation or sale of energy-efficient equipment. The program offers a broad array of measures across technology segments including lighting, HVAC, food service, refrigeration, and water heating. This program is offered to all customer segments and sizes.

PGE210311: Process Wastewater Treatment Program for Ag Food Processing

PG&E implements the Process Wastewater Treatment Program in its territory. Agriculture and Food Wastewater Energy Program focuses on the reduction of energy and demand in wastewater treatment facilities at existing and new/expanding food processing facilities.

PGE210312: Dairy and Winery Industry Efficiency Solutions

PG&E implements the Dairy and Winery Industry Efficiency Solutions Program in its territory The Dairy and Winery Industry Efficiency Solutions (DWIES) is a third-party energy efficiency program. DWEIS identifies efficiency improvement opportunities and provide incentives through either installation support services or rebates for measures including refrigeration, HVAC, lighting, controls, motors and process specific equipment unique to the dairy and wine industry.

PGE21034: Advanced Pumping Energy Agricultural Energy Advisor

PG&E implements the Advanced Pumping Energy Agricultural Energy Advisor Program in its territory. The Advanced Pumping Efficiency Program (APEP) is an agricultural third-party energy efficiency program. Implemented by the California State University Fresno Foundation, APEP is an educational and incentive program intended to improve overall pumping efficiency and encourage energy conservation in California.

PGE21039: Comprehensive Food Process Audit

PG&E implements the Comprehensive Food Process Audit Program in its territory The CLEAResult Food Processing program, also called the Comprehensive Food Processing Audit and Resource Efficiency program in some PG&E materials, is a downstream thirdparty energy efficiency program. The program focuses on delivering electric, natural gas and water savings and demand reduction for the food processing industry.

PGE210135: Water Infrastructure and System Efficiency

PG&E implements the Water Infrastructure and System Efficiency Program in its territory The Water Infrastructure and System Efficiency (WISE) Program is a third-party energy efficiency program. WISE will garner energy savings through optimizing water and wastewater agency, special districts, city owned (Customer), and miscellaneous other water systems.

PGE210210: Industrial Recommissioning Program

PG&E implements the Industrial Recommissioning Program in its territory The Industrial Recommissioning (IRCx) Program is a third-party energy efficiency program. IRCx focuses on reducing the substantial energy losses that routinely occur in industrial facilities due to poorly controlled or malfunctioning equipment.

PGE210212: Compressed Air and Vacuum Optimization Program

PG&E implements the Compressed Air and Vacuum Optimization Program in its territory. The Industrial Compressed Air System Efficiency (ICASE) program is a third-party energy efficiency program. ICASE focuses on industrial facilities with installed compressed air systems above 100 horsepower. This comprehensive turnkey program pays up to 50% of the project cost for eligible measures including air compressor replacement and compressed air system optimization.

PGE21026: Energy Efficiency Services for Oil Production

PG&E implements the Energy Efficiency Services for Oil Production Program in its territory. The CLEAResult Oil and Gas program, also called Energy Efficiency Services for Oil and Gas Production, is a third-party energy efficiency program. The program provides a turnkey custom-measure hardware/incentive project targeted toward oil producers in the PG&E service territory. It implements measures including: conversion of outdated pumping systems, pump-off controllers, motor controllers, proper sizing of motors, pumps, and premium efficient motors, variable frequency drives, water reduction technologies, and splitting water injection systems into high and low pressure; and provides on-site surveys to identify energy efficiency opportunities and post installation surveys to determine impacts and certify installations.

PGE21027: Heavy Industry Energy Efficiency Program

PG&E implements the Heavy Industry Energy Efficiency Program in its territory. The Healthcare Energy Efficiency Program (HEEP) enables medical facilities to lower energy use and utility costs while conserving natural resources and reducing air emissions. By offering a wide range of support services, HEEP helps healthcare facilities overcome barriers to energy efficiency and savings that currently exist in the market. HEEP services include financial incentives, energy audits, engineering analysis, implementation oversight, and retro-commissioning assistance.

PGE21030: Industrial Strategic Energy Management (Statewide)

PG&E implements the Statewide Industrial Strategic Energy Management Program in its territory. SEM is a holistic approach to establish a set of energy use principles and practices emphasizing continuous improvements in energy management and energy efficiency in industrial and agricultural facilities. The approach of SEM is similar to Continuous Energy Improvement (CEI).
DATA SHARING PROTOCOL

Data sharing is integral for effective coordination between MCE and PG&E programs and to ensure proper reporting and claims of project savings. PG&E and MCE are taking the following steps to continue strengthening effective data sharing for non-residential programs in 2021.

- PG&E will work toward a solution to provide MCE access to PG&E bundled customers' gas consumption data. Since MCE's programs serve all non-residential customers (including MCE and PG&E customers), it is important that a pathway for sharing this data be identified.
- Prior to the annual claims submission and drafting of the Annual Report, PG&E and MCE will share program participation records of customer sites that have submitted applications to both PG&E and MCE during the program year. Using the service account ID (SAID) field in the claims submittal, participation records from one PA will be checked against the other by both PAs. Any discovery of potential overlap will then be evaluated further at the measure level.
- PG&E may provide on-bill financing (OBF) to participants in MCE's non-residential efficiency programs. When projects enrolled in an MCE program utilize PG&E OBF, MCE program managers coordinate directly with OBF program managers to ensure customer and project eligibility requirements are met, and provide the project detail required by the OBF program to fund the loan.
- In the event that both PG&E and MCE have claimed the same project measures through quarterly submissions, PG&E and MCE will come to a determination about how the project will be claimed, and review cost-recovery options with the program partner or entity that has received funding twice.

MCE and PG&E will coordinate ad-hoc data sharing needs, methods and cadence during regular check-ins.

DOUBLE DIPPING PREVENTION PROTOCOL

It is MCE and PG&E's priority that participants in ratepayer funded programs do not receive multiple incentives for the same installed measure. PG&E and MCE propose the following procedures to prevent "double dipping" from incentive, rebates, or other program funding available from PG&E and MCE non-residential programs. The primary steps to prevent double-dipping include:

- 1. Identify all programs which have measure or customer overlap within MCE's service area;
- 2. Managers of non-residential programs will meet on a bi-monthly basis to review doubledipping prevention procedures, data sharing, and general updates to programs that may impact coordination and program overlap. The intent of the meeting is to improve upon the process outlined in the JCM;
- 3. All formal program documents (fact sheets, flyers, enrollment forms, rebate applications, etc.) from both MCE and PG&E indicate that program participants may not apply to multiple programs for the same measures;

- 4. Implementers or contractors serving MCE and PG&E programs are not allowed to "split" applications or scopes of work between the PAs. This will be communicated explicitly to program vendors;
- 5. Project enrollment forms will require a form field identifying the last utility incentive received, and the scope of work covered by the project;
- 6. MCE's programs will provide support and incentives for some measures covered by statewide programs, including Upstream and Midstream programs. When a product is known to be included in an Upstream/Midstream offer, MCE Program Managers will notify PG&E Program Managers of any project which plan to install measures also covered by Upstream/Midstream programs. PG&E will lead coordination with the relevant Upstream/Midstream program to ensure that incentives are only paid once;
- 7. MCE will disclose to PG&E all identified instances where their customers participate in a MCE program and obtain a PG&E OBF loan so that the project can be excluded from the PG&E claim, mitigating the risk of double-dipping;
- 8. Rejected applications will be shared among relevant Program Managers (managers of overlapping programs) monthly to ensure rejected applications are not sent to other programs;
- 9. The contractor process to avoid double dipping is as follows:
 - a. Participating contractors in MCE and PG&E programs will be notified of policies pertaining to double dipping;
 - b. Multiple violations of double-dipping policies may disqualify a contractor from program participation.

RESIDENTIAL SECTOR COORDINATION

The following sections describes coordination efforts between MCE and PG&E regarding existing residential EE programs for PY 2021.

TABLES OF COMPARABLE MCE AND IOU PROGRAMS

The residential programs offered that are currently designed and offered to customers by MCE and PG&E are presented in tables below. In addition to the programs included in the table, PG&E may launch new residential programs in this 2021 JCM due to solicitations still in progress. There is insufficient detail of possible programs resulting from those solicitations, and therefore coordination on future programs are not included at the time this memo is filed. Residential programs expected to launch in the program year 2021 are listed in the last section of this document.

Table 5: Multi-Family Programs

]	Meası	ıres				
Program ID	Program Name	Sector	Budget ⁶	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE															
MCE01	Multifamily Comprehensive Program	Residential	\$412,358	Resource	Х	Х	Х	Х		Х	Х	Х	Х	Х	
MCE05	Multifamily Direct Install (Stand Alone)	Residential	\$391,064	Resource	Х		Х			Х				Х	
IOU (comparabl	e programs)														
PGE21003	Multifamily Energy Efficiency	Residential	\$4,651,856	Resource									Х		

Table 6: Single-Family Programs

									Ν	leasu	es				
Program ID MCE	Program Name	Sector	Budget ⁷	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE07	Single Family Comprehensive Program	Residential	\$552,865	Resource	Х	Х	Х	Х	х	Х	Х	Х	Х	Х	
MCE08	Single Family Direct Install Stand Alone	Residential	\$704,976	Resource	Х	Х						Х		Х	Х

⁶ PG&EPG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

⁷PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. PG&E's PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

									Ν	/leasu	es				
Program ID	Program Name	Sector	Budget ⁷	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
IOU (comparable	programs)														
PGE21001	Residential Energy Advisor (Home Energy Checkup)	Residential	\$17,028,201 (\$2,231,250)	Resource											X
PGE210010	Pay for Performance Pilot	Residential	\$4,835,316	Resource	Х		Х	Х				Х			Х
PGE21002	Residential Energy Efficiency	Residential	\$5,549,380	Resource		Х						Х			

DESCRIPTION OF PROGRAMS

MCE01: MCE Multifamily Comprehensive Program

The program targets multifamily properties in MCE's service area. Its primary objectives are to reduce participation barriers by guiding property owners through the process of creating long-term project plans and coordinating upgrade timing with key trigger points, such as at unit turnover. MCE offers a SPOC model to guide property owners through the process of participating in the program and offers technical assistance to help them understand the energy and resource conservation options that are a good fit for their property. The program offers rebates and free direct install in-unit measures to address barriers related to equipment cost and split incentives. Measures include, among others, interior and exterior LED lighting, Energy Star appliances, HVAC equipment, networked lighting controls and water heaters.

MCE05 and MCE08: Multifamily Direct Install (Stand Alone) and Single-Family Direct Install (Stand Alone)

The Single-Family and Multifamily Direct Install programs provide no-cost EE measures to eligible homeowners and tenants in both single-family and multifamily dwellings in MCE's service area. This program targets (but is not limited to) customers in Disadvantaged Communities (DACs) whose household income exceeds 200% of the Federal Poverty Guidelines (FPG). The target group's income exceeds the limit to receive services through programs like PG&E's Energy Savings Assistance Program (ESA) and MCE's Low-Income Families and Tenants (LIFT) Program, yet customers are still income constrained (lower middle-income). While there is no income cap to participate in the program, the program targets homeowners and renters in particular neighborhoods to ensure that lower middle-income customers are reached. The goal is to introduce this market sector to the concepts of energy efficiency, provide upgrades that reduce household energy consumption and encourage a pathway toward deeper energy retrofits offered through existing and emerging market rate programs and technologies. EE measures include low-flow showerheads (with and without thermostat), shower restriction valve (TSV), kitchen faucet aerators, and 11W screw-in LEDs. The program also offers a limited number of electric heat pump replacement for electric water heaters.

MCE07: Single-Family Comprehensive Program

Beginning May 2020, MCE will provide a downstream program for selected eligible customers to receive Home Energy Reports (HERs) at regular intervals to encourage energy- and money-saving behavioral changes. The program's treatment group will receive a series of HERs and, if enrolled in the digital platform, digital energy budget reports and alerts, as well as access to a web portal where they can learn about additional savings potential. Customers have been enrolled into the program in compliance with the measurement and verification (M&V) plan filed with the California Public Utilities Commission (CPUC) and all current CPUC behavioral NMEC program rules and requirements. The program will monitor participant eligibility on an ongoing basis, removing participants who no longer wish to participate or otherwise become ineligible to participate.

PGE21003 - Multifamily Energy Efficiency

The Multifamily Energy Efficiency Program targets multifamily properties in PG&E's service area. It offers per-unit incentives for multiple energy efficiency upgrades that escalate with higher

energy savings. Third-party energy raters and contractors (trade allies) conduct site audits, build models to calculate project savings, and complete installations. PG&E has transitioned program delivery channels to integrate available multifamily services through a single customer service pathway referred to as the single point of contact (SPOC). The SPOC approach removes the customer burden of navigating available programs, determining eligibility, and applying to various program opportunities. SPOC provides tailored guidance for each multifamily customer. Rather than prescribing a program to a customer base, PG&E helps each customer assess needs individually to identify the best solution, or solutions, for each community or property. Through a menu that includes various complementary offerings, energy efficiency to water savings, and renewables, and previously out-of-reach assistance like benchmarking and financing, SPOC helps multifamily customers maximize project scope and energy savings by locating individualized solutions to their specific needs. These customers can use the On-Bill financing program which provides qualified PG&E customers 0% interest loans for energy efficiency retrofits; loans are repaid on PG&E bills.

PGE21001- Residential Energy Advisor (Home Energy Checkup subprogram)

The Home Energy Checkup (HEC) subprogram is an online self-guided online assessment that helps customers understand where they use energy in their homes. It also provides energy-saving tips and suggestions based on the customer's specific responses and generates a simple checklist plan. The checklist plan is saved on the customer's PG&E Your Account website to track progress as they complete the items.

PGE210010 – Pay for Performance Pilot

PG&E began offering the Pay for Performance (P4P) Pilot subprogram to customers in 2017. The P4P model enables measurement of energy savings at the meter and aims to achieve persistent savings through an ongoing relationship between customers and their contractors. The subprogram uses CalTRACK Methods to track the time and locational demand impacts of EE. By leveraging these methods, the subprogram is operationalizing feedback to drive continuous improvement in program performance. The P4P Program approach limits risk to ratepayers by primarily paying incentives when energy savings are realized at the meter. Using energy meter data, the subprogram opens new possibilities to integrate demand flexibility into resource planning and to transform EE into a reliable grid resource.

The P4P subprogram is comprised of two implementers in areas overlapping with MCE:

- HomeIntel, offered by Home Energy Analytics: In-depth analysis of a home's energy use, customized recommendations and energy coaches to help reduce energy usage. Includes monthly energy efficiency progress report.
- Home Energy Rewards, offered by Franklin Energy: In-depth analysis of a home's energy use, customized recommendations and free energy savings kit (LEDs, water saving devices), and discounted energy efficient products.

PGE21002- Residential Energy Efficiency

The Residential Energy Efficiency Program (REEP), previously known as Plug Load and Appliances (PLA), aimed to transform the market to achieve sustainable adoption of energy efficient REEP products so that ongoing intervention would no longer be required. PG&E offers rebates to customers who purchased and installed smart thermostats and electric heat pump water

heaters. For the short- to mid-term timeframe where EE REEP products were still not the market's default choices, PG&E used incentives and industry collaboration to increase availability, awareness, and adoption of energy-efficient products. The subprogram's long-term strategy sought to create on-going demand for energy-efficient products thus motivating the industry to produce and sell highly energy-efficient REEP products as the market's standard offering.

DATA SHARING PROTOCOL

Data sharing is integral for effective coordination between MCE and PG&E programs and to ensure proper reporting and claims of project savings. MCE and PG&E will continue to share data related to programs for which measure and associated savings attributions need to be addressed. For the multifamily offerings, since MCE and PG&E do not currently overlap incentives for EE applications, ongoing data sharing is not currently needed. However, PG&E and MCE will continue to coordinate on the outcomes of PG&E's Residential Energy Efficiency program, which may inform opportunities for MCE's Multifamily Direct Install Stand Alone Programs and its Multifamily Energy Savings Program.

For the Single-Family Comprehensive Program, PG&E and MCE have coordinated on the following activities:

- PG&E and MCE have engaged in discussions via phone and email to better understand which MCE customers are already participating in PG&E's HER program, and to remove them from the potential pool of customers targeted for MCE's Single-Family Comprehensive Program;
- PG&E and MCE agreed that PG&E would provide a list to MCE of its HER program participants to date. Prior to authorizing release of this data, PG&E required MCE to complete a Third-Party Security Review (TSR) and to sign a Non-Disclosure Agreement (NDA). MCE completed the TSR and NDA, which was approved by PG&E;
- MCE subsequently received a list of all PG&E's behavioral EE program participants to date and removed them from the participant list for the Single-Family Comprehensive Program. Vice versa, PG&E has agreed to exclude MCE customers from participation in future enrollment under the PG&E HER program.

MCE and PG&E will coordinate further data sharing needs, methods and cadence during checkins for both the Single-Family Comprehensive Program and the Direct Install Stand Alone programs.

DOUBLE DIPPING PREVENTION PROTOCOL

It is MCE and PG&E's priority that participants in ratepayer-funded programs do not receive multiple incentives for the same installed measure. PG&E and MCE propose the following procedures to prevent "double dipping" from incentive or rebate funding available from PG&E and MCE residential programs.

- Identify all programs which have measure or customer overlap within MCE's service area;
- MCE and PG&E collaborate to ensure that customers have access to all program offerings within their service areas, regardless of the entity that generated or sourced the project lead. As described in more detail in the data sharing section above, MCE and PG&E have

exchanged program participant information in MCE's Single-Family Comprehensive Program and PG&E's HER program in an effort to prevent double-counting of savings, and also to prevent participation in programs with similar design and implementation concepts.

CROSS-CUTTING SECTOR COORDINATION

The following sections describes coordination efforts between MCE and PG&E regarding existing EE programs that cut across sectors and customer types for PY 2021.

TABLES OF COMPARABLE MCE AND IOU PROGRAMS

The programs that cut across sectors that are currently designed and offered to customers by MCE and PG&E are presented in the tables below.

Table 7: Cross-Cutting Programs

									Ι	Measu	ires				
Program ID MCE	Program Name	Sector	Budget ⁸	Resource / Non- Resource	Lighting	Appliances	HVAC	Plug Load	Refrigeration	Custom	Lighting Controls	HVAC Controls	Whole Building	Water Heaters	Other
MCE16	Workforce, Education and Training	Cross-Cutting	\$346,667	Non- Resource											
IOU (compar	rable programs)														
PGE21071	Integrated Energy Education and Training	Cross-Cutting	\$8,600,052	Non- Resource											

⁸PG&E budgets are from Advice 4136-G-A/5627-E-A, PG&E's Supplemental 2020 Energy Efficiency Annual Budget Advice Letter. MCE budgets are from its 2020 Annual Budget Advice Letter Advice 37-E.

DESCRIPTION OF PROGRAMS

MCE16: Workforce, Education and Training (WE&T) Program

In May 2020, MCE's WE&T program was launched. The scope of work includes three elements: workforce engagement, MCE program-participating contractor engagement, and new workforce development.

Regarding workforce engagement, MCE and its program implementer will leverage existing relationships with industry groups to facilitate roundtable events that can increase the interest, and subsequent participation of residential contractor companies and their staff in high-performance building training. Outreach efforts will include participating contractors from disadvantaged communities and minority-focused groups to ensure diversity, equity, and inclusion. MCE will also leverage relationships with participating contractors and other vendors to gain insight into the barriers to electrification and high-performance building work.

Furthermore, MCE aims to provide contractors who participate in MCE programs with the fundamental building performance knowledge they need to understand how to deliver maximum value and performance within their trade and how their work can impact on the building systems or trades that they do not work on. MCE will provide participating contractors with field mentorships. Based on industry roundtables and field mentoring, MCE will establish a priority list of electrification topics for which there is an additional training need and will develop and deliver workshops for each of the identified topics.

Finally, MCE will prepare an internship program to provide job seekers home performance, energy efficiency, and safety with on-the-job training in their desired specialty. This program component will be based on feedback from industry roundtables, participating contractor field mentorships, and direct contractor outreach. The internship component is expected launch in 2021.

PGE21071: Integrated Energy Education and Training (IEET)

The PG&E WE&T IEET subprogram offers hundreds of technical workforce trainings per year with the goal of equipping a California workforce with the tools, resources, and skills to meet the State's climate goals. Some of the classes delivered are restricted to PG&E's physical Energy Centers in Stockton, San Ramon for food service, or San Francisco, due to the need to use large teaching props or laboratories. However, the majority of classes can be offered at off-site locations and/or via online simulcast or webinar, especially if a local organization will assist with marketing and outreach to ensure good attendance from the appropriate target audience, assuming that the instructor is willing and able to travel. PG&E's WE&T program also has an online learning platform, where many classes are focused on residential construction and contractors.

PG&E has a tool lending library (TLL) with thousands of energy diagnostic tools available to borrow at no-cost to the borrower. The TLL addresses an up-front cost barrier faced by many small businesses and energy consultants. Tools are available for loan from our Stockton and San Francisco energy centers. PG&E can ship the tool anywhere in California if the borrower or MCE covers shipping costs.

The PG&E WE&T team does not offer soft skills training such as interviewing skills, resume writing, etc. PG&E will coordinate with organizations that offer soft skills training as part of the

Statewide Career and Workforce Readiness (CWR) program scheduled to launch in 2021. PG&E WE&T does not directly offer certifications such as BPI, HERS, or NATE; however, PG&E supports these certifications by providing classes that prepare students to take the tests and complete them successfully. Examples include PG&E's IHACI NATE Series, an 8-part class that prepare technicians to take the test. IHACI is an approved NATE testing proctor. Another example is PG&E's Combustion Safety and Depressurization class that prepares workers to take the BPI examination.

DATA SHARING PROTOCOL

To coordinate on the implementation of MCE's and PG&E's WE&T programs, PG&E will provide their list of trainings to MCE on a quarterly basis and will include the following information:

- Class name(s);
- Description(s);
- Instructor name(s);
- Whether PG&E owns content (as opposed to licensing it);
- Mode of access and location (ex: in-person, training center/city, online);
- Class schedule (if one exists) and URL for online class schedule.

MCE will then determine which of PG&E's existing offerings should be leveraged and will coordinate with PG&E to market these resources. Whenever feasible, MCE will leverage existing IOU curriculum and training by communicating training needs via email or in regular coordination meetings with PG&E counterparts.

Vice versa, MCE will provide to PG&E its announcements of industry roundtables and direct vendor outreach collateral as it is developed and distributed. During MCE and PG&E's quarterly check ins, MCE will provide PG&E with updates on lessons learned related to topic-area interest from industry roundtables and vendor outreach.

DOUBLE DIPPING PREVENTION PROTOCOL

The goal of coordination between MCE's and PG&E's WE&T programs is to ensure that ratepayer funds deliver resources efficiently and effectively across the shared territories. PG&E and MCE will approach coordination with the goal of offering transparency through regular communication, ensuring efficiency through a collaborative approach to any shared resources, and providing support for the success of programs across the service area. To achieve these goals, PG&E and MCE will meet regularly to coordinate the WE&T programs. The programs will be a standing agenda item at the quarterly meeting to discuss the topics of trainings in development to reduce the potential of duplication of efforts. While MCE and PG&E's trainings are generally distinct and will focus on different forms of contractor education and workforce development, PG&E and MCE will coordination on leveraging each other's resources and materials when appropriate to avoid duplication.

WORKPAPER EX-ANTE COORDINATION

Workpaper coordination is necessary to support the implementation of similar deemed measures offered by both PG&E and MCE. The investor-owned utilities (IOUs) are responsible for updating and maintaining EE workpapers, as well as providing notice to the public that leverage IOU approved work papers to substantiate their deemed measure offerings. To facilitate this process, the IOUs post a Statewide Deemed Workpaper Revision List to the CalTF website at the end of each month. It includes status updates to existing workpapers, as well as workpapers under development for new measures.

To further support this existing process, MCE and PG&E will establish monthly check-ins to discuss the reasoning and timing of workpaper updates that impact the implementation of similar deemed measures being offered by both PAs. Discussion of workpaper updates may include, but are not limited to the following:

- Workpaper revisions in accordance to the DEER resolution;
- Workpaper revisions related to DEER methods, assumptions, and values;
- Workpaper revisions that are outside the scope of DEER such as code changes or dispositions;
- Measures planned for sunset from the IOU portfolios;
- Timing of existing workpaper revisions and new workpapers as they relate to planning for Annual Budget Advice Letters (ABALs).

PROGRAMS EXPECTED TO LAUNCH IN 2021

2020 is a year of transition for the PG&E portfolio. PG&E is working to outsource 25 percent of its portfolio to third-party implementers by June 2020, and 40 percent of the portfolio to third-party implementers by December 2020. As a result, many programs will be ramping down in 2020 and there are many unknowns about the programs that will be onboarded through solicitations by the end of 2020. PG&E is committed to communicating with MCE to provide updates on program decisions whenever feasible, in order to ensure no overlap and enhance the customer journey.

Other PA programs (PG&E or statewide) may launch in 2021 as well. MCE and PG&E will revisit the need for coordination once a bidder is chosen and program implementation and measure portfolios are more clearly defined to identify potential areas over overlap between programs. PG&E will share program details with MCE program staff at that time to determine if specific coordination efforts are needed.

June 15, 2020

CA Public Utilities Commission Energy Division Attention: Tariff Unit 505 Van Ness Avenue, 4th Floor San Francisco, CA 94102-3298



MCE Advice Letter 44-E; BayREN Advice Letter 15-E

Re: Marin Clean Energy and Bay Area Regional Energy Network Annual Joint Cooperation Memorandum for Energy Efficiency Programs for Program Year 2021

Pursuant to Decision ("D.") 18-05-041, *Decision Addressing Energy Efficiency Business Plans*¹ and D.19-12-021, *Decision Regarding Frameworks for Energy Efficiency Regional Energy Networks and Market Transformation*,² Marin Clean Energy ("MCE") hereby submits the annual Joint Cooperation Memorandum ("JCM") between MCE and the Bay Area Regional Energy Network ("BayREN") for energy efficiency ("EE") programs for the program year 2021.

Tier Designation

This Advice Letter ("AL") has a Tier 2 designation pursuant to OP 38 of D.18-05-041, which requires program administrators ("PAs") to submit their annual JCM no later than June 15.

Effective Date

Pursuant to General Order 96-B, MCE and PG&E respectfully request that this Tier 2 AL become effective on July 15, 2020, which is 30 calendar days from the date of this filing.

Background

On June 5, 2018, the Commission issued D.18-05-041 approving the 2018-2025 business plan for BayREN and MCE. The Commission granted MCE's and BayREN's proposals for developing energy efficiency ("EE") programs for the following overlapping sectors: (1) Residential, single family; (2) Residential, multifamily; (3) Commercial; (4) Industrial; (5) Agricultural; and (6) Workforce Education and Training.

D.18-05-041 also required the PAs to develop a JCM to demonstrate how they will avoid or minimize duplication for programs that address a common sector but pursue different activities. Each PAs is directed to explicitly identify and discuss how its activities are complementary and not duplicative of other PAs' planned activities. D.18-05-041 determined that JCMs must be filed between the IOU and non-IOU PAs serving the same territory (i.e., one memo between PG&E and

¹ D.18-05-041, OP 38 at p. 190.

² D.19-12-021, OP 3 at 89.

BayREN and one between PG&E and MCE, as relevant here).³ The Decision also defines the details to be included in such JCM filings.⁴ Submission and approval of an annual JCM is a prerequisite for consideration of MCE's and BayREN's Annual Budget Advice Letters ("ABALs").⁵

In December of 2019, the Commission published D.19-12-021 determining that a regional energy network's ("REN") business plan must propose activities that meet at least one of the following criteria:

- 1. Activities that utility or CCA PAs cannot or do not intend to undertake;
- 2. Pilot activities where there is no current utility or CCA program offering, and where there is potential for scalability to a broader geographic reach, if successful;
- 3. Activities serving hard-to-reach markets, whether or not there is another utility or CCA program that may overlap.⁶

D.19-12-021 also directed RENs to file annual bilateral JCMs for any activities that overlap with the activities of utility PAs, CCAs, and other RENs.⁷

<u>Purpose</u>

This AL provides Commission staff with the JCM for EE programs for program year 2021, executed by and between MCE and BayREN as required by OP 3 of D.19-12-021 and OP 38 of D.18-05-41. The JCM is included with this AL as Attachment A.

The JCM describes the EE programs that MCE and BayREN anticipate offering in their shared service area in program year 2021 pursuant to their approved business plans. The JCM provides a summary of BayREN's and MCE's programs and, if similar programs are being offered, describes program coordination and double dipping prevention procedures. The JCM also outlines how BayREN programs satisfy the criteria for REN activities per D.12-11-005⁸ and D.19-12-021.⁹

Conclusion

PG&E and MCE respectfully submit the JCM pursuant to OP 3 of D.19-12-021 and OP 38 of D.18-05-41 and request Commission approval of the same.

<u>Notice</u>

A copy of this AL is being served on the official Commission service lists for Rulemaking 13-11-005.

- ⁴ *Id.*, at p.122
- ⁵ *Id.*, OP 39 at p. 191
- ⁶ D.19-12-021 OP 4 at 89
- ⁷ *Id.*, OP 3 at 89
- ⁸ D.12-11-015, p. 17
- ⁹ D.19-12-021 OP 4 at 89

³ D.18-05-041, OP 38 at 190

For changes to these service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process Office@cpuc.ca.gov.

Protests

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Email: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address as above).

In addition, protests and all other correspondence regarding this AL should also be sent by letter and transmitted electronically to the attention of:

Jana Kopyciok-Lande Senior Policy Analyst MARIN CLEAN ENERGY 1125 Tamalpais Ave. San Rafael, CA 94901 Phone: (415) 464-6044 Facsimile: (415) 459-8095 jkopyciok-lande@mceCleanEnergy.org

Alice Havenar-Daughton Director of Customer Programs MARIN CLEAN ENERGY 1125 Tamalpais Ave. San Rafael, CA 94901 Phone: (415) 464-6030 Facsimile: (415) 459-8095 ahavenar-daughton@mceCleanEnergy.org

Jennifer K. Berg Energy Programs Manager ASSOCIATION OF BAY AREA GOVERNMENTS 375 Beale Street, 7th Floor San Francisco, CA 94105 Phone: (415) 820-7947 E-mail: jberg@bayareametro.gov

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

Correspondence

For questions, please contact Jana Kopyciok-Lande at (415) 464-6044 or by electronic mail at jkopyciok-lande@mceCleanEnergy.org.

/s/ Jana Kopyciok-Lande

Jana Kopyciok-Lande Senior Policy Analyst MARIN CLEAN ENERGY

cc: Service Lists: R.13-11-005



California Public Utilities Commission

ADVICE LETTER SUMMARY ENERGY UTILITY



MUST BE COMPLETED BY UT	LITY (Attach additional pages as needed)						
Company name/CPUC Utility No.:							
Utility type: ELC GAS WATER PLC HEAT	Contact Person: Phone #: E-mail: E-mail Disposition Notice to:						
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Submitted / Received Stamp by CPUC)						
Advice Letter (AL) #:	Tier Designation:						
Subject of AL:							
Keywords (choose from CPUC listing): AL Type: Monthly Quarterly Annual One-Time Other: If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:							
Does AL replace a withdrawn or rejected AL? I	f so, identify the prior AL:						
Summarize differences between the AL and the prior withdrawn or rejected AL:							
Confidential treatment requested?							
If yes, specification of confidential information: Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:							
Resolution required? Yes No							
Requested effective date:	No. of tariff sheets:						
Estimated system annual revenue effect (%):							
Estimated system average rate effect (%):							
When rates are affected by AL, include attach (residential, small commercial, large C/I, agricu	nment in AL showing average rate effects on customer classes ultural, lighting).						
Tariff schedules affected:							
Service affected and changes proposed ^{1:}							
Pending advice letters that revise the same tar	iff sheets:						

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division Attention: Tariff Unit 505 Van Ness Avenue San Francisco, CA 94102 Email: <u>EDTariffUnit@cpuc.ca.gov</u>	Name: Title: Utility Name: Address: City: State: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:					
	Name: Title: Utility Name: Address: City: State: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:					

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtailable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

Advice BayREN 15-E MCE Advice Letter 44-E June 15, 2020

Attachment A





2021 Joint Cooperation Memorandum Marin Clean Energy Bay Area Regional Energy Network

Alice Havenar-Daughton Director of Customer Programs Marin Clean Energy 1125 Tamalpais Ave San Rafael, CA 94901 E-mail: ahavenar-daughton@mcecleanenergy.org Jennifer K. Berg Energy Programs Manager Association of Bay Area Governments 375 Beale Street, 7th Floor San Francisco, CA 94105 E-mail: jberg@bayareametro.gov

June 15, 2020

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Overview

This is the first Joint Cooperation Memorandum (JCM) between Marin Clean Energy (MCE) and the Bay Area Regional Energy Network (BayREN), as directed by the California Public Utilities (CPUC or Commission) in Decision (D.) 19-12-021.

MCE serves customers in four¹ of BayREN's nine county territory.² Both MCE and BayREN offer energy efficiency (EE) programs under the current rolling portfolio cycle. MCE's portfolio has shifted from a niche provider to a more balanced portfolio that offers EE programs for all customer segments, including Residential, Industrial, Agricultural, and Commercial. BayREN programs address the three areas indicated by D.12-11-015: filling gaps that the investor-owned utilities (IOUs) are not serving; developing programs for hard-to-reach markets; and piloting new approaches to programs that may have the ability to scale and offer innovative avenues to energy savings.

The BayREN and MCE program teams meet on a regular basis to discuss program coordination and will continue to do so in 2021. The 2021 JCM includes the following information for each relevant program area:

- 1) **BayREN Program Summary:** A description of each program BayREN is planning on administering in 2021.³
- 2) **MCE Program Summary:** A description of MCE programs that are comparable or equivalent to BayREN programs.⁴
- 3) Coordination Protocol Between Programs: This section summarizes how the anticipated BayREN program is distinct from the anticipated MCE program(s). It also describes coordination protocols between BayREN and MCE for comparable or equivalent programs.
- 4) **Compliance:** Identifies how the BayREN program satisfies the criteria for REN activities in D.12-11-015⁵ and D.19-12-021, which expanded the criteria to Community Choice Aggregators (CCAs).
- 5) Appendices:
 - a. Appendix A: Summary of REN compliance with D.12-11-015 for all planned programs;
 - b. Appendix B: List of all programs BayREN currently anticipates offering in 2021, including information on draft budgets and measure eligibility.⁶

¹ MCE serves Marin, Napa, Solano and Contra Costa counties.

² BayREN serves the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara and Solano.

³ As there are no comparable MCE offerings, a description of BayREN's Codes and Standards, Green Labeling and Water Upgrade \$aves is not included. A complete list of BayREN programs can be found in Appendix B. ⁴ A complete list of MCE programs can be found in Appendix C.

⁵ D.12-11-015, p. 17.

⁶ Budget forecasts for 2021 are preliminary and highly variable and will be finalized in the 2021 Annual Budget Advice Letter.

c. Appendix C: List all programs MCE currently anticipates offering in 2021, including information on draft budgets and measure eligibility.⁷

It must be noted that the sections regarding program coordination with Statewide programs has been omitted as it is not directly relevant to MCE and BayREN coordination.

Residential Sector Coordination

Residential – Single Family

BayREN Program Summary (BayREN08)

BayREN's Home+ program launched in 2019 and will continue to offer services to customers in 2021. While the program will be available to all Bay Area single-family residents, it is designed to primarily serve moderate income single-family households⁸ in the nine Bay Area counties.

The key objective of the Home+ program is to fill the gap to meet the moderate-income customer where they are and to offer incremental and affordable energy efficiency measures that are complimentary to measures available through current mainstream program offerings. An important program element continues to be utilizing the Home Energy Advisors and local government staff outreach to get the customer on an incremental path, phasing in new measures as they are feasible and educating the customer along the way.

BayREN's Home+ program targets this underserved market in the Bay Area that is ineligible for PG&E's Energy Savings Assistance (ESA) program but also unable to make efficiency upgrades without considerable assistance. BayREN's program will use an engaged Home Energy Advisor to walk customers step-by-step through the process and local Participating Contractors⁹ to deliver energy savings to households. The Home+ program targets Bay Area moderate income single family homeowners and renters, a population that is consistently underrepresented in ratepayer energy efficiency programs in BayREN territory and across the state.¹⁰ The BayREN Single Family Moderate Income Market Characterization Study, completed in September 2018, identified key barriers to participation for the target market including financial barriers, low energy costs and expected savings, and renter status if applicable. The Home+ program offers solutions to customers to overcome these barriers.

⁷ Budget forecasts for 2021 are preliminary and highly variable and will be finalized in the 2021 Annual Budget Advice Letter.

⁸ Defined as dwellings with less than five units and annual household income between \$48,000 to \$125,000. As provided in BayREN's Business Plan, this market segment is chronically underserved with energy efficiency programs.

⁹ A Participating Contractor has successfully completed the BayREN two day training, has submitted all required paperwork and has been onboarded into the program. ¹⁰ M. Frank and S. Nowak, "Who's Participating and Who's Not? The Unintended Consequences of Untargeted

Programs", American Council for an Energy-Efficient Economy, 2016.

The Home+ program offers a menu of eligible measures for the customer to choose from. Customers can choose a single measure to upgrade, but they are encouraged to undertake multiple measures. These measures must be installed by a Home+ Participating Contractor, a group that is key to the Home+ program. BayREN also offers its contractors program related trainings and one-on-one trainings on an as needed basis. A particular focus will be on specialty contractors. BayREN will help to expand their services to full building performance and/or partner with other firms to achieve a better business model that supports deeper whole house upgrades.

One of the outreach channels for the Home+ program is an online self-evaluation tool available to customers. The tool asks customers basic questions about their home's characteristics and energy using equipment and qualifies them to receive an energy savings kit which may include: LED lamps, faucet aerators and Tier II advanced power strips depending on the customer's responses. The other outreach channel for the program is through Green House Calls, which are offered to targeted households in eight¹¹ of the nine Bay Area counties; primarily senior households and households where English is not the primary language. Green House Calls involve a program representative performing a visual audit of an interested customer's home and installing some of the energy savings kit measures. Both channels direct customers to the broader Home+ program offerings, including the Home Energy Advisor service which guides them step-by-step through Home+ program participation.

An integral part of the implementation of the Home+ program is the Home Energy Advisor service. This service is essentially a call center that customers can access to speak with an Energy Advisor. The Advisors assist both homeowners and renters and maintain a long-term relationship with the customers after they have assisted with the initial contact in order to see the customer through a full energy-efficiency journey. Energy Advisors also refer customers to complementary programs offered by utilities, Community Choice Energy programs, Energy Watch offerings and other organizations, and help customers understand their financing options. The Energy Advisors also assist Home+ Participating Contractors with understanding program requirements and when needed, help mediate issues that may arise with the customer and contractor. Please see more information in the coordination section below.

As of March 1, 2020, the Home+ program is offering rebates for four fuel substitution measures: heat pump water heaters, heat pump heating and cooling, heat pump clothes dryers and induction cooktop/ranges. The first two measures were offered only for pre-existing electric systems in the last program year and will now be eligible for gas to electric replacement completed by a Home+ Participating Contractor per existing protocols. The latter two are new measures that are eligible for gas to electric replacements and require the consumer to complete rebate paperwork via an online portal. These measures will continue to be offered in 2021.

The BayREN Single Family program works closely with the BayREN Regional Heat Pump Water Heater Program, funded by a grant from the Bay Area Air Quality Management District, which has a mid-stream focus. This program collaborates with heat pump water heater distributors and vendors to offer rebates directly to contractors. These activities will continue in 2021.

¹¹ Not offered in Alameda County since this same program is provided through the East Bay Energy Watch/Local Government Partnership.

MCE Program Summary (MCE08)

MCE's Single-Family Direct Install program (MCE08) provides no-cost EE measures to eligible homeowners and tenants in single-family homes and dwellings in MCE's service area. This program targets customers in Disadvantaged Communities (DACs) and customers whose household income exceeds 200% of the Federal Poverty Guidelines (FPG). The target group's income exceeds the limit to receive services through programs like PG&E's Energy Savings Assistance (ESA) program and MCE's Low-Income Families and Tenants (LIFT) Program, yet who are still income constrained (lower middle-income). While there is no income cap to participate in the program, the program targets homeowners and renters in particular neighborhoods to ensure that lower middle-income customers are reached. The goal is to introduce this market sector to the concepts of energy efficiency, provide upgrades that reduce household energy consumption, and encourage a pathway toward deeper energy retrofits offered through existing and emerging market rate programs and technologies. EE measures include low-flow showerheads (with and without thermostatic shut off valve), kitchen and bath faucet aerators, LEDs 11W screw-in bulbs, smart power strips, and smart thermostats. The program also offers a limited number of electric heat pump replacement for electric water heaters.

	BayREN	MCE Programs under BayREN
		Territory
Program Name	BayREN Home+	SF Direct Install (Stand Alone)
Eligible Measures	Duct sealing, attic and wall insulation, HVAC equipment upgrades, Smart thermostats, gas storage water heaters and heat pump water heaters, heat pump clothes dryers, induction cooktop/ranges, LED lamps, water faucet aerators, low flow showerheads and Tier II power strips. Single measure upgrades allowed.	Low flow showerheads, shower restriction valve (TSV), kitchen and bath aerators, electric heat pump*, smart power strips, smart thermostat, 11W screw in LEDs *electric to electric conversion, only available to a select number of qualified customers
Incentive Savings Claim Type	Bonus incentives are offered to downsizing equipment, combining shell and HVAC measures, building air sealing and CAS testing Savings will be deemed per	No-cost direct install Savings will be deemed per measure based
	measure based in CPUC approved work papers	in CPUC approved work papers
Estimated 2021 Budget ¹²	\$8,831,180	\$704,976

Table 1: Similar BayREN and MCE Single-Family Programs

¹² The budgets provided herein are estimates. Final budgets will be provided in the 2021 Annual Budget Advice Letter.

Target Customer	Moderate-income households (owners and/or renters) ¹³ , non-native English-speaking households	Targeted to customers in disadvantaged communities (DACs), household income exceeds 200% of the Federal Poverty Guidelines (FPG)
Target Implementer	Specialty contractors	Direct Install Contractor
Resource/Non-Resource	Resource	Resource

Program Differences and Coordination Protocols

MCE and BayREN are closely coordinating on program marketing, education and outreach (ME&O). BayREN will not promote the energy efficiency kits or energy audits through Green House Calls in the neighborhoods targeted by the MCE Direct Install program. Customers in these areas will still be eligible to participate in BayREN's program, but they will not be targeted through BayREN marketing. The BayREN Home Energy Advisor will continue to direct customers to MCE who are interested in a MCE program and/or if they are a better fit for their programs. MCE will continue to direct customers to BayREN Home+ program.

For general program coordination, BayREN and MCE's single-family residential teams will continue to hold standing monthly check-in calls. Ad-hoc meetings will also be scheduled to accommodate the need to resolve any urgent issues that may arise. Standing agenda items include program updates, uptake, challenges, contractor issues, data transfer, and marketing campaign plans. Through their respective implementers, program participation data will be shared on a regular basis to ensure that double-dipping does not occur.

Like all BayREN programs, outreach in 2021 will continue to be done primarily by local governments. This also allows for the seamless layering of other climate programs and activities including those offered by individual cities, counties and CCAs. With more local government entities offering new fuel substitution rebates such as Electrify Marin, Electrify San Jose, and complementary programs developed at several of the CCAs, we will leverage and integrate those programs into one cohesive message based on the audience as they launch.

Compliance

The following table describes in further detail how BayREN's Home+ program satisfies the REN criteria in D.12-11-015.

1. Activities IOU cannot or does not intend to undertake 34% of Bay Area single family owners/renters comprise the define moderate-income market. They do not qualify for ESA or othe programs available to income qualified low earning household Although both programs target the moderate-income market MCE	REN Criteria	BayREN Compliance
program is direct install and specifically targets low-moderate incom customers in DACs. MCE will work with BayREN to determine if t	1. Activities IOU cannot or does not intend to undertake	34% of Bay Area single family owners/renters comprise the defined moderate-income market. They do not qualify for ESA or other programs available to income qualified low earning households. Although both programs target the moderate-income market, MCE's program is direct install and specifically targets low-moderate income customers in DACs. MCE will work with BayREN to determine if the

Table 2: BayREN Home+ Program's Compliance with D.12-11-015

	offer that is developed in the BayREN region should be expanded to serve other customers.
2. Pilot activities where there is no	
IOU program offering and where there is potential for scalability	Not applicable
3.Activities in hard-to-reach markets, whether or not there is an IOU program that may overlap	The definition in D.18-05-041 precludes most Bay Area properties from being considered hard-to-reach. Therefore, BayREN and PG&E programs that are open to all single-family properties cannot be considered hard-to-reach in the Bay Area.

Residential – Multifamily

BayREN Program Summary (BayREN02)

The Bay Area Multifamily Building Enhancement (BAMBE) program offers multifamily property owners a flat, per-unit incentive to undertake multiple EE measures that achieve 15% energy savings on average. BAMBE is accessible to property owners that do not have the interest or ability to do a comprehensive audit and retrofit. The program supplies no-cost technical assistance (TA) to guide the property owner through the process from initial interest to project completion and quality assurance of the installed measures. BAMBE developed and uses a simplified, lower cost assessment tool called EnergyPro Lite (EPL) to determine which measures meet the minimum energy savings requirement.

BAMBE also offers an electrification option, the Clean Heating Pathway (CHP), which is designed for properties that wish to demonstrate climate leadership by deeply reducing the carbon emissions from energy use in their buildings. CHP participants will receive incentive adders for switching from gas fueled space heating, water heating and cooking appliances to cleaner, highly efficient electric alternatives.

BayREN also provides a Loan Referral Service (LRS) that directs properties to appropriate sources of financing. The LRS refers properties to private sector financing products and PG&E's OBF program described below.

MCE Program Summary (MCE01 and MCE05)

MCE's Multifamily Comprehensive Program (MCE01) targets multi-family properties in MCE's service area. Its primary objectives are to reduce participation barriers by guiding property owners through the process of creating long-term project plans and coordinating upgrade timing with key trigger points, such as at unit turnover. MCE offers a Single Point of Contact (SPOC) model to guide property owners through the process of participating in the program. The SPOC offers technical assistance to help property owners understand the energy and resource conservation options that are a good fit for their property. The program offers rebates and free direct-install, in-unit measures to address barriers related to equipment cost and split incentives. Measures include, among others, interior and exterior LED lighting, Energy Star appliances, HVAC equipment, networked lighting controls, water heaters.

MCE's Multifamily Direct Install Programs (MCE05) provide no-cost EE measures to eligible homeowners and tenants in multifamily dwellings in MCE's service area. This program targets customers in DACs whose household income exceeds 200% of FPG. The target group's income exceeds the limit to receive services through programs like PG&E's ESA and MCE's LIFT Program, yet who are still income constrained (lower middle-income). While there is no income cap to participate in the program, the program targets homeowners and renters in particular neighborhoods to ensure that lower middle-income customers are reached. The goal is to introduce this market sector to the concepts of energy efficiency, provide upgrades that reduce household energy consumption and encourage a pathway toward deeper energy retrofits offered through existing and emerging market rate programs and technologies. EE measures include low-flow showerheads (with and without thermostat), shower restriction valve (TSV), kitchen faucet aerators, and LEDs 11W screw-in. The program also offers a limited number of electric heat pump replacement for electric water heaters.

	BayREN	MCE	
Program Name	Bay Area Multifamily Building Enhancement (BAMBE)	Multifamily Comprehensive	MF Direct Install
Eligible Measures	Envelope, HVAC, DHW, lighting, and appliance measures – requires multiple measures, targeting 15-20% savings.	Whole Building	Lighting, HVAC, Custom Measures, Water Heaters
Estimated 2021 Budget ¹⁴	\$6,690,000	\$412,358	391,064
Target Audience	Bay Area multifamily property owners requiring a higher level of program assistance, populations in which it has been harder to obtain savings, and owners pursuing gas-to-electric upgrades.	MF property owners in MCE's service area.	Customers in disadvantaged communities (DACs) whose household income exceeds 200% of the Federal Poverty Guidelines (FPG)
Resource/Non Resource	Resource	Resource	Resource

Table 3: Similar BayREN and MCE Multifamily Programs

Program Differences and Coordination Protocols

BayREN and MCE both offer multifamily programs in the Bay Area; however, they target different property owners. BayREN's program can serve any multifamily project in the Bay Area, prioritizing populations for which it has been difficult to obtain savings. MCE's Multifamily programs offer direct install, single measure savings for properties that are not a good fit for the

¹⁴ The budgets provided herein are estimates. Final 2021 budgets will provided in the Annual Budget Advice Letter.

BAMBE program, e.g. property owners where savings do not meet the BAMBE savings threshold, and those that prefer a more measure-by-measure approach over a comprehensive upgrade.

BayREN and MCE multifamily programs will coordinate to minimize customer confusion and optimize the customer experience. BayREN will perform intake on leads for both programs. The programs share a technical assistance provider, who will determine if a project is a better fit for MCE, BayREN, or a combination of the two, as outlined in Figure 1 below.



Figure 1: Multifamily EE and Low-Income Program Referral Tree - MCE/ BayREN/ PG&E

*The Program Administrators represented in this referral tree also coordinate on programs and activities that are outside of the EE portfolio.

Compliance

The following table describes in further detail how BayREN's Multifamily program satisfies the REN criteria in D.12-11-015.

Table 4: BayREN Multifamily Program's Compliance with D.12-11-015

REN Criteria	BayREN Compliance
1. Activities IOU cannot or does not intend to undertake	BayREN is focused on serving multifamily owners that have smaller scopes of work and need more personal attention and assistance to participate in energy efficiency programs.

	operations through
2. Pilot activities where there is	is successful, prog
no IOU program offering and	of gas-to-electric
where there is potential for	BayREN develope
scalability	lower-cost assess
	funding from the O
	up for other progr

3.Activities in hard-to-reach markets, whether or not there is an IOU program that may overlap

BayREN is focusing on decarbonization of multifamily building operations through the BAMBE Clean Heating Pathway. If the pathway is successful, program components have the potential to scale the volume of gas-to-electric upgrades.

BayREN developed and piloted the use of EnergyPro Lite, a simplified lower-cost assessment tool for estimating energy savings. With grant funding from the California Energy Commission, this tool is being scaled up for other programs to use.

The definition in D.18-05-31 precludes almost all Bay Area properties from being considered hard-to-reach. Therefore, BayREN and PG&E programs that are open to all multifamily properties cannot be considered hard-to-reach in the Bay Area.

Non-Residential Sector Coordination

Non-Residential – Commercial

BayREN Program Summary (BayREN06)

The BayREN Small and Medium Commercial Buildings (SMCB) program has two subprograms: BayREN Business and BayREN Microloan. BayREN Business is a normalized metered energy consumption (NMEC) program. Soft-launched in January 2020, BayREN Business works with its program implementer to deliver whole building EE solutions focusing on properties under 50,000 square feet (sf). BayREN Business will use data-driven targeting to identify customers in this category and provide comprehensive technical assistance, bundled measure packages, and financing options, such as the BayREN Microloan, that will be attractive to those customers. The BayREN Microloan subprogram provides no-interest, small-dollar loans (<\$2,500) to borrowers to purchase and install new EE equipment for their businesses.

Energy Savings - BayREN Business will continue to deploy EE technical assistance, easy-tounderstand incentives, and the BayREN Microloan to serve micro, small and medium (less than 50,000 sf) Bay Area commercial buildings, and the business tenants within. Micro and small businesses will have access to program referrals to other utility and CCA EE programs, which are eligible to use the BayREN Microloan program. By working with the BayREN Business program implementer, business and property owners, as well as property managers, will receive easy-toaccess technical assistance that will specialize in bundling cost-effective measures.

As a direct response to the health emergency of 2020, BayREN Business and BayREN Microloan programs will focus its resources in reducing the energy burden of the small—medium business sector.

Program Referral – BayREN Business recognizes that not all small and medium businesses (SMBs) are ideal candidates for a NMEC program experience. As such, BayREN Business

endeavors to provide referrals to complimentary EE and financing programs (e.g. MCE's current direct install program) to the benefit of the customers. Program referrals serves to help other utility and CCA programs achieve the five percent small commercial penetration target in D.18-05-041.¹⁵

MCE Program Summary (MCE02)

MCE's Commercial Upgrade Program (MCE02) targets commercial customers in MCE's service area. Its primary objectives are to facilitate the uptake of high-quality EE projects, and improve the technical capability, pricing and program experience of both customers and the local contractor community. The program aims to achieve these objectives by supporting customers and contractors in the development of their projects – including equipment specification, incentives and technical assessments – but also by providing a number of participation pathways that streamline the program experience and maximize customer benefit. The program is not restricted to a deemed measure list, or program-mandated business size or load requirements. Instead, the program is open to nearly any non-residential customer and provides varied participation pathways which include deemed, custom, NMEC and Strategic Energy Management (SEM). The program contracts with multiple implementation partners in the delivery of this program. Common measures include interior and exterior LED luminaires and lamps, networked lighting controls, connected thermostats, HVAC equipment, advanced rooftop controllers, ductless heat pumps, heat pump water heaters and other measures which may apply to customers in retail, office, and other non-residential building types.

MCE expects an expansion of the Commercial Upgrade Program in 2020 and 2021, primarily rooted in the development of population-level NMEC portfolios.

	BayREN	MCE
Program Name	BayREN Business	Commercial Upgrade Program
Eligible Measures	Advanced Metering Systems;Boiler Plant ImprovementsEMCS;Building EnvelopeModifications;Electric Motors and Drives;Energy/Utility DistributionSystems;Energy Related ProcessImprovements;Lighting Improvements;HVAC maintenance andreplacement;Air Ionization Systems (toreduce build up at fan coils)	Lighting and lighting controls, appliances, HVAC, Plug Load, Refrigeration, Water Heaters, Evaporator Fan ECM Motors, VFDs, ASH controls, advanced digital economizers, refrigeration controls, cooler doors, electric motors

Table 5: Similar BayREN and MCE Commercial Programs

¹⁵ D.18-05-041, p. 28.

	Appliance and Plug-Load Reductions; Refrigeration & Food Service Equipment; Water and Sewer Conservation Systems	
Estimated 2021 Budget ¹⁶	\$2,772,000	\$3,300,000
Target Audience	Business and Property Owners and Managers of small and medium commercial buildings in the Bay Area with more than 50% of its floor-space used for non-residential activities, up to 50,000 sq-ft, <500-kW Demand, and <250,000 Therms, and their contractors	All commercial customers in MCE's service area.
Resource/Non- Resource	Resource	Resource

Program Differences and Coordination Protocols

While BayREN and MCE both offer programs targeting SMBs, the programs have a few key differentiating factors. The key differentiators for the BayREN Business program include the following: a specific focus on small business (under 50,000 sq ft), predictive energy model based targeting; the non-OBF financing options; and an incentive structure that provides upfront incentives based on modeled savings estimates followed up by incentives for metered savings in compliance with Commission-approved NMEC methods.

MCE's commercial program, on the other hand, serves all non-industrial and agricultural businesses, including SMB customers. MCE's Program provides 4 different pathways for participation: deemed, custom, NMEC and SEM. However, MCE does not offer a site-specific NMEC pathway, and intends to measure commercial NMEC portfolios under the population level approach.

For general program coordination, the BayREN and MCE program managers hold a monthly call to ensure complimentary program development, identify areas of potential coordination, and to eliminate double-dipping. Specifically, BayREN and MCE will share lists of projects (in MCE service territory) underway to prevent double-dipping. Coordination between BayREN, MCE and PG&E third-party programs are detailed in each program's Implementation Plan (IP) filed here: <u>https://cedars.sound-data.com/</u>. BayREN and MCE will follow the IPs as guidance for how to reduce any possible customer confusion and avoid double-dipping if a customer was previously served. To simplify the process of avoiding double-dipping, BayREN Business will not serve any

¹⁶ The budgets provided are estimates based on the 2020 ABAL program budgets. The final 2021 budgets will be provided in the 2021 Annual Budget Advice Letter.

customer who has participated in a ratepayer-funded EE rebate program during the twelve months of the customer's baseline period.

As noted above, MCE is currently developing a commercial NMEC program, generating population-level NMEC savings. Both BayREN and MCE are working closely together to ensure complimentary offerings while avoiding market confusion, overlapping and contractor gaming. It is anticipated that new SMB offerings will be available in 2020, although the exact date is still to be determined.

Compliance

Table 8 describes in further detail how BayREN SMCB program satisfies the REN criteria in D.12-11-015.

REN Criteria	BayREN Compliance
1. Activities IOU/CCA cannot or does not intend to undertake	Not applicable
2. Pilot activities where there is no IOU/CCA program offering and where there is potential for scalability	BayREN provides more technical assistance, is specifically targeted to SMBs under 50,000 sq-ft, and would be the only currently active program that combines both upfront computer-modeling incentives and backend NMEC incentives to develop a comprehensive project for the SMB sector. The subprogram has the potential for scalability by heavily leveraging local and regional resources (e.g. downstream and midstream programs, OBF, microloan).
3.Activities in hard-to-reach markets, whether or not there is an IOU/CCA program that may overlap	 The BayREN Business programs are designed to harvest sizable amounts of energy savings cost-effectively in the SMB sector, many of which will be HTR. For example, strip mall lessees and individual lessees in small and medium-sized office parks and mid-rises are often HTR-eligible. The Microloan component of the program is specifically targeted to help the region's DI and downstream programs reduce the barrier in micro businesses, many are eligible under the modified definition of HTR, per D.18-05-041.

Table 6: BayREN Small and Medium-Sized Commercial Program Compliance with D.12-11-015

APPENDIX A: BayREN Program Compliance with D.12-11-015

Check D.12-11- 015 Threshold Criteria that apply for each program	Comparable MCE Program if applicable	1. Activities that utilities cannot or do not intend to undertake.	2. Pilot activities where there is no current offering, and where there is potential for scalability to a broader geographic reach, if successful.	3. Pilot activities in hard to reach markets, whether or not there is a current utility program that may overlap.
BayREN Single Family (BayREN08)		XX	XX	
BayREN Green Labeling (BayREN07)	N/A	XX	XX	
BayREN BAMBE (Multifamily) ((BayREN02)		XX	XX	
BayREN Commercial (BayREN06)			XX	XX
BayREN Codes and Standards (BayREN03)	N/A	XX	XX	
BayRENWaterEnergyNexus(BayREN04)	N/A	XX	XX	

APPENDIX B: BayREN 2021 Program Portfolio Summary

REN Program Unique ID	Sector	Annual Budget ¹⁷	Eligible Measures
1		8	
BayREN Single Family (BayREN08)	Residential	\$8,861,979	Duct sealing, attic and wall insulation, HVAC equipment upgrades, Smart thermostats, gas storage water heaters and heat pump water heaters, heat pump clothes dryers, induction cooktop/ranges, LED lamps, water faucet aerators, low flow showerheads and Tier II power strips. Single measure upgrades allowed.
BayREN Green Labeling (BayREN07)	Residential	\$1,153,500	N/A
BayREN BAMBE (Multifamily) (BayREN02)	Residential	\$6,690,000	Envelope, HVAC, DHW, lighting, and appliance measures – requires multiple measures, targeting 15-20% savings.
BayREN Commercial (BayREN06)	Commercial	\$3,409,536	Advanced Metering Systems; Boiler Plant Improvements; EMCS; Building Envelope Modifications; Chilled Water, Hot Water, and Steam Distribution Systems; Chiller Plant Improvements; Electrical Peak Shaving/Load Shifting; Electric Motors and Drives; Energy/Utility Distribution Systems; Energy Related Process Improvements; Lighting Improvements; HVAC maintenance and replacement; Appliance and Plug-Load Reductions; Refrigeration & Food Service Equipment; Water and Sewer Conservation Systems
BayREN Codes and Standards (BayREN03)	Cross Cutting	\$1,516,700	N/A
BayREN Water Energy Nexus (BayREN04)	Cross Cutting	\$1,150,300	 Water efficiency upgrades that also deliver energy savings (site and embedded) through the water-energy nexus. Measures are "eligible" to be included as part of a program participants on-bill charge. Measures are not limited to energy efficiency eligible measures (EEEMs). Measures are not eligible for BayREN Energy Efficiency Portfolio rebates. IOU rate-payer funds are not used to underwrite or directly finance measure installation. Eligible measures will include, but may not be limited to: A 1.06 gallon per flush or better toilet with a Maximum Performance (MAP) rating of 600 grams or more

¹⁷ BayREN's Annual Budget is based on the 2020 ABAL and serves as an estimate for 2021 budgets. The 2021 budgets will not be finalized until the 2021 ABAL is submitted in 2020.
	 A high efficiency (typically 1.5 gallon per minute) showerhead. A 1.0 gallon per minute bathroom faucet aerator. A 1.5 gallon per minute kitchen faucet aerator. Turf removal and irrigation system improvements to prepare sites for drought tolerant landscaping
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IOU Program Unique ID	Sector	2020 Program Budget ¹⁸	Eligible Measures
Multifamily Comprehensive (MCE01)	Residential	\$412,358	Whole Building
Commercial Upgrade Program (MCE02)	Commercial	\$1,477,001	Lighting, Appliances, HVAC, Plug Load, Refrigeration, Custom, Lighting Controls, Whole Building, Water Heaters
Multifamily Direct Install Stand Alone (MCE05)	Residential	\$391,064	Lighting, HVAC, Custom Measures, Water Heaters
SF Comprehensive (MCE07)	Residential	\$552,865	Lighting, Appliances, HVAC, Plug Load, Refrigeration, Custom Measures, Lighting Controls, HVAC Controls, Whole Building, Water Heaters
SingleFamilyDirectInstallStandalone(MCE08)	Residential	\$704,976	Lighting, Appliances, HVAC Controls, Water Heaters, low flow showerheads, shower restriction valve (TSV), kitchen and bath aerators, electric heat pump
Industrial (MCE10)	Industrial	\$2,125,484	Lighting, HVAC, Refrigeration, Custom Measures, Lighting Controls, HVAC Controls, Whole Building, Water Heaters
Agricultural (MCE11)	Agricultural	\$687,463	Lighting, HVAC, Refrigeration, Custom Measures, Lighting Controls, HVAC Controls, Whole Building, Water Heaters
Workforce, Education, and Training (MCE16)	Cross- Cutting	\$346,667	n/a

APPENDIX C: MCE 2021 Program Portfolio Summary

¹⁸ MCE's 2021 Program Budgets will be finalized in the 2021 Annual Budget Advice Letter filing.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes.

R.20-05-003

OPENING COMMENTS OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON ORDER INSTITUTING RULEMAKING

Evelyn Kahl General Counsel California Community Choice Association One Concord Center 2300 Clayton Road, Suite 1150 Concord, California 94520 415.254.5454 regulatory@cal-cca.org

June 15, 2020

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D.19-11-016	
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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes.

R.20-05-003

OPENING COMMENTS OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON ORDER INSTITUTING RULEMAKING

The California Community Choice Association¹ submits these comments in response to the Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes (OIR), issued on May 14, 2020, pursuant to Rule 6.2 of the pursuant to the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, and the directives provided by the OIR.

I. INTRODUCTION

CalCCA appreciates the opportunity to participate in the development and refinement of the Integrated Resource Planning (IRP) process. As California's electric system enters its second decade of aggressive renewable development, achieving reliable, cost-effective decarbonization of the electric sector will increasingly hinge on the success of the planning and coordination that inform it. Further, the impending retirement of thousands of megawatts of conventional fossil

¹ California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

and nuclear resources and the increasing mismatch between operational needs and the design specs of the aging gas fleet require significant planning and preparation.

CalCCA offers three recommendations regarding the proceeding's scope and priorities:

- Create a framework for and prioritize planning for the phase-out and retirement of natural gas generation;
- Clarify that this rulemaking is not the appropriate forum for the development or establishment of a system or flexible resource adequacy (RA) central buyer mechanism; and
- Develop a process and timeline to ensure procurement needs are timely identified using robust modeling and ensuring that there is a strong nexus between the planning and procurement tracks.

Each of these issues materially impacts procurement policies, practices, and/or procedures, are narrowly defined, and demonstrate consistency with one or more of the IRP proceeding goals and thus meet the OIR's scoping standard.

II. RECOMMENDED SCOPE CLARIFICATIONS

A. Create a Framework for and Prioritize Planning for the Phase-Out and Retirement of Natural Gas Generation

Achieving the state's greenhouse gas (GHG) reduction goals will require a reduction in reliance on natural gas generation resources. The timing of the retirement and phase-out of these resources is critical, however, requiring surgical consideration in recommending extensions of once-through-cooling (OTC) compliance deadlines in D.19-11-016.² To avoid being placed in a similar position in the future, the Commission should create a framework for planning the phase-out of natural gas resources and prioritize that planning in the IRP.

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D.19-11-016, Ordering Paragraph 1 at 79-80.

CalCCA joins with other parties, including the California Environmental Justice Alliance (CEJA), in proposing a high-level framework to address natural gas resource phase-out. First, the Commission should develop a policy that determines which local areas to target for this

analysis, prioritizing areas that have poor air quality and a high percentage of disadvantaged communities, among other factors. Second, the Commission should work with CAISO to conduct the analysis of what resources are necessary to retire certain natural gas facilities. This analysis should inform planning and LSE procurement. Third, all replacement resources should be clean preferred resources, demand side management, and/or transmission upgrades needed to support these resources, consistent with Senate Bill 100. CalCCA recommends adoption of a separate Track of this rulemaking to address these issues.

B. Clarify that This Rulemaking Is Not the Appropriate Forum for the Development and Implementation of a System or Flexible RA Central Buyer Mechanism

The Commission recently adopted a local RA central buyer mechanism in the RA proceeding, R.17-09-020. The OIR creates ambiguity, however, regarding consideration of a central buyer mechanism for system and flexible RA. If development and implementation of a system and flexible RA mechanism is undertaken, it should remain in the current RA proceeding, R.19-11-019.

The procedural confusion arises out of the following statement in the OIR:

There is some potential for overlap between issues being considered in the resource adequacy rulemakings and those that will require consideration here. For example, while the resource adequacy proceedings are currently considering issues related to a centralized procurement entity for procurement of local resource adequacy resources, there may be models or parallels to be considered in this proceeding with respect to system-level reliability.³ (p.10)

CalCCA understands that, in effect, D.19-11-016 established the investor-owned utilities (IOUs)

as backstop procurement entities for procurement where certain LSEs voluntarily elected not to

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OIR at 10.

undertake their own procurement of system RA resources.⁴ If the Commission issues another procurement directive in this proceeding, no doubt a similar mechanism would be considered. But the complex work of establishing a system and flexible central buyer – if, indeed, one is needed – can be best addressed in R.19-11-009. A central buyer mechanism is a major RA policy initiative, which belongs in an RA proceeding; this OIR is suited to procurement planning, not a major restructuring of the RA market. The scope of this proceeding should be refined to make this boundary clear.

C. Develop a Process and Timeline for Timely Identification of Procurement Needs Using Robust Modeling

The urgent mandate of 3,300 MW of system RA procurement in R.19-11-009 created a rush to develop new renewable resources and energy storage. The mandate gave load-serving entities roughly 19 months to get half of the requirement online by August 1, 2021, with tranches to follow in 2022 and 2023.⁵ While no information is yet available on prices, the urgency of the requirement put developers in the driver's seat for negotiations. The pace of development very likely will result in higher costs to ratepayers than if a longer lead time had been available. The scope of this OIR thus should include developing a systematic process and clear timeline that allows for robust analyses of needs informed by inputs from the planning track and maximizes the lead time for any required procurement.

⁴ D.19-11-016, Ordering Paragraph 5 at 81-82.

⁵ D.19-11-016, Ordering Paragraph 3 at 80-81.

III. CONCLUSION

For all the foregoing reasons, CalCCA requests that the Commission clarify the scope of this proceeding to include the issues identified herein.

Respectfully submitted,

Kulyn Take

Evelyn Kahl

Counsel to the California Community Choice Association

June 15, 2020



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

R.19-11-009

CALIFORNIA COMMUNITY CHOICE ASSOCIATION REPLY COMMENTS ON THE PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2021-2023, ADOPTING FLEXIBLE CAPACITY OBLIGATIONS FOR 2021, AND REFINING THE RESOURCE ADEQUACY PROGRAM

Evelyn Kahl, General Counsel California Community Choice Association One Concord Center 2300 Clayton Road, Suite 1150 Concord, CA 94520 (415) 254-5454 regulatory@cal-cca.org

June 16, 2020

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TABLE OF AUTHORITIES

CPUC Decisions

D.16-09-056	
CPUC	Rules of Practice and Procedure

Rule	4.3	. 1

SUMMARY OF RECOMMENDATIONS

- 1. Adopt a waiver program for system and flexible resource adequacy (RA) as proposed by SJCE, EBCE and CalCCA or, at a minimum, require consideration of the proposal and "unresolved issues" in Track 3.
- 2. Adopt CESA's proposal to use project-specific profiles in determining the qualifying capacity of hybrid projects.
- 3. Establish the same, Tier 1 testing requirements for demand response programs regardless whether the program is administered by an investor-owned utility or a non-IOU load-serving entity.
- 4. Adopt the Maximum Cumulative Capability (MCC) bucket proposal as transitional, with the intent to adopt a framework better aligned with clean energy goals in Track 3.
- 5. Clarify that hydro resources qualify for MCC bucket 4.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

R.19-11-009

CALIFORNIA COMMUNITY CHOICE ASSOCIATION REPLY COMMENTS ON THE PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2021-2023, ADOPTING FLEXIBLE CAPACITY OBLIGATIONS FOR 2021, AND REFINING THE RESOURCE ADEQUACY PROGRAM

The California Community Choice Association (CalCCA)¹ submits these reply comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the May 22, 2020, proposed *Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program* (PD).

I. INTRODUCTION

CalCCA replies in these comments to the opening comments of San Jose Clean Energy (SJCE), East Bay Community Energy (EBCE), Southern California Edison Company (SCE), the California Energy Storage Alliance (CESA), and the Joint DR Parties. CalCCA recommends that the Commission:

- ✓ Adopt a waiver program for system and flexible resource adequacy (RA) as proposed by SJCE, EBCE and CalCCA or, at a minimum, require further consideration of the proposal and address "unresolved issues" in Track 3;
- ✓ Adopt CESA's proposal to use project-specific profiles in determining the qualifying capacity (QC) of hybrid projects;

¹ California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

- ✓ Establish the same testing requirements for demand response (DR) programs regardless whether the program is administered by an investor-owned utility (IOU), other load-serving entity (LSE), or non-LSE party;
- ✓ Adopt the Maximum Cumulative Capability (MCC) bucket proposal as transitional, with the intent to adopt a framework better aligned with clean energy goals in Track 3; and
- ✓ Clarify that hydro resources qualify for MCC bucket 4.

II. CALCCA REPLY COMMENTS

A. Adopt a Waiver Program for System and Flexible Capacity as proposed by SJCE, EBCE, and CalCCA or at a Minimum Direct Resolution of Remaining Issues in Track 3

SJCE and EBCE support adoption of a system and flexible RA waiver program.² They contend the PD ignores "evidence that a tightening RA market," which requires adoption of a system and flexible RA waiver to mitigate market power.³ They further explain: "[w]here buyers are subject to steep penalties for failing to procure enough RA despite their best efforts, and sellers face no corresponding penalty for failing to sell their supply in a timely fashion, sellers are able to exercise market power."⁴ The consequences, they conclude, are "unnecessarily increasing costs for consumers and undermining the goal of system reliability."⁵

Not surprisingly, CalCCA agrees. CalCCA's opening comments conclude that "serious contractions in the system RA market [] are making it difficult for LSEs to meet their system requirements despite commercially reasonable efforts,"⁶ and provided data to support this conclusion. CalCCA thus urges the Commission to adopt a system and flexible waiver program through the 2022 compliance year, with further examination.⁷

The Commission should adopt a system and flexible RA waiver through 2022. At a minimum, it should make clear that a waiver program will be developed in Track 3 to prevent the exercise of market power in the constrained system RA market. If the Commission does not take

Id. at 5.

² Opening Comments of SJCE and EBCE on Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program, June 11, 2020, at 2-5.

 $[\]frac{3}{4}$ Id. at 3.

Id. at 4.

 $[\]int_{c}^{5}$ Id.

⁶ California Community Choice Association Comments on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program, June 11, 2020, at 2.

action to address the perpetually "unresolved issues" cited by the PD and implement a waiver program accordingly, it will only continue to harm ratepayers.

B. Adopt CESA's Proposal to Use Project-Specific Profiles in Determining Hybrid Project QCs

CESA recommends, consistent with SCE's original proposal adopted by the PD, the use of "project-specific energy profiles [] in implementing the hybrid and co-located capacity county methodology."⁸ CESA explains:

Given the wide variation of configurations (e.g., AC vs. DC coupling), storage-to-generation sizing ratios, renewable generation profiles (e.g., AC to DC ratios), and paired storage duration, project-specific QC calculations are preferable to incentivize the most effective resource types and to fairly compensate the asset's reliability contributions.

The PD, however, allows the use of generic and average solar generation profiles that fail to account for project-specific configurations.⁹ CESA recommends continued work with stakeholders to develop "a common set of model inputs, assumptions, and outputs" that can be used in a "standard calculator yet reflecting the project-specific characteristics of the resource."¹⁰

CalCCA supports CESA's proposal assuming the continuation of a RA framework that relies on QC methodologies. Hybrid storage projects will increasingly dominate reliability solutions in a wide variety of configurations. Rough justice in estimating these projects' contribution to reliability will not properly account for value over time and may lead to increased procurement costs. The Commission should adopt CESA's proposal.

C. Adopt the Joint Parties' Proposal to Apply the Same Testing Requirements for All DR Programs Irrespective of Program Administrator

The Joint Parties highlight the PD's inequity in establishing a stricter testing standard for third-party demand response programs than for IOU programs.¹¹ The PD's standard differentiates between "stable" (Tier 1) resource testing and a stricter requirement "new" and

⁸ Comments of the California Energy Storage Alliance on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program at 2, 5-7.

⁹ Id. at 5.

I0 Id.

¹¹ Joint Opening Comments of the California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., Leapfrog Power, Inc. and OhmConnect, Inc. on Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program, June 11, 2020 (Joint Parties Comments) at 1-4.

"changing" (Tier 2) resources. Unfortunately, however, it defers a definition of "stable" resources to Track 4.¹² Pending this definition, all third-party DR resources are subject to Tier 2 testing, and all IOU programs are subject to Tier 1.

The Joint Parties thus oppose the PD's resolution, observing that "[t]here is no evidence in the record to support any contention that [third-party] DR performs any differently than IOU DR programs."¹³ Further, the Joint Parties point out that currently "there is no difference in the qualifying capacity (QC) valuation methodology that would otherwise warrant a stricter testing requirement for one type of DR relative to another..."¹⁴ Consequently, they conclude that the PD's approach violates "key neutrality principles" adopted in D.16-09-056 and places third-party DR and non-IOU LSEs, such as CCAs, at a distinct disadvantage.

CalCCA agrees with the Joint Parties. The PD's approach unreasonably discriminates between IOU and non-IOU LSE reliance on DR and could increase ratepayer costs for the latter. The Commission should adopt the Joint Parties' proposal to employ Tier 1 testing until "stable" can be defined and the details of testing are finalized.

D. Clarify that the MCC Bucket Rules Are Transitional Pending Adoption in Track 3 of a Framework Better Aligned with Clean Energy Goals

SCE requests that the Commission "explicitly state in the final decision that the revised MCC buckets adopted in the PD represent an interim solution and parties are encouraged to develop more complete solutions in Track 3."¹⁵ As SCE explains, given the increased reliance on intermittent resources and other use-limited resources such as energy storage, the reliability contribution of various resources requires further evaluation. CalCCA agrees with SCE and encourages a Track 3 solution that reduces the Commission's need to micromanage through an MCC structure the specific types of resources meeting reliability requirements.

E. Clarify Inclusion of Hydro Resources in MCC Bucket 4

PG&E requests the commission "to avoid ambiguity associated with certain uselimitations associated with hydroelectric resources and ensure that such resources qualify for

¹² PD at 36.

¹³ Joint Parties' Comments at 2.

I4 *Id.* at 3.

¹⁵ Opening Comments of Southern California Edison Company (U 338-E) on Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program, June 11, 2020, at 5-6.

MCC bucket 4.¹⁶ CalCCA agrees with PG&E that as written the PD is vague as to the applicability of Hydro resources to count toward bucket 4 and supports the modification to the definition of availability for MCC buckets as proposed by PG&E. This change will ensure market participants are clear that hydro resources can continue to qualify for MCC bucket 4.

III. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed in CalCCA's opening comments and these reply comments.

Respectfully submitted,

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Evelyn Kahl General Counsel to the California Community Choice Association

June 16, 2020

¹⁶ Opening Comments of Pacific Gas and Electric Company (U 39 E) on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program, June 11, 2020, at 6.



Stakeholder Comments Template

Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the Resource Adequacy Enhancements working group on June 10, 2020. The stakeholder call presentation, and other information related to this initiative may be found on the initiative webpage at: <u>http://www.caiso.com/StakeholderProcesses/Resource-Adequacy-Enhancements</u>

Upon completion of this template, please submit it to <u>initiativecomments@caiso.com</u>. Submissions are requested by close of business on **June 24, 2020**.

Submitted by	Organization	Date Submitted
Evelyn Kahl, (415) 254-5454	California Community Choice Association ¹	June 24, 2020

Please provide your organization's comments on the following issues and questions.

1. Production Simulation: Determining UCAP Needs and Portfolio Assessment

Please provide your organization's feedback on the Production simulation: Determining UCAP needs and portfolio assessment topic as described in slides 4-15. Please explain your rationale and include examples if applicable.

CalCCA continues to support CAISO's proposal to perform a stochastic assessment of the RA portfolio using the PLEXOS model. We look forward to the results of CAISO's testing of the model using the existing RA portfolio which will inform discussions about setting the UCAP requirements and identifying the criteria for CPM designations.

¹ California Community Choice Association represents local government Community Choice Aggregation electricity providers in California members, including Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

2. Transitioning to UCAP Paradigm

Please provide your organization's feedback on the transitioning to UCAP paradigm topic as described in slides 16-19. Please explain your rationale and include examples if applicable.

CalCCA supports Option 1: a two step de-rate process to resource QCs, that first adjusts for deliverability to derive Deliverable QC (DQC) and then applies the forced outage non-availability UCAP factor to derive the NQC. This is consistent with the current commercial approach that puts the burden of forced outages on the resource sellers and would avoid the need to make changes to existing RA contracts. CalCCA believes it is preferable to make any necessary changes to CAISO Tariff references to NQC that will need to refer to DQC, than to change many more RA contracts to accommodate the use of the UCAP terminology that would be needed with Option 2.

CalCCA supports using the 2022 RA year to shadow test UCAP RA requirements and showings, but to defer binding implementation of UCAP until the 2023 RA year.

3. Unforced Capacity Evaluations

Please provide your organization's feedback on the unforced capacity evaluations topic as described in slides 20-59. Please explain your rationale and include examples if applicable.

CalCCA supports the annual development of monthly NQC and UCAP values for each resource, based on the seasonal UCAP factors that are derived from historical forced outage and urgent outage data consistent with RC procedure RC0630, with planned outages and opportunity outages not being incorporated into the UCAP calculations.

a. Please provide your organization's feedback on the UCAP methodology: Seasonal availability factors topic as described in slides 27-46. Please explain your rationale and include examples if applicable.

CalCCA supports the development of seasonal UCAP values (May-September and October-April)² to incorporate potentially different levels of unit reliability during different seasons.

CalCCA appreciates the CAISO's willingness to include significantly more hours in its assessment of the supply cushion than in its previous proposal. Using the top 20% of the tightest supply cushion hours for each season seems much more likely to provide a reasonable representation of each resource's availability. We request, however, that the CAISO provide more information about the impact of applying the proposed methodology to existing resources using actual historical data than was presented for the three example resources. That is, CalCCA would like CAISO to present information about the number of resources and MW that fall into different ranges of UCAP values for each season (e.g., 100-98%, 97.99-96%, etc.). We also request that the resource-

² The CAISO should coordinate with the CPUC to ensure consistency on the definition of the summer/on-peak period.

specific UCAP calculations be provided to the Scheduling Coordinator for each resource.

CalCCA supports using 45% weight for the most recent year's seasonal availability factor, 35% weight for the second year, and 20% weight for the third year for existing resources.

For resources for which resource-specific data is not yet available, CalCCA supports Option 1, using class average data (presumably weighted average) to substitute for the resource specific data until such data is available. We believe that Option 2 places too much weight on a single year's performance.

b. Please provide your organization's feedback on the UCAP methodologies for non-conventional generators topic as described in slides 47-59. Please explain your rationale and include examples if applicable.

CalCCA seeks clarification from CAISO, as discussed during the June 10 stakeholder call, that End of Hour State of Charge (EOH SOC) factors that are tied to Day Ahead Market awards will not be included in storage resource UCAP calculations in addition to forced outage rates. CalCCA also seeks clarification that storage resources that use market bids to manage their state of charge will not be required to submit outage cards that will affect their UCAP calculations. That is, storage resources that have been optimized by the CAISO in its markets will not be treated as having forced outages due to being fully charged or fully discharged.

For resources with QC values calculated using an ELCC methodology (e.g., wind and solar resources), CalCCA supports using the ELCC value as the UCAP value.

CalCCA supports removing forced outage replacement and RAAIM application to forced outage periods, since UCAP will provide the proper incentives and will result in LSEs collectively providing the replacement capacity that is expected to be needed.

Additional comments

Please offer any other feedback your organization would like to provide on the Resource Adequacy Enhancements working group discussion.

JULY FILINGS

Braun Blaising Smith Wynne, P.C.

Attorneys at Law

July 2, 2020

Via E-Mail

CPUC Energy Division ED Tariff Unit 505 Van Ness Avenue Fourth Floor San Francisco. CA 94102 Email: EDTariffUnit@cpuc.ca.gov

Subject: Comments of Marin Clean Energy and Sonoma Clean Power Authority On Draft Resolution E-5086

Dear Energy Division:

Marin Clean Energy ("<u>MCE</u>") and Sonoma Clean Power Authority ("<u>SCP</u>") (jointly, the "<u>CCAs</u>") submit the following comments on Draft Resolution E-5086 (the "<u>DR</u>"). The DR approves, with modification, Pacific Gas and Electric Company's ("<u>PG&E</u>") advice letter ("<u>AL</u>") 4219-G/5765-E, which provides PG&E's Self-Generation Incentive Program ("<u>SGIP</u>") Residential¹ Equity Resiliency Marketing Plan and Implementation Strategy (the "<u>SGIP Equity</u> <u>ME&O Plan</u>"). The DR also partially approves PG&E AL 4226-G/5778-E, creating a residential financial assistance pilot program.

I. INTRODUCTION

The CCAs support the DR and thank the Commission for the hard work, thoroughness, and careful consideration of parties' positions reflected in the DR. In the following comments, the CCAs offer strong support for several aspects of the DR, highlighted below. The CCAs also offer several clarifying questions and recommendations that are intended to further strengthen and streamline the DR.

In their respective Protests to PG&E AL 4219-G/5765-E, both MCE and SCP provided detailed descriptions of their ongoing and planned efforts to educate their customers about the SGIP Equity and Equity Resiliency programs and to encourage eligible customers to enroll. MCE provided, as an attachment to its Protest, a copy of its proposed *Community Outreach Plan for the Self-Generation Incentive Program's Equity and Equity Resiliency Budget*. Similarly, SCP included a copy of its *Marketing and Community Outreach Plan for the Self-Generation*

¹ PG&E erroneously named the submitted Marketing Plan and Implementation Strategy a "Residential" Equity Resiliency Marketing Plan and Implementation Strategy. In fact, the plan is intended to cover marketing, education and outreach efforts for both residential and non-residential equity customers.

Incentive Program as an attachment to its protest. Both CCAs' plans are detailed and immediately implementable proposals for SGIP marketing, education, and outreach ("<u>ME&O</u>") to their respective CCA customers. The CCAs appreciate the DR's recognition of these efforts.²

II. COMMENTS

A. Access to ME&O Funding

The DR provides an elegant solution to one of the major questions raised by protests to the AL – how to incorporate various different stakeholders as community outreach partners under the SGIP Equity ME&O plan. In their respective Protests, both MCE and SCP requested a share of PG&E's SGIP Equity ME&O budget to conduct CCA-specific ME&O activities.³ While the DR does not grant this request, it provides a reasonable alternative that ensures that CCAs and other stakeholders have access to ME&O funding. The DR 1) makes CCAs, community-based organizations ("<u>CBOs</u>"), and program administrators ("<u>PAs</u>") of low-income solar programs eligible for the Customer Recruitment Incentive ("<u>CRI</u>"); and 2) increases the budget set-aside for the CRI.⁴ The CCAs strongly support these requirements.

At the same time, the CCAs have identified a few aspects of this proposal that would benefit from further clarification or could otherwise be strengthened. First, the Resolution appears to limit the CRI to residential customers who are eligible for the equity resiliency budget.⁵ The CCAs believe that the DR would be significantly strengthened by also making this incentive available for recruitment of non-residential customers/ critical facilities eligible for the equity resiliency budget. The eligibility criteria for non-residential customers to access the SGIP equity resiliency budget are (appropriately) limiting, which makes identifying and recruiting eligible non-residential customers challenging. However, identifying and recruiting these customers is a critical task, as these critical facilities provide essential services during public safety power shutoff ("<u>PSPS</u>") events. Hence, outreach to those customers should be prioritized alongside the outreach to residential customers, and appropriate funding should be provided for their identification and enrollment.

Second, the DR does not clearly establish a mechanism (or associated rules and timelines) for an outreach partner to inform PG&E that a SGIP equity resiliency customer was recruited through its efforts, nor does it indicate how PG&E will track recruitment by outreach partners. Indeed, requiring all outreach partners to track customer recruitment on a one-by-one basis and report each recruited customer to PG&E would create a large administrative burden for

² DR at 19 stating "We appreciate the dedication of SCP, MCE, and GRID to ensuring the customers they serve are aware of and can access the SGIP incentives for vulnerable customers and critical facilities. In particular, we acknowledge the time and effort that SCP and MCE put into drafting ME&O plans for targeting vulnerable customers in their service territories to educate and inform them about the opportunities available through SGIP."

³ *See*, MCE Protest at 9-10; SCP Protest at 6-7.

⁴ DR at 33-34 (Findings 30 and 33).

⁵ DR at 33-34 (Finding 33).

those partners, PG&E, and the Energy Division and could result in significant confusion and inefficiency. The CCAs recommend that the Commission eliminate any ambiguity on this question by adopting the following requirements:

- 1. If a CCA has its own SGIP Equity ME&O Plan in place and the ME&O plan has been provided to the Commission for review, that CCA will receive the recruitment credit for SGIP installations if the recruited customer receives CCA generation services. SGIP installations for customers that indicate that they were recruited by a non-CCA outreach partner (such as low-income solar PA or CBO) will be exempt from this requirement, and the full recruitment credit will be paid to the recruiting outreach partner.
- 2. PG&E shall add an additional input field on the SGIP Reservation Request Form ("<u>RRF</u>") that allows customers to indicate that they were recruited to the SGIP program by non-CCA outreach partners (CBOs, organization that works with individuals with access and functional needs, or low-income solar PAs).
- 3. PG&E will run monthly reports to identify customers recruited to the SGIP equity resiliency program by outreach partners. These reports will identify customers who receive CCA generation service (and are therefore assigned a CRI for the respective CCA), as well as those customers who have indicated that they were recruited by a different outreach partner. PG&E will then assign the CRI to the outreach partners according to the rules outlined in the DR (i.e.; the first CRI will be paid once an entity has successfully recruited 30 customers to the equity resiliency budget, and for every five additional customers after that).

Third, the CCAs recommend that the Resolution specifically state that the CRI is intended to be a component of *all* future PG&E SGIP Equity ME&O plans and that CBOs, CCAs and low-income solar PAs will continue to engage with PG&E under future SGIP Equity ME&O plans. While it is the CCAs' understanding that this is the Commission's intent, the CCA strongly recommend to clearly establish this requirement in the final Resolution. The CCAs recommend that the budget set-aside for the CRI for future program years should be proportional to this year's budget allocation (i.e., \$300,000 of the total PG&E Equity ME&O budget for 2020 of \$765,000 = roughly 40%).

B. Coordination Between PG&E and Outreach Partners

The CCAs strongly support the DR's directive that PG&E engage with outreach partners in the development of the "PG&E Program Toolkit" and the 2021 SGIP Equity ME&O plan.⁶ The CCAs look forward to working with PG&E on these items. Since the submission of the CCA's Protest, communication flow between PG&E and the CCAs on SGIP-related issues has already improved and the CCAs are optimistic that collaboration under the SGIP Equity ME&O plan will be a fruitful endeavor and will lead to accelerated recruitment of customers to the equity resiliency budget.

⁶ DR at 19.

In furtherance of this requirement, the CCAs strongly recommend that PG&E be required to co-brand the material in its SGIP toolkit that will be sent to CCA customers with the relevant CCA. This effort should include providing the CCA with the opportunity to place its name and logo along with PG&E's name and logo on the toolkit materials. Co-branding will reassure CCA customers that the materials being distributed by PG&E were developed with the input of their CCA program, and will help to reduce potential customer confusion with overlapping recruiting efforts implemented under CCA self-funded energy storage programs, including those implemented by MCE⁷ and SCP.⁸

C. Financial Assistance Pilot

The CCAs support the DR's approval of PG&E's proposal to provide residential equity customers with 50% of the SGIP incentive up-front, rather than having to wait for project completion and inspection to access SGIP funding. The Joint CCAs also appreciate the DR's clarification that contractors be required to affirm that in exchange for the advance incentive payment the customer will bear no upfront costs.⁹

The CCAs agree with the DR's observation that, in general, residential customers face more barriers to participation in the equity and equity resiliency budgets than non-residential customers.¹⁰ However, the CCAs also have worked with many critical facilities over the past several months that are interested in pursuing energy storage installation but are unable to do so due to financial challenges (despite the SGIP incentives). Hence, the CCAs are interested in

⁷ MCE has launched a self-funded energy storage program that is designed to leverage SGIP incentives and to prioritize the most vulnerable customers and the critical facilities that support these populations. The program will provide performance-based payments in exchange for allowing MCE to directly control customers' Battery Energy Storage Systems ("BESS") using a state-of-the-art Distributed Energy Resources Management System. MCE is already actively engaging in ME&O activities for this program and it is integral that such efforts are coordinated and streamlined with the SGIP Equity ME&O efforts.

⁸ SCP launched an "SGIP Assistance" program in April 2020 to assist customers with SGIP applications and reduce out-of-pocket costs. To enable vulnerable residential customers to strengthen their energy resiliency, SCP's Assistance Program provides incentive payments in advance for battery storage system project and helps participating contractors with SGIP paperwork and the application process. In addition, SCP isdesigning an energy storage program for residential customers. SCP plans to work with battery manufacturers, distributors, and installers to provide a lower purchase prices for battery energy storage systems. SCP also plans to expand the GridSavvy demand response program to include battery energy storage systems and will provide customers a one-time incentive and ongoing monthly incentive for participating in SCP's Demand Response program, GridSavvy.

⁹ DR at 24-25.

¹⁰ DR at 28. Barriers to residential participation that MCE has observed include: income requirements (including resale and deed restrictions); needing to be physically located in either a Tier 2 or 3 HFTD or an area that has experienced two or more PSPS events; homeownership (many rent instead of own); age/condition of the electrical system (possibly requiring upgrades); and financial challenges for installing solar for true resiliency.

further exploration and development of PG&E's proposal to establish a revolving loan fund through on-bill financing for non-residential customers. Although the DR denied the proposal as underdeveloped, the CCAs are interested in further engaging with PG&E on the proposal and encourage PG&E to resubmit this as an additional pilot through a separate advice letter filing.

III.CONCLUSION

The CCAs thank the Commission for reviewing these comments on Draft Resolution E-5086.

Dated: July 2, 2020

Respectfully submitted,

/s/David Peffer

David Peffer Braun Blaising Smith Wynne P.C. 555 Capitol Mall, Suite 570 Sacramento, CA 95814 Tel: (916) 326-5812 E-mail: peffer@braunlegal.com

On Behalf Of: Marin Clean Energy Sonoma Clean Power

cc (via email): Erik Jacobson, PG&E (<u>PGETariffs@pge.com</u>) Service List R.12-11-005

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Rulemaking 18-07-003

2020 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF MARIN CLEAN ENERGY

PUBLIC VERSION (Appendix E Redacted)

> Shalini Swaroop General Counsel Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 (415) 464-6040 sswaroop@mcecleanenergy.org

Dated: July 6, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

)

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Rulemaking 18-07-003

2020 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF MARIN CLEAN ENERGY

PUBLIC VERSION (Appendix E Redacted)

In accordance with the California Public Utilities Commission's ("<u>Commission</u>") May 6, 2020 Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2020 Renewables Portfolio Standard Procurement Plans ("<u>ACR</u>") and the May 13, 2020 *E-Mail Ruling Modifying Schedule of Review for 2020 RPS Procurement Plans Issued in the May 6, 2020 RPS Plan Ruling*, Marin Clean Energy ("<u>MCE</u>" or "<u>Agency</u>"), hereby submits this 2020 Renewables Portfolio Standard Procurement Plan ("<u>RPS Procurement Plan</u>"). As directed by the ACR, this RPS Procurement Plan includes responses for the issues expressed in ACR sections 5.1-5.16.

MCE notes that certain issues and requests in these ACR sections apply to the other retail sellers (electrical corporations and electric service providers), and do not extend to Community Choice Aggregators ("<u>CCAs</u>"). MCE is nevertheless voluntarily responding to these ACR sections in the interest of transparency and in order to collaborate with the Commission. However, the submission of this RPS Procurement Plan pursuant to the ACR should not be construed as a waiver of the right to assert that components of Senate Bill ("<u>SB</u>") 790 (2012) or that Commission

decisions and rulings on RPS Procurement Plan submittals do not extend to CCAs. MCE reserves the right to challenge any such assertion of jurisdiction over these matters.

In reviewing this RPS Procurement Plan, MCE encourages the Commission to consider the differences between California's investor-owned utilities ("<u>IOU</u>s") and other retail sellers, including CCAs. Differing levels of detail, procedure, complexity, and coordination within the planning documents submitted by these organizations are very appropriate.

1. Major Changes to RPS Plan

This Section describes the most significant changes between MCE's 2019 RPS Procurement Plan and its 2020 RPS Procurement Plan as filed on July 6, 2020. A redline of this 2020 RPS Plan against MCE's 2019 RPS Plan is included as Appendix A. The table below provides a list of key differences between MCE's 2019 and 2020 RPS Procurement Plans.

Plan Reference	Plan Section	Summary/Justification of Change
2020 RPS Procurement Plan: Section 3	Summary of Legislation Compliance	Updated to incorporate details on how MCE's planned procurement meets the requirements of SB 350, SB 100, and SB 901.
2020 RPS Procurement Plan: Section 4	Assessment of RPS Portfolio Supplies and Demand	Updated to add discussion of portfolio optimization and advanced emerging technologies.
2020 RPS Procurement Plan: Section 5	Project Development Status Update	Added narrative describing how MCE is on track to address the goals of system needs, RPS requirements, and greenhouse gas ("GHG") reduction goals.
2020 RPS Procurement Plan: Section 8	Renewable Net Short Calculation	Added narrative describing how the results of MCE's risk assessment has been incorporated into the RNS Calculation.
2020 RPS Procurement Plan: Section 10	Bid Solicitation Protocol	Updated to include discussion of joint solicitations.

Table 1: Key Changes to MCE's RPS Procurement Plan

2020 RPS Procurement Plan: Section 11	Safety Considerations	Added discussion about how MCE's procurement activities impact wildfire mitigation and climate change adaptation and how MCE's portfolio is affected by PSPS events.
2020 RPS Procurement Plan: Section 13	Curtailment Frequency, Forecasting, Costs	Expanded on existing discussion to include description of mitigation strategies tailored to MCE's portfolio and region.
2020 RPS Procurement Plan: Section 15	Coordination with the IRP Proceeding	Added table identifying how planned RPS procurement aligns with MCE's conforming portfolios to be filed in the IRP proceeding.

2. Executive Summary

In this 2020 RPS Procurement Plan, MCE provides information and updates regarding its progress in meeting applicable renewable energy planning and procurement targets, as well as additional detail in response to the expanded requirements set forth in the ACR.

Marin Clean Energy ("MCE"), California's first community choice aggregator ("CCA"), is a not-for-profit public agency that began service in 2010 with a mission to address climate change by reducing energy-related greenhouse gas emissions with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits, and creating more equitable communities. MCE serves approximately 484,000 customer accounts in 34 communities across Contra Costa, Marin, Napa, and Solano counties, with annual retail sales of approximately 5,550 gigawatt hours. MCE offers its customers a 60% renewable default service ("Light Green"), as well as two 100% renewable energy service options ("Deep Green" and "Local Sol").

MCE is governed by a board of 28 locally elected officials, which sets policy for the Agency and oversee its operations. Depending upon the issue, representatives from MCE's governing board generally convene two to three times per month with advance public notice

provided in compliance with the Brown Act.

MCE continues to maintain an annual Integrated Resource Plan ("<u>IRP</u>") that focuses on planning and procuring resources needed to meet its demand as well as local and state environmental mandates. MCE's annual IRP is in addition to the biennial IRP mandated by SB 350 (2015). The IRP submitted to the Commission has been primarily oriented towards supporting California's achievement of its 2030 GHG reduction targets. MCE's annual IRP similarly addresses GHG reduction targets as well as various other matters related to resource planning and procurement, including complementary energy programs administered by MCE, over a forwardlooking, 10-year period.¹ MCE's annual IRP is periodically updated and adopted by its Technical Committee (under delegated authority of MCE's governing board), memorializing the evolving policies and resource preferences of the Agency.

MCE's internal commitment to clean energy has resulted in a default portfolio that reached 60% renewable in 2017, thirteen years ahead of the statewide trajectory. MCE has secured 68% of its total 2021 renewable portfolio through long-term contracts, exceeding the long-term contracting requirement established by SB 350 (2015). MCE is also fully compliant with all Commission Resource Adequacy ("<u>RA</u>") requirements, to support the reliability needs of the state.

MCE maintains its clean, balanced portfolio by closely monitoring ongoing market conditions, including but not limited to curtailment, customer demand, and policy changes such as the expansion of direct access ("<u>DA</u>") following the passage of SB 237 (2018). MCE also monitors unanticipated market events, such as the COVID-19 pandemic, and their impacts on both the supply and demand sides of the market.² In optimizing its portfolio, MCE prioritizes maintaining

¹ Current versions of MCE's annual IRP, as well as the SB 350-required IRP, are available for review on MCE's website: <u>https://www.mcecleanenergy.org/energy-procurement/</u>.

² COVID-19 impacts are discussed more fully in Sections 4 and 6, below.

a balanced, diverse, and reliable portfolio; keeping our commitment to clean energy; and reducing customer costs.

MCE's commitment to clean energy has led the Agency to explore opportunities to mitigate the impacts of air pollution impacts in regions of the state where communities have been disproportionately impacted by the existing generating fleet, as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. To address this concern, MCE continues to evaluate the procurement of "clean resource adequacy" ("<u>Clean RA</u>") and the feasibility of transitioning to increased use of carbon-free capacity sources to meet statewide reserve capacity mandates.

To reflect MCE's evolving resource preferences and impacts associated with recent changes to emission accounting practices reflected under California's Power Source Disclosure ("<u>PSD</u>") program, MCE intends to discontinue use of Portfolio Content Category ("<u>PCC</u>") 2 products in 2022 and beyond.

MCE's RPS Procurement Plan details its current solicitations and its bid review and selection processes. The Plan also describes how MCE applies the Least Cost Best Fit concept to its portfolio, to support its priorities as an agency created for the purpose of providing clean energy, among other things.

MCE continues to closely monitor its exposure to a variety of risk factors, as discussed more fully below in Section 7. MCE continues to find that its thorough analysis of both portfolioand project- level risk combined with its significant margin of over-procurement relative to statewide RPS goals render a quantitative model for risk assessment unnecessary at this time. MCE continues to assess the need for such a model and may employ additional analytical tools in the future.

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MCE maintains safety as a top priority, and works with its suppliers to ensure that its portfolio is protected from a variety of safety risk factors, as well as to ensure that its generation does not add additional safety risks in the areas where facilities are located.

Finally, MCE's RPS Procurement Plan describes how the Conforming Portfolios in its forthcoming IRP, to be filed September 1, 2020, will align with this Plan.

3. Summary of Compliance with Legislation

This RPS Procurement Plan addresses the requirements of all relevant legislation and the Commission's regulatory framework. This Section describes the relevant statutory and regulatory requirements and how this RPS Procurement Plan demonstrates that MCE meets these requirements.

SB 350 was signed by the Governor on October 7, 2015. SB 350 set a new RPS procurement target of 50% by December 31, 2030. On December 20, 2016, the Commission issued D.16-12-040, which partially implemented the increased targets of SB 350 by establishing new compliance periods and procurement quantity requirements. On July 5, 2017, the Commission issued D.17-06-026, which implemented some of the key remaining elements of SB 350, including adopting new minimum procurement requirements for long-term contracts and owned resources, as well as revising the excess procurement rules. As discussed in greater detail in Section 4.B.1, MCE projects that 68% of its total *internal* 2021 renewables target (which is substantially higher than the statewide target for 2021) will be met with long-term contracts.

SB 100 was signed by the Governor on September 10, 2018 and became effective on January 1, 2019. SB 100 increased the RPS procurement requirements to 44% by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. On June 6, 2018, the Commission issued D.18-05-026, which implemented changes made by SB 350 to the RPS waiver
process and reaffirmed the existing RPS penalty scheme. In July of 2018, the Commission instituted Rulemaking 18-07-003 to continue the implementation of the RPS. On June 28, 2019, the Commission issued D.19-06-023, which continues to use a straight-line method to calculate compliance period procurement quantity requirements. The current RPS procurement targets are incorporated into MCE's Renewable Net Short Calculation Table as described in Section 8 below and attached as Appendix C. MCE's current and planned procurement is sufficient to exceed these targets, including a minimum margin of over-procurement based on MCE's risk assessment, as further described in Sections 7 and 9.

SB 901, signed by Governor Brown on September 21, 2018, added Public Utilities Code Section 8388, which requires any investor owned utility, publicly owned electric utility, or CCA with a biomass contract meeting certain requirements to seek to amend the contract to extend the expiration date to be five years later than the expiration date that was operative as of 2018. MCE does not have a contract with a biomass facility that is covered by Public Utilities Code Section 8388.

4. Assessment of RPS Portfolio Supplies and Demand

4.A. Portfolio Supply and Demand

Similar to its historical renewable procurement, MCE projects that it will meet or exceed applicable RPS procurement obligations over the long-term planning horizon (ten years and beyond), though the exact characteristics of MCE's supply portfolio may vary over time depending on market developments, policy changes, technological improvements, Agency preferences, and/or other factors. To manage this future uncertainty, MCE examines and estimates supply and customer demand, and will structure its future procurement efforts to balance customer demand with requisite resource commitments. As previously noted, MCE's internally adopted renewable energy procurement targets have been set in excess of state-imposed mandates, creating a natural compliance buffer. For example, 61.7% of MCE's aggregate supply portfolio was comprised of RPS-eligible renewable energy in 2019, an amount nearly double the statewide procurement mandate of 31%. Similar to previous years, this significant level of over-procurement would have accommodated massive fluctuations in annual retail sales and/or anticipated renewable energy deliveries before triggering potential compliance risks for MCE. Given the significance of MCE's minimum 60% renewable target, past success meeting applicable compliance mandates, and existing supply commitments, MCE does not foresee any issues in fulfilling upcoming renewable supply commitments.

MCE continues to monitor the prospective impacts to its customer base associated with the upcoming reopening of California's direct access market due to SB 237 (2018) and D.19-05-043. This analysis is ongoing and may result in future adjustments to MCE's load forecast and related renewable energy procurement obligations, which would be expected to decrease if MCE load migrates to direct access providers.

Impacts of the COVID-19 Pandemic

MCE is keenly aware of the current, worldwide COVID-19 pandemic, and its impact on "business as usual," including both demand and supply side impacts. Across retail sellers, commercial loads have decreased as a result of business closures or substantially modified operations, and residential loads have increased due to "stay at home" and "shelter in place" orders. MCE meets frequently to discuss observed variances between actual and anticipated customer energy use, including potential adjustments to upcoming load schedules. Based on available data and related analyses conducted to date, impacts to MCE's overall load and sales appear to be relatively modest, approximately 4%-5% lower than forecast.

Looking forward, it is difficult to predict the ongoing impact to retail sales as a result of COVID-19. However, early indications suggest that such impacts may be relatively minor within MCE's service territory, as compared to other areas of the state. MCE continues to evaluate the pandemic's impacts to its load and sales, and is working to identify a suitable approach for adjusting its retail sales forecast if needed.

MCE is also closely monitoring supply-side impacts of COVID-19, including supplier and developer effectiveness in fulfilling renewable energy needs, project completion, and overall supplier viability. These impacts are discussed in greater detail in Section 6.1, below.

4.A.1. Portfolio Optimization

MCE plans for and secures commitments from a diverse portfolio of generating resources to reliably serve the electricity supply requirements of its customers over near-term, mid-term and long-term planning horizons. MCE's goal is to meet organizational policies and statewide mandates in a manner that is cost effective, achieves internally adopted clean energy objectives and supports a well-balanced resource portfolio. Portfolio optimization strategies can help reduce costs and should facilitate alignment of MCE's portfolio of resources with its forecasted needs. This noted, MCE has initiated a transition to the exclusive use of PCC1 renewable energy products by 2022 to minimize portfolio emission impacts that would otherwise accrue through the use of PCC2 and PCC3 product options, which are ascribed emissions under California's current emissions calculation methodology. This approach is significantly more costly to MCE's customers but will promote achievement of MCE's GHG-related objectives.

To support this goal, MCE considers the following strategies:

• Joint Solicitations: Joint solicitations can expand the procurement opportunities available to a CCA, as well as provide procedural efficiencies, economies of scale, and overall cost

savings for participating organizations. MCE is closely networked with other CCAs through its membership in the California Community Choice Association, ("<u>CalCCA</u>"), the trade organization representing California's Community Choice Aggregation sector, and regularly coordinates with other CCAs regarding prospective procurement opportunities and portfolio balancing activities.

- <u>Purchases from Retail Sellers</u>: Purchases of resales from other retail sellers can provide a cost-effective way of meeting short term resource needs or filling in gaps in procurement while long-term projects are under development. MCE will evaluate solicitations offered by other retail sellers, as necessary.
- <u>Sales Solicitations</u>: As MCE continues to manage its growing portfolio of renewable resources, it will also consider administering sales solicitations (serving as a renewable energy seller) for the benefit of other retail sellers. Such solicitations are expected to be rare and relatively small in scale. MCE may also engage in bilateral sales discussions with certain retail sellers, including CCAs, if/when divesting relatively small amounts of surplus renewable energy supply is deemed necessary to rebalance MCE's renewable portfolio relative to internally established procurement targets. MCE has completed such processes in the past and expects to do so in the future as well. Selling excess renewable supply is an effective way for all Load-Serving Entities ("<u>LSEs</u>") to reduce unnecessary renewable energy expenses while providing valuable renewable energy products to other market participants.
- <u>Optimizing Existing Procurement</u>: As MCE considers its long-term resource needs, it may evaluate options in its future power purchase agreements to increase output through either facility upgrades or adding new capacity to the generating facility. Expanding existing

facilities may provide additional generation at reduced costs with a lower risk of project failure because the need for distribution system upgrades and permitting may be reduced.

MCE has conducted three solicitations in 2020 for energy and capacity, which are summarized below:

- <u>2020 Open Season Request for Offers ("RFO")</u>: The Open Season provides a competitive, objectively administered opportunity for qualified suppliers of various energy products (including renewable and storage technologies) to fulfill MCE's future resource requirements.
- <u>Clean Resource Adequacy RFO</u>: The Clean RA RFO is to contract for clean RA resources to phase out the use of fossil-based RA resources over the next ten to fifteen years.
- Long-Duration Storage Request for Information: In June 2020, thirteen CCAs, including MCE, released a Joint Request for Information for long-duration storage resources.³

Through the Power Charge Indifference Adjustment ("<u>PCIA</u>"), MCE customers (and other CCA and Direct Access customers) are required to pay their share of the above-market costs associated with PG&E's large hydroelectric fleet, PG&E's nuclear power plant, Diablo Canyon, and many PG&E Power Purchase Agreements ("<u>PPAs</u>") including RPS PPAs. Nearly half of PG&E's customer load has departed for other LSEs, resulting in PG&E having excess resources in its portfolio. PG&E offered to allocate a proportionate share of the 2020 output of the hydroelectric and nuclear, GHG-free, resources at no additional cost on a voluntary basis to CCAs and Direct Access providers whose customers pay the PCIA ("<u>Interim Allocation</u>"). There is a

³ <u>https://www.mcecleanenergy.org/energy-procurement/</u>.

parallel process underway at the Commission⁴ to establish permanent rules to address excess utility resources ("<u>PCIA Proposal</u>"). The PCIA Proposal may also result in increased market access to PCIA-eligible RPS resources from IOU portfolios.

While MCE's governing board has elected not to take the nuclear allocations from PG&E to align with its policy of no resource-specific nuclear transactions, MCE has accepted PG&E hydroelectric allocations for 2020 and will use these allocations toward meeting its GHG-free targets. The Interim Allocation is currently scheduled to sunset at the end of 2020, and MCE is awaiting Commission decision on the PCIA Proposal.

MCE is structuring its Light Green portfolio to be approximately 95% GHG-free in 2022 and beyond, subject to market and/or regulatory changes. To structure such a clean Light Green portfolio by 2022, MCE will procure three products: (1) RPS-eligible renewable energy; (2) large hydroelectric energy; and (3) Asset Controlling Supplier energy, the vast majority of which is large hydroelectric. To ensure grid reliability, MCE's contracting goals include 210 MW of stand-alone energy storage to be online by 2029, and to have approximately 320 MW of new energy storage paired with solar resources online by 2030.

4.B. Responsiveness to Policies, Regulations, and Statutes

MCE is a local governmental agency that is subject to the control of its governing board and is directly accountable to the community that it serves. MCE strongly supports and is committed to meeting the state's GHG reduction and renewable procurement goals. As a member of CalCCA, MCE actively supported the passage of SB 100 (2018) and has fully incorporated the procurement requirements of the state's RPS program into its overall procurement strategy. As overseen by its governing board, MCE has developed a schedule for issuing solicitations,

⁴ PCIA Rulemaking 17-06-026, Phase 2, Working Group 3.

executing contracts with existing resources, and bringing new projects online on a timeline that is reasonably calculated to meet the applicable RPS targets. The resources identified in this RPS Procurement Plan are consistent with the resources that will be identified in MCE's Integrated Resource Plan ("IRP"), which will be provided to the Commission for certification and approved by MCE's governing board.

As previously noted, MCE's internally adopted renewable energy procurement target has been set at a minimum of 60%. All related renewable energy purchases will be sourced from California Energy Commission-certified generating facilities, which will be eligible for use under California's RPS Program. The significant majority of MCE's renewable energy purchases will be sourced from products meeting the delivery requirements established for PCC1. Pre-2022, the balance of requisite renewable energy purchases will be sourced from products meeting the delivery specifications associated with PCC2. The prospective procurement of PCC3 products is substantially minimized in MCE's annual IRP, and such purchases would only be pursued as a last resort, should market conditions preclude the cost-effective purchase of PCC1 or PCC2 products. In any case, MCE's procurement of PCC3 products will not exceed the limitations imposed under California's RPS Program.

Furthermore, MCE's existing contractual commitments have secured the significant majority of its renewable energy requirements. Existing contracts continue to address the majority of MCE's renewable energy needs throughout the planning period addressed in this RPS Procurement Plan, accounting for 58% of statutory renewable energy procurement requirements in 2030. MCE's planning and procurement process is ongoing, which is expected to result in additional renewable energy acquisition, the substantial majority of which will be secured via long-term contracts.

4.B.1. Long-term Procurement

MCE has been committed to supporting new, California-based renewable resource development since its inception, and has supported numerous generating assets via execution of long-term contracts. MCE has already executed long-term renewable contracts that will yield 68% of its total 2021 internal 60% renewables target.⁵ Further, in the Open Season solicitation described above, only projects with a term of delivery between ten and twenty years are considered.

In light of its existing long-term supply commitments, MCE expects to meet or exceed California's minimum 65% long-term contracting requirement, which becomes effective in 2021, through 2027. Even in the event of lower-than-anticipated deliveries from such contracts, MCE would still expect to satisfy the 65% long-term contracting requirement through 2026. To support compliance beyond the 2026-2027 calendar years, MCE expects to engage in additional long-term contract efforts to continue to meet or exceed the long-term contracting mandate.

4.C. Portfolio Diversity and Reliability

MCE also considers the deliverability characteristics of its resources (including the expected delivery profile, available capacity and dispatchability attributes, if any, associated with each of its generating resource and/or supply agreements) and reviews the respective risks associated with short- and long-term purchases as part of its forecasting and procurement processes. These efforts lead to a more diverse resource mix, address grid integration issues, and provide value to MCE's member communities, including reduced costs and support in achieving planned procurement objectives for the period addressed in this 2020 RPS Procurement Plan. A quantitative description of MCE's forecast is attached in Appendix C.

While MCE is not opposed to considering emerging renewable generating technologies,

⁵ Because MCE's internal renewable targets is significantly higher than California's statewide target, this positions MCE to comfortably exceed the 2021 long-term contracting requirement.

it must be judicious in pursuing the use of such resources, as such technologies may not perform as expected. This noted, MCE's commitment to innovation and renewable technology advancement will likely identify strategic opportunities for the inclusion of emerging technologies within its supply portfolio. For example, MCE has pursued supply commitments with renewable energy plus storage configurations, which are expected to mitigate renewable integration impacts typically associated with increased use and development of intermittent renewable generating technologies. The extent to which such configurations will be successful in mitigating conditions of over-supply, production variability and misalignments between energy production and customer use will be monitored over time to ensure that such contractual commitments are promoting desired outcomes.

MCE will continue to procure renewable and other GHG-free and conventional energy products, as necessary, to ensure that the future energy needs of its customers are met in a clean, reliable, and cost-effective manner. MCE has established proportionate procurement targets for overall GHG-free energy content, including subcategories for renewable energy and other carbon-free products, including related planning reserves. MCE is in the process of evaluating an "equivalent carbon-free" portfolio metric, which would consider the total emissions associated with each supply source relative to a target annual emission factor for its entire supply portfolio. For example, a 90% carbon-free equivalent metric in 2021 would allow an overall portfolio emission factor for energy imports and system power, which is currently set at 0.428 metric tons of carbon dioxide equivalent per megawatt hour ("<u>MT CO₂e</u>"). Expressed differently, a 90% carbon-free equivalent metric would limit, on a voluntary basis, emissions to an overall portfolio emission factor of 0.043 MT CO₂e.

Because certain renewable generating technologies are known to have relatively low levels of emissions, such as certain geothermal generating technologies, MCE's equivalent carbon-free metric captures such impacts along with any other use of carbon-emitting supply, including system power and CARB-certified Asset Controlling Supply (which is ascribed an emission factor based on the resources reflected in such portfolios), to derive its proportionate use of carbon-free generation. To the extent that MCE's energy needs are not fulfilled through the use of renewable or other GHG-free generating resources, it should be assumed that such supply will be sourced from conventional energy sources, such as natural gas generating technologies or system power purchases.

MCE uses a portfolio risk management approach in its power purchasing program, seeking low cost supply (based on then-current market conditions) as well as diversity among technologies, production profiles, project sizes and locations, counterparties, lengths of contract, and timing of market purchases. These factors are taken into consideration when MCE engages the market and pursues related procurement activities.

A key component of this process relates to the analysis and consideration of MCE's forward load obligations and existing supply commitments with the objectives of closely balancing supply and demand, cost/rate stability and overall budgetary impacts, while leaving some flexibility to take advantage of market opportunities and/or technological improvements that may arise over time. MCE monitors its open positions separately for each renewable generating technology as well as GHG-free resources, conventional resources, and its aggregate supply portfolio. MCE maintains portfolio coverage targets of up to 100% (of expected customer energy requirements) in the near-term (0 to 2 years) and typically leaves gradually larger open positions in the mid- to long-term, consistent with generally accepted industry practices.

MCE has a preference for zero emission generating technologies, but within this preference MCE is largely technology-agnostic aside.⁶ MCE's supply preferences are intended to exhibit diversity across a broad range of renewable technologies that will deliver energy in a profile that is generally consistent with MCE's anticipated load shape. MCE is aware that significant use of intermittent renewable generating technologies has the potential to create misalignments between customer energy consumption and related power production; however, MCE regularly evaluates customer usage in light of expected renewable deliveries to reduce such risks and inform future procurement decisions. Furthermore, MCE continues to consider procurement opportunities with renewable generating facilities that will utilize battery storage technology, which may present the opportunity to somewhat re-shape the typical delivery profile associated with intermittent renewable generating assets, providing the opportunity for MCE to more closely balance supply and customer demand.

Recent market data continues to indicate that midday peak resources are likely to comprise a larger proportion of California's renewable supply portfolio due to the rapid decline in wholesale prices for solar PV generation and the abundance of such projects in operation and under development. Additions to MCE's portfolio during the Planning Period will likely be more heavily weighted toward energy resources – dispatchable, shaped during non-solar or ramping periods, or otherwise – that complement competitively priced solar already under contract or pair new solar projects with storage technologies to avoid exacerbating midday over-supply. MCE may also engage in purchases from as-available renewable generation (*e.g.*, wind) to the extent that such supply is competitively priced or otherwise provides electricity during time of day when existing supply commitments are currently lacking.

⁶ As mentioned above, MCE has a policy of not pursuing resource-specific nuclear power purchases.

In regard to generation project location, MCE places the greatest value on locally-sited renewable generating projects, particularly those located in its service area or within approximately 100 miles thereof. In general terms, the next highest preference related to resource selection are projects sited within the North of Path 15 region (generally, Northern California), followed by projects elsewhere in California, and lastly, out-of-state resources. This procurement strategy has led MCE to achieve its desired clean energy portfolio objectives as well as cost-competitive customer rates. With this in mind, MCE intends to continue this approach in the future.

4.D. Lessons Learned

MCE's operating history has reinforced its belief that diversity among renewable energy commitments is highly desirable. This spans a broad range of considerations, including the use of various fuel sources, resource locations, contract durations, product specifications, pricing mechanisms, solicitation timing and frequency, as well as various other concerns. Early-stage discipline in renewable energy contracting allowed for MCE's solar energy commitments to gradually move down a declining cost curve, which avoided over-weighting the portfolio with an abundance of excessively costly contracts. As California's energy landscape continued to evolve, a concentration of renewable generating assets in certain locations reinforced the benefits of geographic diversity – as certain areas of the state were overbuilt with renewable generating infrastructure, challenges related to depressed market prices and related resource curtailments began to surface and will likely continue to exist for quite some time.⁷ These observations have

⁷ It is noteworthy, however, that economic curtailment may not be feasible for certain retail sellers when considering the financial implications of long-term contract delivery shortfalls imposed under the RPS Program. In light of such significant financial charges, certain retail sellers may be forced to accept deliveries from renewable generating assets during instances of significant negative pricing to ensure that requisite long-term contracting quantities are satisfied. This could result in higher-than-anticipated renewable energy costs and related impacts to customer rates.

contributed to a more rigorous evaluation process for new generating projects, which is expected to reduce risks associated with such issues – while attempting to understand historical market pricing (at particular resource locations) is not a perfect predictor of future performance, it seems to mitigate potential adverse financial consequences during near-term operation of such facilities.

With regard to long-term contracting, there is substantial financial risk associated with California's changing regulatory landscape. As California's energy market undergoes several significant changes over a short period of time, it seems impossible to predict how such long-term commitments will impact buyers and sellers, as well as affect costs for retail customers. While MCE works to protect the value of its contract when possible in the contracting process, it has seen the value of its resources degrade over time due to regulatory changes. If the regulatory rules under which the resources were originally contracted are not considered or grandfathered, MCE will inevitably lose value on the contracts it enters into, which discourages the long-term contracting the state has generally incentivized.

Another noteworthy lesson learned relates to the manner in which distinct California energy programs interact with one another. In particular, the ongoing implementation of Assembly Bill ("AB") 1110 (stats. 2016) devalues and discourages the use of certain renewable energy products (allowed for use under California's RPS Program) by virtue of the manner in which associated emissions will be accounted for under the Power Source Disclosure Program ("PSD Program"). Specifically, changes to PSD Program regulations related to AB 1110 will now attribute an emissions factor equivalent to system power to any PCC2 and PCC3 volumes. In addition, PCC3 certificates will not be recognized as a renewable fuel source during power source accounting. This change has led MCE and various other CCAs to forgo or minimize the use of PCC2 and PCC3 products to avoid representing an inflated emissions factor and reduced below-

actual renewable energy content during power source reporting and related customer communications. This adaptation to MCE's planning and procurement practice became necessary despite the fact that such products are deemed eligible for use under California's RPS Program. This transition by MCE to procure PCC1 products instead of PCC2 products has increased costs and customer rates.

While these lessons learned have been useful for MCE, some of these issues seem to be avoidable through increased coordination during the development and administration of California's various energy reporting and compliance programs -- as MCE testified at a joint *en banc* of the Commission and California Energy Commission in October 2018.

5. Project Development Status Update

As described in Section 4.B above, MCE's current and planned procurement is sufficient to meet both the applicable RPS procurement requirements as well as support the state's GHG reduction targets. Further, MCE's current and planned procurement supports system reliability by considering both portfolio diversity and alignment with MCE customers' load curve.

As of the date of this RPS Procurement Plan, MCE has entered into six utility-scale contracts with eligible renewable energy resources that are not yet commercially operational. Additionally, certain of MCE's Feed-In Tariff ("FIT") projects have successfully achieved commercial operation while others continue through the development process. These projects are supported via pricing schedules that are intended to promote developer interest while also offsetting higher-than-normal development costs typically associated with MCE's service territory. To date, MCE's FIT program has supported the completion of twelve locally situated, small scale renewable generating projects, which are currently producing electricity that is purchased by MCE under long-term contracts. MCE has attached the Project Development Status

Update Report as Appendix D.

6. Potential Compliance Delays

MCE has received favorable determinations of compliance relating to Compliance Period 1 and Compliance Period 2, which indicate that "MCE met its RPS compliance obligations" during such periods. MCE expects similar determinations related to the current compliance period (Compliance Period 3, which includes calendar years 2017-2020) and future compliance periods, as MCE is well ahead of prescribed procurement targets based on current and planned procurement activities and actual renewable energy deliveries. With regard to long-term contracting compliance, as discussed above MCE has secured long-term contract commitments sufficient to meet the noted requirements through 2027 (or 2026 in the event of substantial delivery shortfalls).

6.1 Potential Impacts of COVID-19 Pandemic on Project Development

As the Commission is aware, successful renewable energy markets depend upon international supply chains, substantial labor commitments, robust financial markets, timely interactions with governmental planning authorities and various other considerations. With numerous disruptions caused by the pandemic, it is challenging to determine whether, and to what extent, renewable energy procurement opportunities may be compromised, particularly newbuild renewable energy projects that typically rely on long-term contracts as the basis for project financing. MCE closely coordinates with suppliers that are developing new-build renewable generating assets and will continue to monitor this situation as well as potential fallout related to supplier/developer effectiveness in fulfilling expected renewable energy deliveries, project completion schedules and overall supplier viability. It seems reasonable to anticipate some supply-side consequences, but MCE's above-RPS renewable energy procurement targets coupled with existing supply commitments from operational renewable generating facilities virtually eliminate any compliance-related concerns.

7. Risk Assessment

MCE closely monitors development and operational risks associated with its planned and existing renewable energy supply commitments to minimize the potential for significant variances between actual and expected renewable energy deliveries.

Risk Oversight Committee and Energy Risk Management Policy

MCE has established a Risk Oversight Committee ("<u>ROC</u>"), which regularly convenes to discuss conformance of MCE's ongoing planning and procurement efforts with the organization's adopted Energy Risk Management Policy ("<u>ERM Policy</u>"). MCE's ERM Policy was developed for purpose of creating and maintaining controls and processes that will mitigate potential exposure to various sources of risk, including market price risk, counterparty credit and performance risk, load and generation (volumetric) risk, operational risk, liquidity risk and policy (*e.g.*, legislative and regulatory) risk.

To the extent that higher-than-expected renewable energy open positions, counterparty over-exposure, meaningful load variations or other pertinent planning observations are identified during meetings of the ROC, MCE adjusts procurement activities to address these concerns, which promotes ongoing compliance with its ERM Policy. Should any significant ERM Policy deviations be identified, MCE staff would inform its Governing Board before pursuing corrective action. MCE's risk assessment and management practices are described in greater detail in Section 7, below.

Risk Assessment and Management Processes

In general terms, MCE's process for minimizing and avoiding risk is deterministic in nature and begins with the development of bid requirements and evaluative preferences for solicitations. MCE's solicitations are intended to identify suppliers that have demonstrated a strong track record of successful project completion and ongoing project operation. Such counterparties are more likely to timely complete project development activities and successfully operate projects placed under contract, and therefore minimize project risks. This process has yielded strong results: the pool of responses to MCE-administered solicitation is generally robust; the quality of short-listed respondents is high and typically includes very experienced counterparties with strong project development track records; the short-listed candidates, by virtue of their considerable project development and/or operational experience, tend to be efficient contract negotiators; and the resulting contracts have generally led to project deliveries that meet MCE's expectations.

Key risk factors are considered during evaluation of each prospective renewable energy seller, including counterparty credit rating and general financial standing; California-based project development experience; prior experience with CCA off-takers; commercial viability of the proposed generating technology; and progress towards key development milestones such as interconnection status, deliverability studies, siting, zoning, permitting, and financing requirements. With regard to transmission adequacy, MCE ensures that each project has an executed interconnection agreement with the appropriate participating transmission operator prior to contract execution so that the project's interconnection costs, deliverability and timelines are known to the extent possible. MCE also conducts a review of interconnection queues and transmission planning in the area to understand impacts of planned projects and transmission upgrades. The project review process also includes a thorough review of the permitting status from the permitting authority and must demonstrate a path to completion. A selected seller bears risk of supply chain delays impacting the seller's ability to meet its guaranteed contractual milestones on time, subject to permitted extensions and allowable Force Majeure provisions in the contract.

To the extent that a prospective renewable energy procurement opportunity comes to fruition, and a contract is executed, development milestones are rigorously monitored by MCE's contract management staff, who regularly communicate with the project sponsor throughout the development and construction processes.

MCE also seeks to minimize unnecessary financial exposure and general planning risk by assembling a diversified portfolio of renewable generating resources and products that are intended to complement the manner in which its customers use electric power. To promote this alignment of supply and demand, MCE analyzes the impacts of proposed renewable energy deliveries to its aggregate resource portfolio relative to expected customer energy use as part of its evaluation process. To the extent that the proposed delivery profile would create undesirable net-short or net-long positions, alternative product options will continue to be evaluated. MCE may also pursue contract structures that provide for financial remedies/penalties in the event of delivery shortfalls. If necessary, the financial remedies received by MCE could be used to: (1) as a first priority, procure additional renewable energy supply to address delivery shortfalls; or (2) in the event that the delivery shortfall caused MCE to be found non-compliant, offset the cost of related penalties. MCE's intent is to exceed compliance with applicable RPS mandates, and the latter option is a last resort that is not expected to apply.

Additionally, MCE believes that it is important to manage temporal risks associated with: (1) disproportionate exposure to prevailing market conditions at any particular point in time; and (2) lack of diversity related to contract start dates, end dates or term lengths within a renewable energy supply portfolio. MCE has regularly administered renewable energy solicitations throughout its operating history to ensure that its exposure to ever-changing market conditions is diversified, similar to the "dollar cost averaging" methodology that is regularly employed within the financial sector. While attempts to "time the market" may occasionally yield short-lived benefits, such results are generally not reliable and create the potential for significant risk and financial consequences if market conditions quickly and/or significantly change. MCE's deliberate contracting approach entails "sampling" the market at regular intervals, avoiding large contractual commitments in high-priced environments or missed opportunities in low-priced environments. MCE also ensures that its contract start/end dates and related term lengths are staggered to avoid planning "cliffs" that could occur if contracts of similar lengths and start dates were all executed at the same time. The assembly of short-, medium- and long-term contracts further diversifies risk within MCE's renewable supply portfolio, and while increased long-term RPS contracting requirements will inevitably increase such risks, MCE will continue to pursue portfolio diversity by thoughtfully considering these temporal considerations during ongoing procurement processes.

Ongoing Evaluation of Need for Quantitative Risk Assessment Model

MCE continues to evaluate the need for a quantitative risk assessment model. MCE's rigorous process for evaluating prospective suppliers continues to be successful in identifying highly qualified, financially viable candidates and supporting its achievement of both statutory and voluntary renewable energy procurement goals.

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Because MCE's minimum renewable content commitment substantially exceeds the current statewide goal, MCE continues to find that use of a quantitative risk assessment model is not critically important in meeting pertinent RPS compliance mandates. MCE will continue to evaluate the usefulness of such tools as it moves forward. Should MCE identify compliance-related concerns through application of its ERM Policy or other mechanisms, MCE will take the appropriate course of action, which may include quantitative risk assessments or other planning studies, to address such issues before compliance is affected.

MCE's Compliance Risk is Minimal

In terms of its ability to demonstrate compliance with California's RPS procurement mandates, MCE does not anticipate any particular development or operational risks that would materially impact its planned progress in this regard. This perspective is supported by the aforementioned supplier selection process as well as MCE's internally adopted renewable energy procurement target, which substantially exceeds California's RPS mandate. However, the possibility always exists that future renewable energy supply will not be delivered as required under each respective power purchase contract. MCE considers this potential risk in forecasting as well as during procurement review and decision-making.

8. Renewable Net Short Calculation

MCE has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix C. At this point in time and based on MCE's past success, current supplier performance and anticipated renewable energy contracting outcomes, there have been no risk-related adjustments to the expected renewable energy quantities reflected in Appendix C. As previously noted, MCE has successfully procured more than 60% of its resource needs from RPS-eligible renewable resources since 2017 and, as a result, has accrued renewable energy well in excess of applicable statewide mandates. In general terms, renewable suppliers have performed as expected, and as such MCE did not find it appropriate to incorporate risk adjustments at this point in time. If supplier performance becomes more erratic in the future and such adjustments are deemed necessary, MCE will reflect such adjustments in a future planning document.

9. Minimum Margin of Procurement (MMoP)

9.A. MMoP Methodology and Inputs

MCE's internal renewable energy procurement policy specifies a minimum 60% RPSeligible renewable energy target. This provides a significant "cushion," protecting MCE against unexpected renewable energy delivery shortfalls. As such, MCE's overall renewable energy procurement policy incorporates a margin of over-procurement that is nearly equal to its current statutory compliance obligation. MCE believes that the aforementioned renewable energy procurement targets will protect against a variety of risks, including but not limited to, potential project development failure, deficient production by facilities under contract and availability of requisite renewable energy products within the marketplace.

9.B. MMoP Scenarios

At this point in time, MCE has yet to complete any sensitivity analyses related to its intended minimum margin of procurement. MCE has determined that its internally established, minimum 60% renewable energy procurement target provides adequate "cushion" relative to applicable statutory mandates. To the extent that such analyses are deemed necessary and completed in the future, MCE will describe applicable results in a subsequent RPS Procurement Plan.

10. Bid Solicitation Protocol

10.A. Solicitation Protocols for Renewables Sales

MCE does not have immediate plans to issue a solicitation for sales of renewable energy

projects.

10.B. Bid Selection Protocols

In its various solicitations for long-term renewable energy supply, MCE imposes numerous

bid requirements on interested respondents. These requirements address a variety of considerations

and are intended to identify the best qualified suppliers of MCE's long-term renewable energy

needs. Such requirements include:

- 1. Overall quality of response, inclusive of completeness, timeliness, and conformity;
- 2. Price and relative value within MCE's supply portfolio;
- 3. Project location and local benefits, including local hiring and prevailing wage considerations;
- 4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements;
- 5. Qualifications, experience, financial stability, and structure of the prospective project team (including its ownership);
- 6. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
- 7. Potential impacts to grid reliability;
- 8. Potential economic benefits created within communities with high levels of poverty and unemployment;
- 9. Acceptance of MCE's standard contract terms; and
- 10. Development milestone schedule, if applicable.

These considerations help shape the criteria against which prospective suppliers are evaluated.

Based on the success of its ongoing planning and procurement efforts as well as any direction from

its governing board, MCE may adapt these considerations in future renewable energy procurement

efforts.

Consistent with Public Utilities Code Section 399.13(a)(5)(C), MCE conducts energy product solicitations in a manner that addresses a broad range of considerations, including specific needs for eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating capacity, and required online dates to assist in determining what resources fit best within its desired supply portfolio. Since MCE's governing board is comprised of local elected officials, solicitation and procurement decisions are overseen by elected representatives of MCE's member communities with such decisions intended to conform with locally established targets that exceed applicable RPS requirements and promote the development of locally-situated renewable generating facilities.

Consistent with direction in the ACR, MCE has provided a copy of its most recent procurement materials to Commission Energy Division staff. MCE's 2020 solicitations are cited in Section 4.A and materials, including applicable contract templates and general information regarding MCE's solicitation processes are available at the following website: https://www.mcecleanenergy.org/energy-procurement/. Information regarding other MCE service offerings and programs, including its FIT, can be found elsewhere on the MCE website.

As noted above, in June 2020, MCE along with twelve other CCAs released a request for information ("<u>RFI</u>") on long-duration storage technologies. The RFI materials are available here: <u>https://www.mcecleanenergy.org/energy-procurement/</u>. Responses are due on July 1, 2020. Depending on the information gathered through the responses, a joint CCA solicitation for long-duration storage may follow.

10.C. LCBF Criteria

The Least-Cost Best Fit ("<u>LCBF</u>") methodologies approved by the Commission pursuant to D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042, and D.16-12-044 are expressly only directly applicable to investor owned utilities. However, consistent with Section 399.13(a)(8),⁸ MCE does consider best-fit attributes that support a balanced mix of resources to help support grid reliability.

With regard to MCE's application of an LCBF methodology during selection of qualified responses, the term "costs" should appropriately include considerations beyond the basic price of renewable energy being considered for procurement. Specifically, costs should include considerations such as: (1) reputational damage resulting from failure to meet internally established renewable energy procurement targets; (2) compliance penalties resulting from failed project development efforts or delivery shortfalls; (3) administrative complexities related to dealing with inexperienced suppliers (such as prolonged contract negotiation processes and uncertainties related to project milestone timing and achievement); and (4) impacts to planning certainty resulting from higher-risk projects. MCE considers these factors, among others, as part of its cost evaluation process, which may lead to the selection of offers that aren't necessarily the lowest-priced option.

"Fit" also has as much to do with organizational compatibility between buyers and sellers and alignment with key organizational objectives as it does with balancing customer usage and expected project deliveries, particularly when considering long-term contracting opportunities that will require constructive working relationships over a period of ten years or more. As such,

⁸ Cal. Pub. Util. Code § 399.13(a)(8) ("In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.")

MCE's LCBF methodology takes into consideration the various planning and procurement processes described in this RPS Procurement Plan, balancing a variety of pertinent considerations at the time that each renewable purchase opportunity is being considered.

An important example supporting this perspective is MCE's FIT program, which is intended to incentivize, through above-market prices, the development of locally situated, small-scale renewable project opportunities. This program has achieved tremendous success, supporting numerous projects throughout MCE's service territory while utilizing local labor. By design, FIT projects are not the least expensive generating resources, but they are entirely consistent with MCE's charter objectives and a valuable component of MCE's supply portfolio.

This holistic planning approach, which may not necessarily reflect a traditional LCBF methodology, has resulted in the compilation of a diverse resource mix for MCE, deep roots in its member communities, and attention to a broad spectrum of considerations, including environmental concerns, costs and sustainability.

Finally, the requirement of Section 399.13(a)(7) to give preference to renewable projects located in certain communities is expressly only applicable to "electrical corporations" and is not mandatory for CCAs.⁹ However, MCE fully recognizes the need to help mitigate the impacts of air pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. MCE continues to explore opportunities to advance this important policy goal through its procurement.

⁹ Cal. Pub. Util. Code § 399.13(a)(7)(1) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.")

11. Safety Considerations

MCE holds safety as a top priority. Since MCE does not own, operate, or control generation facilities, MCE's procurement of renewable resources does not present any unique safety risks. This Section describes how MCE has taken actions to reduce the safety risks posed by its renewable resource portfolio and how MCE supports the state's environmental, safety, and energy policy goals.

11.1. Wildfire Risks and Vegetation Management

At this point in time, MCE has yet to adopt any additional safety requirements for its portfolio that are specific to wildfire risks and vegetation management. MCE is aware of the mitigating impacts that biomass generators, which use forestry waste as feedstock, may have on wildfire risk, but does not have any specific procurement policies or preferences for forest biomass resources at this time.

11.2. Decommissioning Facilities

MCE does not own any generating assets, and as such does not undertake decommissioning of assets. MCE has not yet developed any plans or requirements related to the disposition of associated generating facilities following completion of applicable delivery terms. In many cases, the project's operational life is longer than MCE's contract, so it is likely that the contract with MCE will expire before disposal of the generation assets is required.

In 2015, SB 489 authorized the California Department of Toxic Substances Control ("<u>DTSC</u>") to add PV panels to the list of universal wastes. The DTSC has developed regulations for PV panels, but has not adopted the regulations yet.¹⁰ Because a significant portion of MCE's solar facilities are newly constructed, and its storage facilities are yet to be constructed, MCE is

¹⁰ See <u>https://dtsc.ca.gov/photovoltaic-modules-pv-modules-universal-waste-management-regulations/</u>.

confident that by the time PV solar or battery facilities under contract with MCE reach the end of their useful life, there will be statewide, comprehensive regulations addressing the safe handling and disposal/recycling of those materials.

11.3. Climate Change Adaptation

MCE's commitment to increasing renewable energy at a more aggressive pace than California's statewide mandates itself constitutes a climate change adaptation measure. Additionally, MCE in 2019 adopted a pollinator-friendly habitat requirement for solar projects participating in both its FIT program as well as its PPAs.¹¹ MCE is the first California CCA to adopt this requirement, which is a critical way MCE can help build and maintain healthy ecosystems in the local areas where MCE's solar projects are located. MCE will continue to evaluate the potential impacts of climate change on its portfolio so that adjustments to its procurement strategy can be made if needed.

11.4. Impacts During Public Safety Power Shut-off (PSPS) Events

PSPS events have both supply and demand side impacts. The experiences of MCE customers with wildfires and PSPS events over the last few years has led MCE to increase the focus of both its procurement as well as customer programs strategies on resiliency.

MCE assesses customer usage as a result of a PSPS event, to the extent possible with the data to which MCE has access, in real time and adjustments to supply are made accordingly. Generation resources that are located in the footprint of a PSPS event are necessarily taken offline, though MCE continues to explore ways to safely keep these resources online and serving customers. MCE is an active participant in the Commission's PSPS and microgrid proceedings¹² to help ensure that state policy as well as IOU and CCA operating protocols are aligned and result

¹¹ See <u>https://www.mcecleanenergy.org/news/local-projects/pollinator-requirement/</u>.

¹² R.18-12-005 and R.19-09-009, respectively.

in minimal PSPS impacts in the future.

11.5. Forest Biomass Procurement

In recent renewable Open Season requests for offers, MCE has not received offers from forest biomass generators. MCE's FIT program is available on a first-come, first-served basis, and is also technology-agnostic, however, MCE has not received any forest biomass applications. As MCE works toward a low emissions portfolio, MCE will be seeking non-emitting renewable technologies to contribute to its existing bioenergy resources already under contract.

12. Consideration of Price Adjustment Mechanisms

In the future, and consistent with SB 350 and SB 100, MCE will review the possibility of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

13. Curtailment Frequency, Forecasting, Costs

This Section responds to the questions presented in Section 5.13 of the ACR¹³ and describes MCE's strategies and experience so far in managing the Agency's exposure to negative pricing events, overgeneration, and economic curtailment for MCE's region and portfolio of renewable resources.

13.1. Factors Having the Most Impact on the Projected Increases in Incidences of Overgeneration and Negative Market Price Hours

Due in large part to the rapid increase in the amount of wind and solar generation that has been brought online throughout the western United States, the California Independent System Operator's ("CAISO") balancing authority area has experienced an increasing frequency and

¹³ ACR at 27-28.

magnitude of curtailment and negative pricing events. As of 2019, California had more than 12,300 MW of solar, 8,100 MW of behind-the-meter solar, and 5,900 MW of wind. This increased capacity results in discrete periods where the majority of load in the CAISO is served by solar and wind resources. The monthly maximum load served by wind and solar in the CAISO has averaged 55.9% over the past 3 years (April 2017 to April 2020), and in April of 2020 the monthly maximum load exceeded 69%.¹⁴

To address the resulting instances of over-supply, the amount of curtailment of wind and solar in the CAISO has significantly increased each year, totaling 187,000 MWh in 2015, 308,000 MWh in 2016, 358,000 MWh in 2017, 461,000 MWh in 2018, and 961,000 MWh in 2019.¹⁵ As of the end of April, the total curtailment of solar and wind to date in 2020 is already over 792,000 MWh. Curtailment is typically the highest during the months of March, April, and May when hydroelectric generation is historically at its highest and California load is at its lowest. Above-average snowpack resulting in higher than average hydroelectric generation exacerbates renewable generation curtailment. The table below summarizes solar and wind curtailment from January 2020 through May 2020.

2020 Data	Wind Curtailment (MWh)	Solar Curtailment (MWh)
January	7,933	130,070
February	6,846	150,213
March	13,313	165,768

Table 2: Summary of CAISO Solar and Wind Curtailment January-May 2020

¹⁴ CAISO, Monthly Renewables Performance Report, April 2020, *available at*

http://www.caiso.com/Documents/MonthlyRenewablesPerformanceReport-Apr2020.html.

¹⁵ CAISO, Managing Oversupply, Wind and Solar Curtailment Totals, updated May 5, 2020, *available at http://www.caiso.com/informed/Pages/ManagingOversupply.aspx*.

April	8,641	309,803
May	13,280	242,050
Total Curtailment	50,012	997,903
Curtailment %	0.72%	8.01%
No. of Intervals Curtailed	9,387	17,524
Pct. of Intervals Curtailed	21.4%	40.0%

The CAISO notes that the majority of renewable resource curtailment is "local and economic."¹⁶ That means that curtailment was in response to congestion and was mitigated by supply that was willing to reduce its output based on price signals from the CAISO market.

CAISO system-wide 2020 curtailment amounts are far higher than those realized by MCE to date. Thus far in 2020 through May, MCE has experienced 581.2 MWh of curtailment, which is less than 0.1% of its RPS portfolio. This is mostly attributed to portfolio management strategies and location of resources relative to load.

13.2. Written Description of Quantitative Analysis of Forecast of the Number of Hours Per Year of Negative Market Pricing for the Next 10 Years

MCE's scheduling coordinator agent, ZGlobal, has the capability to perform production cost analyses based on various input assumptions through 2030 to derive hourly market prices for energy and ancillary services. PLEXOS Integrated Energy Model is a commercial optimization engine that can simulate the economic commitment and dispatch used by the CAISO's day-ahead market processes which simultaneously optimizes energy dispatch and ancillary services capacity awards across the CAISO grid. In this way, the simulation will determine locational marginal prices and ancillary service marginal prices in the same manner the CAISO day-ahead market sets

¹⁶ CAISO, Market Performance Report, June 9, 2020, page 18, available at http://www.caiso.com/Documents/MarketPerformanceReportforApril2020.pdf

prices. ZGlobal has developed models using input assumptions that are based on common case inputs and planning guidelines from WECC, CAISO, Commission and CEC.

The key assumptions considered for the assessment included the impact of higher California renewable energy standards (60% RPS by 2030), planned gas-fired and nuclear generation retirements and adopted California Energy Commission ("<u>CEC</u>") demand forecasts which consider energy efficiency programs and increased behind-the-meter solar generation. Results are highly dependent upon input assumptions, primarily the level of new RPS generation, deployment of energy storage facilities, upgrades to CAISO-controlled transmission facilities and the ability to export energy from the CAISO to external balancing areas.¹⁷

In California, electricity prices are typically set by gas-fired resources operating on the margin. However, as increasing supplies of renewable energy are added to the system, there are periods where marginal prices are being set by zero or even negatively-priced resources. As a result, market prices have been trending downward, especially during seasons and periods of the day when loads are low and solar output is high. The modeling shows a continuation of the trend, with prices falling during the middle of the day and increasing in the morning and evening when gas-fired resources are needed to meet peak loads outside of the solar supply period. In short, prices as reflected by the CAISO's duck curve are expected to continue, with the amplitude of the valley and ramps dictated by the amount of energy storage available to smooth out the net supply.

13.3. Experience, to Date, With Managing Exposure to Negative Market Prices and/or Lessons Learned from Other Retail Sellers in California

MCE closely monitors six separate locations that are indicative of renewable energy resources that are exposed to market prices and potential curtailment. Resources at those locations

¹⁷ More recently, load has become an important input variable with the onset of the COVID-19 pandemic and its affect on load. However, ZGlobal has not performed long-term studies to determine the impact of load on long-term market prices as there is not enough data to determine a suitable load trajectory.

are bid into the CAISO markets and are curtailed when prices fall below individual resource's threshold prices. Weighted average prices for the generation at those locations are compared to weighted average prices at PG&E's Distributed Load Aggregation Point ("<u>DLAP</u>") to assess the impact of congestion on the resource's performance. In addition, the MWh of curtailment are logged.

These two metrics - weighted average price of the resources compared to that of the DLAP and amount of MWh curtailed - are used to assess effectiveness of the resources in meeting MCE's RPS obligations at cost effective prices. If the resource's weighted average price is near the DLAP and it has been curtailed, then the reason for curtailment is system over-supply. If the resource's weighted average price diverges from the DLAP and it has been curtailed, then the reason for curtailment is local overgeneration that is contributing to congestion. This information is valuable feedback to MCE in locating potential future resources. If congestion and local oversupply is significant in certain areas, then MCE can determine by reviewing the CAISO's transmission planning documents whether transmission upgrades are planned to mitigate congestion that is observed with existing resources.

If curtailment is caused by congestion, the impact can be somewhat mitigated by obtaining CAISO Congestion Revenue Rights ("<u>CRRs</u>"), which MCE has done. However, CRRs are not a perfect hedge against congestion and cannot be relied upon to mitigate congestion and subsequent economic curtailment entirely.

13.4. Direct Costs Incurred, to Date, for Incidences of Overgeneration and Associated Negative Market Prices

For calendar year 2020 through May, MCE's RPS portfolio has been exposed to negative market prices and experienced curtailment as summarized in the table below.

Location	Day-Ahead Negative Prices	Real-Time Negative Prices	Curtailment (MWh)	Cost of Curtailment (\$)
South P26	-\$1.04	-\$2.40	47.9	-\$957.80
Fresno 1	-\$2.82	-\$4.57	12.7	-\$254.40
Fresno 2	-\$1.20	-\$2.84	1.5	-\$30.00
North P26	-\$2.38	-\$3.36	23.2	-\$462.00
Devers Wind	-\$19.32	-\$23.39	N/A	N/A
Intertie (North)	-\$1.55	-\$3.88	496.0	-\$14,229.00
Total	-\$2'	7.41	581.2	-\$15,933.20

Table 3: Summary of MCE RPS Resources Curtailment January-May 2020

The Day-Ahead and Real-Time Negative Price columns represent averages of negative prices by RPS geographic area when prices are negative for solar hours for solar resources and all hours for wind resources. The prices are averages based on resources within the area. Curtailment megawatt hour ("MWh") is the amount of energy that MCE RPS resources in the areas were curtailed from January 1 through May 31, 2020. "Cost of Curtailment" is the subsequent market cost of the curtailed energy.

13.5. An Overall Strategy for Managing the Overall Cost Impact of Increasing Incidences of Overgeneration and Negative Market Prices

While curtailment is a viable renewable integration strategy that is generally more costeffective than other options, there are potential negative consequences from excessive curtailment. Curtailment of solar and wind represents a lost opportunity to generate zero-GHG electricity, and excessive curtailment could impact the ability of the state to meet its environmental and energy policy goals. Additionally, these over-supply situations expose ratepayers to increased costs because their load serving entities must either economically curtail the generating resource (and often pay for the electricity that was not generated) or generate power and be exposed to negative prices.

MCE will consider the impact of curtailment and negative pricing on its portfolio and will factor potential curtailment into its long-term planning. Due to the difficulty in accurately forecasting curtailment, MCE will review the historical data on curtailment and negative pricing within regions where MCE may contract for generating resources. When MCE is evaluating new procurement opportunities, the potential amount of future curtailment will be one factor that MCE will consider. While MCE has not yet developed an individualized forecast of future curtailment, MCE will factor potential curtailment into its minimum margin of procurement (described in Section 9) and may also factor this consideration in future iterations of its Risk Assessment (Section 7). To the extent that MCE is engaged in renewable supply agreements which include curtailment provisions, it will take actions to limit the impacts of curtailment on its customers. During its current and future renewable contracting efforts, MCE will pursue contract terms that recognize and limit the potential financial impacts of negative pricing and give MCE greater flexibility to direct economic curtailment, if this becomes necessary.

14. Cost Quantification

MCE has provided the Cost Quantification Table as Appendix E. Pursuant to the direction in the ACR, MCE has completed those cells in the Cost Quantification table that correspond to Table 3, Rows 1-5 in the ACR.

15. Coordination with Integrated Resource Planning Proceeding

The resources identified in this RPS Procurement Plan are consistent with the resources that will be identified in MCE's Integrated Resource Plan ("IRP"), which will be approved by MCE's governing board and provided to the Commission for certification by September 1, 2020. As required by the ACR,¹⁸ MCE includes the following table that describes how MCE's 2020 RPS Procurement Plan conforms with the determinations made in the IRP Proceedings (R.16-02-007 and R.20-05-003).

IRP Section Subsection	RPS Alignment in IRP		
	Retail sellers should explain how the RPS resources they plan to procure, outlined in their RPS Plan, will align with each of their Conforming Portfolios being developed in their 2020 IRP Plans for Commission approval and certification. ¹⁹ This explanation should include:		
III. Study Results A. Conforming and Alternative Portfolios	 Existing RPS resources that the retail seller owns or contracts. Existing RPS resources that the retail seller plans to contract with in the future. New RPS resources that the retail seller plans to invest in. 	MCE is currently in the process of developing its IRP. MCE's IRP analysis includes an evaluation of existing and new resources that would help MCE meet both its internal and state-mandated RPS requirements.	

Table 4: RPS Alignment in MCE's IRP

¹⁸ ACR at 30-33.

¹⁹ LSEs will develop two Conforming Portfolios seeking Commission approval or certification in their 2020 IRP Plans. RPS resources should be described in the 46 MMT and the 38 MMT GHG target Conforming Portfolios. This requirement does not apply to LSEs' Alternative Portfolios.

	Retail sellers should describe how they propose to use RPS resources to implement both Conforming Portfolios. Narratives should include:		
IV. Action Plan A. Proposed Activities	 Proposed RPS procurement activities as required by Commission decision or mandated procurement. Procurement plans, potential barriers, and resource viability for each new RPS resource identified. 	MCE is currently in the process of developing its IRP. When finalized, the resources in MCE's portfolio will comply with MCE's internal renewable targets, state-mandated RPS targets, and the IRP targets. MCE's resource portfolio will be consistent with this RPS Procurement Plan. The IRP analysis, which is still underway, will help MCE identify the potential barriers and resource viability for new resources.	
	The retail seller should describe the solicitation strategies for the RPS resources that will be included in both Conforming Portfolios. This description should include:		
IV. Action Plan B. Procurement Activities	 The type of solicitation. The timeline for each solicitation. Desired online dates. Other relevant procurement planning information, such as solicitation goals and 	MCE is currently in the process of developing its IRP. As such, MCE has n yet made final decisions regarding solicitation details for RPS resources to included in its Conforming Portfolios; however, the solicitations will be competitive and are likely to resemble past solicitations described above in Section 10.	
	objectives.	MCE will issue future solicitations, as described above in Section 10, on a timeline that is appropriate for the resource development plan that will be included in its IRP and that will allow MCE to meet its internal as well as state- mandated RPS targets.	
	Retail sellers should provide a summary of the potential barriers to implementing both Conforming Portfolios as they relate to RPS resources. The section should include:		
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IV. Action Plan C. Potential Barriers	 Key market, regulatory, financial, or other resource viability barriers or risks associated with the RPS resources coming online in both retail sellers' Conforming Portfolios. Key risks associated with the potential retirement of existing RPS resources on which the retail seller intends to rely in the future. 	MCE is currently in the process of developing its IRP. As part of this process, MCE considers potential risks to RPS resources coming online. MCE's risk assessment processes are described in greater detail in Section 7, above. Once the IRP is finalized, MCE will be able to identify and address any specific risks, including but not limited to market, financial, or other resource viability barriers or risks.	

Dated: July 6, 2020

Respectfully submitted,

/s/Shalini Swaroop

Shalini Swaroop General Counsel Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 (415) 464-6040 sswaroop@mcecleanenergy.org

Appendix A

Redlined Version of Draft 2020 RPS Plan

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Rulemaking 18-07-003

20202019 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF MARIN CLEAN ENERGY

PUBLIC VERSION

(Appendix E Redacted Appedix C Redateted)

Shalini Swaroop General Counsel Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 (415) 464-6040 sswaroop@mcecleanenergy.org

Dated: July 6, 2020 June 21, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Rulemaking 18-07-003

20202019 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF MARIN CLEAN ENERGY

PUBLIC VERSION

(Appendix E Redacted)

(Appedix C Redatcted)

In accordance with the California Public Utilities Commission's ("<u>Commission</u>") May 6, 2020April 19, 2019 Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 20202019 Renewables Portfolio Standard Procurement Plans ("<u>ACR</u>") and the May <u>13, 2020 E-Mail</u><u>5, 2019 Administrative Law Judge's</u> Ruling Modifying Schedule of Review for 2020 RPS Procurement Plans Issued in the May 6, 2020 RPS Plan Ruling, Marin Clean Energy ("<u>MCE</u>" or "<u>Agency</u>"), hereby submits this 20202019 Renewables Portfolio Standard Procurement Plan ("<u>RPS Procurement Plan</u>"). As directed by the ACR, this RPS Procurement Plan includes responses for the issues expressed in ACR sections 5.1-5.1613.

MCE notes that certain issues and requests in these ACR sections apply to the other retail sellers (electrical corporations and electric service providers), and do not extend to Community Choice Aggregators ("<u>CCAs</u>"). MCE is nevertheless voluntarily responding to these ACR sections in the interest of transparency and in order to collaborate with the Commission.

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However, the submission of this RPS Procurement Plan pursuant to the ACR should not be construed as a waiver of the right to assert that components of Senate Bill ("<u>SB</u>") <u>790</u> (2012)350 or that Commission decisions and rulings on RPS Procurement Plan submittals do not extend to CCAs. MCE reserves the right to challenge any such assertion of jurisdiction over these matters.

In reviewing this RPS Procurement Plan, MCE encourages the Commission to consider the differences between California's investor-owned utilities ("IOUs") and other retail sellers, including CCAs. Differing levels of detail, procedure, complexity, and coordination within the planning documents submitted by these organizations are very appropriate.

1. Major Changes to RPS Plan

This Section describes the most significant changes between MCE's 2019 RPS Procurement Plan and its 2020 RPS Procurement Plan as filed on July 6, 2020. A redline of this 2020 RPS Plan against MCE's 2019 RPS Plan is included as Appendix A. The table below provides a list of key differences between MCE's 2019 and 2020 RPS Procurement Plans.

<u>Plan Reference</u>	Plan Section	Summary/Justification of Change
2020 RPS Procurement Plan: Section 3	Summary of Legislation Compliance	Updated to incorporate details on how MCE's planned procurement meets the requirements of SB 350, SB 100, and SB 901.
2020 RPS Procurement Plan: Section 4	Assessment of RPS Portfolio Supplies and Demand	Updated to add discussion of portfolio optimization and advanced emerging technologies.
2020 RPS Procurement Plan: Section 5	Project Development Status Update	Added narrative describing how MCE is on track to address the goals of system needs, RPS requirements, and greenhouse gas ("GHG") reduction goals.
2020 RPS Procurement Plan: Section 8	Renewable Net Short Calculation	Added narrative describing how the results of MCE's risk assessment has been incorporated into

Table 1: Key Changes to MCE's RPS Procurement Plan

		the RNS Calculation.
2020 RPS Procurement Plan: Section 10	Bid Solicitation Protocol	Updated to include discussion of joint solicitations.
2020 RPS Procurement Plan: Section 11	Safety Considerations	Added discussion about how MCE's procurement activities impact wildfire mitigation and climate change adaptation and how MCE's portfolio is affected by PSPS events.
2020 RPS Procurement Plan: Section 13	Curtailment Frequency, Forecasting, Costs	Expanded on existing discussion to include description of mitigation strategies tailored to MCE's portfolio and region.
2020 RPS Procurement Plan: Section 15	Coordination with the IRP Proceeding	Added table identifying how planned RPS procurement aligns with MCE's conforming portfolios to be filed in the IRP proceeding.

2. Executive Summary

In this 20201. Summary of Key Updates

Within this 2019 RPS Procurement Plan, MCE provides information and updates regarding its progress in meeting applicable renewable energy planning and procurement targets, as well as additional detail in response to the expanded requirements <u>set forth in the ACR</u>. reflected in the ACR. In particular, MCE continues to evaluate the necessity and usefulness of a quantitative risk assessment model. At this point in time, MCE's rigorous process for evaluating prospective renewable energy suppliers (which is intended to identify highly qualified, financially viable candidates during related solicitations) has proven to be successful insupporting its achievement of both statutory and voluntary renewable energy procurement goals. As such, MCE has determined that the use of a quantitative risk assessment model is not-critically important at this time, but it will continue to evaluate the usefulness of such tools as it-moves forward. Additional detail related to MCE's evaluative process and the manner in which-such process mitigates renewable energy delivery risk is further described below. Marin Clean Energy ("MCE"), California's first community choice aggregator ("CCA"), is a not-for-profit public agency that began service in 2010 with a mission to address climate change by reducing energy-related greenhouse gas emissions with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits, and creating more equitable communities. MCE serves approximately 484,000 customer accounts in 34 communities across Contra Costa, Marin, Napa, and Solano counties, with annual retail sales of approximately 5,550 gigawatt hours. MCE offers its customers a 60% renewable default service ("Light Green"), as well as two 100% renewable energy service options ("Deep Green" and "Local Sol").

MCE is governed by a board of 28 locally elected officials, which sets policy for the Agency and oversee its operations. Depending upon the issue, representatives from MCE's governing board generally convene two to three times per month with advance public notice provided in compliance with the Brown Act.

MCE continues to maintain an annual Integrated Resource Plan ("IRP") that focuses on planning and procuring resources needed to meet its demand as well as local and state environmental mandates. MCE's annual IRP is in addition to the biennial IRP mandated by SB 350 (2015). The IRP submitted to the Commission has been primarily oriented towards supporting California's achievement of its 2030 GHG reduction targets. MCE's annual IRP similarly addresses GHG reduction targets as well as various other matters related to resource planning and procurement, including complementary energy programs administered by MCE, over a forwardlooking, 10-year period.¹ MCE's annual IRP is periodically updated and adopted by its Technical Committee (under delegated authority of MCE's governing board), memorializing the evolving

¹ Current versions of MCE's annual IRP, as well as the SB 350-required IRP, are available for review on MCE's website: <u>https://www.mcecleanenergy.org/energy-procurement/</u>.

policies and resource preferences of the Agency.

MCE's internal commitment to clean energy has resulted in a default portfolio that reached 60% renewable in 2017, thirteen years ahead of the statewide trajectory. MCE has secured 68% of its total 2021 renewable portfolio through long-term contracts, exceeding the long-term contracting requirement established by SB 350 (2015). MCE is also fully compliant with all Commission Resource Adequacy ("RA") requirements, to support the reliability needs of the state.

MCE maintains its clean, balanced portfolio by closely monitoring ongoing market conditions, including but not limited to curtailment, customer demand, and policy changes such as the expansion of direct access ("DA") following the passage of SB 237 (2018). MCE also monitors unanticipated market events, such as the COVID-19 pandemic, and their impacts on both the supply and demand sides of the market.² In optimizing its portfolio, MCE prioritizes maintaining a balanced, diverse, and reliable portfolio; keeping our commitment to clean energy; and reducing customer costs.

MCE's commitment to clean energy has led the Agency to explore opportunities to mitigate the impactsIn addition, MCE has identified an expanded list of solicitationrequirements, which will be reflected in future requests for proposals (addressing requisite longterm renewable energy supply) to more comprehensively address key concerns of the state. Thisincludes, but is not limited to, the mitigation of air pollution impacts in regions of the state where communities have been disproportionately impacted by the existing generating fleet, as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. To address this concern, MCE continues to evaluate the procurement of "clean resource adequacy" ("Clean RA") and the feasibility of transitioning to increased use of carbon-

² COVID-19 impacts are discussed more fully in Sections 4 and 6, below.

free capacity sources to meet statewide reserve capacity mandates.

<u>To reflect MCE's evolving resource preferences and impacts</u><u>MCE also provides status</u> updates regarding contractual commitments associated with <u>recentyet to be developed</u> renewable energy projects that will facilitate the Agency's achievement of future renewable energy procurement goals — such updates are reflected in MCE's Project Development Status-Update Report, Appendix B.

2. Executive Summary - Summary of Key Issues

MCE is California's first CCA program and commenced customer service on May 7, 2010. Over MCE's nine-year operating history, MCE's membership has grown and currentlycomprises the following communities: the entirety of Marin and Napa Counties, unincorporated Contra Costa and Solano Counties, and the Cities of Richmond, Benicia, El Cerrito, San Pablo, Walnut Creek, Lafayette, Concord, Danville, Martinez, Moraga, Oakley, Pinole, Pittsburg, and San Ramon. Within these communities, MCE serves approximately 475,000 customer accounts; MCE's annual retail sales approximate 5,300 gigawatt hours.

MCE is governed by a board of 29 locally elected officials, who set policy for the Agency and oversee its operations. Representatives from MCE's governing board generally convene on a monthly basis with appropriate public noticing occurring in advance of suchmeetings in compliance with the Brown Act. MCE also maintains certain standing committees of members of its board, which meet publicly to discuss MCE administration and operations.

Since its inception in December 2008, MCE has established policy and managed related operations with the primary purpose of increasing clean energy sources for its customers. Consistent with this purpose, MCE has consistently exceeded statewide RPS procurement-mandates and has substantiated this commitment through its internally established planning and

procurement policies as well as successful participation in California's RPS compliance program. As a result, MCE is highly familiar with applicable requirements of this important program and has periodically adapted its planning and procurement processes in consideration of various changes to emission accountingthe RPS Program that have occurred over time, includinginternally established renewable procurement targets that exceed statewide mandates, increased focus on long-term renewable energy contracting activities, and the development of voluntary-100% renewable energy service options. Furthermore, MCE has demonstrated leadership inpioneering new renewable energy contracting practices reflected under California's andimproving informational consistency and customer understanding related to disparate Californiabased energy programs like the RPS and Power Source Disclosure ("PSD") program, MCE intends to discontinueprograms. For example, MCE was amongst the first renewable energybuyers to specify the use of carbon-free substitute energy when procuring Portfolio Content Category ("PCC") 2 products in 2022 and beyond. - this contracting practice is now regularlyused by many CCAs and helps to address reporting peculiarities that exists between the PSD and RPS programs. This reduces potential customer confusion and informational inconsistenciesrelated to key attributes associated with MCE's default retail supply portfolio. MCE's RPS-Procurement Plan, along with other CCAs' plans, is a reminder of the significant contributionsthat it and other CCAs have made to supporting the advanced achievement of California'srenewable energy policy objectives while expanding retail choice within the retail electricitysector.

MCE's RPS Procurement Plan details its current solicitations and its bid review and selection processes. The Plan also describes how MCE applies the Least Cost Best Fit concept to its portfolio, to support its priorities as an agency created for the purpose of providing clean energy,

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among other things.

MCE continues to closely monitor its exposure to a variety of risk factors, as discussed more fully below in Section 7. MCE continues to find that its thorough analysis of both portfolioand project- level risk combined with its significant margin of over-procurement relative to statewide RPS goals render a quantitative model for risk assessment unnecessary at this time. MCE continues to assess the need for such a model and may employ additional analytical tools in the future.

MCE maintains safety as a top priority, and works with its suppliers to ensure that its portfolio is protected from a variety of safety risk factors, as well as to ensure that its generation does not add additional safety risks in the areas where facilities are located.

<u>Finally, MCE's RPS Procurement Plan describes how the Conforming Portfolios in its</u> forthcoming IRP, to be filed September 1, 2020, will align with this Plan.

MCE also maintains an annual Integrated Resource Plan ("MCE's annual IRP") that focuses on planning and procuring resources needed to meet its demand and local and state environmental mandates. MCE's annual IRP is in addition to the IRP mandated by Senate Bill ("SB") 350, submitted to the CPUC on August 1, 2018. The IRP submitted to the Commission is primarily oriented towards California's achievement of greenhouse gas emission reductiontargets by 2030. MCE's annual IRP also addresses this concern as well as various other matters related to resource planning and procurement, including complementary energy-focused programs administered by MCE, over a forward looking, 10-year period.³ Also, MCE's annual IRP is periodically updated and adopted by its Technical Committee (under delegated authority-

³ Current versions of MCE's annual IRP, as well as the SB 350-required IRP, are available for review on MCE's website: <u>https://www.mcecleanenergy.org/energy-procurement/</u>.

of MCE's governing board), memorializing the evolving policies and resource preferences of the Agency.

3. Summary of <u>Compliance with Legislation</u>Recent Legislative and/or Regulatory Changes

<u>This RPS Procurement Plan addresses the requirements of all relevant legislation and the</u> <u>Commission's regulatory framework. This Section describes the relevant statutory and</u> <u>regulatory requirements and how this RPS Procurement Plan demonstrates that MCE meets these</u> <u>requirements.</u>

SB 350 was signed by the Governor on October 7, 2015. SB 350 set a new RPS procurement target of 50% by December 31, 2030. On December 20, 2016, the Commission issued D.16-12-040, which partially implemented the increased targets of SB 350 by establishing new compliance periods and procurement quantity requirements. On July 5, 2017, the Commission issued D.17-06-026, which implemented some of the key remaining elements of SB 350, including adopting new minimum procurement requirements for long-term contracts and owned resources, as well as revising the excess procurement rules. As discussed in greater detail in Section 4.B.1, MCE projects that 68% of its total *internal* 2021 renewables target (which is substantially higher than the statewide target for 2021) will be met with long-term contracts.

SB 100 was signed by the Governor on September 10, 2018 and became effective on January 1, 2019. SB 100 increased the RPS procurement requirements to 44% by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. On June 6, 2018, the Commission issued D.18-05-026, which implemented changes made by SB 350 to the RPS waiver process and reaffirmed the existing RPS penalty scheme. In July of 2018, the Commission instituted Rulemaking 18-07-003 to continue the implementation of the RPS. On JuneMay 28, 2019, the Commission issued D.19-06-023, which continues proposed decision that would continue to use a straight-line method to calculate compliance period procurement quantity requirements. The current RPS procurement targets are incorporated into MCE's <u>Renewable Net Short Calculation Table as described in Section 8 below and attached as</u> <u>Appendix C. MCE's current and planned procurement is sufficient to exceed these targets,</u> <u>including a minimum margin of over-procurement based on MCE's risk assessment, as further</u> described in Sections 7 and 9.

SB 901, signed by Governor Brown on September 21, 2018, added Public Utilities Code Section 8388, which requires any investor owned utility, publicly owned electric utility, or CCA with a biomass contract meeting certain requirements to seek to amend the contract to extend the expiration date to be five years later than the expiration date that was operative as of 2018. MCE does not have a contract with a biomass facility that is covered by Public Utilities Code Section 8388.

4. Assessment of RPS Portfolio Supplies and Demand-(5.1)

4.A. Portfolio Supply and Demand

Similar to its historical renewable procurement, MCE projects that it will meet or exceed applicable RPS procurement obligations over the long-term planning horizon (ten years and beyond), though the exact characteristics of MCE's supply portfolio may vary over time; depending on market developments, policy changes, technological improvements, Agency preferences, and/or other factors. To manage this future uncertainty, MCE examines and estimates supply and customer demand, and will structure its future procurement efforts to balance customer demand with requisite resource commitments. As previously noted, MCE's internally adopted renewable energy procurement targets have been set well-in excess of state-imposed mandates, creating. Such internally adopted policy directives create a natural

<u>compliance</u> buffer<u>relative to state imposed mandates</u>. For example, <u>61.7%the proportion</u> of MCE's aggregate supply portfolio that was comprised of RPS-<u>eligible</u> renewable energy approached 62%-in <u>2019</u>2018, an amount <u>nearlymore than</u> double the statewide procurement mandate (of <u>31%</u>. Similar to previous years, this<u>29%</u>). This significant level of over-procurement would <u>have accommodated</u> accommodate massive fluctuations in annual retail sales and/or anticipated renewable energy deliveries before triggering potential compliance risks for <u>MCE</u>. Given the significance of MCE's minimum 60% renewable target, past success meeting applicable compliance mandates, and existing supply commitments, MCE does not foresee any issues in fulfilling upcoming renewable supply commitments.

MCE continuesis also attempting to monitorgain an improved understanding of the prospective impacts to its customer base associated with the upcoming reopening of California's direct access market due to SB 237 (2018) and D. 19-05-043. This analysis is ongoing and may result in future adjustments to MCE's load forecast and related renewable energy procurement obligations, which would be expected to decrease if MCE load migrates to direct access providers. In theory, such a change-would push MCE's renewable energy content higher unless surplus supply was sold to other-market participants. To the extent that such adjustments are made, MCE will reflect them in a-subsequent RPS Procurement Plan. Through the ongoing evaluation of customer demand and other market developments, MCE hopes to influence reduced overall costs while meeting-planned procurement objectives for the period addressed in this 2019 RPS Procurement Plan.

Impacts of the COVID-19 Pandemic

MCE is keenly aware of the current, worldwide COVID-19 pandemic, and its impact on "business as usual," including both demand and supply side impacts. Across retail sellers,

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commercial loads have decreased as a result of business closures or substantially modified operations, and residential loads have increased due to "stay at home" and "shelter in place" orders. MCE meets frequently to discuss observed variances between actual and anticipated customer energy use, including potential adjustments to upcoming load schedules. Based on available data and related analyses conducted to date, impacts to MCE's overall load and sales appear to be relatively modest, approximately 4%-5% lower than forecast.

Looking forward, it is difficult to predict the ongoing impact to retail sales as a result of COVID-19. However, early indications suggest that such impacts may be relatively minor within MCE's service territory, as compared to other areas of the state. MCE continues to evaluate the pandemic's impacts to its load and sales, and is working to identify a suitable approach for adjusting its retail sales forecast if needed.

MCE is also closely monitoring supply-side impacts of COVID-19, including supplier and developer effectiveness in fulfilling renewable energy needs, project completion, and overall supplier viability. These impacts are discussed in greater detail in Section 6.1, below.

4.A.1. Portfolio Optimization

MCE plans for and secures commitments from a diverse portfolio of generating resources to reliably serve the electricity supply requirements of its customers over near-term, mid-term and long-term planning horizons. MCE's goal is to meet organizational policies and statewide mandates in a manner that is cost effective, achieves internally adopted clean energy objectives and supports a well-balanced resource portfolio. Portfolio optimization strategies can help reduce costs and should facilitate alignment of MCE's portfolio of resources with its forecasted needs. This noted, MCE has initiated a transition to the exclusive use of PCC1 renewable energy products by 2022 to minimize portfolio emission impacts that would otherwise accrue through the use of <u>PCC2</u> and <u>PCC3</u> product options, which are ascribed emissions under California's current emissions calculation methodology. This approach is significantly more costly to MCE's customers but will promote achievement of MCE's GHG-related objectives.

To support this goal, MCE considers the following strategies:

- Joint Solicitations: Joint solicitations can expand the procurement opportunities available to a CCA, as well as provide procedural efficiencies, economies of scale, and overall cost savings for participating organizations. MCE is closely networked with other CCAs through its membership in the California Community Choice Association, ("CalCCA"), the trade organization representing California's Community Choice Aggregation sector, and regularly coordinates with other CCAs regarding prospective procurement opportunities and portfolio balancing activities.
- Purchases from Retail Sellers: Purchases of resales from other retail sellers can provide a cost-effective way of meeting short term resource needs or filling in gaps in procurement while long-term projects are under development. MCE will evaluate solicitations offered by other retail sellers, as necessary.
- Sales Solicitations: As MCE continues to manage its growing portfolio of renewable resources, it will also consider administering sales solicitations (serving as a renewable energy seller) for the benefit of other retail sellers. Such solicitations are expected to be rare and relatively small in scale. MCE may also engage in bilateral sales discussions with certain retail sellers, including CCAs, if/when divesting relatively small amounts of surplus renewable energy supply is deemed necessary to rebalance MCE's renewable portfolio relative to internally established procurement targets. MCE has completed such processes in the past and expects to do so in the future as well. Selling excess renewable supply is an

effective way for all Load-Serving Entities ("LSEs") to reduce unnecessary renewable energy expenses while providing valuable renewable energy products to other market participants.

• Optimizing Existing Procurement: As MCE considers its long-term resource needs, it may evaluate options in its future power purchase agreements to increase output through either facility upgrades or adding new capacity to the generating facility. Expanding existing facilities may provide additional generation at reduced costs with a lower risk of project failure because the need for distribution system upgrades and permitting may be reduced.

MCE has conducted three solicitations in 2020 for energy and capacity, which are summarized below:

- 1. 2020 Open Season Request for Offers ("RFO"): The Open Season provides a competitive, objectively administered opportunity for qualified suppliers of various energy products (including renewable and storage technologies) to fulfill MCE's future resource requirements.
- 2. Clean Resource Adequacy RFO: The Clean RA RFO is to contract for clean RA resources to phase out the use of fossil-based RA resources over the next ten to fifteen years.
- 3. Long-Duration Storage Request for Information: In June 2020, thirteen CCAs, including MCE, released a Joint Request for Information for long-duration storage resources.⁴

<u>Through the Power Charge Indifference Adjustment ("PCIA"), MCE customers (and other</u> <u>CCA and Direct Access customers) are required to pay their share of the above-market costs</u>

⁴ <u>https://www.mcecleanenergy.org/energy-procurement/</u>.

associated with PG&E's large hydroelectric fleet, PG&E's nuclear power plant, Diablo Canyon, and many PG&E Power Purchase Agreements ("PPAs") including RPS PPAs. Nearly half of PG&E's customer load has departed for other LSEs, resulting in PG&E having excess resources in its portfolio. PG&E offered to allocate a proportionate share of the 2020 output of the hydroelectric and nuclear, GHG-free, resources at no additional cost on a voluntary basis to CCAs and Direct Access providers whose customers pay the PCIA ("Interim Allocation"). There is a parallel process underway at the Commission⁵ to establish permanent rules to address excess utility resources ("PCIA Proposal"). The PCIA Proposal may also result in increased market access to PCIA-eligible RPS resources from IOU portfolios.

While MCE's governing board has elected not to take the nuclear allocations from PG&E to align with its policy of no resource-specific nuclear transactions, MCE has accepted PG&E hydroelectric allocations for 2020 and will use these allocations toward meeting its GHG-free targets. The Interim Allocation is currently scheduled to sunset at the end of 2020, and MCE is awaiting Commission decision on the PCIA Proposal.

MCE is structuring its Light Green portfolio to be approximately 95% GHG-free in 2022 and beyond, subject to market and/or regulatory changes. To structure such a clean Light Green portfolio by 2022, MCE will procure three products: (1) RPS-eligible renewable energy; (2) large hydroelectric energy; and (3) Asset Controlling Supplier energy, the vast majority of which is large hydroelectric. To ensure grid reliability, MCE's contracting goals include 210 MW of stand-alone energy storage to be online by 2029, and to have approximately 320 MW of new energy storage paired with solar resources online by 2030.

4.B. Responsiveness to Policies, Regulations, and Statutes

⁵ PCIA Rulemaking 17-06-026, Phase 2, Working Group 3.

MCE is a local governmental agency that is subject to the control of its governing board and is directly accountable to the community that it serves. MCE strongly supports and is committed to meeting the state's GHG reduction and renewable procurement goals. As a member of CalCCA, MCE actively supported the passage of SB 100 (2018) and has fully incorporated the procurement requirements of the state's RPS program into its overall procurement strategy. As overseen by its governing board, MCE has developed a schedule for issuing solicitations, executing contracts with existing resources, and bringing new projects online on a timeline that is reasonably calculated to meet the applicable RPS targets. The resources identified in this RPS Procurement Plan are consistent with the resources that will be identified in MCE's Integrated Resource Plan ("IRP"), which will be provided to the Commission for certification and approved by MCE's governing board.

As previously noted, MCE's internally adopted renewable energy procurement target has been set at a minimum of 60%. All related renewable energy purchases will be sourced from California Energy Commission-certified generating facilities, which will be eligible for use under California's RPS Program. The significant majority of MCE's renewable energy purchases will be sourced from products meeting the delivery requirements established for PCC1. Pre-2022, the balance of requisite renewable energy purchases will be sourced from products meeting the delivery specifications associated with PCC2. The prospective procurement of PCC3 products is substantially minimized in MCE's annual IRP, and such purchases would only be pursued as a last resort, should market conditions preclude the cost-effective purchase of PCC1 or PCC2 products. In any case, MCE's procurement of PCC3 products will not exceed the limitations imposed under California's RPS Program._

Furthermore, MCE's existing contractual commitments have secured the significant

majority of its renewable energy requirements. Existing contracts continue to address the majority of MCE's renewable energy needs throughout the planning period addressed in this RPS Procurement Plan, accounting for 58% of statutory renewable energy procurement requirements in 2030. MCE's planning and procurement process is ongoing, which is expected to result in additional renewable energy acquisition, the substantial majority of which will be secured via longterm contracts.

4.B.1. Long-term Procurement

MCE has been committed to supporting new, California-based renewable resource development since its inception, and has supported numerous generating assets via execution of long-term contracts. MCE has already executed long-term renewable contracts that will yield 68% of its total 2021 internal 60% renewables target.⁶ Further, in the Open Season solicitation described above, only projects with a term of delivery between ten and twenty years are considered.

In light of its existing long-term supply commitments, MCE expects to meet or exceed California's minimum 65% long-term contracting requirement, which becomes effective in 2021, through 2027. Even in the event of lower-than-anticipated deliveries from such contracts, MCE would still expect to satisfy the 65% long-term contracting requirement through 2026. To support compliance beyond the 2026-2027 calendar years, MCE expects to engage in additional long-term contract efforts to continue to meet or exceed the long-term contracting mandate.

4.C. Portfolio Diversity and Reliability

MCE also considers the deliverability characteristics of its resources (including the expected delivery profile, available capacity and dispatchability attributes, if any, associated with each of its generating resource and/or supply agreements) and reviews the respective risks

⁶ Because MCE's internal renewable targets is significantly higher than California's statewide target, this positions MCE to comfortably exceed the 2021 long-term contracting requirement.

associated with short- and long-term purchases as part of its forecasting and procurement processes. These efforts lead to a more diverse resource mix, address grid integration issues, and provide value to MCE's member communities, including reduced costs and support in achieving planned procurement objectives for the period addressed in this 2020 RPS Procurement Plan. A quantitative description of MCE's forecast is attached in Appendix C.

While MCE is not opposed to considering emerging renewable generating technologies, it must be judicious in pursuing the use of such resources, as such technologies may not perform as expected. This noted, MCE's commitment to innovation and renewable technology advancement will likely identify strategic opportunities for the inclusion of emerging technologies within its supply portfolio. For example, MCE has pursued supply commitments with renewable energy plus storage configurations, which are expected to mitigate renewable integration impacts typically associated with increased use and development of intermittent renewable generating technologies. The extent to which such configurations will be successful in mitigating conditions of over-supply, production variability and misalignments between energy production and customer use will be monitored over time to ensure that such contractual commitments are promoting desired outcomes.

4.B. Alignment with Load Curves

MCE will <u>continue to</u> procure renewable and other GHG-free and conventional energy products, as necessary, to ensure that the future energy needs of its customers are met in a clean, reliable, and cost-effective manner. MCE has established proportionate procurement targets for overall GHG-free energy content, including subcategories for <u>renewable energy and other carbonfree products</u>, including related planning reserves. MCE is in the process of evaluating an "equivalent carbon-free" portfolio metric, which would consider the total emissions associated with each supply source relative to a target annual emission factor for its entire supply portfolio. For example, a 90% carbon-free equivalent metric in 2021 would allow an overall portfolio emission factor equal to 10% of the California Air Resources Board's ("CARB") assigned emission factor for energy imports and system power, which is currently set at 0.428 metric tons of carbon dioxide equivalent per megawatt hour ("MT CO₂e"). Expressed differently, a 90% carbon-free equivalent metric would limit, on a voluntary basis, emissions to an overall portfolio emission factor of 0.043 MT CO₂e.

Because certain renewable generating technologies are known to have relatively low levels of emissions, such as certain geothermal generating technologies, MCE's equivalent carbon-free metric captures such impacts along with any other use of carbon-emitting supply, including system power and CARB-certified Asset Controlling Supply (which is ascribed an emission factor based on the resources reflected in such portfolios), to derive its proportionate use of carbon-free generation various renewable energy products, and has also established targets for related planning reserves.- To the extent that MCE's energy needs are not fulfilled through the use of renewable or other GHG-free generating resources, it should be assumed that such supply will be sourced from conventional energy sources, such as natural gas generating technologies or system power purchases.

MCE uses a portfolio risk management approach in its power purchasing program, seeking low cost supply (based on then-current market conditions) as well as diversity among technologies, production profiles, project sizes and locations, counterparties, lengths of contract, and timing of market purchases. These factors are taken into consideration when MCE engages the market and pursues related procurement activities.

A key component of this process relates to the analysis and consideration of MCE's

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forward load obligations and existing supply commitments with the <u>objectivesobjective</u> of closely balancing supply <u>and</u> /demand, cost/rate stability and overall budgetary impacts, while leaving some flexibility to take advantage of market opportunities and/or technological improvements that may arise over time. MCE monitors its open positions separately for each renewable generating technology as well as GHG-free resources, conventional resources, and its aggregate supply portfolio. MCE maintains portfolio coverage targets of up to 100% (of expected customer energy requirements) in the near-term (0 to 2 years) and typically leaves gradually larger open positions in the mid- to long-term, consistent with generally accepted industry practices.

MCE has ano explicit preference for zero emissionspecific renewable generating technologies, but within this preference MCE is largely technology-agnostic aside, MCE's supply preferences are intended to exhibit diversity across a broad range of renewable technologies that will deliver energy in a profile that is generally consistent with MCE's anticipated load shape. MCE is aware that significant use of intermittent renewable generating technologies has the potential to create occasional-misalignments between-periodic customer energy consumption and related power production; however, MCE regularly evaluates customer usage in light of expected renewable deliveries to <u>reduceminimize</u> such risks and inform future procurement decisions. Furthermore, MCE continues to consider procurement opportunities with renewable generating facilities that will utilize battery storage technology, which may present the opportunity to somewhat re-shape the typical delivery profile associated with intermittent renewable generating assets, providing the opportunity for MCE to more closely balance supply and customer demand. Over time, contracting with energy storage technologiesmay-contribute to: 1) an improved ability to "match" supply and demand; and 2) reduced-

exposure to market price risk.

Recent market data <u>continues to indicate</u>suggests that <u>midday</u><u>mid-day</u> peak resources are likely to comprise a larger proportion of California's renewable supply portfolio due to the rapid decline in wholesale prices for solar PV generation and the abundance of such projects in operation and under development. Additions to MCE's portfolio during the Planning Period will likely be more heavily weighted toward energy resources – be they dispatchable, shaped during non-solar or ramping periods, or otherwise – that complement competitively priced solar already under contract<u>or pair new solar projects with storage technologies to avoid exacerbating midday</u> <u>over-supply.</u>– MCE may also engage in purchases from as-available renewable generation (e.g., wind) to the extent that such supply is competitively priced or otherwise provides electricity during time of day when existing supply commitments are currently lacking.

In regard to generation project location, MCE places the greatest value on locally-sited renewable generating projects, particularly those located <u>inwithin</u> its service area or within approximately 100 miles thereof. In general terms, the next highest preference related to resource selection are projects sited within the North of Path 15 region (generally, Northern California), followed by projects elsewhere in California, and lastly, out-of-state resources. <u>This</u> Applying this procurement strategy has <u>led MCE to achieve its</u>resulted in the achievement of desired clean energy portfolio objectives <u>as well asand</u> cost-competitive customer rates. With this in mind, MCE intends to continue the observation and administration of this approach in the future on a going forward basis.

4.C. Responsiveness to Policies, Regulations, and Statutes

MCE is a local governmental agency that is subject to the control of its governing board and is directly accountable to the community that it serves. MCE strongly supports and is-

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committed to meeting the state's GHG reduction and renewable procurement goals. As a member of CalCCA, MCE actively supported the passage of SB 100 and has fully incorporated the procurement requirements of the state's RPS program into its overall procurement strategy. As overseen by its governing board, MCE has developed a schedule for issuing solicitations, executing contracts with existing resources, and bringing new projects online on a timeline that is reasonably calculated to meet the applicable RPS targets. This timeline is supported by the collective procurement experience of CCAs, which is typically shorter than the experiences of the investor owned utilities.—

The resources identified in this RPS Procurement Plan are consistent with the resourcesidentified in MCE's Integrated Resource Plan, approved by MCE's governing board on July 19, 2018 and provided to the Commission for certification on August 1, 2018. Pursuant to D.19-04-040, the Commission's certification of MCE's Integrated Resource Plan is pending until MCEsubmits a Tier 2 advice letter providing supplemental criteria pollutant emissions data.

As previously noted, MCE's internally adopted renewable energy procurement target hasbeen set at a minimum 60%. All related renewable energy purchases will be sourced from-California Energy Commission-certified generating facilities, which will be eligible for useunder California's RPS Program. The significant majority of MCE's renewable energypurchases will be sourced from products meeting the delivery requirements established for-PCC1. The balance of requisite renewable energy purchases will be sourced from products meeting the delivery specifications associated with PCC2, with an expectation that certainsubstitute energy volumes will be delivered from carbon-free or low-carbon sources. The prospective procurement of PCC3 products is minimized in MCE's annual IRP and suchpurchases would only be pursued as a last resort, should market conditions preclude the cost-

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effective purchase of PCC1 or PCC2 products. In any case, MCE's procurement of PCC3products will not exceed the limitations imposed under California's RPS Program.

Furthermore, MCE's existing contractual commitments have secured the significantmajority of its renewable energy requirements in the near- and mid-term. Existing contractscontinue to address the majority of MCE's renewable energy needs throughout the planningperiod addressed in this RPS Procurement Plan, accounting for 58% of statutory renewableenergy procurement requirements in 2030. MCE's planning and procurement process isongoing, which is expected to result in additional renewable energy acquisition, a substantialportion of which will be secured via long-term contracts.

Regarding long-term contracting, MCE has been committed to supporting new, California-based renewable resource development since its inception, having supportednumerous generating assets via execution of long-term contracts. In light of its existing longterm contract portfolio and its intent to pursue additional long-term renewable contractingopportunities over time, MCE expects to meet or exceed California's minimum 65% long-termcontracting requirement, which becomes effective in 2021.

4.D. Portfolio Diversity

MCE also considers the deliverability characteristics of its resources (including the expected delivery profile, available capacity and dispatchability attributes, if any, associated with each of its generating resource and/or supply agreements) and reviews the respective risks associated with short- and long-term purchases as part of its forecasting and procurement-processes. These efforts will lead to a more diverse resource mix, address grid integration-issues, and provide value to MCE's member communities, including reduced costs and support-in achieving planned procurement objectives for the period addressed in the 2019 RPS-

Procurement Plan. A quantitative description of MCE's forecast is attached to the RPS-Procurement Plan in Appendix A.

4.E. <u>4.D.</u> Lessons Learned

As California's first operational CCA program, MCE has confronted and overcome avariety of challenges in advancing its commitment to the increased utilization of renewablepower sources. Early-stage challenges included credit-related issues (during power resourcecontracting efforts) and education of prospective sellers about the CCA business model. MCE'ssuccessful operational track record, a patient approach during early-stage planning andprocurement efforts, and a commitment to establishing eredibility within regional power markets helped build interest in CCA organizations, drawing in additional sellers/marketers and projectdevelopers. Continued operational success and strategic procurement activities helped build a growing portfolio of clean energy contracts and reported renewable energy statistics thatsignificantly exceeded statewide mandates. As other CCAs launched and demonstrated similaroperational success, access to readily available, cost-effective renewable energy supplycontinued to grow with solicitation processes often yielding offers that dwarfed stated needs.--

With regard to lessons learned, MCE MCE's operating history has reinforced its belief that diversity amongamongst renewable energy purchase commitments is highly desirable. This spans a broad range of considerations, including the use of various fuel sources, resource locations, contract durations, product specifications, pricing mechanisms, solicitation timing and frequency, as well as various other concerns. Early-stage discipline <u>induring</u> renewable energy contracting allowed for MCE's solar energy commitments to gradually move down a declining cost curve, which avoided over-weighting the portfolio with an abundance of excessively costly contracts. As California's energy landscape continued to evolve, a concentration of renewable

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generating assets in certain locations reinforced the benefits of geographic diversity – as certain areas of the state were overbuilt with renewable generating infrastructure, challenges related to depressed market prices and related resource curtailments began to surface and will likely continue to exist for quite some time.⁷ These observations have contributed to a more rigorous evaluation process for new generating projects, which is expected to reduce risks associated with such issues – while attempting to understand historical market pricing (at particular resource locations) is not a perfect predictor of future performance, it seems to mitigate potential adverse financial consequences during near-term operation of such facilities.

With regard to long-term contracting, MCE believes that there is <u>substantial</u> financial risk associated with California's <u>changing regulatory landscape</u>.increased requirements, coupled with a significant upward trajectory in the state's overall renewable energy procurement mandate. As California's energy market undergoes <u>several</u> significant <u>changeschange</u> over <u>a short period of</u> time, it seems impossible to predict how such long-term commitments will actually impact buyers and sellers, as well as <u>affect costs for</u> retail customers. <u>While MCE works to protect the</u> <u>value</u>-Simply put, long-term contracting imposes substantial risk, including the risk of compliance shortfalls. This seems particularly apparent for new retail sellers, certain of its contract when possible in the contracting process, it has seen which will need to meet the <u>value of</u> its resources degrade over state's substantial long term contracting requirements at the time <u>ducof</u> or shortly after commencing operation – for these organizations, it seems advisable and appropriate to regulatory changes. If the regulatory rules under which the resources were

⁷ It is noteworthy, however, that economic curtailment may not be feasible for certain retail sellers when considering the financial implications of long-term contract delivery shortfalls imposed under the RPS Program. In light of such significant financial penalties, certain retail sellers may be forced to accept deliveries from renewable generating assets during instances of significant negative pricing to ensure that requisite long-term contracting quantities are satisfied. This could result in higher-than-anticipated renewable energy costs and related impacts to customer rates.

originally contracted are not considered or grandfathered, MCE will inevitably lose value allowsome flexibility in meeting such long-term renewable contracting requirements during earlystage operations by providing an "on the contracts it enters into, ramp" during which discourages the long-term contracting the state has generally incentivized. such contractual commitmentscould be gradually increased prior to meeting the applicable mandate of 65%.

Another noteworthy lesson learned relates to the manner in which distinct California energy programs interact with one another. In particular, the ongoing implementation of Assembly Bill ("AB") 1110 (stats. ("AB 1110", Ting, 2016) devaluesseems destined to devalue and discourages discourage the use of certain renewable energy products (allowed for use under California's RPS Program) by virtue of the manner in which associated emissions will be accounted for under the Power Source Disclosure Program ("PSD Program"). Specifically Morespecifically, changes to PSD Program regulations related to AB 1110 will now-likely attribute an emissions factor equivalent to system power to any PCC2 and PCC3 PCC 3 volumes. In addition, PCC3PCC3 certificates will not be recognized as a renewable fuel source during power source accounting. This the inevitability of this change has ledlead MCE and various other CCAs to forgo or minimize the use of PCC2 and PCC3 PCC3 products to avoid representing an inflated emissions factor and reduced below-actual renewable energy content during power source reporting and related customer communications. This adaptation to MCE's planning and procurement practice became necessary despite the fact that such products are deemed eligible for use under California's RPS Program. This transition by MCE to procure PCC1 products instead of PCC2 products Similarly, under the anticipated PSD Program regulations, PCC 2products will be attributed an emissions factor equivalent to the substitute energy sources. Thistransition has prompted MCE to pursue PCC 2 purchases with clean substitute energy sources,

which has increased costs and customer rates.

While these lessons learned have been useful for MCE, some of these issues seem to be avoidable through increased coordination during the development and administration of California's various energy reporting and compliance programs <u>-- as MCE testified at a joint *en banc* of the Commission and California Energy Commission in October 2018</u>.

5. Project Development Status Update (5.2)

<u>As described in Section 4.B above, MCE's current and planned procurement is sufficient</u> to meet both the applicable RPS procurement requirements as well as support the state's GHG reduction targets. Further, MCE's current and planned procurement supports system reliability by considering both portfolio diversity and alignment with MCE customers' load curve.

As of the date of this RPS Procurement Plan, MCE has entered into six utility-scale contracts with eligible renewable energy resources that are not yet commercially operational. AdditionallyFurthermore, certain of MCE's Feed-In Tariff ("FIT") projects have successfully achieved commercial operation while others continue through the development process. These-these projects are supported via-preferential pricing schedules that are intended to promote developer interest while also offsetting higher-than-normal development costs typically associated with MCE's service territory. To date, MCE's leading FIT program has supported the completion of twelvenine locally situated, small scale renewable generating projects, which are currently producing electricity that is purchased by MCE under related-long-term contracts. MCE has attached the Project Development Status Update Report as Appendix DB.

6. Potential Compliance Delays (5.3)

<u>MCE has received favorable determinations of compliance relating to Compliance Period</u> <u>1 and Compliance Period 2, which indicate that "MCE met its RPS compliance obligations"</u> during such periods. MCE expects similar determinations related to the current compliance period (Compliance Period 3, which includes calendar years 2017-2020) and future compliance periods, as MCE is well ahead of prescribed procurement targets based on current and planned procurement activities and actual renewable energy deliveries. With regard to long-term contracting compliance, as discussed above MCE has secured long-term contract commitments sufficient to meet the noted requirements through 2027 (or 2026 in the event of substantial delivery shortfalls).

6.1 Potential Impacts of COVID-19 Pandemic on Project Development

As the Commission is aware, successful renewable energy markets depend upon international supply chains, substantial labor commitments, robust financial markets, timely interactions with governmental planning authorities and various other considerations. With numerous disruptions caused by the pandemic, it is challenging to determine whether, and to what extent, renewable energy procurement opportunities may be compromised, particularly newbuild renewable energy projects that typically rely on long-term contracts as the basis for project financing. MCE closely coordinates with suppliers that are developing new-build renewable generating assets and will continue to monitor this situation as well as potential fallout related to supplier/developer effectiveness in fulfilling expected renewable energy deliveries, project completion schedules and overall supplier viability. It seems reasonable to anticipate some supply-side consequences, but MCE's above-RPS renewable energy procurement targets coupled with existing supply commitments from operational renewable generating facilities virtually eliminate any compliance-related concerns.

For the reasons previously described in this RPS Procurement Plan, MCE does not anticipate any compliance delays for this compliance period. If a future compliance issue is

identified, then MCE will address those issues and then describe them in a subsequent RPS-Procurement Plan.

7. Risk Assessment (5.4)

MCE closely monitors development and operational risks associated with its planned and existing renewable energy supply commitments to minimize the potential for significant variances between actual and expected renewable energy deliveries. MCE has found it highly effective to observe a thoughtful, replicable process that is intended to identify and avoid key risks by focusing on factors that may contribute to project failure, delays and/or delivery-shortfalls before contractual commitments are made.

Risk Oversight Committee and Energy Risk Management Policy

MCE has established a Risk Oversight Committee ("ROC"), which regularly convenes to discuss conformance of MCE's ongoing planning and procurement efforts with the organization's adopted Energy Risk Management Policy ("ERM Policy"). MCE's ERM Policy was developed for purpose of creating and maintaining controls and processes that will mitigate potential exposure to various sources of risk, including market price risk, counterparty credit and performance risk, load and generation (volumetric) risk, operational risk, liquidity risk and policy (*e.g.*, legislative and regulatory) risk.

To the extent that higher-than-expected renewable energy open positions, counterparty over-exposure, meaningful load variations or other pertinent planning observations are identified during meetings of the ROC, MCE adjusts procurement activities to address these concerns, which promotes ongoing compliance with its ERM Policy. Should any significant ERM Policy deviations be identified, MCE staff would inform its Governing Board before pursuing corrective action. MCE's risk assessment and management practices are described in greater detail in Section 7, below.

Risk Assessment and Management Processes

In general terms, MCE's process for minimizing and avoiding risk is deterministic in nature and beginscommences with the development of bid requirements and evaluative preferences for, as reflected in its various renewable energy solicitations. MCE's The solicitations are intended to identify suppliers that have demonstrated a strong track record of successful project completion and ongoing project operation. Such counterparties are more likely to timely complete project development activities and successfully operate projects placed under contract, and therefore minimize project risks. This The administration of this process has yielded strong results: the pool of responses to MCE-administered solicitation is generally robust; the quality of shortlisted respondents is very high and typically includes very experienced counterparties with strong project development track records; the short-listed candidates, by virtue of their considerable project development and/or operational experience, tend to be efficient contract negotiators; and the resultingresultant contracts have generally ledcontributed to project deliveries that meet Key risk factors are considered during evaluation of each MCE's expectations. prospective prospect renewable energy seller, including counterparty credit rating and general financial standing; California-based project development experience; prior experience with CCA off-takers; commercial viability of the proposed generating technology; and progress towards key development milestones such as interconnection status, deliverability studies, siting, zoning, permitting, and financing requirements. With regard to transmission adequacy, MCE ensures that each project has an executed interconnection agreement with the appropriate participating transmission operator prior to contract execution so that the project's interconnection costs, deliverability and timelines are known to the extent possible. MCE also conducts a review of interconnection queues and transmission planning in the area to understand impacts of planned projects and transmission upgrades. The project review process also includes a thorough review of the permitting status from the permitting authority and must demonstrate a path to completion. A selected seller bears risk of supply chain delays impacting the seller's ability to meet its guaranteed contractual milestones on time, subject to permitted extensions and allowable Force Majeure provisions in the contract.

_To the extent that a prospective renewable energy procurement opportunity comes to fruition, and a contract is executed, development milestones are rigorously monitored by MCE's contract management staff, who regularly communicate with the project sponsor throughout the development and construction processes.

MCE also seeks to minimize unnecessary financial exposure and general planning risk by assembling a diversified portfolio of renewable generating resources and products that are intended to complement the manner in which its customers use electric power. To promote this alignment of supply and demand, MCE analyzes the impacts of proposed renewable energy deliveries to its aggregate resource portfolio relative to expected customer energy use as part of its evaluation process. To the extent that the proposed delivery profile would create undesirable net-short or net-long positions, alternative product options will continue to be evaluated. MCE may also pursue contract structures that promote volumetric stability through firm delivery quantities and/or performance guarantees that provide for financial remedies/penalties in the event of delivery shortfalls. If necessary, the financial remedies received by MCE could be used to: (1) as a first priority, procure additional renewable energy supply to address delivery shortfalls; or (2) in the event that the delivery shortfall caused MCE to be found non-compliant, offset the cost of related penalties. MCE's intent is to exceed compliance with applicable RPS

mandates, and the latter option is a last resort that is not expected to apply.

Additionally, MCE believes that it is important to manage temporal risks associated with: (1) disproportionate exposure to prevailing market conditions at any particular point in time; and (2) lack of diversity related to contract start dates, end dates or term lengths within a renewable energy supply portfolio. MCE has regularly administered renewable energy solicitations throughout its operating history to ensure that its exposure to ever-changing market conditions is diversified, similar to the "dollar cost averaging" methodology that is regularly employed within the financial sector. While attempts to "time the market" may occasionally yield short-lived benefits, such results are generally not reliable and create the potential for significant risk and financial consequences if market conditions quickly and/or significantly change. MCE's deliberate contracting approach entails "sampling" the market at regular intervals, avoiding large contractual commitments in high-priced environments or missed opportunities in low-priced environments, as some contracting will inevitably occur by virtue of MCE's ongoingcontracting efforts. MCE also ensures that its contract start/end dates and related term lengths are staggered to avoid planning "cliffs" that could occur if contracts of similar lengths and start dates were all executed at the same time. The assembly of short-, medium- and long-term contracts further diversifies risk within MCE's renewable supply portfolio, and while increased long-term RPS contracting requirements will inevitably increase such risks, MCE will continue to pursue portfolio diversity by thoughtfully considering these temporal considerations during ongoing procurement processes.

Ongoing Evaluation of Need for Quantitative Risk Assessment Model

MCE continues to evaluate the need for a quantitative risk assessment model. MCE's rigorous process for evaluating prospective suppliers continues to be successful in identifying

highly qualified, financially viable candidates and supporting its achievement of both statutory and voluntary renewable energy procurement goals.

Because MCE's minimum renewable content commitment substantially exceeds the current statewide goal, MCE continues to find that use of a quantitative risk assessment model is not critically important in meeting pertinent RPS compliance mandates. MCE will continue to evaluate the usefulness of such tools as it moves forward. Should MCE identify compliance-related concerns through application of its ERM Policy or other mechanisms, MCE will take the appropriate course of action, which may include quantitative risk assessments or other planning studies, to address such issues before compliance is affected.

MCE's Compliance Risk is Minimal

In terms of its ability to demonstrate compliance with California's RPS procurement mandates, MCE does not anticipate any particular development or operational risks that would materially impact its planned progress in this regard. <u>This</u>—this perspective is <u>supported</u>bolstered by administration of the aforementioned supplier selection process as well as MCE's internally adopted renewable energy procurement target, which substantially exceeds California's RPS mandate. However, the possibility always exists that future renewable energy supply will not be delivered as required under each respective power purchase contract. As noted in Section 399.13(a)(5)(A), and the ACR, generation variability and resource availability mayimpact the amount of future electricity delivered. MCE considers this potential risk in forecasting as well as during procurement review and decision-making.

8. Quantitative Information (5.1 – 5.5) Renewable Net Short Calculation

MCE has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix A<u>C. At this point in</u>
time and based on MCE's past success, current supplier performance and anticipated renewable energy contracting outcomes, there have been no risk-related adjustments to the expected renewable energy quantities reflected in Appendix C. As previously noted, MCE has successfully procured more than 60% of its resource needs from RPS-eligible renewable resources since 2017 and, as a result, has accrued renewable energy well in excess of applicable statewide mandates. In general terms, renewable suppliers have performed as expected, and as such MCE did not find it appropriate to incorporate risk adjustments at this point in time. If supplier performance becomes more erratic in the future and such adjustments are deemed necessary, MCE will reflect such adjustments in a future planning document.

9. Minimum Margin of Procurement (MMoP) (5.6)

9.A. MMoP Methodology and Inputs

MCE's internaleurrently effective renewable energy procurement policy specifies a minimum 60% RPS-eligible renewable energy target. This provides-Considering 2019 inisolation, MCE's internally established renewable energy procurement target creates a 29% margin of over-procurement (60%, minus 31%), which reflects a significant "cushion,"", protecting MCE against unexpected renewable energy delivery shortfalls. As such, MCE's overallgeneral renewable energy procurement policy incorporates a meaningful margin of over-procurement that, which is nearly equalexpected to its current statutory insulate theorganization from compliance obligation.risks over time. More specifically, MCE believes that the aforementioned renewable energy procurement targets will protect against a variety of risksfactors, including but not limited to, potential project development failure, deficient production by facilities under contract and availability of requisite renewable energy products within the marketplace. Such concerns, amongst others, will be periodically evaluated byMCE to ensure that its renewable energy procurement activities will not only supportinternally established planning goals but also provide sufficient protection against potentialcompliance shortfalls.

9.B. MMoP Scenarios

At this point in time, MCE has yet to complete any sensitivity analyses related to its intended minimum margin of procurement. MCE has determined that its internally established, minimum 60% renewable energy procurement target provides adequate "cushion" relative to applicable statutory mandates. To the extent that such analyses are deemed necessary and completed in the future, MCE will describe applicable results in a subsequent RPS Procurement Plan.

10. Bid Solicitation Protocol, <u>Including Least-Cost Best-Fit Methodologies (LCBF)</u> (5.7)

10.A. Solicitation Protocols for Renewables Sales

MCE does not have immediate plans to issue a solicitation for sales of renewable energy projects.

10.B. Bid Selection Protocols

In its various solicitations for long-term renewable energy supply, MCE imposes numerous bid requirements on interested respondents. <u>These-Such</u> requirements address a variety of considerations <u>and</u>, <u>which</u> are intended to identify the best qualified suppliers of MCE's longterm renewable energy needs. Such requirements, <u>including some recent additions (that will beused in future solicitations)</u> include:

- 1. Overall quality of response, inclusive of completeness, timeliness, and conformity;
- 2. Price and relative value within the MCE's supply portfolio;
- 3. Project location and local benefits, including local hiring and prevailing wage considerations;

- 4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements;
- 5. Qualifications, experience, financial stability, and structure of the prospective project team (including its ownership);
- 6. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
- 7. Potential impacts to grid reliability;
- 8. Potential economic benefits created within communities with high levels of poverty and unemployment;
- 9. Acceptance of MCE's standard contract terms; and
- 10. Development milestone schedule, if applicable.

These considerations help shape the criteria against which prospective suppliers are evaluated. Based on the success of its ongoing planning and procurement efforts as well as <u>anyrelated</u> direction from its governing board, MCE may adapt these considerations in future renewable energy procurement efforts.

10.B. Bid Selection Protocols/10.C. LCBF Criteria

Consistent with <u>Public Utilities Code</u> Section 399.13(a)(5)(C), MCE conducts energy product solicitations in a manner that addresses a broad range of considerations, including specific needs for eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating capacity, and required online dates to assist in determining what resources fit best within its desired supply portfolio. Since MCE's governing board is comprised of local elected officials, solicitation and procurement decisions are overseen by elected representatives of MCE's member communities with such decisions intended to conform with locally established targets (that <u>explicitly</u> exceed applicable RPS requirements and promote the development of locally-situated renewable generating facilities_).

<u>Consistent with direction in the ACR, MCE has provided a copy of its most recent</u> procurement materials to Commission Energy Division staff. MCE's 2020 solicitations are cited in Section 4.A and materials, including applicable contract templates and general information regarding MCE's solicitation processes are available at the following website: . Information regarding other MCE service offerings and programs, including its FIT, can be found elsewhere on the MCE website.

As noted above, in June 2020, MCE along with twelve other CCAs released a request for information ("RFI") on long-duration storage technologies. The RFI materials are available here: . Responses are due on July 1, 2020. Depending on the information gathered through the responses, a joint CCA solicitation for long-duration storage may follow.

10.C. LCBF Criteria

The Least-Cost Best Fit <u>("LCBF"</u>) methodologies approved by the Commission pursuant to D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042, and D.16-12-044 are expressly only directly applicable to investor owned utilities. However, consistent with Section 399.13(a)(8),⁸ MCE does consider best-fit attributes that support a balanced mix of resources to help support <u>grid</u> reliability-of the electrical grid.

With regard to MCE's application of <u>an a "least cost best fit" ("LCBF"</u>) methodology during selection of qualified responses, <u>it is noteworthy that use of</u> the term "costs" should appropriately include considerations beyond the basic price of renewable energy being considered for procurement. <u>Specifically-More specifically</u>, costs should include considerations <u>such as: (including but not limited to: 1)</u> reputational damage resulting from failure to meet internally established renewable energy procurement targets: (<u>-(not just state-imposed mandates</u>); 2) compliance penalties resulting from failed project development efforts or delivery shortfalls;

⁸ Cal. Pub. Util. Code § 399.13(a)(8) ("In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.")

(3) administrative complexities related to dealing with inexperienced suppliers (such as prolonged contract negotiation processes and uncertainties related to project milestone timing and achievement); and (4) impacts to planning certainty resulting from higher <u>_</u>risk projects. <u>MCE</u> <u>considers these</u> These factors, <u>amongas well as various</u> others, <u>are considered by MCE</u> as part of <u>its</u> cost evaluation process, which may lead to the selection of offers that aren't necessarily the lowest<u>_priced_cost</u> option.

(s).-"Fit" also has as much to do with organizational compatibility (between buyers and sellers) and alignment with key organizational objectives as it does with balancing customer usage and expected project deliveries, particularly when considering long-term contracting opportunities that will <u>requirenecessitate</u> constructive working relationships over a period of ten years or more. As such, MCE's LCBF methodology takes into consideration the various planning and procurement processes described in this RPS Procurement Plan, balancing a variety of pertinent considerations at the time that each renewable purchase opportunity is being considered.

This holistic planning approach, which may not necessarily reflect a traditional LCBF methodology, has resulted in the compilation of a diverse resource mix for MCE, deep roots in

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its member communities, and attention to a broad spectrum of considerations, including environmental concerns, costs and sustainability.

FinallyAdditionally, the requirement of Section 399.13(a)(7) to give preference to renewable projects located in certain communities is expressly only applicable to "electrical corporations" and is not mandatory for CCAs.⁹ However, MCE fully recognizes the need to help mitigate the impacts of air pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. MCE continues to explore opportunities to advance this important policy goal through its procurement.

Consistent with direction in the ACR, MCE has provided a copy of its most recentprocurement materials to Commission Energy Division staff. Unfortunately, MCE does nothave a currently active solicitation at this time, but related materials, including applicablecontract templates and general information regarding MCE's solicitation processes are available at the following website: https://www.mcecleanenergy.org/energy-procurement/

11. Safety Considerations

<u>MCE holds safety as a top priority. Since MCE does not own, operate, or control generation</u> <u>facilities, MCE's procurement of renewable resources does not present any unique safety risks.</u> <u>This Section describes how MCE has taken actions to reduce the safety risks posed by its</u> renewable resource portfolio and how MCE supports the state's environmental, safety, and energy

⁹ Cal. Pub. Util. Code § 399.13(a)(7)(1) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.")

policy goals.

11.1. Wildfire Risks and Vegetation Management

At this point in time, MCE has yet to adopt any additional safety requirements for its portfolio that are specific to wildfire risks and vegetation management. MCE is aware of the mitigating impacts that biomass generators, which use forestry waste as feedstock, may have on wildfire risk, but does not have any specific procurement policies or preferences for forest biomass resources at this time.

11.2. Decommissioning Facilities

MCE does not own any generating assets, and as such does not undertake decommissioning of assets. MCE has not yet developed any plans or requirements related to the disposition of associated generating facilities following completion of applicable delivery terms. In many cases, the project's operational life is longer than MCE's contract, so it is likely that the contract with MCE will expire before disposal of the generation assets is required.

In 2015, SB 489 authorized the California Department of Toxic Substances Control ("DTSC") to add PV panels to the list of universal wastes. The DTSC has developed regulations for PV panels, but has not adopted the regulations yet.¹⁰ Because a significant portion of MCE's solar facilities are newly constructed, and its storage facilities are yet to be constructed, MCE is confident that by the time PV solar or battery facilities under contract with MCE reach the end of their useful life, there will be statewide, comprehensive regulations addressing the safe handling and disposal/recycling of those materials.

11.3. Climate Change Adaptation

MCE's commitment to increasing renewable energy at a more aggressive pace than

¹⁰ See <u>https://dtsc.ca.gov/photovoltaic-modules-pv-modules-universal-waste-management-regulations/.</u>

California's statewide mandates itself constitutes a climate change adaptation measure. Additionally, MCE in 2019 adopted a pollinator-friendly habitat requirement for solar projects participating in both its FIT program as well as its PPAs.¹¹ MCE is the first California CCA to adopt this requirement, which is a critical way MCE can help build and maintain healthy ecosystems in the local areas where MCE's solar projects are located. MCE will continue to evaluate the potential impacts of climate change on its portfolio so that adjustments to its procurement strategy can be made if needed.

<u>11.4. Impacts During Public Safety Power Shut-off (PSPS) Events</u></u>

PSPS events have both supply and demand side impacts. The experiences of MCE customers with wildfires and PSPS events over the last few years has led MCE to increase the focus of both its procurement as well as customer programs strategies on resiliency.

MCE assesses customer usage as a result of a PSPS event, to the extent possible with the data to which MCE has access, in real time and adjustments to supply are made accordingly. Generation resources that are located in the footprint of a PSPS event are necessarily taken offline, though MCE continues to explore ways to safely keep these resources online and serving customers. MCE is an active participant in the Commission's PSPS and microgrid proceedings¹² to help ensure that state policy as well as IOU and CCA operating protocols are aligned and result in minimal PSPS impacts in the future.

11.5. Forest Biomass Procurement

In recent renewable Open Season requests for offers, MCE has not received offers from forest biomass generators. MCE's FIT program is available on a first-come, first-served basis, and is also technology-agnostic, however, MCE has not received any forest biomass applications.

¹¹ See <u>https://www.mcecleanenergy.org/news/local-projects/pollinator-requirement/</u>.

¹² R.18-12-005 and R.19-09-009, respectively.

As MCE works toward a low emissions portfolio, MCE will be seeking non-emitting renewable technologies to contribute to its existing bioenergy resources already under contract. -Information regarding other MCE service offerings and programs, including its FIT, can be found elsewhere on the MCE website.

<u>1112.</u>Consideration of Price Adjustment Mechanisms (5.8)

In the future, and consistent with SB 350 and SB 100, MCE will review the possibilityprospects of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

<u>13</u>12. Curtailment Frequency, Cost, and Forecasting, Costs (5.9)</u>

<u>This Section responds to the questions presented in Section 5.13 of the ACR¹³ and</u> <u>describes MCE's strategies and experience so far in managing the Agency's exposure to negative</u> <u>pricing events, overgeneration, and economic curtailment for MCE's region and portfolio of</u> <u>renewable resources.</u>

13.1. Factors Having the Most Impact on the Projected Increases in Incidences of Overgeneration and Negative Market Price Hours

Due in large part to the rapid increase in the amount of wind and solar generationgenerating facilities that hashave been brought online on line throughout the western United States, the California Independent System Operator's ("CAISO") balancing authority area has experienced an increasing frequency and magnitude of curtailment and negative pricing events. As of 2019the end of 2018, California had more than 12,300 MW of solar, 8has over 11,100 MW of solar, 7,900 MW of behind-the-meter solar, and 5,900800 MW of wind. This

¹³ ACR at 27-28.

increased capacity results in discrete periods where the majority of load in the CAISO is served by solar and wind resources. <u>TheOver the last two years, the</u> monthly maximum load served by wind and solar in the CAISO <u>has averaged 55.9%</u> over the past 3 years (April 2017 to April. <u>2020</u>),regularly exceeded 50%, and in April of <u>2020 the monthly maximum load</u>2019 exceeded <u>6968%</u>.¹⁴ To address the resulting instances of over-supply, the amount of curtailment of wind and solar in the CAISO has significantly increased each year, totaling 187,000 MWh in 2015, 308,000 MWh in 2016, 358,000 MWh in 2017, and 461,000 MWh in 2018, <u>and 961,000 MWh</u> <u>in 2019</u>.- As of the end of April, the total curtailment of solar and wind to date in <u>2020</u>2019 is already <u>over 792</u>407,000 MWh. Curtailment is typically the highest during the months of March, April, and May when hydroelectric generation is historically at its highest <u>and California</u> <u>load is at its lowest. Above</u>.- <u>Due to the above</u>-average snowpack <u>resulting</u> in <u>higher than</u> <u>average</u><u>the past few years, the impact of hydroelectric generation <u>exacerbates renewable</u> <u>generation</u><u>en</u> curtailment. The table below summarizes solar and wind curtailment from January 2020 through May 2020.- has been exacerbated.-</u>

2020 Data	<u>Wind Curtailment</u> (<u>MWh)</u>	<u>Solar Curtailment</u> (<u>MWh)</u>
January	<u>7,933</u>	<u>130,070</u>
<u>February</u>	<u>6,846</u>	<u>150,213</u>
March	<u>13,313</u>	<u>165,768</u>
<u>April</u>	<u>8,641</u>	<u>309,803</u>
May	<u>13,280</u>	242,050

Table 2: Summary of CAISO Solar and Wind Curtailment January-May 2020

¹⁴ CAISO, Monthly Renewables Performance Report, April 2019, *available at* <u>http://www.caiso.com/Documents/MonthlyRenewablesPerformanceReport-Apr2019.html</u>.

Total Curtailment	<u>50,012</u>	<u>997,903</u>
Curtailment %	<u>0.72%</u>	<u>8.01%</u>
No. of Intervals Curtailed	<u>9,387</u>	<u>17,524</u>
Pct. of Intervals Curtailed	<u>21.4%</u>	<u>40.0%</u>

<u>The CAISO notes that the majority of renewable resource curtailment is "local and</u> <u>economic."¹⁵ That means that curtailment was in response to congestion and was mitigated by</u> <u>supply that was willing to reduce its output based on price signals from the CAISO market.</u>

CAISO system-wide 2020 curtailment amounts are far higher than those realized by MCE to date. Thus far in 2020 through May, MCE has experienced 581.2 MWh of curtailment, which is less than 0.1% of its RPS portfolio. This is mostly attributed to portfolio management strategies and location of resources relative to load.

13.2. Written Description of Quantitative Analysis of Forecast of the Number of Hours Per Year of Negative Market Pricing for the Next 10 Years

MCE's scheduling coordinator agent, ZGlobal, has the capability to perform production cost analyses based on various input assumptions through 2030 to derive hourly market prices for energy and ancillary services. PLEXOS Integrated Energy Model is a commercial optimization engine that can simulate the economic commitment and dispatch used by the CAISO's day-ahead market processes which simultaneously optimizes energy dispatch and ancillary services capacity awards across the CAISO grid. In this way, the simulation will determine locational marginal prices and ancillary service marginal prices in the same manner the CAISO day-ahead market sets prices. ZGlobal has developed models using input assumptions that are based on common case inputs and planning guidelines from WECC, CAISO, Commission and CEC.

¹⁵ CAISO, Market Performance Report, June 9, 2020, page 18, available at http://www.caiso.com/Documents/MarketPerformanceReportforApril2020.pdf

The key assumptions considered for the assessment included the impact of higher California renewable energy standards (60% RPS by 2030), planned gas-fired and nuclear generation retirements and adopted California Energy Commission ("CEC") demand forecasts which consider energy efficiency programs and increased behind-the-meter solar generation. Results are highly dependent upon input assumptions, primarily the level of new RPS generation, deployment of energy storage facilities, upgrades to CAISO-controlled transmission facilities and the ability to export energy from the CAISO to external balancing areas.¹⁶

In California, electricity prices are typically set by gas-fired resources operating on the margin. However, as increasing supplies of renewable energy are added to the system, there are periods where marginal prices are being set by zero or even negatively-priced resources. As a result, market prices have been trending downward, especially during seasons and periods of the day when loads are low and solar output is high. The modeling shows a continuation of the trend, with prices falling during the middle of the day and increasing in the morning and evening when gas-fired resources are needed to meet peak loads outside of the solar supply period. In short, prices as reflected by the CAISO's duck curve are expected to continue, with the amplitude of the valley and ramps dictated by the amount of energy storage available to smooth out the net supply.

13.3. Experience, to Date, With Managing Exposure to Negative Market Prices and/or Lessons Learned from Other Retail Sellers in California

MCE closely monitors six separate locations that are indicative of renewable energy resources that are exposed to market prices and potential curtailment. Resources at those locations are bid into the CAISO markets and are curtailed when prices fall below individual resource's threshold prices. Weighted average prices for the generation at those locations are compared to

¹⁶ More recently, load has become an important input variable with the onset of the COVID-19 pandemic and its affect on load. However, ZGlobal has not performed long-term studies to determine the impact of load on long-term market prices as there is not enough data to determine a suitable load trajectory.

weighted average prices at PG&E's Distributed Load Aggregation Point ("DLAP") to assess the impact of congestion on the resource's performance. In addition, the MWh of curtailment are logged.

These two metrics - weighted average price of the resources compared to that of the DLAP and amount of MWh curtailed - are used to assess effectiveness of the resources in meeting MCE's RPS obligations at cost effective prices. If the resource's weighted average price is near the DLAP and it has been curtailed, then the reason for curtailment is system over-supply. If the resource's weighted average price diverges from the DLAP and it has been curtailed, then the reason for curtailment is local overgeneration that is contributing to congestion. This information is valuable feedback to MCE in locating potential future resources. If congestion and local oversupply is significant in certain areas, then MCE can determine by reviewing the CAISO's transmission planning documents whether transmission upgrades are planned to mitigate congestion that is observed with existing resources.

If curtailment is caused by congestion, the impact can be somewhat mitigated by obtaining CAISO Congestion Revenue Rights ("CRRs"), which MCE has done. However, CRRs are not a perfect hedge against congestion and cannot be relied upon to mitigate congestion and subsequent economic curtailment entirely.

13.4. Direct Costs Incurred, to Date, for Incidences of Overgeneration and <u>Associated Negative Market Prices</u>

For calendar year 2020 through May, MCE's RPS portfolio has been exposed to negative market prices and experienced curtailment as summarized in the table below.

Table 3: Summary of MCE RPS Resources Curtailment January-May 2020

Location	Day-Ahead	Real-Time	<u>Curtailment</u>	Cost of
	Negative Prices	<u>Negative Prices</u>	<u>(MWh)</u>	Curtailment (\$)

South P26	<u>-\$1.04</u>	<u>-\$2.40</u>	<u>47.9</u>	<u>-\$957.80</u>
Fresno 1	<u>-\$2.82</u>	<u>-\$4.57</u>	<u>12.7</u>	-\$254.40
Fresno 2	<u>-\$1.20</u>	<u>-\$2.84</u>	<u>1.5</u>	<u>-\$30.00</u>
North P26	<u>-\$2.38</u>	<u>-\$3.36</u>	<u>23.2</u>	<u>-\$462.00</u>
Devers Wind	<u>-\$19.32</u>	<u>-\$23.39</u>	<u>N/A</u>	<u>N/A</u>
<u>Intertie</u> (North)	<u>-\$1.55</u>	<u>-\$3.88</u>	<u>496.0</u>	<u>-\$14,229.00</u>
<u>Total</u>	<u>-\$2</u>	7.41	<u>581.2</u>	<u>-\$15,933.20</u>

The Day-Ahead and Real-Time Negative Price columns represent averages of negative prices by RPS geographic area when prices are negative for solar hours for solar resources and all hours for wind resources. The prices are averages based on resources within the area. Curtailment megawatt hour ("MWh") is the amount of energy that MCE RPS resources in the areas were curtailed from January 1 through May 31, 2020. "Cost of Curtailment" is the subsequent market cost of the curtailed energy.

13.5. An Overall Strategy for Managing the Overall Cost Impact of Increasing Incidences of Overgeneration and Negative Market Prices

While curtailment is a viable renewable integration strategy that is generally more costeffective than other options, there are potential negative consequences from excessive curtailment. Curtailment of solar and wind represents a lost opportunity to generate zero _GHGemitting electricity, and excessive curtailment could impact the ability of the state to meet its environmental and energy policy goals. Additionally, these over-supply situations expose ratepayers to increased costs because their load serving entities must either economically curtail the generating resource (and often pay for the electricity that was not generated) or generate power and be exposed to negative prices. <u>Because these conditions are largely driven by state</u> policy, it is appropriate to consider macro-level mitigation measures through CAISO initiatives, Commission rulemakings, and possibly even legislation. There are several measures and policies that have already been implemented or are currently being pursued that will have significantimpacts on how substantial curtailment will be in the future. This includes the expansion of the Energy Imbalance Market, improvements to the CAISO market design and structure, enhancedforecasting capabilities, time of use rates, improved EV charging functionalities, and smartdeployment of distributed energy resources. The Commission's IRP proceeding will be anappropriate forum to measure the impact of these policies and the effect that they will have onfuture curtailment. These new measures will need to be modeled and incorporated into forecastsof future curtailment.

MCE will considereonsiders the impact of curtailment and negative pricing on its individual portfolio and will factor factors potential curtailment into its long-term planning. Due to the difficulty in accurately forecasting curtailment, MCE will review reviews the historical data on curtailment and negative pricing within for the regions where MCE may contract for hascontracted or owned generating resources. When MCE is evaluating new procurement_opportunities, the potential amount of future curtailment will be is one factor that MCE will consider considers. While MCE has does not yet developed develop an individualized forecast of future curtailment, MCE will does factor potential curtailment into both its minimum margin of procurement (described in Section 25.6) and may also factor this consideration in future iterations of its Risk Assessment (Section 7). To the extent that MCE is engaged in renewable supply agreements which include curtailment provisions, it will 5.4). Additionally, MCE take actions to limit the impacts of curtailment on its customers. During its current and future renewable contracting efforts, ratepayers. MCE will pursue pursues contract terms that recognize

and limit the potential financial impacts of negative pricing and <u>give</u>provide MCE greater flexibility to direct economic curtailment, if <u>this becomes</u> necessary.

<u>14</u>13. Cost Quantification (5.10)

MCE has provided the Cost Quantification Table as Appendix <u>E. C.</u> Pursuant to the direction in the ACR, MCE has completed those cells in the Cost Quantification table that correspond to Table <u>3</u>2, Rows 1-<u>5</u>4 in the ACR.

14. Safety Considerations (5.13)

MCE holds safety as a top priority. There are no unique safety issues related to MCE'sprocurement of resources. Since MCE does not own, operate, or control generation facilities, there are no present safety considerations to report.

15. Comments on Coordination with Integrated Resource Planning Proceeding (6)

The resources identified in this RPS Procurement Plan are consistent with the resources that will be identified in MCE's Integrated Resource Plan ("IRP"), which will be approved by MCE's governing board and provided to the Commission for certification by September 1, 2020. As required by the ACR,¹⁷ MCE includes the following table that describes how MCE's 2020 RPS Procurement Plan conforms with the determinations made in the IRP Proceedings (R.16-02-007 and R.20-05-003).

Table 4: RPS Alignment in MCE's IRP

IRP Section Subsection	<u>RPS Alignment in IRP</u>
III. Study Results A. Conforming and	Retail sellers should explain how the RPS resources they plan to procure, outlined in their RPS Plan, will align with each of their Conforming Portfolios being developed in their 2020 IRP Plans for

¹⁷ ACR at 30-33.

<u>Alternative</u> <u>Portfolios</u>	Commission approval and c include:	ertification. ¹⁸ This explanation should
	 1. Existing RPS resources that the retail seller owns or contracts. 2. Existing RPS resources that the retail seller plans to contract with in the future. 3. New RPS resources that the retail seller plans to invest in. 	MCE is currently in the process of developing its IRP. MCE's IRP analysis includes an evaluation of existing and new resources that would help MCE meet both its internal and state-mandated RPS requirements.
	Retail sellers should describ to implement both Conform	e how they propose to use RPS resources ing Portfolios. Narratives should include:
<u>IV. Action Plan</u> <u>A. Proposed</u> <u>Activities</u>	 <u>1. Proposed RPS</u> procurement activities as required by Commission decision or mandated procurement. <u>2. Procurement plans,</u> potential barriers, and resource viability for each new RPS resource identified. 	MCE is currently in the process of developing its IRP. When finalized, the resources in MCE's portfolio will comply with MCE's internal renewable targets, state-mandated RPS targets, and the IRP targets. MCE's resource portfolio will be consistent with this RPS Procurement Plan. The IRP analysis, which is still underway, will help MCE identify the potential barriers and resource viability for new resources.
IV. Action Plan	The retail seller should desc resources that will be included description should include:	ribe the solicitation strategies for the RPS led in both Conforming Portfolios. This
<u>B. Procurement</u> <u>Activities</u>	 <u>1. The type of solicitation.</u> <u>2. The timeline for each</u> <u>solicitation.</u> <u>3. Desired online dates.</u> 	MCE is currently in the process of developing its IRP. As such, MCE has not yet made final decisions regarding solicitation details for RPS resources to be included in its Conforming

¹⁸ LSEs will develop two Conforming Portfolios seeking Commission approval or certification in their 2020 IRP Plans. RPS resources should be described in the 46 MMT and the 38 MMT GHG target Conforming Portfolios. This requirement does not apply to LSEs' Alternative Portfolios.

	4. Other relevant procurement planning information, such as solicitation goals and objectives.	Portfolios; however, the solicitations will be competitive and are likely to resemble past solicitations described above in Section 10. MCE will issue future solicitations, as described above in Section 10, on a timeline that is appropriate for the resource development plan that will be included in its IRP and that will allow MCE to meet its internal as well as state-mandated RPS targets.
	Retail sellers should provid implementing both Confor resources. The section show	le a summary of the potential barriers to ming Portfolios as they relate to RPS ald include:
IV. Action Plan C. Potential Barriers	1. Key market, regulatory, financial, or other resource viability barriers or risks associated with the RPS resources coming online in both retail sellers' Conforming Portfolios. 2. Key risks associated with the potential retirement of existing RPS resources on which the retail seller intends to rely in the future.	MCE is currently in the process of developing its IRP. As part of this process, MCE considers potential risks to RPS resources coming online. MCE's risk assessment processes are described in greater detail in Section 7, above. Once the IRP is finalized, MCE will be able to identify and address any specific risks, including but not limited to market, financial, or other resource viability barriers or risks.

MCE recommends that the Commission should only pursue directly incorporating the

RPS Procurement Plans into the IRP to the extent it is clear that doing so will reduce the administrative burden for both the retail sellers and Commission staff. The Commission should hold workshops on this proposal and allow for the parties in both proceedings to provide Dated: July 6, 2020 June 21, 2019

Respectfully submitted,

/s/Shalini Swaroop

Shalini Swaroop General Counsel

Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 (415) 464-6040 sswaroop@mcecleanenergy.org

Appendix B

2020 RPS Procurement Plan Checklist and Verification

Retail seller name: Marin Clean Energy	YES/NO	NOTES
1. Major Changes to RPS Plan	YES	
2. Executive Summary	YES	
3. Summary of Legislation Compliance	YES	
4. Assessment of RPS Portfolio Supplies and Demand	YES	
4.A. Portfolio Supply and Demand	YES	
4.A.1. Portfolio Optimization	YES	
4.B. Responsive to Policies, Regulations, and Statutes	YES	
4.B.1 Long-term Procurement	YES	
4.C. Portfolio Diversity and Reliability	YES	
4.D. Lessons Learned	YES	
5. Project Development Status Update	YES	
6. Potential Compliance Delays	YES	
7. Risk Assessment	YES	
8. Renewable Net Short Calculation	YES	
9. Minimum Margin of Procurement (MMoP)	YES	
9.A. MMoP Methodology and Inputs	YES	
9.B. MMoP Scenarios	YES	
10. Bid Solicitation Protocol	YES	
10.A. Solicitation Protocols for Renewables Sales	YES	
10.B. Bid Selection Protocols	YES	
10.C. LCBF Criteria	YES	
11. Safety Considerations	YES	
12. Consideration of Price Adjustments Mechanisms	YES	
13. Curtailment Frequency, Forecasting, Costs	YES	
14. Cost Quantification	YES	
15. Coordination with the IRP Proceeding	YES	
Appendix A: Redlined Version of the Draft 2020 RPS Plan	YES	

2020 RPS Procurement Plan Checklist- Task Completed

Officer Verification

I am an officer of the reporting organization herein and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, I believe them to be true. The spreadsheet templates used within this filing have not been altered from the version issued or approved by Energy Division.

Executed on July 6, 2020 at San Rafael, California.

Iralini Susoroop

Shalini Swaroop General Counsel Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 (415) 464-6040 <u>sswaroop@mcecleanenergy.org</u>

Appendix C

Renewable Net Short Calculation

Renewable Net Short Calculations - 2020 RPS Procurement Plans

Date Filed: 7/6/20 Variable Calculation Item 2017 Actual 2019 Actual 2019 Actual 2019 Process 2021 Forecast 2023 Forecast 2024 Forecast 2024 Forecast 2024 Forecast 2024 Forecast 2024 Forecast 2025 Forecast 2025 Forecast 2025 Forecast 2027 Forecast 2027 Forecast 2028 Forecast 2028 Forecast 2028 Forecast 2021 Forecast	2026 Forecast 7 5,654,042 49.3%
Variable Calculation Item 2017 Actual 2018 Actual 2019 Actual 2020 Forecast 2021 Forecast 2023 Forecast 2024 Forecast 2024 Forecast 2024 Forecast 2021 Forecast 2021 Forecast 2021 Forecast 2024 Forecast 2021 Forecast <th< td=""><td>2026 Forecast 7 5,654,042 49.3%</td></th<>	2026 Forecast 7 5,654,042 49.3%
Variable Calculation Calculation 2017 Actual 2017 Actual 2020 Forecas 2021 Forecas 2023 Forecas 2024 Forecas 2021 Forecas 2024 Forecas 2024 Forecas 2021 Forecas 2024 Forecas 2021 Forecas 2024 F	2026 Forecast 7 5,654,042 49.3%
Image: Process Year Forecast Year Image: Process Year	7 5,654,042 49.3%
Annual RkS Requirement Zable 27 Ads 6,963 5,136,159 5,063,549 17,440,949 5,554,782 5,550,585 5,585,01 22,038,038 5,600,276 B RSP Sprocurement Quantity Requirement (%) 27,0% 29,0% 31,0% 33,0% 30,4% 33,5% 34,5% 44,40% 39,9% 46,7% C A^*B Gross RSP Sprocurement Quantity Requirement (MWh) 77,45% 1,592,09% 1,670,971 5,307,0547 1,914,187 2,135,89% 2,20% 8,77% 1,914,187 1,215,99% 1,207,971 1,214,97% 1,207,971 <td< td=""><td>5,654,042 49.3%</td></td<>	5,654,042 49.3%
A Total Retail Sales (MWh) 2,804,277 4,436,963 5,136,159 5,063,549 17,40,949 5,537,87 5,557,885 5,585,801 22,038,085 5,600,276 B RPS Procurement Quantity Requirement (%) 27.0% 20.0% 31.0% 33.0% 30.4% 35.8% 34.3% 44.0% 39.9% 44.7% C A*B Gross RPS Procurement Quantity Requirement (MWh) 757,155 1,526,701 1,592,09 1,670,971 5,307,054 1,213,898 2,209,08 36,902,01 4,0409 39.9% 4,673 C A*B Gross RPS Procurement Quantity Requirement (MWh) 014,015 1,592,09 1,670,971 5,307,054 1,914,187 2,203,08 4,673 4,674 1,592,09 1,670,971 5,307,054 1,213,589 2,209,06 2,237,20 2,203,012 2,203,013 4,043 1,203,014 4,014,97 1,203,014 4,043 1,203,014 4,043 1,203,014 4,014,97 1,203,014 4,014,97 1,203,014 4,043 1,203,014 4,014,97 1,203,014 1,203	5,654,042 49.3%
B RPS Procurement Quantity Requirement (%) 27.0% 29.0% 31.0% 33.0% 33.8% 38.5% 41.3% 44.0% 39.9% 46.7% C A*B Gross RPS Procurement Quantity Requirement (MM) 757,155 L286,719 L582,209 L670,971 5307,054.7 L914,187 L215,286 L289,616 L275,522 8,775,22 A/25,494 C 14,052,019 14,072 14,1075 12,012,019 12,072,014 <t< td=""><td>49.3%</td></t<>	49.3%
C A*B Gross RPS Procurement Quantity Requirement (MWh) 757,155 1,286,719 1,592,209 1,670,971 5,307,054.7 1,914,187 2,135,896 2,289,616 2,457,532 8,797,232.1 2,613,649 D Valueture Musica (Our groups and Ollive) 014012 1405,477 1,497,054.7 1,914,187 2,135,896 2,457,532 8,797,232.1 2,613,649	
D U Luster Marie (Our en	2,789,139
D volumary wargin of Over-procurement (MWn) 914,012 1,489,94/ 1,576,25/ 1,486,678 3,447,474 1,445,795 1,541,040 1,579,953 1,236,904 5,401,692 1,571,841	1,517,107
E C+D Net RPS Procurement Need (MWh) 1,671,167 2,756,268 3,168,448 3,158,649 10,754,528 3,357,982 3,476,936 3,669,569 3,694,436 14,198,924 3,985,490	4,306,246
RPS-Eligible Procurement	
Fa Risk-Adjusted RECs from Online Generation (MWh) 1,671,167 2,756,266 3,168,446 3,205,853 10,801,732 1,924,082 1,460,859 1,273,670 1,245,675 5,904,286 1,179,786	1,053,457
Faa Forecast Failure Rate for Online Generation (%) #DIV/0! #DIV/0! #DIV/0!	
Fb Risk-Adjusted RECs from RPS Facilities in Development (MWh) 33,209 33,209 1,036,940 1,049,858 1,046,409 4,186,565 1,042,851	1,039,365
Fbb Forecast Failure Rate for RPS Facilities in Development (%) #D1V/0! #D1V/0! #D1V/0!	
Fc Pre-Approved Generic RECs (MWh) Image: Constraint of the system of t	2,213,425
Fd Executed REC Sales (MWh)	
F = Fa+Fb+Fc-Fd Total RPS Eligible Procurement (MWh) 1,671,167 2,756,266 3,168,446 3,239,062 10,834,941 3,357,982 3,476,936 3,669,569 3,694,436 14,198,924 3,985,490	4,306,246
F0 Category 0 RECs	
F1 Category 1 RECs 1,123,12 1,744,734 2,246,376 2,941,062 8,055,293 2,761,022 2,514,217 2,323,528 2,290,084 9,890,851 2,222,637	2,092,821
F2 Category 2 RECs 458,046 980,542 922,070 298,000 2.658,658 200,000 - - 200,000	
F3 Category 3 RECs 90,00 30,90 120,990 -	
Gross RPS Position (Physical Net Short)	
Ga F-E Annual Gross RPS Position (MWh) - - - 80,412 80,412 - <td>-</td>	-
Gb F/A Annual Gross RPS Position (%) 60% 62% 62% 64% 63% 66% 66% 64% 71%	76%
Application of Bank	
Ha J-Hc (from previous CP) Existing Banked RECs above the PQR	
Hb RECs above the PQR added to Bank Image: Comparison of the part of	
Hc Non-bankable RECs above the PQR Image: Comparison of the point	
H Ha+Hb Gross Balance of RECs above the PQR -	-
Ia Planned Application of RECs above the PQR towards RPS Compliance	
Ib Planned Sales of RECs above the PQR	
J H-Ia-Ib Net Balance of RECs above the PQR	-
J0 Category 0 RECs	
J1 Category 1 RECs Constraints of the second s	
J2 Category 2 RECs	
Expiring Contracts	
K RECs from Expiring RPS Contracts (MWh) 210,000 1,743,639 1,040,942 1,897,900 4,892,481 415,000 183,960 25,227 0 624,187 123,100	87,600
Net RPS Position (Optimized Net Short)	
La Ga+la-lb-Hc Annual Net RPS Position after Bank Optimization (MWh) 80,412 80,412	-
Lb (F+la-Ib-Hc)/A Annual Net RPS Position after Bank Optimization (%) 0.595934987 0.621205544 0.616890143 0.6396821 0.621235744 0.627147917 0.626725494 0.661113919 0.666145698 0.644291645 0.711659601	0.761622577

Note: All values are to be input in MWhs

Renewable Net Short Calculations - 2020 RPS Procurement Plans

LSE Name:	Marin Clean Energy							
Date Filed:	7/6/20							
	1	-						
Variable	Calculation	Item	2027 Forecast	2025-2027	2028 Forecast	2029 Forecast	2030 Forecast	2028-2030
		Forecast Year	8	CP 5	9	10	11	CP 6
		Annual RPS Requirement						
А		Total Retail Sales (MWh)	5,737,422	16,991,740	5,882,917	6,153,452	6,147,313	18,183,682
В		RPS Procurement Quantity Requirement (%)	52.0%	49.4%	54.7%	57.3%	60.0%	57.4%
С	A*B	Gross RPS Procurement Quantity Requirement (MWh)	2,983,460	8,386,247.2	3,216,191	3,527,774	3,688,388	10,432,352.6
D		Voluntary Margin of Over-procurement (MWh)	1,672,096	4,561,044	1,849,476	2,075,355	1,909,210	5,834,041
E	C+D	Net RPS Procurement Need (MWh)	4,655,556	12,947,292	5,065,667	5,603,129	5,597,598	16,266,393
		RPS-Eligible Procurement						
Fa		Risk-Adjusted RECs from Online Generation (MWh)	962,630	3,195,873	959,627	955,242	951,461	2,866,330
Faa		Forecast Failure Rate for Online Generation (%)		#DIV/0!				#DIV/0!
Fb		Risk-Adjusted RECs from RPS Facilities in Development (MWh)	1,035,867	3,118,082	1,032,418	1,028,858	1,015,648	3,076,925
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)		#DIV/0!				#DIV/0!
Fc		Pre-Approved Generic RECs (MWh)	2,657,059	6,633,336	3,073,622	3,619,029	3,630,489	10,323,139
Fd		Executed REC Sales (MWh)		-				-
F	Fa+Fb+Fc-Fd	Total RPS Eligible Procurement (MWh)	4,655,556	12,947,292	5,065,667	5,603,129	5,597,598	16,266,393
F0		Category 0 RECs		-				-
F1		Category 1 RECs	1,998,497	6,313,955	1,992,045	1,984,100	1,967,109	5,943,254
F2		Category 2 RECs		-				-
F3		Category 3 RECs		-				-
		Gross RPS Position (Physical Net Short)						
Ga	F-E	Annual Gross RPS Position (MWh)	-	-	-	-	-	-
Gb	F/A	Annual Gross RPS Position (%)	81%	76%	86%	91%	91%	89%
		Application of Bank						
Ha	J-Hc (from previous CP)	Existing Banked RECs above the PQR		-	-			-
Hb		RECs above the PQR added to Bank		-				-
Hc		Non-bankable RECs above the PQR		-				-
Н	Ha+Hb	Gross Balance of RECs above the PQR	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance		-				-
Ib		Planned Sales of RECs above the PQR		-				-
J	H-Ia-Ib	Net Balance of RECs above the PQR	-	-	-	-	-	-
JO		Category 0 RECs		-				-
J1		Category 1 RECs		-				-
J2		Category 2 RECs		-				-
		Expiring Contracts						
К		RECs from Expiring RPS Contracts (MWh)	0	210,700	0	10,280	138,000	148,280
		Net RPS Position (Optimized Net Short)	·					
La	Ga+Ia-Ib-Hc	Annual Net RPS Position after Bank Optimization (MWh)	-		-	-	-	-
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	0.811436796	0.761975617	0.861080712	0.910566802	0.910576355	0.894559931

Note: All values are to be input in MWhs

Appendix D

Project Development Status Update

Reporting LSE Name	RPS Contract ID	Project Name	Technology Type	Project Development Phase	City	County	State	Zip Code	Latitude	Longitude
Marin Clean Energy (MCE)	MCE50001	Desert Harvest, LLC	Solar PV - Ground Mount	Construction	Desert Center	Riverside	CA	92239	33.79477	115.37085
Marin Clean Energy (MCE)	MCE70002	Strauss Wind, LLC	Wind	Construction		Santa Barbara	CA	93436	34.3428.83	120.3111.67
Marin Clean Energy (MCE)	MCE50003	Little Bear Solar 1, LLC	Solar PV - Ground Mount	Construction	Mendota	Fresno	CA	93640	36.4258	120.2453
Marin Clean Energy (MCE)	MCE50004	Little Bear Solar 3, LLC	Solar PV - Ground Mount	Construction	Mendota	Fresno	CA	93640	36.4258	120.2453
Marin Clean Energy (MCE)	MCE50005	Little Bear Solar 4, LLC	Solar PV - Ground Mount	Construction	Mendota	Fresno	CA	93640	36.4258	120.2453
Marin Clean Energy (MCE)	MCE50006	Little Bear Solar 5, LLC	Solar PV - Ground Mount	Construction	Mendota	Fresno	CA	93640	36.4258	120.2453
Marin Clean Energy (MCE)	MCE50007	Soscol Ferry C_MCE	Solar PV - Ground Mount	Construction	Napa	Napa	CA	94559	38.237851°	122.275392°
Marin Clean Energy (MCE)	MCE50008	Soscol Ferry D_MCE	Solar PV - Ground Mount	Construction	Napa	Napa	CA	94559	38.237851°	122.275392°
Marin Clean Energy (MCE)	MCE50009	SR Airport 2_MCE	Solar PV - Ground Mount	Construction	San Rafael	Marin	CA	94903	38.0167547	122.528786
Marin Clean Energy (MCE)	MCE50010	Silveira Ranch A_MCE	Solar PV - Ground Mount	Pre-Construction	Novato	Marin	CA	94945	38.155575°	122.566269°
Marin Clean Energy (MCE)	MCE50011	Silveira Ranch B_MCE	Solar PV - Ground Mount	Pre-Construction	Novato	Marin	CA	94945	38.155575°	122.566269°
Marin Clean Energy (MCE)	MCE50012	Silveira Ranch C_MCE	Solar PV - Ground Mount	Pre-Construction	Novato	Marin	CA	94945	38.155575°	122.566269°

Reporting LSE Name	RPS Contract ID	Project Name	Contract Length (Years)	ontract Execution Date (mm/dd/yyyy	Contract Start Date (mm/dd/yyyy)	Contract End Date (mm/dd/yyyy)	Contract Capacity
Marin Clean Energy (MCE)	MCE50001	Desert Harvest, LLC	20	11/18/16	12/1/20	11/30/40	80
Marin Clean Energy (MCE)	MCE70002	Strauss Wind, LLC	15	6/1/18	1/1/21	12/31/35	98.83
Marin Clean Energy (MCE)	MCE50003	Little Bear Solar 1, LLC	20	9/23/16	12/30/20	12/29/40	40
Marin Clean Energy (MCE)	MCE50004	Little Bear Solar 3, LLC	20	9/23/16	12/30/20	12/29/20	20
Marin Clean Energy (MCE)	MCE50005	Little Bear Solar 4, LLC	20	9/23/16	12/30/20	12/29/40	50
Marin Clean Energy (MCE)	MCE50006	Little Bear Solar 5, LLC	20	9/23/16	12/30/20	12/29/40	50
Marin Clean Energy (MCE)	MCE50007	Soscol Ferry C_MCE	20	8/30/18	10/30/20	10/29/40	0.99
Marin Clean Energy (MCE)	MCE50008	Soscol Ferry D_MCE	20	8/30/18	10/30/20	10/29/40	0.99
Marin Clean Energy (MCE)	MCE50009	SR Airport 2_MCE	20	10/24/18	10/24/20	10/23/40	0.972
Marin Clean Energy (MCE)	MCE50010	Silveira Ranch A_MCE	20	3/7/19	3/12/21	3/11/41	0.99
Marin Clean Energy (MCE)	MCE50011	Silveira Ranch B_MCE	20	3/7/19	3/12/21	3/11/41	0.99
Marin Clean Energy (MCE)	MCE50012	Silveira Ranch C_MCE	20	3/7/19	3/12/21	3/11/41	0.99

Reporting LSE Name	RPS Contract ID	Project Name	Expected Annual Generation	Total Contract Volume	Project Notes
Marin Clean Energy (MCE)	MCE50001	Desert Harvest, LLC	261,597	4,983,420	
Marin Clean Energy (MCE)	MCE70002	Strauss Wind, LLC	300,000	4,500,000	
Marin Clean Energy (MCE)	MCE50003	Little Bear Solar 1, LLC	109,499	2,085,960	
Marin Clean Energy (MCE)	MCE50004	Little Bear Solar 3, LLC	54,750	1,042,980	
Marin Clean Energy (MCE)	MCE50005	Little Bear Solar 4, LLC	136,874	2,607,454	
Marin Clean Energy (MCE)	MCE50006	Little Bear Solar 5, LLC	136,874	2,607,454	
Marin Clean Energy (MCE)	MCE50007	Soscol Ferry C_MCE	2,602	51,968	
Marin Clean Energy (MCE)	MCE50008	Soscol Ferry D_MCE	2,602	51,968	
Marin Clean Energy (MCE)	MCE50009	SR Airport 2_MCE	2,037	38,703	
Marin Clean Energy (MCE)	MCE50010	Silveira Ranch A_MCE	2,386	45,334	
Marin Clean Energy (MCE)	MCE50011	Silveira Ranch B_MCE	2,386	45,334	
Marin Clean Energy (MCE)	MCE50012	Silveira Ranch C_MCE	2,386	45,334	

Appendix E

Cost Quantification

SE Name:	Marin Clean Energy			nput Required
ate Filed:	7/6/20			
13	Table 1 Cost Quantification (Actual Net Costs, \$)	Actual RPS-Eligible F	rocurement and Gene	ration Net Costs (\$)
1	Executed RPS-Eligible Contracts (Purchases and Sales)	2017	2018	2019
2	Biogas			
3	Biomass			
4	Geothermal			
5	Small Hydro			
6	Solar PV			
7	Solar hermal			
8	Wind			
9	UOG Small Hydro			
10	UOG Solar			
11	Unbundled RECs			
12	Various (ndex Plus REC)			
13	Total RPS-Eligible Procurement and Generation Net Cost			
14	Bundled Retail Sales (MWh)	2 804 277	4 436 963	<mark>5 136 15</mark> 9
15	Incremental Rate Impact	2.53 ¢/kWh	3.02 ¢/kWh	3.10 ¢/kWh

Table	e 2 Cost Quantification (Forecast Costs and Revenues, \$)					Forecast RPS-Eligi	ble Procurement Costs	s and Revenues (\$)	
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales)*	2020	2021	2022	2023	2024	2025	2026	2027
2	Biogas						1		
3	Biomass		0						
4	Geothermal								
5	Small Hydro		1	-		2 53		1	1
6	Solar PV		2						E.
7	Solar hermal								
8	Wind								
9	UOG Small Hydro								
10	UOG Solar								
11	Unbundled RECs					2			
12	Various (ndex Plus REC)		1. P			· · · · · · · · · · · · · · · · · · ·	3		ć.
13	Sales Revenue								
14	Total Executed But Not Approved RPS-Eligible Procurement and Generation Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Bundled Retail Sales (MWh)	5 063 549	5 354 370	<mark>5 54</mark> 7 782	5 550 585	5 <mark>585 301</mark>	5 600 276	5 654 042	5 737 422
16	Incremental Rate Impact	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh				
17	Executed RPS-Eligible Contracts (Purchases and Sales)**	2020	2021	2022	2023	2024	2025	2026	2027
18	Biogas								
19	Biomass								
	Diomass								
20	Geothermal								
20	Geothermal Small Hydro								
20 21 22	Geothermal Small Hydro Solar PV								
20 21 22 23	Geothermal Small Hydro Solar PV Solar hermal								
20 21 22 23 24	Geothermal Small Hydro Solar PV Solar hermal Wind								
20 21 22 23 24 25	Geothermal Small Hydro Solar PV Solar hermal Wind UOG Small Hydro								
20 21 22 23 24 25 26	Geothermal Geothermal Small Hydro Solar PV Solar hermal Wind UOG Small Hydro UOG Solar								
20 21 22 23 24 25 26 27	Geothemal Geothemal Small Hydro Solar PV Solar hermal Wind UOG Small Hydro UOG Solar UDG Solar								
20 21 22 23 24 25 26 27 28	Geothemal Geothemal Small Hydro Solar PV Solar hermal Wind UOG Small Hydro UOG Solar Unbundled RECs Various (ndex Plus REC)								
20 21 22 23 24 25 26 27 28 29	Geothermal Geothermal Small Hydro Solar PV Solar hermal UOG Small Hydro UOG Solar UOG Solar Various (ndex Plus REC) Sales Revenue								
20 21 22 23 24 25 26 27 28 29 30	Ceothermal Geothermal Snall Hydro Solar PV Solar hermal Wind UOG Small Hydro UOG Solar UOG Solar UOG Solar Unbundled RECs Various (ndex Plus REC) Sales Revenue Total RPS-Eligible Procurement and Generation Cost								
20 21 22 23 24 25 26 27 28 29 30 30	Geothermal Geothermal Goothermal Small Hydro Solar PV Solar hermal UOG Small Hydro UOG Small Hydro UOG Solar Unbundled RECs Various (ndex Plus REC) Sales Revenue Total RPS-Eligible Procurement and Generation Cost Bundled Retail Sales (MWh)	5 063 549	5 354 370	5 547 782	5 550 585	5 585 301	5 600 276	5 654 042	5 737 422
20 21 22 23 24 25 26 27 28 29 30 31 32	Geothermal Geothermal Gontass Geothermal Small Hydro Solar PV Solar hermal UOG Small Hydro UOG Small Hydro UOG Solar Unbundled RECs Various (ndex Plus REC) Sales Revenue Total RPS-Eligible Procurement and Generation Cost Bundled Retail Sales (MWh) incremental Rate Impact	5 063 549 3.32 ¢/kWh	5 354 370 2.82 ¢/kWh	5 547 782 2.31 ¢/kWh	5 550 585 2.14 ¢/kWh	5 585 301 2.10 ¢/kWh	5 600 276 2.04 ¢/kWh	5 654 042 1.92 ¢/kWh	5 737 422 1.76 ¢/kWh

LSE Name:	Marin Clean Energy
Date Filed:	7/6/20
1	Table 1 Cost Quantification (Actual Net Costs, \$)
1	Executed RPS-Eligible Contracts (Purchases and Sales)
2	Biogas
3	Biomass
4	Geothermal
5	Small Hydro
6	Solar PV
7	Solar hermal
8	Wind
9	UOG Small Hydro
10	UOG Solar
11	Unbundled RECs
12	Various (ndex Plus REC)
13	Total RPS-Eligible Procurement and Generation Net Cost
194	Bundled Retail Sales
14	(MWh)
15	Incremental Rate Impact

Tabl	2 Cost Q ant fication (Forec st Costs and Revenues, \$)			
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales)*	2028	2029	2030
2	Biogas			
3	Biomass			
4	Geothermal			
5	Small Hydro		1	
6	Solar PV	2		
7	Solar hermal		()	
8	Wind			
9	UOG Small Hydro			
10	UOG Solar			
11	Unbundled RECs			
12	Various (ndex Plus REC)		e e e e e e e e e e e e e e e e e e e	
13	Sales Revenue		i i i	
14	Total Executed But Not Approved RPS-Eligible Procurement and Generation Cost	\$0	\$0	\$0
15	Bundled Retail Sales (MWh)	<mark>5 882 91</mark> 7	6 153 <mark>4</mark> 52	6 147 313
16	Incremental Rate Impact	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh
17	Executed RPS-Eligible Contracts (Purchases and Sales)**	2028	2029	2030
18	Biogas			
19	Biomass			
20	Geothermal			
21	Small Hydro			
22	Solar PV			
23	Solar hermal			
24	Wind			
25	UOG Small Hydro			
26	UOG Solar			
27	Unbundled RECs			
28	Various (ndex Plus REC)			
29	Sales Revenue			
30	Total RPS-Eligible Procurement and Generation Cost			
31	Bundled Retail Sales (MWh)	5 882 917	6 153 452	6 147 313
32	Incremental Rate Impact	1.71 ¢/kWh	1.63 ¢/kWh	1.61 ¢/kWh
33	Total Incremental Rate Impact	1.71 ¢/kWh	1.63 ¢/kWh	1.61 ¢/kWh

LSE Name:	Marin Clean Energy		Input Required		No Input Required
Date Filed:	7/6/20		_		_
Table 3	Cost Quantification (Actual Procurement / Generation and Sales, MWb)	Actual PPS-Eligible	Procurement / Generati	on and Sales (MW/b)	1

Table	3: Cost Quantification (Actual Procurement / Generation and Sales, MWh)	Actual RPS-Eligible F	Procurement / Generation	on and Sales (MWh)
1	Technology Type (Procurement / Generation and Sales)	2017	2018	2019
2	Biogas	66,712	85,344	81,471
3	Biomass	615	83,945	2,319
4	Geothermal	287,600	141,556	172,154
5	Small Hydro	245,237	104,263	310,511
6	Solar PV	298,853	590,373	1,099,858
7	Solar Thermal			
8	Wind	858,150	1,741,972	1,568,133
9	UOG Small Hydro			
10	UOG Solar			
11	Unbundled RECs	90,000	30,990	
12	Various (Index Plus REC)			
13	RPS-Eligible Sales	-176,000	-155,200	-66,000
14	Total RPS-Eligible Procurement / Generation and Sales	1,671,167	2,623,243	3,168,446

Table 4: Cost Qua	antification (Forecast Procurement / Generation and Sales, MWh)					Forecast RPS-Eligibl	e Procurement / Generat
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales) *	2020	2021	2022	2023	2024	2025
2	Biogas						
3	Biomass						
4	Geothermal						
5	Small Hydro						
6	Solar PV						
7	Solar Thermal						
8	Wind						
9	UOG Small Hydro						
10	UOG Solar						
11	Unbundled RECs						
12	Various (Index Plus REC)						
13	RPS-Eligible Sales						
14	Total Executed But Not Approved RPS-Eligible Deliveries	0	0	0	0	0	0
15	Executed and Approved RPS-Eligible Contracts (Purchases and Sales) **	2020	2021	2022	2023	2024	2025
16	Biogas	81,535	81,316	81,316	81,316	81,535	81,316
17	Biomass	-	165,000				
18	Geothermal	316,800	316,560	271,560	87,600	87,840	87,600
19	Small Hydro	90,490	202,470	222,371	222,371	222,420	160,171
20	Solar PV	799,110	1,482,450	1,475,743	1,469,014	1,462,289	1,455,550
21	Solar Thermal						
22	Wind	1,033,127	618,227	463,227	463,227	438,000	438,000
23	UOG Small Hydro						
24	UOG Solar						
25	Unbundled RECs						
26	Various (Index Plus REC)	1,033,000	95,000				
27	RPS-Eligible Sales						
28	Total RPS-Eligible Deliveries	3,354,062	2,961,022	2,514,217	2,323,528	2,292,084	2,222,637

LSE Name:	Marin Clean Energy					
Date Filed:		7/6/20				
Table 3:	Table 3: Cost Quantification (Actual Procurement / Generation and Sales, MWh)					
1	Technology Type (Procurement / Generation and Sales)					

14	Total RPS-Eligible Procurement / Generation and Sales
13	RPS-Eligible Sales
12	Various (Index Plus REC)
11	Unbundled RECs
10	UOG Solar
9	UOG Small Hydro
8	Wind
7	Solar Thermal
6	Solar PV
5	Small Hydro
4	Geothermal
3	Biomass
2	Biogas

Table 4: Cost Qu	antification (Forecast Procurement / Generation and Sales, MWh)	tion and Sales (MWh)				
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales) *	2026	2027	2028	2029	2030
2	Biogas					
3	Biomass					
4	Geothermal					
5	Small Hydro					
6	Solar PV					
7	Solar Thermal					
8	Wind					
9	UOG Small Hydro					
10	UOG Solar					
11	Unbundled RECs					
12	Various (Index Plus REC)					
13	RPS-Eligible Sales					
14	Total Executed But Not Approved RPS-Eligible Deliveries	0	0	0	0	0
14 15	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) **	0 2026	0 2027	0 2028	0 2029	0 2030
14 15 16	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas	0 2026 81,316	0 2027 81,316	0 2028 81,535	0 2029 80,372	0 2030 80,002
14 15 16 17	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass	0 2026 81,316	0 2027 81,316	0 2028 81,535	0 2029 80,372	0 2030 80,002
14 15 16 17 18	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal	0 2026 81,316 87,600	0 2027 81,316	0 2028 81,535	0 2029 80,372	0 2030 80,002
14 15 16 17 18 19	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Small Hydro	0 2026 81,316 87,600 37,071	0 2027 81,316 37,071	0 2028 81,535 37,120	0 2029 80,372 	0 2030 80,002 37,071
14 15 16 17 18 19 20	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Small Hydro Solar PV	0 2026 81,316 87,600 37,071 1,448,834	0 2027 81,316 37,071 1,442,110	0 2028 81,535 37,120 1,435,390	0 2029 80,372 	0 2030 80,002 37,071 1,412,036
14 15 16 17 18 19 20 21	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Small Hydro Solar PV Solar Thermal	0 2026 81,316 87,600 37,071 1,448,834	0 2027 81,316 37,071 1,442,110	0 2028 81,535 37,120 1,435,390	0 2029 80,372 37,071 1,428,657	0 2030 80,002 37,071 1,412,036
14 15 16 17 18 19 20 21 22	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Solar PV Solar Thermal Wind	0 2026 81,316 87,600 37,071 1,448,834 	0 2027 81,316 37,071 1,442,110 438,000	0 2028 81,535 37,120 1,435,390 438,000	0 2029 80,372 37,071 1,428,657 	0 2030 80,002 37,071 1,412,036 438,000
14 15 16 17 18 19 20 21 22 23	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Solar PV Solar Thermal Wind UOG Small Hydro	0 2026 81,316 87,600 37,071 1,448,834 438,000	0 2027 81,316 37,071 1,442,110 438,000	0 2028 81,535 37,120 1,435,390 438,000	0 2029 80,372 37,071 1,428,657 438,000	0 2030 80,002 37,071 1,412,036 438,000
14 15 16 17 18 19 20 21 22 23 23 24	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Solar PV Solar Thermal Wind UOG Small Hydro UOG Solar	0 2026 81,316 87,600 37,071 1,448,834 438,000	0 2027 81,316 37,071 1,442,110 438,000	0 2028 81,535 37,120 1,435,390 438,000	0 2029 80,372 37,071 1,428,657 438,000	0 2030 80,002 37,071 1,412,036 438,000
14 15 16 17 18 19 20 21 21 22 23 23 24 25	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Solar PV Solar Thermal UOG Small Hydro UOG Solar UOG Solar UOG Solar	0 2026 81,316 87,600 37,071 1,448,834 438,000	0 2027 81,316 37,071 1,442,110 438,000	0 2028 81,535 37,120 1,435,390 438,000	0 2029 80,372 37,071 1,428,657 438,000	0 2030 80,002 37,071 1,412,036 438,000
14 15 16 17 18 19 20 21 21 22 23 23 24 25 26	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Solar PV Solar Thermal UOG Solar Thermal UOG Solar UOG Solar Vind UOG Solar Unbundled RECs Various (Index Plus REC)	0 2026 81,316 87,600 37,071 1,448,834 438,000	0 2027 81,316 37,071 1,442,110 438,000	0 2028 81,535 37,120 1,435,390 438,000	0 2029 80,372 37,071 1,428,657 438,000	0 2030 80,002 37,071 1,412,036 438,000
14 15 16 17 18 19 20 21 22 23 24 25 26 27	Total Executed But Not Approved RPS-Eligible Deliveries Executed and Approved RPS-Eligible Contracts (Purchases andSales) ** Biogas Biomass Geothermal Solar PV Solar Thermal UOG Small Hydro UOG Solar UOG Solar Various (Index Plus REC) RPS-Eligible Sales	0 2026 81,316 87,600 37,071 1,448,834 438,000	0 2027 81,316 37,071 1,442,110 438,000	0 2028 81,535 37,120 1,435,390 438,000	0 2029 80,372 37,071 1,428,657 438,000	0 2030 80,002 37,071 1,412,036 438,000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures, and Rules for the Self-Generation Incentive Program and Related Issues

R.20-05-012 (Filed May 28, 2020)

COMMENTS OF MARIN CLEAN ENERGY, EAST BAY COMMUNITY ENERGY, AND PENINSULA CLEAN ENERGY ON ORDER INSTITUTING RULEMAKING

Jana Kopyciok-Lande Senior Policy Analyst Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 JKopyciok-Lande@mcecleanenergy.org

For: Marin Clean Energy

Melissa Brandt Senior Director of Public Policy and Deputy General Counsel East Bay Community Energy 1999 Harrison Street, Suite 800 Oakland, CA 94612 E-mail: mbrandt@ebce.org

For: East Bay Community Energy Matthew DS Rutherford Regulatory Analyst Peninsula Clean Energy Authority 2075 Woodside Road Redwood City, CA 940061 MRutherford@peninsulacleanenergy.com

For: Peninsula Clean Energy Authority

June 29, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures, and Rules for the Self-Generation Incentive Program and Related Issues

R.20-05-012 (Filed May 28, 2020)

COMMENTS OF MARIN CLEAN ENERGY, EAST BAY COMMUNITY ENERGY, AND PENINSULA CLEAN ENERGY ON ORDER INSTITUTING RULEMAKING

In accordance with Rule 6.2 of the Rules of Practice and Procedure of the California

Public Utilities Commission ("Commission"), Marin Clean Energy ("MCE"), 1 East Bay

Community Energy ("EBCE"),2 and Peninsula Clean Energy Authority ("PCE")3 (jointly, "the

MCE, California's first community choice aggregator, is a not-for-profit public agency that began service in 2010 with the goals of providing cleaner power at stable rates to its customers, reducing greenhouse emissions, and investing in energy programs that support communities' energy needs. MCE is a load-serving entity serving approximately 1,000 MW peak load, providing electricity generation services to more than 1.1 million people in 34 communities across Contra Costa, Marin, Napa, and Solano counties. As relevant for the SGIP, MCE's service area includes many Tier 3 and Tier 2 high-fire threat districts; approximately 35% of MCE's customer base experienced public safety power shutoffs to date.

EBCE is a Joint Powers Authority formed on December 1, 2016 pursuant to California Government Code §§ 6500 et. seq. by the County of Alameda and each of the following cities incorporated therein: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City. The Commission certified EBCE's Implementation Plan on November 8, 2017. EBCE started serving Alameda County businesses and municipalities in June 2018, and began serving residential customers in November 2018. On March 9, 2020, the Commission certified Addendum #1 to EBCE's Implementation Plan, adding the cities of Newark and Pleasanton, as well as the city of Tracy in San Joaquin County, to EBCE's service territory beginning in 2021. EBCE is currently one of the largest Community Choice Aggregators in the state.

³ PCE is San Mateo County's official electricity provider. A joint powers authority formed in 2016, its mission is to reduce greenhouse gas emissions by expanding access to sustainable and affordable energy solutions. PCE provides all electric customers in San Mateo County with cleaner electricity at lower rates than those charged by the local incumbent utility and implements robust energy programs that reduce greenhouse gas emissions to contribute to San Mateo County reaching the state's goal to be 100% greenhouse gas-free by 2045. PCE serves approximately 750 MW peak load, 290,000 accounts, and saves customers an estimated \$18 million a year.
<u>CCAs</u>") hereby submit the following Comments on the Commission's June 8, 2020 Order Instituting Rulemaking ("<u>OIR</u>") for the Self Generation Incentive Program ("<u>SGIP</u>").

I. INTRODUCTION

The CCAs thank the Commission for the dedication and tremendous work reflected in its recent actions on the SGIP program and the OIR. Effective implementation of SGIP will make a meaningful contribution to achieving California's greenhouse-gas ("GHG") reduction, renewable technology and market development, energy technology equity, and system/community resiliency goals. The CCAs share the Commission's dedication to achieving these goals and commend the Commission on the significant improvements to SGIP that it has made thus far and the further refinements identified for consideration in this Rulemaking.

As Community Choice Aggregators ("CCAs") that together serve over three million people, the CCAs have a direct interest in the successful implementation of the SGIP. MCE, EBCE, and PCE are among the several CCAs that are currently developing self-funded energy storage programs that will support and closely interact with the SGIP. By providing CCA customers with additional funding, performance-based payments/credits, and/or technical support in addition to the incentives provided by SGIP, these programs will accelerate the deployment of behind-the-meter energy storage systems and increase the customer and community resiliency in the face of public safety power shutoffs ("PSPS") and other outage events.

MCE's Energy Storage Program is designed to leverage SGIP incentives and to prioritize the most vulnerable customers and the critical facilities that support these populations, by providing performance-based payments in exchange for allowing MCE to directly control customers' Battery Energy Storage Systems ("BESS") using a state-of-the-art Distributed Energy Resources Management System. These payments and/or bill credits reflect the savings to MCE

for reducing peak capacity and shifting loads to reduce costs for all MCE customers. SGIP incentives are critical to the success of this program, particularly for low-income customers, those living in Disadvantaged Communities ("DACs"), customers with a medical need for continuous power, and critical facilities that support these vulnerable customers.

MCE has repeatedly demonstrated its dedication to educating its customers about the SGIP and recruiting eligible customers to the program. MCE recently drafted its "Community Outreach Plan for the Self-Generation Incentive Program's Equity and Equity Resiliency Budget", a comprehensive plan for MCE's SGIP-related marketing, education, and outreach ("ME&Q") to MCE customers. MCE provided a copy of this Plan to the Commission in its March 2020 Protest to Pacific Gas and Electric Company's ("PG&E") advice letter 4219-G/5765-E. In the Protest, MCE requested that the Commission grant CCAs and program administrators ("PAs") of low-income solar programs a role under PG&E's SGIP Equity ME&O plan.4 In the Draft Resolution approving (with modification) PG&E's advice letter, the Commission explicitly recognized MCE and other CCAs' interest and dedication by making CCA programs eligible for PG&E's Customer Recruitment Inventive and requiring that PG&E include CCAs in the development of its future SGIP Equity ME&O plans.5

EBCE has worked with the California Energy Commission to develop an innovative alternative approach to meeting its Resource Adequacy ("RA") obligation through reducing EBCE's peak demand through the targeted dispatch of behind the meter ("BTM") BESS. This "Load Modifying Resource" will be dispatched on a daily basis during EBCEs highest peak hours, which will decrease EBCE's RA obligation and reduce EBCE's wholesale energy

⁴ Protest of Marin Clean Energy to Pacific Gas and Electric Company Advice Letter 4219-G/5765-E, Self-Generation Incentive Plan (SGIP) Residential Equity Resiliency Marketing Plan and Implementation Strategy from March 11, 2019.

procurement volumes. The aggregation of distributed BTM BESS will deliver both Load Modification and community resilience through this first of its kind initiative. EBCE's new resilience program will launch July 2020. Load Modification payments to EBCE's selected program vendors will be shared with residential, commercial and industrial customers to reduce the cost of BESS, and encourage customer program participation. EBCE will procure Load Modification from these resources for up to ten (10) years. EBCE will work with selected vendors on acquiring customers for the program, with a goal of increasing resilience during PSPS events. BESS are required to island from the grid so that homes and businesses will have power during grid outages. A minimum of 20 percent of systems will be installed in DACs, lowincome communities and CARE/FERA or Medical Baseline customers properties. EBCE expects the program to deliver resilience to over 1,000 residential customers. Commercial customer participation rates are harder to estimate prior to program launch as system sizes are extremely variable based on the nature of the load and site constraints.

EBCE's organizational resilience strategy also includes coordination with public agency partners to identify critical public facilities throughout its service area. Over the last year, EBCE has worked through a Bay Air Quality Management District grant to size solar and BESS to meet critical loads at these sites in time of grid outage. PCE is also engaged in this project scope and with EBCE is evaluating procurement pathway next steps to deploy these resilience solutions across Alameda and San Mateo counties.

PCE has adopted a range of priorities focusing on local energy storage options. With the adoption of its Resiliency Strategy in January 2020, PCE has launched three key resiliency programs. First, PCE is working to deploy backup generation to medically fragile residential

5 Resolution E-5086 at 33.

customers. Second, PCE is developing community-scale emergency response centers outfitted with energy resiliency, including significant storage components. Third, PCE is also providing storage-based resiliency solutions to critical facilities, such as police and fire stations, hospitals and other healthcare facilities, communications facilities that support emergency first responders, transportation infrastructure, and wastewater, sewage, and water pumping facilities. On October 21, 2019, PCE's Board approved development of a plan to invest up to \$10 million over three years towards programs that address the problems created by PSPS events and natural disasters that can impact PCE's customers access to electricity. As part of that resilience investment plan, PCE's board approved on June 25, 2020 an agreement for \$5.5 million to deploy up to 5MW of behind-the-meter storage within its territory for both resilience and resource adequacy benefits.

II. RESPONSE TO OIR

The CCAs strongly support the proposed scope of issues set forth in the OIR's Preliminary Scoping Memo. The CCAs offer comments on several of these issues, and respectfully requests that three further issues be added to the OIR's Preliminary Scoping Memo.

A. Heat Pump Water Heaters

The CCAs support the Preliminary Scoping Memo's focus on heat pump water heaters ("HPWH"). HPWHs are a maturing technology that represent an underutilized "low hanging fruit" option for achieving SGIP's goals. In addressing HPWHs, the CCAs believe that it is crucial that the Commission coordinate the support and incentives for HPWH provided under the multiple relevant Commission proceedings/programs:

- SGIP (under consideration in this Rulemaking, R.20-05-012);
- Building Decarbonization (R.19-01-011);
- Fuel substitution measures under the general market energy efficiency ("EE") programs (R.13-11-005);

Energy Savings Assistance ("ESA") Program (A.19-11-003 et. seq.): MCE provides incentives for HPWHs under its Low-Income Families and Tenants ("LIFT") pilot program, which is run under the umbrella of PG&E's current ESA programs (A. 14-11-007).

The Commission's upcoming public workshop to discuss issues related to incentive layering for California's Building Decarbonization programs (scheduled for June 30, 2020) is a good venue to start addressing the coordination of these initiatives and programs.

B. Other Renewable Technologies

In D.19-09-027, the Commission clarified that all renewable generation technology projects receiving SGIP incentives must use renewable fuels over their entire lifetime, a clarification that the CCAs strongly support.⁶ At the same time, the CCAs appreciate the Commission's efforts in this OIR to counterbalance this narrowing of the field with an openness to considering new renewable technologies for SGIP eligibility.

The CCAs have a particular interest in exploring green hydrogen as a generation and energy storage technology. Green hydrogen has a number of attributes that make it a particularly appealing. Green hydrogen, when combusted, emits no GHGs and when returned to electricity via a fuel cell emits only water. Hydrogen fuel cells and the generation, storage, and transportation of hydrogen are mature technologies. Green hydrogen can be generated locally through electrolysis using renewable power or through biogas from local organic waste, and can be stored locally for resiliency purposes. Many natural gas generators can be modified to run off of hydrogen. The main challenge in the deployment of hydrogen is the lack of a mature green

6 As implemented per California Public Utlities Code Section 3796.6(m).

hydrogen market and associated infrastructure. SGIP may be an appropriate venue for encouraging the development of this market.

In developing hydrogen-related program requirements, the CCAs urge the Commission to take two considerations into account. First, the Commission must recognize the different sources and attributes of hydrogen. Hydrogen can be created by processing natural gas or biogas, or by electrolyzing water using grid power or power from a specified source. Thus, while the end project (hydrogen) is the same, the emissions and environmental impacts of producing that hydrogen differ significantly. The CCAs urge the Commission to distinguish between two types of hydrogen:

- "Green hydrogen" hydrogen produced from renewable, GHG-neutral biogas or through electrolysis using only renewable, zero-emissions power.
- "Other hydrogen" hydrogen produced from natural gas or through electrolysis using fossil-generated electricity.

The Commission should adopt program rules that ensure that SGIP-eligible fuel-cells and hydrogen generators use only green hydrogen. For instance, the Commission could limit eligibility to fuel cells and hydrogen generators use hydrogen from one of the following sources:

- Hydrogen from electrolysis that is directly connected to and entirely supplied by renewable generation (on-site solar, for instance);
- Hydrogen from grid-powered electrolysis that takes place only during times of excess renewable generation;
- Hydrogen from grid-powered electrolysis if the customer is enrolled in a 100% green electricity program.

Second, the Commission should carefully balance the State's interest in encouraging the development of new green technologies and the markets for those technologies with its interest in getting the best environmental and resiliency "bang for the buck" from limited SGIP funds. In conducting this analysis, the Commission should consider not only the current value proposition presented by various technologies (which likely favors mature technologies with established markets) but also the *potential* value proposition presented by each technology if the technology is allowed to reach maturity and be deployed into the market at scale.

C. The CCAs Recommend the Addition of Three Issues to the Scoping Memo

The CCAs respectfully request that the Commission add three issues to those already listed in the Preliminary Scoping Memo. First, the CCAs request that the Commission include the review, evaluation, and further refinement of the newly created rules and requirements for the resiliency components of SGIP (i.e., mainly the newly created equity resiliency budget). The importance and urgency of improving resiliency is highlighted by recent years' wildfires and 2019's large-scale PSPS events and is reflected in recent Decisions under the SGIP to focus the program heavily on increasing the resiliency of the customers most prone to future PSPS events. At the time of the writing of these comments, the SGIP equity resiliency budget is only in its infancy and the Commission should use this OIR to analyze lessons-learned from the initial opening of the equity resiliency program in 2020 and consider potential program adjustments and refinements, including, but not limited to:

- Potential fund shifting between SGIP budget categories;
- Potential modifications to customer eligibility criteria;
- Potential adjustments to technical requirements established for batteries used for resiliency purposes;

• Continued development and refinement of the SGIP Equity ME&O plan and collaboration between CCAs, CBOs, and low-income solar PAs.

Second, the Rulemaking should include the development of a standard methodology for quantifying the true GHG reduction benefits of SGIP and related programs. Currently, when determining whether a project has met the annual GHG reduction requirement of five kilograms of CO₂ per rated energy capacity (kg/kWh), the Commission considers only the emissions related to the timing of the charging and discharging of program-installed storage resources. This almost certainly under-represents the actual overall GHG reduction impact of these resources, as it does not account for the fact that much of the solar PV being installed now would not be achievable without the addition of energy storage. Energy storage reduces over-production of solar in the middle of the day, and shifts that energy to the afternoon ramp and evening peak periods, mitigating the "duck curve" problem. Without energy storage, solar PV is not as cost-effective and is less likely to be deployed. Solar PV plus behind-the-meter energy storage also provides an alternative to fossil fuel backup generators, which are being deployed in much greater numbers with the advent of PSPS events.

The Rulemaking should remedy this shortcoming by developing a methodology for quantifying the true GHG reduction value of energy storage for determining compliance with SGIP program rules. The Commission has previously acknowledged this additional value, but a standard methodology for quantifying and applying this value needs to be developed. The CCAs ask that the Commission do so in this Rulemaking. Without this additional value, energy storage systems may not be able to provide the full grid benefits they are capable of providing, including distribution system deferrals, ancillary services, response to heat waves or other emergencies, without jeopardizing some of their SGIP performance-based incentives.

Third, the Rulemaking should consider the expansion of SGIP to support the adoption of light, medium and heavy-duty electric vehicles ("EVs") and electric vehicle supply equipment ("EVSE") paired with energy storage. As noted in the OIR, Public Utilities Code Section 379.6 limits SGIP eligibility to distributed energy resources ("DERs") that reduce GHG emissions. When the SGIP was first initiated, EVs and EVSE were generally not understood to fall under the umbrella of resources that constitute DERs. This has changed significantly in recent years. The Commission's website now recognizes that DERs include "alternative fuel vehicles (i.e. electric vehicles)."⁷ Pairing EVSE with storage resources provides a number of benefits that are consistent with the goals of SGIP:

- GHG reduction: storage can be charged at times peak renewable generation, even if the EV is not present. This low-emissions and lower-cost power can be used to charge the EV at a later time, reducing the EV's reliance on higher-emissions system power;
- Increased resiliency particularly when energy storage and advanced EVSE are paired with EVs used by the general public at fast charging hubs, essential services private sector fleets, municipal fleets, transit agencies, first responders, and/or critical facilities and infrastructure operators;
- Providing grid reliability services.

In light of these potential benefits, the Rulemaking should include an exploration of ways that SGIP can be used to encourage the pairing of energy storage with EVs and EVSE.

III. PROCEDURAL MATTERS

Available at: https://www.cpuc.ca.gov/Demand_Side/#:~:text=DERs%20are %20%E2%80%9Cdistribution%2Dconnected%20distributed,solutions%20is%20available%20to%20cust omers

A. Proposed Category

The CCAs do not oppose the OIRs' categorization of the instant Rulemaking as "quasi-legislative."

B. Need for Hearing

Based on the issues identified in the preliminary scoping memo, the CCAs do not believe that hearings are needed at this time. The CCAs reserve the right to request hearings moving forward.

C. Proposed Schedule

The CCAs support the Proposed Schedule set forth in the OIR.

IV. PARTY STATUS

Pursuant to Rule 1.4, each of the CCAs hereby requests party status in this Rulemaking.

The CCAs have a material interest in the matters being addressed in this Rulemaking, discussed

above.

MCE designates the following person as its "interested party" in this proceeding:

Jana Kopyciok-Lande Senior Policy Analyst Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 E-mail: JKopyciok-Lande@mcecleanenergy.org

EBCE designates the following person as its "interested party" in this proceeding:

Samantha Weaver Principal Regulatory Analyst East Bay Community Energy 1999 Harrison Street, Suite 800 Oakland, CA 94612 Email: sweaver@ebce.org PCE designates the following person as its "interested party" in this proceeding:

Matthew DS Rutherford Regulatory Analyst Peninsula Clean Energy Authority 2075 Woodside Road Redwood City, CA 94061 E-mail: MRutherford@peninsulacleanenergy.com

Additionally, the CCAs request "information only" status for the following:

Jim Baak Manager of Customer Programs - DER Marin Clean Energy Email Only Email: jbaak@mcecleanenergy.org

MCE Regulatory Marin Clean Energy Email Only Email: regulatory@mcecleanenergy.org

Jessie Denver DER Program Manager East Bay Community Energy Email Only Email: jdenver@ebce.org

EBCE Regulatory Email Only Email: regulatory@ebce.org

Jeremy Waen Manager of Regulatory Affairs Peninsula Clean Energy Authority Email Only Email: JWaen@peninsulacleanenergy.com

Peter Levitt Associate Manager of Distributed Energy Resources Peninsula Clean Energy Authority Email Only Email: PLevitt@peninsulacleanenergy.com

V. CONCLUSION

The CCAs appreciate the Commission's consideration of the matters addressed herein.

Dated: June 29, 2020

Respectfully submitted,

/s/ Jana Kopyciok-Lande

Jana Kopyciok-Lande Senior Policy Analyst Marin Clean Energy 1125 Tamalpais Avenue San Rafael, CA 94901 E-mail: JKopyciok-Lande@mcecleanenergy.org For: Marin Clean Energy

/s/ Matthew DS Rutherford

Matthew DS Rutherford Regulatory Analyst Peninsula Clean Energy Authority 2075 Woodside Road Redwood City, CA 940061 E-mail: MRutherford@peninsulacleanenergy.com

For: Peninsula Clean Energy Authority

/s/ Melissa Brandt

Melissa Brandt Senior Director of Public Policy and Deputy General Counsel East Bay Community Energy 1999 Harrison Street, Suite 800 Oakland, CA 94612 E-mail: mbrandt@ebce.org

For: East Bay Community Energy