



**REGULAR MEETING of the Board of Directors of the  
Peninsula Clean Energy Authority (PCEA)  
Thursday, October 22, 2020**

**PLEASE NOTE: for Video conference: <https://meetings.ringcentral.com/j/1499780875>**

**for Audio conference: dial 1-623-404-9000, or 1-773-231-9226,**

**then enter the Meeting ID: 149 978 0875 followed by #**

**You will be instructed to enter your participant ID followed by #.**

**NOTE: Please see attached document for additional detailed teleconference instructions.**

Supplemental Agenda Packet items. Please find attached:

- Item No. 18 Regulatory and Legislative Report (Information Only)

## Instructions for Joining a RingCentral Meeting via Computer or Phone

### Best Practices:

- Please mute your microphone when you are not speaking to minimize audio feedback
- If possible, utilize headphones or ear buds to minimize audio feedback
- If participating via videoconference, audio quality is often better if you use the dial-in option (Option 1 below) rather than your computer audio

### Options for Joining

- A. Videoconference with Phone Call Audio (*Recommended*) – see Option 1 below
- B. Videoconference with Computer Audio – see Option 2 below
- C. Calling in from iPhone using one-tap – see Option 3 below
- D. Calling in via Telephone/Landline – see Option 4 below

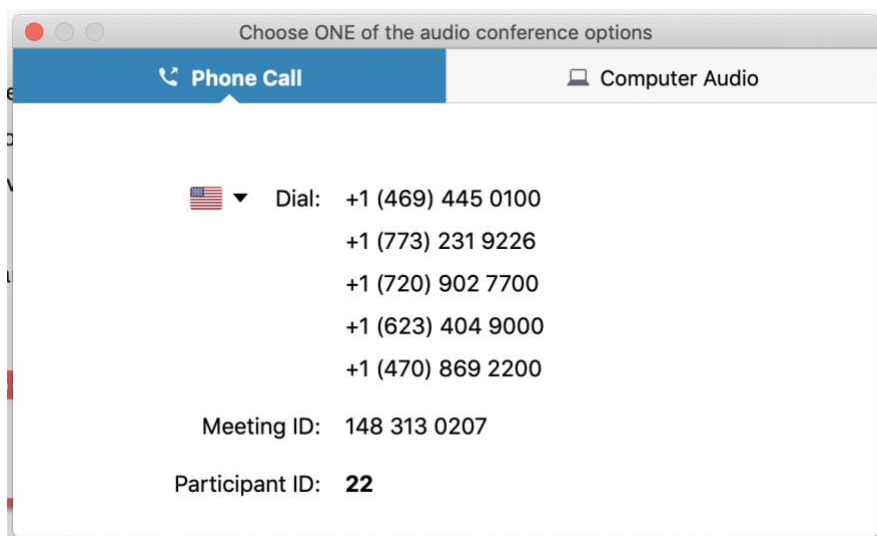
### Videoconference Options:

Prior to the meeting, we recommend that you install the RingCentral Meetings application on your computer by clicking here: <https://www.ringcentral.com/apps/rc-meetings>

If you want full capabilities for videoconferencing (audio, video, screensharing) you must download the RingCentral application.

### Option 1 Videoconference with Phone Call Audio (Recommended):

1. From your computer, click on the following link:  
<https://meetings.ringcentral.com/j/1499780875>
2. The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Phone Call option at the top of the pop-up screen.

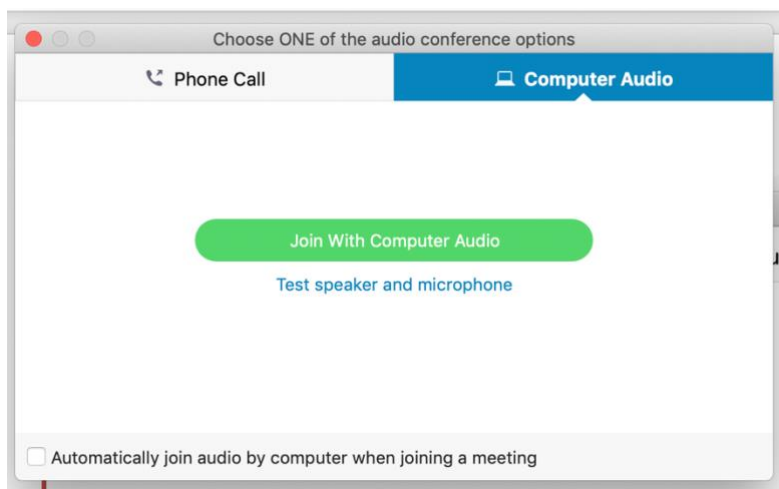


**IMPORTANT:** Please do not use the Participant ID that is in the picture to the left. Enter the Participant ID that appears on your own personal pop-up.

- Please dial one of the phone numbers for the meeting (it does not matter which one):
  - +1 (623) 404 9000
  - +1 (469) 445 0100
  - +1 (773) 231 9226
  - +1 (720) 902 7700
  - +1 (470) 869 2200
- You will be instructed to enter the meeting ID: **149 978 0875 followed by #**
- You will be instructed to enter in your **Participant ID followed by #**. Your Participant ID is unique to you and is what connects your phone number to your RingCentral account.
- After a few seconds, your phone audio should be connected to the RingCentral application on your computer.
- In order to enable video, click on "Start Video" in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

### **Option 2 Videoconference with Computer Audio:**

- From your computer, click on the following link:
- <https://meetings.ringcentral.com/j/1499780875>
- The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
- After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Computer Audio option at the top of the pop-up screen.



- Click the green **Join With Computer Audio** button
- In order to enable video, click on "Start Video" in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

## **Audio Only Options:**

Please note that if you call in/use the audio only option, you will not be able to see the speakers or any presentation materials in real time.

### **Option 3: Calling in from iPhone using one-tap**

Click on one of the following “one-tap” numbers from your iPhone. Any number will work, but dial by your location for better audio quality:

**+1(623)4049000,,1499780875# (US West)**

+1(720)9027700,,1499780875# (US Central)

+1(773)2319226,,1499780875# (US North)

+1(469)4450100,,1499780875# (US South)

+1(470)8692200,,1499780875# (US East)

This is the call-in number followed by the meeting ID. Your iPhone will dial both numbers for you.

You will be instructed to **enter your participant ID followed by #**

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting

### **Option 4: Calling in via Telephone/Landline:**

Dial a following number based off of your location:

**+1(623)4049000 (US West)**

+1(720)9027700 (US Central)

+1(773)2319226 (US North)

+1(469)4450100 (US South)

+1(470)8692200 (US East)

You will be instructed to enter the **meeting ID: 149 978 0875 followed by #**

You will be instructed to enter your **participant ID followed by #**.

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting.



**PENINSULA CLEAN ENERGY AUTHORITY  
Board Correspondence**

**DATE:** October 16, 2020  
**BOARD MEETING DATE:** October 22, 2020  
**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  
Matthew Rutherford, Regulatory Analyst

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

**SUMMARY:**

This report has been restructured to (hopefully) increase the ability of the Board to understand the work the public policy team engages in and to link the team's activities to PCE's Strategic Plan. Continued feedback on how this report can be made more useful to the Board is always appreciated.

Late September and early October were busy months for the public policy team. Significant attention continues to be given to concerns over the state of the energy system following the rolling blackouts that hit the state in mid-August. Additionally, the Commission has released a draft report on direct access expansion required by SB 235 (2019) which broadly finds that expansion of direct access without significant changes to the Commission's oversight ability will threaten attainment of California's decarbonization goals and could weaken system reliability. Given the impacts of climate change already hitting the state and the specter of further tightness in energy supply, both findings are not good news for proponents of direct access expansion. As discussed in the legislative report below, election season is looming which will have impacts on membership on committees. Moreover, the Assembly held a hearing on a recent preliminary report assessing the mid-August blackouts developed by the Energy Commission, the Public Utilities Commission and the Independent System Operator. Assembly Utility & Energy Committee members focused on the need for long duration storage and/or seasonal storage, with two Assemblymembers calling for pumped hydro as they had authored bills on the subject. We anticipate long duration storage and the general state of resource adequacy to become major topics in the coming session given blackouts in mid-August. The regulatory team is working with CalCCA to respond to the topic with data on what PCE and other CCAs are doing to build new resources including long duration resources.

## **DEEPER DIVE:**

### **Regulatory Advocacy and Outreach**

#### **Power Charge Indifference Adjustment (PCIA)** (multiple CPUC dockets)

Jeremy Waen continues to be key thought leader in CalCCA's, the Joint CCA's and PCE's engagement in the various dockets at the Public Utilities Commission related to the PCIA. Jeremy's efforts continue across several dockets including PG&E's 2020 Energy Resource Recovery Account (ERRA) Forecast Application (A.19-06-001), (2) PG&E's 2019 ERRA Compliance Application (A.20-02-009), and (3) 2021 ERRA Forecast (A.20-07-002). Each of these cases has their own nuances that has been reported on previously but cumulatively the effort has identified hundreds of millions of dollars in proposed costs that require careful examination by the Commission. At a very high level, the forecast dockets for each year provide Commission oversight and approval of PG&E's forecasted above market costs for the coming year for its energy portfolio which is used to set the PCIA for the coming year. Meanwhile, compliance dockets provide after the fact review of PG&E's compliance with Commission requirements related to its portfolio and a true-up based on actual sales and market costs for the prior year. Combined the two dockets provide an opportunity for PG&E to receive complete cost recovery with virtually no risk for its customers (representing a perfect hedge). Accordingly, these dockets provide a substantial benefit to PG&E's remaining customers by insulating them from energy market changes and shifting risk to customers who have departed.

The 2021 ERRA Forecast docket is getting underway with the filing of opening testimony on September 24, 2020 and rebuttal on October 8, 2020. Parties have since waved the need for evidentiary hearings and legal briefings on areas in dispute are being prepared. As with the prior year, PG&E is forecasting PCIA rate increases that well exceed the \$0.005/kWh rate cap presently imposed on departing load customers' annual PCIA rate adjustments. However, the most impactful development this month on PCIA cost containment efforts is the filing of PG&E's 2021 PCIA Undercollection Balancing Account (PUBA) Trigger Application on September 28, 2020. The application identifies over \$252 million dollars in undercollections and asserts that these undercollections result in a shortfall of over 7% of PCIA collections before the end of 2020, thereby triggering the instant application to address collection of these funds. The application proposes a one-year amortization of funds which would start in January 2021. Based upon PG&E's preliminary filings in both its 2021 ERRA Forecast and PUBA Trigger cases, this adjustment would lead to PCIA rate increases of 38-39% for PCE's customers while concurrently lowering PG&E's generation rates by 8%. PCE staff, alongside the staff of both Joint CCAs and CalCCA, are contemplating counter proposals to lessen these rate impacts while resolving this undercollection balance and preventing similar undercollection balances from manifesting in future cycles of rate adjustments.

(Public Policy Objective A, Key Tactic 1)

#### **Expansion of Direct Access** (CPUC Docket R.19-03-009)

On September 28, 2020, the Energy Division staff released a long-awaited draft of its report on direct access (DA) expansion. The report is required by SB 237 (2018) to inform continuing conversations in Sacramento around expansion of direct access. At a high level, the report found that expanding DA would increase uncertainty in long-term contracting for resources needed to meet system reliability and GHG reduction goals, could lead to increased GHG emissions because ESPs rely on system power heavily as a procurement strategy, could lead to a net decline in RPS procurement as ESPs tend to procure proportionally less RPS resources,

could lead to increases in criteria air pollutants as ESPs generally procure more system power than other LSEs, and could lead to cost shifting through failure to procure sufficient resources and changes in load composition. The draft report also noted that DA providers lack the transparency of CCAs and IOUs. Based on these findings, the draft report recommends that consideration of expanding direct access not be undertaken until at least 2024 in order to allow time for ESPs to come into compliance with the integrated resource planning (IRP), renewable portfolio standards (RPS), and resource adequacy (RA) programs. If direct access expansion is undertaken, the draft report makes a number of recommendations designed to clarify the Commission's oversight authority of both CCAs and DA so that the Commission can shut down repeated bad actors. On October 16, 2020, CalCCA filed comments with the Commission that generally supported the findings of the report but recommended minor modifications to the staffs' proposals to clarify them. Joseph Wiedman continues to lead PCE's efforts to ensure that any expansion of DA does not harm or thwart PCE's GHG reduction goals.

(Public Policy Objective A, Key Tactic 1 and Public Policy Objective C, KT3)

### **Transportation Electrification** (CPUC Docket R.18-12-006)

Jeremy Waen and Matthew Rutherford lead PCE's efforts in this docket with the goal of integrating PCE's transportation electrification efforts with the Commission's efforts towards the same while also positioning PCE to increase our programmatic efforts through financial support from customer rates. As reported in prior reports, the Commission is presently developing a Transportation Electrification Framework to guide Commission, utility, and third-party efforts to facilitate electrification through coordinated programs among a potentially wide variety of stakeholders. A series of comments covering many topics have been filed over the course of this year. The latest effort is the filing of reply on September 25, 2020. Both PCE and the Joint CCAs emphasized in both rounds of comments the need to allow CCAs to participate in the TEP process by serving as Program Administrators that design and implement their own programs and be subject to review and approval by the CPUC alongside IOU programs. Our comments showed how this arrangement would result in achieving the state's TE goals more efficiently, effectively, and expeditiously by utilizing our proven programmatic expertise and local context/relationships and that relying solely on the IOUs would result in higher ratepayer costs, slower achievement of the State's goals, and likely fail to include local considerations necessary to ensure that all ratepayers benefit from their TE efforts. A range of stakeholders supported our proposal, including TURN, Small Business Utility Advocates, GRID Alternatives, Tesla, and the Vehicle to Grid Integration Council. As this was the last round of comments in the existing schedule, PCE and the Joint CCAs are starting engagement efforts with the CPUC in an attempt to answer any of their remaining questions about our position. To that end, on October 13, 2020, Jeremy Waen, Matthew Rutherford, and members of PCE's programs team met with various CPUC staff to help them understand PCE's views in the docket and address any concerns they have as they develop a decision based on the record. Most likely the next step is that the ALJ will file a proposed decision which may come in early 2021.

(Public Policy Objective A, Key Tactic 1 and Key Tactic 3)

### **Microgrids** (CPUC Docket R.19-09-009)

The Public Utilities Commission continues to work towards commercialization of microgrids as required by SB 1339 (2018). The docket has been moving slowly over the last year but has been making steady progress. As reported in prior reports, the Commission issued a decision in June which sought to accelerate deployment of microgrids by streamlining the interconnection

process and, for PG&E's service territory, establishing a program to assist communities in developing microgrids. A second phase of the docket was opened in July which continues to guide activities in the docket today. As part of ongoing efforts, on September 24, 2020, Joe Wiedman met with Josh Honeycutt, advisor to President Batjer. Mr. Wiedman discussed the current status of the docket and timing regarding the development of microgrid tariffs in the docket. Numerous parties have raised concerns with the Commission that the docket is simply not moving fast enough to enable microgrids to rollout faster so they can be part of the solution to reliability issues facing California. As part of the discussion, Mr. Wiedman also discussed the progress of PCE's efforts to collaborate with PG&E on mitigation of PSPS impacts in PCE's service territory. On September 25, 2020, the Joint CCAs filed comments on various policy questions presented to parties by staff. The main thrust of the Joint CCA comments was that the current framework for maintaining electricity service during PSPS events was inconsistent with the Commission's loading order because PG&E's proposals focused exclusively on diesel backup generation and that a more holistic analysis of substation load could show opportunities to utilize preferred resources while minimizing the use of diesel backup generators. On October 13, 2020, Joe Wiedman attended the first meeting of the Microgrids Working Group. The working group is forming to provide an informal forum for stakeholders to discuss issues in the docket including the development of tariffs. The initial meeting was mostly setting the table for future action through discussion of process for the group and the types of issues that need to be addressed to develop a tariff such as federal-state jurisdictional issues, the status of collaborations by PG&E and Redwood Coast Energy Authority to develop a suite of tariffs for RCEA's airport microgrid, and other topics. On October 15, 2020, the Joint CCAs filed a response to a motion filed by numerous stakeholders in the docket urging the Commission to open workshops to facilitate the development of microgrid tariffs as required by SB 1339. The response generally supported the request for workshops and discussed some of the topics that will need to be addressed for a tariff to be developed successfully.

(Public Policy Objective A, Key Tactic 1, Key Tactic 3, and Public Policy Objective C, KT3)

#### **Self-Generation Incentive Program** (CPUC R.20-05-012)

PCE continues to participate in the Commission's SGIP program docket to shape development of the SGIP program to support PCE's programmatic objectives related to building and transportation electrification. Matthew Rutherford leads PCE's efforts in this docket. On September 16, 2020, PCE, MCE, EBCE, and SCP (the Joint CCAs) filed comments in response to a scoping memo filed by the Commission. Parties were asked to answer a number of questions related to SGIP details, including guidance on application review, requirements for participation in the program, and whether EV energy storage systems and/or EVSE meet the statutory criteria necessary to be considered as eligible technologies for SGIP funding. The Joint CCAs recommended changes to remove barriers to participation for customers who would otherwise qualify using income eligibility requirements, ensure that current requirements don't preclude participation from customers who have been severely affected by PSPS events, promote overall streamlining of the application process, and allow for certain EV and EVSE-related storage technologies to receive SGIP funding.

(Public Policy Objective A, Key Tactic 1)

#### **Disconnection of Utility Service** (CPUC Docket R.18-07-005)

PCE has participated steadily in this docket along with other CCAs to assist the Commission in developing policies that decrease disconnections from utility services due to nonpayment of



utility bills. The docket has taken on increasing urgency due to the economic impacts of COVID-19. Among the many topics discussed in the docket is the development of an Arrearage Management Plans (AMP) for each IOU. The AMP would allow customers who behind on their payments to have certain outstanding amounts written off if they start making payments again. On September 29, 2020, CalCCA filed a protest to PG&E's Advice Letter 4308-G/5943-E which established PG&E's AMP. The AMP requires the IOUs to forgive 1/12 of eligible arrears following each on-time payment made by participating customers. The Commission determined in D.20-06-003 that CCAs should have access to recovery of late payments from customers and that CCAs should participate in the AMP. Participation would allow CCAs to recoup lost revenues while assisting customers with catching up on their past due charges. CalCCA's protest raised concerns that process for cost recovery for CCAs was inconsistent with D.20-06-003 and that the Advice Letter did not provide enough details on what information would be provided to CCAs that participate in the AMP. On October 6, 2020, PG&E replied to CalCCA's protest. PG&E disagreed with CalCCA's views on what the decision required, whether PG&E was authorized to allow non-IOU parties to recover costs through a public purpose charge account, and clarified aspects of the advice letter to ensure that PG&E is required to work with CCAs. Doug Karpa leads PCE's engagement in this docket.

(Public Policy Objective A, Key Tactic 1)

### **CAISO Engagement**

On October 15, 2020, Doug Karpa and Jeremy Waen attended the CAISO presentation on the preliminary root cause analysis prepared by the CPUC, CEC, and CAISO. The preliminary report found that the August 14, 2020 and August 15, 2020 rolling blackouts were caused by several issues. First, the climate change-induced extreme heat storm across the western United States resulted in the demand for electricity exceeding the existing electricity resource planning targets. The existing resource planning processes are not designed to fully address an extreme heat storm like the one experienced in mid-August. Second, in transitioning to a reliable, clean and affordable resource mix, resource planning targets have not kept pace to lead to sufficient resources that can be relied upon to meet demand in the early evening hours. This makes balancing demand and supply more challenging. These challenges were amplified by the extreme heat storm. Finally, the report opined that some practices in the day-ahead energy market exacerbated the supply challenges under highly stressed conditions with underscheduling of load by various LSE's being a significant factor in the events. PCE's regulatory and procurement teams are collaborating to address the concerns raised by the three agencies and prepare for longer-term discussions of solutions.

(Public Policy Objective A, Key Tactic 3 and Public Policy Objective C, Key Tactic 3)

### **Stakeholder outreach**

PCE has been sponsoring ongoing bi-weekly meetings between CCA representatives and Environmental organizations and Environmental Justice advocacy organizations. This month has included discussions of the Stage 3 emergency, natural gas retirement planning, and issues in Integrated Resources Planning.

## **Legislative Advocacy and Outreach**

### **Legislative Calendar**

The 2020 legislative session concluded Monday, August 31st and Governor Newsom completed the bill signing period on September 30, 2020, closing out all actions of the two-year 2019-2020 legislative session.

December 7, 2020 will mark the convening of the 2021-2022 legislative session at which time new legislators will be sworn in, most changes to committee chair and membership will be announced, and bills will begin to be introduced. The Legislature will be in session for a few days before recessing for the winter holidays, and then will reconvene on January 4, 2021.

### **Legislation**

While activity on legislation has now ended, much is still happening as it relates to the Legislature. Most notably is the November 3, 2020 election as eight Senate seats may change, and six Assembly seats may be vacated. Six Senators (Beall (D – San Jose) , Galgiani (D – Stockton), Hill (D – San Mateo), Jackson (D – Santa Barbara), Monning (D – Monterey), and Morrell (R – Rancho Cucamonga)) are terming out and two Senators are running for local seats (Hueso (D- San Diego) and Mitchell (D – Los Angeles)). On the Assembly side, no members are terming out, but two are running for state Senate (Eggman (D – Stockton) and Limon (D – Santa Barbara)), two are running for Congress (Oberholte (R – Big Bear Lake) and Smith (D – Santa Clarita)), and two are running for local seats (Chu (D – San Jose) and Gloria (D – San Diego)). The Assembly also has one vacant seat to still be filled. Should Senators and Assemblymembers who are foregoing remaining term years and running for other elected positions win on November 3, 2020 then their seats will become vacant until special elections are held to fill those seats. Accordingly, there is a potential for there to be six vacant Assembly seats at the beginning of 2021.

In addition to the active campaign season, the Legislature is also conducting oversight hearings in the Capitol. On October 12, 2020, the Assembly Utilities & Energy Committee (U&E Committee) held a hearing regarding the August 14 and 15 electricity outages, and the preliminary root cause analysis of this event prepared by the CPUC, CEC, and CAISO. The U&E Committee heard testimony from CPUC President Marybel Batjer, CEC Chair David Hochschild, and CAISO President Elliot Mainzer. Many of the questions and comments from U&E Committee members focused on the need for long duration storage and/or seasonal storage, with two Assemblymembers (Eggman (D – Stockton) and Quirk (D – Hayward) calling for pumped hydro as they had authored bills on the subject. Joe Wiedman attended the hearing (Public Policy Objective B, Key Tactic 2).

Other notable actions over the last few weeks include the Governor signing both bills PCE was still tracking:

- AB 841 (Ting). Passed the Senate Energy, Utilities, and Communications Committee. This measure was presented as part of the economic stimulus package and proposes to accelerate the timing of PUC decisions on pending transportation electrification infrastructure applications from the IOUs as well as require the PUC to direct the IOUs to reallocate the unspent portions of their EE budgets for school retrofit projects that would include HVAC and air filtration upgrades as well as replace noncompliant plumbing fixtures.

- SB 1117 (Monning). This bill will eliminate a statutory conflict between PUC 739.5, and California Business and Professions Code (BPC) Section 12024.2 and Civil Code (CC) Section 798.40, which provides protection to mobile home residents by ensuring rates charged at master-meters are passed through to the submeters based on the electricity provider's actual residential rates.

**State Budget**

California's budget has experienced additional cuts that the Governor and Legislature had proposed to avoid but were conditioned on additional stimulus from the federal government. Negotiations in Washington D.C have failed to provide additional stimulus and the October 15 deadline to avert these cuts has passed.

**FISCAL IMPACT:**

Not applicable.