



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, October 24, 2019**

Peninsula Clean Energy, 2075 Woodside Road,
Redwood City, CA 94061
6:30 p.m.

Supplemental Agenda Packet items. Please find attached:

- Item No. 2 CEO Report
- Item No. 10 Amendment to Employee Handbook to add Personal Leave Policy Memo and Resolution
- Item No. 11 SDRMA (Special District Risk Management Authority) Resolution and MOU (Memo of Understanding)
- Item No. 13 Regulatory and Legislative Report



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: October 21, 2019
BOARD MEETING DATE: October 24, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: CEO Report

REPORT:

Upcoming Event:

Deeper Dive on "Energy Market Issues Confronting PCE", October 25, 4 to 6 p.m.

Pradeep Gupta will provide an overview of power procurement issues such as energy markets, energy risk management, and resource adequacy.
Location: PCE's office at 2075 Woodside Road in Redwood City.

PCE Staffing Update

We have the following open positions posted on PCE website under "Join Our Team:"

- Strategic Accounts Manager (formerly called Business Relationship Manager)
- Marketing Communications Manager
- Senior Renewable Energy Analyst
- Renewable Energy and Compliance Analyst

We appreciate your efforts to let your networks know about these openings.

PCE Strategic Planning Activities

November 13 or 14: 45-minute Strategic Planning Interviews

Strategic Planning Consultant Annie Gallagher and an associate will be conducting 45-minute interviews with each Board member between 8:00 a.m. and 5:30 p.m. on November 13, and between 8:00 a.m. and 10:15 a.m. on November 14. Anne Bartoletti is scheduling these interviews.

Saturday, January 11 from 8:00 am to 1:00 pm: Strategic Planning Board Retreat

Strategic Planning Consultant Annie Gallagher will bring PCE Board members together for a half-day Strategic Planning Retreat from 8:00 a.m. to 1:00 p.m. on Saturday, January 11, 2020. Location: TBD.

PCE Marketing Plan Activity

KJ Janowski, Director of Marketing and Community Affairs, is in the process of scheduling a meeting with the Marketing Subcommittee to review the objectives, strategies, resource needs, and brand attributes for Peninsula Clean Energy.

Meetings with Board Members and City Managers

A meeting is scheduled with the City of San Mateo on October 28, with Councilmember Rick Bonilla, Councilmember Joe Goethals, and City Manager Drew Corbett.

Other Meetings and Events Attended by CEO

Provided introduction along with SVCE at “Reach Codes: Building a FutureFit Silicon Valley” on October 3 in Palo Alto attended by CCA board members from SVCE and PCE, as well as other stakeholders involved in the reach code efforts.

Spoke on “The Path to Investment-Grade Credit Ratings, Financial Best Practices, and Credit Reserve Policies” at the Community Choice Renewable Energy Financing Forum on October 15 in San Francisco, which was attended by CCAs, renewable energy developers, and the investment community.

Attended the NW Hydro/CCA Coordination Meeting on October 21 in San Jose with CCAs and power entities in the northwest.

**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: October 1, 2019
BOARD MEETING DATE: October 24, 2019



SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Andy Stern, Chief Financial Officer
SUBJECT: Amendment to Employee Handbook to add Personal Leave Policy

RECOMMENDATION:

Staff recommends that the Board approve an amendment to the Employee Handbook to add a Personal Leave of Absence policy.

BACKGROUND:

PCE's current Employee Handbook (the "Handbook"), effective as of November 1, 2018, was approved by the Board on December 20, 2018. The Handbook allows paid time-off in differing amounts under different policies including earned time off (e.g. vacation or sick leave). The current Handbook also describes protected leaves (e.g. FMLA) and PCE-specific leave policies (e.g. maternity/paternity, bereavement). However, in some circumstances, employees have personal reasons to desire time off for reasons that do not fall into these already established leave categories.

PCE wishes to implement a Personal Leave of Absence (PLOA) policy to accommodate those reasons for key employees for a limited time. A summary of the key features of the proposed policy are as follows:

Key factors and requirements:

- Employees must have completed at least one (1) year of full-time employment to be eligible

- Employees are eligible for PLOA no more than once in any forty-eight (48) month period
- The duration of an employee's PLOA shall not be for more than sixty (60) days
- A PLOA request should be made in writing by the employee and shall require written approval of CEO
- Approval is discretionary and shall be dependent on the operational impact of the PLOA on the organization and satisfactory job performance by the requesting employee
- PCE management will consider approval of PLOA for compelling reasons
- Decisions regarding PLOA are at PCE management's sole discretion
- While an employee is on PLOA, no salary would be paid
- While an employee is on PLOA, no vacation or sick leave would accrue
- While an employee is on PLOA, retirement contributions by the employee and PCE are suspended
- While an employee is on PLOA, employee benefits would not continue, but employee would have the right to sign up for COBRA, subject to eligibility
- Failure of an employee to return from PLOA by the date agreed upon will be considered a voluntary resignation from PCE

PERSONAL LEAVE OF ABSENCE POLICY (DRAFT FOR INCLUSION IN HANDBOOK)

Under special circumstances, full-time employees who have completed one year of employment may be granted an unpaid personal leave of absence for up to sixty (60) days. The granting of this type of leave is normally for compelling reasons and is dependent upon the written approval of the CEO. Employees requesting a personal leave of absence must submit the request in writing stating the reason(s) for the requested leave at least twenty-one (21) days in advance of the requested leave. In emergency situations written notice must be provided as soon as possible. PCE has sole discretion in determining whether the leave will be granted. If granted, PCE and the employee will agree on a specific return to work date, although the employee is free to shorten the time at his/her discretion.

While on leave, retirement contributions and matching will be suspended consistent with the unpaid period.

While on leave, an employee will not accrue vacation or sick hours, and will not be eligible for holiday pay.

During the leave, some benefits may be continued through COBRA. Under COBRA, the employee will be required to pay for the full cost of benefits (e.g. medical, dental and vision insurance) if coverage is continued during the leave period.

PCE will make reasonable efforts to return the employee to the former position, or, if not possible for business reasons, to a similar position when the employee returns from a leave of absence. PCE's need to fill a position may override its ability to hold a position

open until an employee returns from leave. Notwithstanding the foregoing, in the event of a company-wide reduction-in-force, PCE shall not be required to return the employee to any position after the leave of absence is over.

In the event that the former position is not available upon return from PLOA, PCE retains the discretion to determine the similarity of any available positions for any reassignment and the employee's qualifications. Failure to return from a personal leave of absence upon the expiration of the leave will be considered a voluntary resignation.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

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**RESOLUTION TO APPROVE AN AMENDMENT TO THE EMPLOYEE HANDBOOK
TO ADD A PERSONAL LEAVE OF ABSENCE POLICY**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, PCEA's Employee Handbook was approved by the Board on December 20, 2018 effective as of November 1, 2018; and

WHEREAS, PCEA offers various opportunities for employees to take time-off for prescribed reasons including vacation, sick leave, maternity/paternity leave, and other legally-protected leaves (including leaves authorized under the Family Medical Leave Act); and

WHEREAS, PCE is aware that employees might encounter circumstances in their lives that are not covered under the prescribed leaves; and

WHEREAS, PCE would like to implement a Personal Leave of Absence Policy that would enable employees to take up to sixty (60) days of unpaid leave under certain circumstances and upon approval of PCE management;

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board approved an amendment to the Employee Handbook to add a Personal Leave of Absence Policy.

* * * * *

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,
STATE OF CALIFORNIA**

* * * * *

**RESOLUTION TO APPROVE THE FORM OF AND AUTHORIZING THE EXECUTION
OF A SECOND MEMORANDUM OF UNDERSTANDING AND AUTHORIZING
PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S
HEALTH BENEFITS PROGRAM**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, PCEA was formed on February 29, 2016; and

WHEREAS, PCEA participates in the Special District Risk Management Authority (“Authority”) health benefits programs for many of its employee benefits; and

WHEREAS, PCEA has determined that it is in the best interest and to the advantage of PCEA to participate in the Health Benefits Program offered by the Authority; and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 et seq., for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, PCEA originally entered into a Memorandum of Understanding with the Authority on December 15, 2016 that states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, SDRMA's Board of Directors recently adopted a revised Second Memorandum of Understanding created to align the document with current IRS guidelines, the Affordable Care Act, and to integrate the guidelines of the CSAC-EIA, the organization that provides coverage for the Health Benefits programs; and

WHEREAS, participation in Authority programs requires PCEA to execute and enter into this Second Memorandum of Understanding.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board authorizes PCE's participation and signature to the Second Memorandum of Understanding between PCEA and the Authority, in the form presented at this meeting.

PASSED AND ADOPTED this _____ day of _____, 20_____

Jeff Aalfs, PCEA Board President

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA was appointed administrator for the purpose of enrolling small public entities into the CSAC - Excess Insurance Authority Health's ("CSAC-EIA Health") Small Group Health Benefits Program (hereinafter "PROGRAM"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by CSAC-EIA Health Committee for the PROGRAM (the "COMMITTEE") and not SDRMA; and.

WHEREAS, ENTITY desires to enroll and participate in the PROGRAM.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **PURPOSE.** ENTITY is signatory to this MEMORANDUM for the express purpose of enrolling in the PROGRAM.
2. **ENTRY INTO PROGRAM.** ENTITY shall enroll in the PROGRAM by making application through SDRMA which shall be subject to approval by the PROGRAM's Underwriter and governing documents and in accordance with applicable eligibility guidelines.
3. **MAINTENANCE OF EFFORT.** PROGRAM is designed to provide an alternative health benefit solution to all participants of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional). ENTITY public officials may participate in the PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
4. **PREMIUMS.** ENTITY understands that premiums and rates for the PROGRAM are set by the COMMITTEE. ENTITY will remit monthly premiums based upon rates established for each category of participants and the census of covered employees, public officials, dependents and retirees.

Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants

and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.

SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

5. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the PROGRAM and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to PROGRAM underwriter for approval.
6. **COVERAGE DOCUMENTS.** Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.
7. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
8. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:
 - a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.
 - b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must

- be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.
- c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.
 - d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.
9. **WITHDRAWAL.** ENTITY may withdraw subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY may rescind its notice of intent to withdraw. Once ENTITY withdraws from the PROGRAM, there is a 3-year waiting period to come back into the PROGRAM, and the ENTITY will be subject to underwriting approval again.
 10. **LIAISON WITH SDRMA.** Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.
 11. **GOVERNING LAW.** This MEMORANDUM shall be governed in accordance with the laws of the State of California.
 12. **VENUE.** Venue for any dispute or enforcement shall be in Sacramento, California.
 13. **ATTORNEY FEES.** The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
 14. **COMPLETE AGREEMENT.** This MEMORANDUM together with the related PROGRAM documents constitutes the full and complete agreement of the ENTITY.
 15. **SEVERABILITY.** Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
 16. **AMENDMENT OF MEMORANDUM.** This MEMORANDUM may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any ENTITY who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date.
 17. **EFFECTIVE DATE.** This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA.

18. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: August 1, 2019

By: Laura S. Gill

Special District Risk
Management Authority

Dated: _____

By: _____

Peninsula Clean Energy Authority



PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence

DATE: October 10, 2019
BOARD MEETING DATE: October 24, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Joseph Wiedman, Director of Regulatory and Legislative Affairs
 Jeremy Waen, Manager of Regulatory Affairs
 Doug Karpa, Senior Regulatory Analyst

SUBJECT: Update on PCE's September-October Regulatory and Legislative Activities

SUMMARY:

The end of September and early October were extremely busy months for the regulatory and legislative team. Resource adequacy, integrated resources planning, PG&E's general rate case, the Power Charge Indifference Adjustment (PCIA), numerous other dockets and the winddown of the legislative session continued to take up much of staff's time. As discussed in more detail below, PCE, as part of CalCCA (California Community Choice Association), a coalition of CCAs (Community Choice Aggregators), or on its own behalf, submitted nine pleadings at the California Public Utilities Commission (CPUC or Commission). PCE's regulatory and legislative team attended eight other stakeholder meetings. As discussed below, the regulatory and legislative team continues to work in key leadership roles to advance PCE's mission.

DEEPER DIVE:

Regulatory Advocacy and Outreach

R.14-02-007- Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) Program Implementation – On September 16, 2019, CPUC staff held a workshop to address ongoing issues in implementation of the Commission's DAC-GT and CSGT programs. As the Board may recall, in June 2018, the Commission authorized two new programs to increase access to solar resources for energy consumers residing in disadvantaged communities. The Commission determined that CCAs may offer these programs in lieu of the state's investor-owned utilities. The Commission's determination has raised novel issues concerning cost recovery of program expenses, coordination with the utilities' programs, how cost caps within the programs should be applied to CCA programs, how subsequent expansion of a CCA into an area where an IOU is offering the programs should be dealt with,

Commission review of CCA program expenses, and other topics. Joseph Wiedman, Peter Levitt, and Ilana Parmer Mandelbaum attended the workshop to represent PCE. Stakeholders achieved a lot of progress on all of these thorny issues. Staff anticipates further workshops in October to address remaining issues so that CCAs can move forward to develop programs for their communities.

A.19-06-001 – PG&E 2020 ERRR Forecast – Work continues in this docket as reported in prior memos to the Board. As the Board may recall from prior memos, on September 9, 2019, the Joint CCAs submitted testimony in the docket. The testimony found six errors or omissions made by PG&E in its forecasted revenue requirement, which ultimately determines the PCIA rates paid by PCE's customers. These errors and omissions would amount to a \$820 million reduction in the forecasted indifference amount. If items are remedied, they would swing PG&E's forecasted total year-end balance from a \$447 million under-collection (meaning departing load would not be paying enough in the PCIA) to a net over-collection of \$51 million (meaning departing load would be paying too much in the PCIA). On September 24, 2019, PG&E submitted rebuttal testimony in the docket. Surprisingly, PG&E's testimony agreed with the Joint CCAs on three of the issues they raised in their testimony filed on September 9, 2019, which amount to approximately \$605 million of the \$820 million put into question by the Joint CCA testimony. Moreover, through discovery efforts leading up to the evidentiary hearings, PG&E identified a math error in its workpapers amounting to \$220 million of excess revenues requested. Hearings occupied a half-day on October 2, 2019, and now PCE staff is working with legal counsel to prepare opening legal briefs due on October 21, 2019. This forecast case remains a complex proceeding, much like the prior PG&E 2019 ERRR forecast case, because it involves the further implementation of methodology and policy changes being made by the PCIA rulemaking case. However, Jeremy Waen continues to lead the joint efforts in the docket to achieve a good outcome.

R.19-03-009 – SB 237 Implementation – On September 20, 2019, the Assigned Administrative Law Judge (ALJ) requested comments to inform the Commission's development of a report on possible direct access (DA) expansion, as required by SB 237. The ruling asks for comments on the scope of the study, assumptions about the market and participants, phase-in timelines, thresholds of DA expansion that could impact state programs, specific variables that should be examined in the studies, and any additional issues. On September 30, 2019, CalCCA filed opening comments addressing many of those questions. CalCCA's comments gave the Commission guidance on what information should be included in a report due to the legislature on possible further reopening of direct access. CalCCA's comments framed the discussion from two perspectives: (1) any discussion of expanding direct access must be predicated on doing no harm to other load serving entities' (LSEs) efforts to advance decarbonization, grid reliability, cost shifting, and consumer protection; (2) the Commission must view the impacts of an expansion based on the state of the market today – i.e. if a customer leaves a CCA to go DA, what impact would such a switch have on GHG and pollution emissions and other factors. Numerous other parties provided comments to the Commission. Notably, TURN agreed with CalCCA's overall framework—any expansion on direct access must be viewed from the baseline of the work the CCAs and IOUs are doing to accelerate the uptake of renewable energy and other decarbonization efforts. On October 7, 2019, CalCCA filed reply comments, which reiterated many of our points and also responded to comments from direct access parties that exploration of many issues in the docket was unnecessary because of the Commission's prior work in the Customer Choice Project. CalCCA noted that the findings to support any further reopening of direct access, pursuant to SB 237, must be based on the record developed in this docket, not on prior undocketed Commission discussions on customer choice the Commission has had in the past.

R.17-09-020 – Resource Adequacy (RA) – This docket continues to consider a number of issues that directly impact the market for RA resources in California. First, the docket continues to discuss the need for a central buyer for resource adequacy instead of the current market structure based on bilateral contracting. Mr. Waen, as the primary case manager overseeing the effort, is a key part of CalCCA’s efforts in this docket. As discussed in prior Board memos, on August 9, 2019 CalCCA and seven other parties issued a Notice of Settlement on Central Buyer issues to the CPUC and other parties engaged in the RA case. The settlement seeks to establish a residual central buyer framework for resource adequacy which would allow LSEs to choose whether to (a) continue to procure resource adequacy or (b) turn over all or part of their resource adequacy responsibilities to a central buyer. LSE’s that allow the central buyer to buy on their behalf would be assessed the costs of procurement by the central buyer, while LSEs that show all or part of their resource adequacy needs being met would pay costs commensurate with their showing. A settlement conference was held at the CAISO on August 20, 2019 to allow other parties to the proceeding to ask questions regarding the settlement. On September 30, 2019, non-settling parties filed comments on the settlement. SunRun, AReM, AWEA, LSA, City of San Diego and the CAISO supported the settlement. TURN supported the residual model concept but did not support the settlement because it did not include consensus on who the entity should be. PG&E and SCE opposed and continue to promote a full procurement of local RA model. SCE wants to be the central buyer for its service territory. Some others opposed, including the Joint Demand Response Parties, California Public Advocates Office, Vistra, CEERT, CLECA, and the Department of Market Monitoring. Reply comments are due October 15, 2019. Secondly, the Commission, on September 6, 2019, issued a Proposed Decision (PD) to resolve potential pending changes to treatment of Import RA. The PD would impose new “firm” energy requirements, energy delivery requirements during the hours of 4-9 pm, new qualifying capacity requirements to “align with identified reliability needs,” and new reporting requirements. Comments on this PD were filed on September 26, 2019. CalCCA filed comments, which focused on how the proposed changes to Import RA requirements would expand well beyond prior CPUC direction, would have significantly detrimental near-term market impacts, and would threaten overstepping into FERC jurisdictional matters. Reply Comments were filed on October 1, 2019. While CalCCA did not file reply comments there were many supporters for CalCCA’s strong opening comments filed on September 26, 2019. The CPUC made several revisions to the PD prior to voting it out during its voting meeting on October 10, 2019, and CalCCA is exploring opportunities to clarify these revisions further.

R.16-02-007 – Integrated Resource Planning (IRP) – On September 12, 2019, the ALJ issued a proposed decision in the docket ordering 2,500MW procurement of system level RA resources, but only from LSE’s in Southern California Edison’s (SCE) territory. On the positive side, the PD embraces a long held CCA view that CCAs should be in control of their procurement by clearly allowing CCAs to procure their allotments. However, the PD did not provide a clear rationale for limiting procurement to LSEs in SCE’s territory and excusing PG&E from responsibility when the need is systemwide. On October 2, 2019, CalCCA filed opening comments on the PD asking for a rigorous analysis of the actual need for system resources under a “no regrets” approach to avoid unnecessary procurement. On October 7, 2019, CalCCA filed reply comments, arguing that all LSEs should be required to procure resources to meet system needs, not just LSEs in SCE’s service territory, that the proposed decision relied upon an inadequate evidentiary record, and against CAISO’s proposed doubling of the potential procurement order. In addition, CPUC staff have released a proposal for the filing requirements for our IRP filing next May, which includes several problematic provisions for granting access to confidential data, and requirements to use CPUC load forecasts, among other provisions.

CEC Docket 16-OIR-05 – AB 1110 Implementation – On September 6, 2019, the CEC released updated regulations concerning the implementation of AB 1110. As noted in prior reports, the implementation of AB 1110 has been underway, and the regulations have evolved with each release to address stakeholders concerns. These updated regulations take the following actions:

- (1) Grandfathering of PCC 2 resources: Firmed and shaped products executed prior to January 1, 2019 would be excluded from emission intensity calculation until the contract expires. Any extension to the original contract terms would not be excluded from emission intensity calculation. This is a positive change for us as this grandfathering date was originally set on February 1, 2018.
- (2) CAM-based resources: IOUs will account for their share of specified CAM procurements while other LSEs will not be apportioned any share of the emissions associated with CAM resources;
- (3) Unbundled RECs: Unbundled RECs will be excluded from fuel mix disclosure and disclosed based on the date of retirement, not generation;
- (4) Auditing for public agencies: The proposed regulations reaffirm the ability of public agency retailers to submit governing board attestation as an acceptable substitute for the auditing requirements;
- (5) EIM imports: After consultation with CARB, EIM imports will continued to be counted as unspecified power until CARB and the CAISO develop clearer insight into the emissions profile of specific EIM transactions; and
- (6) Clean Net Short (CNS): The CNS methodology is rejected.

On October 7, 2019, the CEC held a workshop to discuss the latest revisions to the CEC's proposed regulations implementing AB 1110 at which a number of parties recommended revision of the proposed treatment of PCC2 RECs and to wait until the CPUC finalizes the mechanism for the allocation and sales of RPS and GHG-free energy from the IOU portfolios under the PCIA proceeding.

CAISO Workshop on Hybrid Resources – On October 3, 2019, the CAISO held a workshop to discuss hybrid resources. This highly technical proposal would address how PCE's solar and storage resources would be dispatched and the resource adequacy treatment they would receive. Currently, CAISO is proposing a simple additive approach until the grid impacts of hybrid resources can be more accurately assessed.

CalCCA/CAISO Working Group – On October 7, 2019, members of CalCCA and the CAISO held their first working group meeting to discuss topics of common interest. Jeremy Waen and Chelsea Keys attend on behalf of PCE, with Doug Karpa attending by phone. CAISO laid out the basis for their concerns regarding near term system resource shortfall but were keenly interested to hear about CCA plans for the use of our storage resources for addressing evening energy needs. CAISO also laid out processes for the rapid addition of storage to existing solar resources as an approach to meeting the near-term reliability needs.

CAISO Workshop on RA Enhancements – On October 9, 2019, the CAISO held a workshop on RA enhancements. Jeremy Waen attended on behalf of PCE. The CAISO is contemplating numerous changes to its RA markets and requirements, including potential changes to resource counting rules to better account for resource outages, changes to flexible capacity requirements, and potential upward adjustments to the planning reserve margin. This initiative is a "kitchen sink" for RA matters before the CAISO, so PCE staff will remain closely engaged.

Legislative Advocacy and Outreach

Due to the PG&E bankruptcy, the rise of CCAs, and growing concerns over reliability given California's evolving market structure, the 2019 session of the legislature featured numerous bills related to energy policy. Below is a discussion of each bill that has been signed by the Governor to date. Collectively, these bills touch all aspects of energy policy: standards for public power safety shutoffs, resiliency, vehicle electrification and CPUC reform. PCE staff is carefully reviewing each new law to see how it impacts PCE's operations and opportunities for us to serve our communities.

Enrolled Legislation

Resiliency

AB 38 (Wood D) Fire safety: low-cost retrofits: regional capacity review: wildfire mitigation.

Status: 10/2/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 391, Statutes of 2019.

Position:

Summary: Would require the Natural Resources Agency, by July 1, 2021, and in consultation with the State Fire Marshal and the Forest Management Task Force, to review the regional capacity of each county that contains a very high fire hazard severity zone to improve forest health, fire resilience, and safety, as specified. The bill would require the Natural Resources Agency to make the review publicly available on its internet website. On or after July 1, 2021, the bill would require a seller of real property located in a high or very high fire hazard severity zone to provide specified documentation to the buyer that the real property is in compliance with the wildfire protection measures as specified or a local vegetation management ordinance, or enter into an agreement with the buyer pursuant to which the buyer will obtain documentation of compliance, as provided.

SB 70 (Nielsen R) Electricity: undergrounding of electrical infrastructure.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require each electrical corporation's wildfire mitigation plan to additionally include a description of where and how the electrical corporation considered undergrounding electrical distribution lines within those areas of its service territory identified to have the highest wildfire risk in a commission fire threat map. This bill contains other related provisions and other existing laws.

SB 190 (Dodd D) Fire safety: building standards: defensible space program.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require the Office of the State Fire Marshal to develop, in consultation with representatives from local, state, and federal fire services, local government, building officials, utility companies, the building industry, insurers and insurance research organizations, and the environmental community, a model defensible space program to be made available for use by a city, county, or city and county in the enforcement of the defensible space provisions. The bill would set forth required components of the program.

[SB 209](#) ([Dodd D](#)) Office of Emergency Services: Wildfire Forecast and Threat Intelligence Integration Center.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require the Office of Emergency Services and the Department of Forestry and Fire Protection to jointly establish and lead the Wildfire Forecast and Threat Intelligence Integration Center, comprised of representatives from specified state and other entities. The bill would require the center to serve as the state's integrated central organizing hub for wildfire forecasting, weather information, and threat intelligence gathering, analysis, and dissemination and to coordinate wildfire threat intelligence and data sharing, as provided. The bill would also require the center to, among other things, develop a statewide wildfire forecast and threat intelligence strategy, as provided, and protect and safeguard sensitive information. The bill would make various findings and declarations in this regard.

CPUC Reform

[AB 1054](#) ([Holden D](#)) Public utilities: wildfires and employee protection.

Status: Signed by Governor Newsom on July 12, 2019.

Summary: Would establish the California Wildfire Safety Advisory Board consisting of 7 members appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules, as provided, who would serve 4-year staggered terms. The bill would require the board, among other actions, to advise and make recommendations related to wildfire safety to the Wildfire Safety Division or, on and after July 1, 2021, the Office of Energy Infrastructure Safety, as established pursuant to AB 111 or SB 111 of the 2019–20 Regular Session.

Notes: AB 1054 was the main energy bill of 2019 as it created the Wildfire Fund, which creates a pathway for Investor Owned Utilities to pay into and then access funds to pay for wildfire damages. PCE, other CCAs and CalCCA did not take a position on AB 1054 as the policy focuses solely on IOUs and does not impact CCAs or create new charges for CCA customers. Importantly, AB 1054, and its technical companion bill AB 111, will transition from the authority of the PUC to the California Natural Resources Agency, through the Office of Energy Infrastructure Safety, the review and enforcement of IOUs' compliance with wildfire safety. Several CCAs considering municipalization took issue with language that changes the definition of "change of control" of an IOU to include municipalization efforts, which now must undergo a detailed analysis and approval by the PUC that adds additional barriers to municipalization efforts.

[AB 1362](#) ([O'Donnell D](#)) Electricity: load-serving entities: rate and program information.

Status: Signed by Governor Newsom on October 2, 2019.

Position: Neutral – previously opposed by CalCCA

Summary: Would require the Public Utilities commission to post, in a consolidated location on its internet website, residential electric rate tariffs and programs of electrical corporations, electric service providers, and community choice aggregators to enable customers and local governments to compare rates, services, environmental attributes, and other offerings. The bill would require this information to also be available and easily accessible on those electricity providers' internet websites. The bill would require each of those electricity providers to make available to the commission all information about its residential electric rate tariffs and programs.

AB 1513 (Holden D) Energy.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Current law creates the California Catastrophe Response Council, establishes the California Wildfire Safety Advisory Board, establishes the Office of Energy Infrastructure Safety, and establishes the Wildfire Safety Division of the Public Utilities Commission. Current law provides mechanisms for electrical corporations to recover costs and expenses arising from covered wildfires, as defined, establishes the Wildfire Fund to pay eligible claims arising from a covered wildfire, and requires each electrical corporation, local publicly owned electric utility, and electrical cooperative to annually prepare and submit a wildfire mitigation plan. This bill would make nonsubstantive changes to provisions related to these entities, mechanisms, requirements, and the Wildfire Fund.

AB 1584 (Quirk D) Electricity: cost allocation.

Status: Signed by Governor Newsom on October 2, 2019.

Position: Neutral – previously opposed by CalCCA

Summary: Would require the Public Utilities Commission to develop and use methodologies for allocating electrical system integration resource procurement needs to each load-serving entity based on the contribution of that entity's load and resource portfolio to the electrical system conditions that created the need for the procurement. The bill would require the commission to develop and use methodologies for determining any costs resulting from a failure of a load-serving entity to satisfy its allocation of those procurement needs.

SB 155 (Bradford D) California Renewables Portfolio Standard Program: integrated resource plans.

Status: Signed by Governor Newsom on October 2, 2019.

Position: Neutral – PCE had submitted an opposed unless amended letter.

Summary: Current law requires the Public Utilities Commission to direct each retail seller to prepare and submit an annual report to the commission that includes specified information on the retail seller's compliance with requirements related to eligible renewable energy resource procurement. This bill would require the commission to review each annual compliance report filed by a retail seller, to notify a retail seller if the commission has determined, based upon its review, that the retail seller may be at risk of not satisfying the renewable procurement requirements for the then-current or future compliance period, and to provide recommendations in that circumstance regarding satisfying those requirements.

SB 247 (Dodd D) Wildland fire prevention: vegetation management.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require an electrical corporation, within one month of the completion of each substantial portion of the vegetation management requirements in its wildfire mitigation plan, to notify the Wildfire Safety Division of the completion. The bill would require the division to audit the completed work and would require the audit to specify any failure of the electrical corporation to fully comply with the vegetation management requirements. The bill would require the division to provide the audit to the electrical corporation and to provide the electrical corporation a reasonable time period to correct and eliminate deficiencies specified in the audit.

[SB 255](#) ([Bradford D](#)) **Women, minority, disabled veteran, and LGBT business enterprise procurement: electric service providers: energy storage system companies: community choice aggregators.**

Status: Signed by Governor Newsom on October 2, 2019.

Position: Support

Summary: Current law directs the Public Utilities Commission to require every electrical corporation, gas corporation, water corporation, wireless telecommunications service provider, and telephone corporation with annual gross revenues exceeding \$25,000,000, and their regulated subsidiaries and affiliates, to annually submit a detailed and verifiable plan for increasing procurement from women, minority, disabled veteran, and LGBT business enterprises in all categories, including renewable energy, wireless telecommunications, broadband, smart grid, and rail projects. This bill would change the \$25,000,000 annual gross revenue threshold above which these requirements become applicable to \$25,000,000 in gross annual California revenues, and would extend these requirements to electric service providers, as specified.

[SB 520](#) ([Hertzberg D](#)) **Electrical service: provider of last resort.**

Status: Signed by Governor Newsom on October 2, 2019.

Position: Oppose – PCE submitted an oppose letter.

Summary: The Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under current law, a public utility has a duty to serve, including furnishing and maintaining adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons and the public. This bill would provide that the electrical corporation is the provider of last resort, as defined, in its service territory unless provided otherwise in a service territory boundary agreement approved by the commission pursuant to existing law or unless the commission designates a load-serving entity, as defined, other than the electrical corporation to serve as the provider of last resort for all or a portion of that service territory pursuant to a joint application of the electrical corporation and the load-serving entity.

[SB 550](#) ([Hill D](#)) **Public utilities: merger, acquisition, or control of electrical or gas corporations.**

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Existing law prohibits a public utility, other than certain common carriers, from selling, leasing, assigning, mortgaging, or otherwise disposing of, or encumbering its assets that are necessary or useful in the performance of its duties to the public by any means with any other public utility, unless the public utility has secured an order from the commission to do so for a qualified transaction above \$5,000,000 or an approval from the commission through the filing of an advice letter for a qualified transaction at or below \$5,000,000. This bill would eliminate the requirement that the above-described transactions be with another public utility to be subject to those conditions on approval.

Electric Vehicles

[AB 684](#) ([Levine D](#)) **Building standards: electric vehicle charging infrastructure.**

Status: Passed the Legislature and awaiting Governor Newsom's signature or veto.

Position: Support

Summary: Would require the Department of Housing and Community Development (HCD) and the California Building Standards Commission (Commission), by July 1,

2022, or the publication of the next interim California Building Code, whichever comes first, to research, develop, and propose building standards regarding the installation of future electric vehicle (EV) charging infrastructure for parking spaces for existing multifamily dwellings and nonresidential development, as specified. The bill would also require the Department of Housing and Community Development and the commission to review the standards for multifamily dwellings and nonresidential development every 18 months to update the standards as needed pursuant to that review.

[SB 676](#) ([Bradford D](#)) **Transportation electrification: electric vehicles: grid integration.**

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require the PUC, by December 31, 2020, in an existing proceeding, to establish strategies and quantifiable metrics to maximize the use of feasible and cost-effective electric vehicle grid integration, as defined, by January 1, 2030, as specified. The bill would require the PUC to reference the electric vehicle grid integration strategies in relevant ongoing and subsequent proceedings that address issues of transportation electrification in any part and to identify how programs and investments that the PUC may approve will advance the achievement of the strategies. The bill would require the PUC, when executing its transportation electrification responsibilities, to consider how, or if, electric vehicle grid integration can mitigate any generation, transmission, or distribution costs, or increase the economic, social, or environmental benefits associated with transportation electrification, and to not foreclose future utilization of electric vehicle grid integration.

PSPS/Emergency Response

[AB 1144](#) ([Friedman D](#)) **Self-generation incentive program: community energy storage systems: high fire threat districts.**

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Current law requires the Public Utilities Commission to require the administration, until January 1, 2026, of a self-generation incentive program to increase the development of distributed generation resources and energy storage technologies. Current law authorizes the commission, in administering the program, to adjust the amount of rebates and evaluate other public policy interests, including, but not limited to, ratepayers, energy efficiency, peak load reduction, load management, and environmental interests. This bill would require the commission, in administering the self-generation incentive program, to allocate at least 10% of the annual collection for the program in the 2020 calendar year for the installation of energy storage and other distributed energy resources for customers that operate critical facilities or critical infrastructure serving communities in high fire threat districts to support resiliency during a deenergization event.

[SB 160](#) ([Jackson D](#)) **Emergency services: cultural competence.**

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Current law requires a county, upon the next update to its emergency plan, to integrate access and functional needs into its emergency plan, as specified. This bill would require a county to integrate cultural competence, as defined, into its emergency plan upon the next update to its emergency plan, as specified. The bill would also require a county to provide a forum for community engagement in geographically diverse locations in order to engage with culturally diverse communities, as defined, within its jurisdiction. The bill would authorize a county to establish a community advisory board for the purpose of cohosting, coordinating, and conducting outreach for the community

engagement forums. By increasing the duties of local officials, this bill would impose a state-mandated local program.

SB 167 (Dodd D) Electrical corporations: wildfire mitigation plans.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Current law requires each electrical corporation to annually prepare and submit a wildfire mitigation plan to the Wildfire Safety Division for review and approval. Current law requires those wildfire mitigation plans to include specified information, including protocols for disabling reclosers and deenergizing portions of the electrical distribution system that consider the associated impacts on public safety, as well as protocols related to mitigating the public safety impacts of those protocols, including impacts on critical first responders and on health and communication infrastructure. This bill would require each electrical corporation, as part of those protocols, to additionally include protocols related to mitigating the public safety impacts of disabling reclosers and deenergizing portions of the electrical distribution system that consider the impacts on customers who are receiving medical baseline allowances.

SB 560 (McGuire D) Wildfire mitigation plans: deenergizing of electrical lines: notifications: mobile telephony service providers.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require that the procedures for notifying a customer who may be impacted by the deenergizing of electrical lines by a local publicly owned electric utility, an electrical cooperative, or an electrical corporation direct notification to all public safety offices, critical first responders, health care facilities, and operators of telecommunications infrastructure with premises within the footprint of potential deenergization for a given event. The bill would require each electrical corporation to also include protocols for the deenergization of the electrical corporation's transmission infrastructure in the wildfire mitigation plan, for instances when the deenergization may impact customers who, and entities that, are dependent upon the infrastructure.

Notes: SB 560 was completely amended once the bill was in the Assembly to address the notification of customers of an IOU or Publicly Owned Utility (POU) PSPS event. The bill expands the customers who are to be notified to include all public safety offices, critical first responders, health care facilities, and operators of telecommunications infrastructure.

SB 670 (McGuire D) Telecommunications: community isolation outage: notification.

Status: Signed by Governor Newsom on October 2, 2019.

Summary: Would require the Office of Emergency Services, on or before July 1, 2020, to adopt, by regulation, appropriate thresholds for what constitutes a community isolation outage, as provided, and issue a specified notice for that regulation by January 1, 2020. The bill would, upon the adoption of those regulations, require a provider of telecommunications services, as defined, that provides access to 911 service to notify the office, as provided, whenever a community isolation outage limiting the provider's customers' ability to make 911 calls or receive emergency notifications occurs, within 60 minutes of discovering the outage. The bill would make the office responsible for notifying any applicable county office of emergency services, the sheriff of any county, and any public safety answering point affected by the outage.

FISCAL IMPACT:

Not applicable.