



L&R Committee Meeting

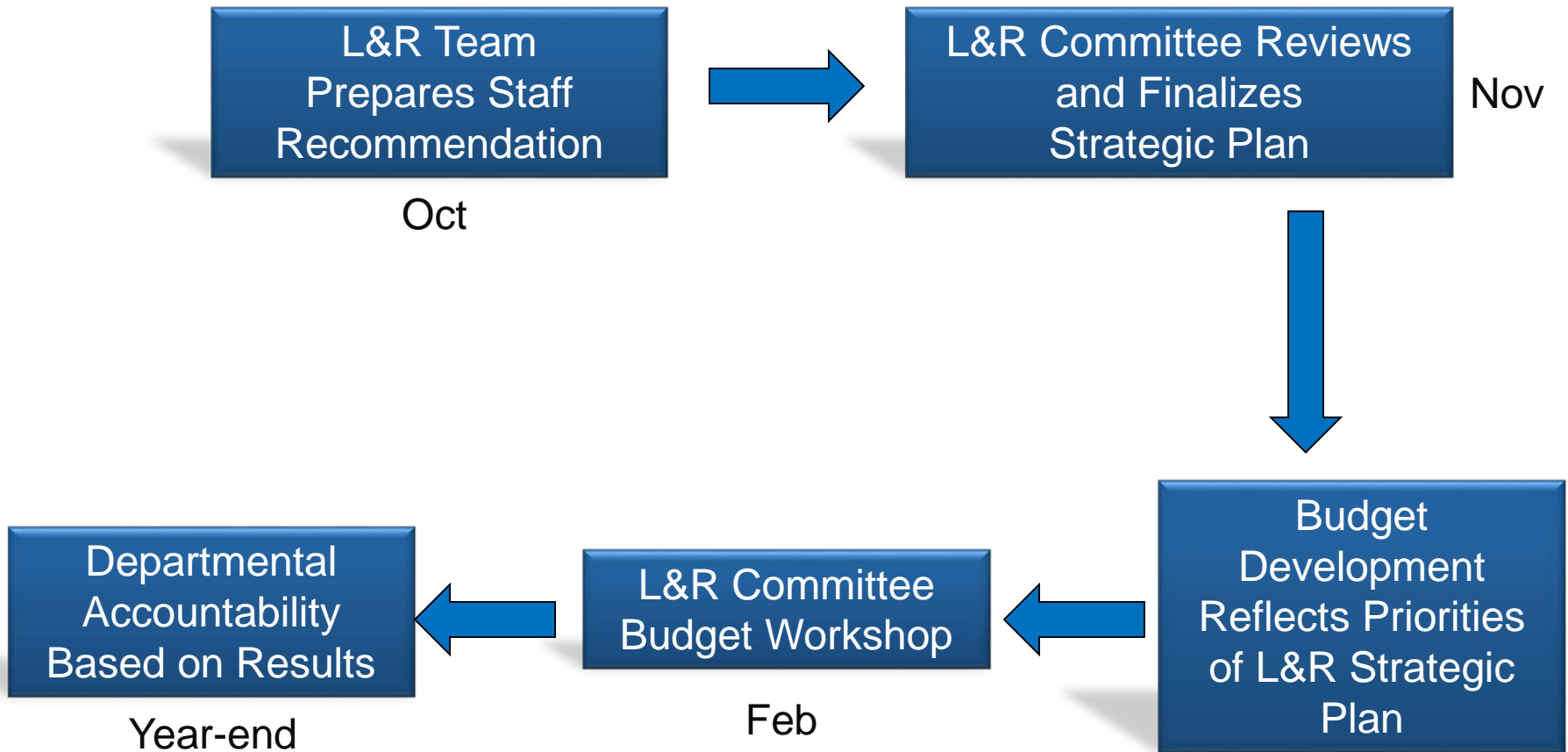
February 20, 2019
Legislative & Regulatory Affairs Committee

NCPA L&R Committee Budget Workshop

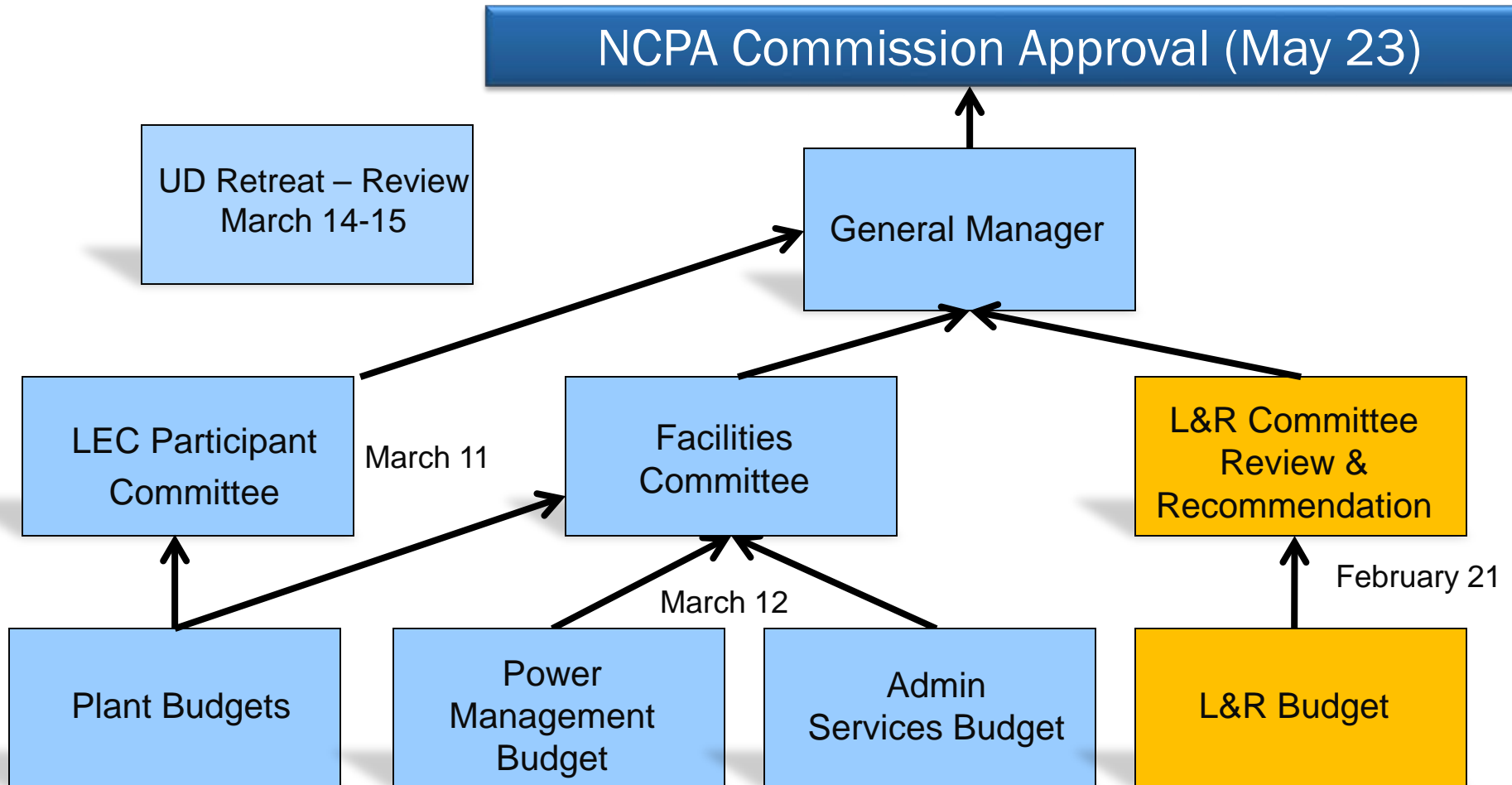


Jane Cirrincione

L&R Strategic Planning Process



NCPA Budget Review Process



FY2020 L&R Budget

Key Considerations

- Operational L&R budget is \$1.25 million
 - \$156,838 below FY2019 budget (-11.1%)
 - Below 2.7% maximum operating increase authorized by NCPA Commission
- Does not include passthroughs (\$455,921)
 - Special projects allocated only to NCPA members that participate
 - Energy efficiency reporting tool
 - APPA Dues, DEED, SEPA, CEE Membership



NCPA L&R Budget FY2020

State/Federal Advocacy (Legislative & Regulatory)

67% of Budget
\$840,700

Program Objective: Represent and advocate for NCPA interests on state/federal policy issues

- Sponsor legislation that allow small POU's flexibility with RPS long-term contracting requirements
- Address state and federal wildfire policy related to proper forest management, carbon impacts, and liability
- Restore local control in 5G pole attachment debate
- Advance hydropower licensing reforms
- Protect NCPA member interests as key post-2020 climate and RPS policies are implemented
- Promote activities that control and/or reduce compliance costs

Grassroots Advocacy Support:

- Strategic Issues Conference
- Capitol Day
- APPA Winter Rally
- NCPA Federal Policy Conference
- NCPA Annual Conference
- Legislative Tour
- Legislative Briefings
- Member Involvement



NCPA L&R Budget FY2020

Western Programs

Program Objective: Increase value of CVP and keep customer rates low

- Protect NCPA members from unwarranted costs or resource reductions
 - Croffsets
 - Cost Allocation
 - Contract Provisions

15% of Budget
\$185,000



Agency Advocacy Consultant (Marty Kanner)

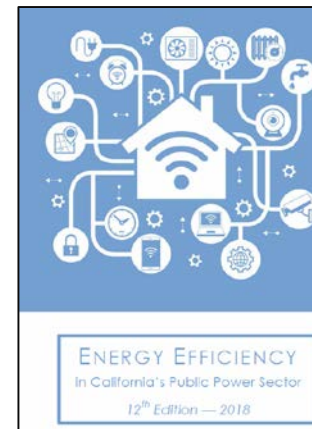
NCPA L&R Budget FY2020

Customer Programs

6% of Budget
\$71,500

Program Objectives:

- Develop strategy to ensure success of POU energy efficiency investment
- LCFS – auction program
- Expand range of available NCPA member programs with vendors and increase funding opportunities
- Inform and advocate in regulatory proceedings related to member programs



LCFS



NCPA L&R Budget FY2020

Dues for Key Coalitions

6% of Budget
\$79,601

Memberships

- American Public Power Association (Joint Action)
- California Municipal Utilities Association
- Northwest Public Power Association
- Transmission Access Policy Study Group
- Alliance to Save Energy
- Association of California Water Agencies
- Power Association of Northern California
- California Special Districts Association



NCPA L&R Budget FY2020

Miscellaneous

6% of Budget
\$74,542

- Office Furniture & Computer Supplies
- Subscriptions & Publications
- Staff Development/Training
- Mailings and Webinars



NCPA L&R Legal Support

\$328,000 in
General Counsel budget

Advocacy Support:

Law Offices of Susie Berlin (State)

- CARB/CEC/CPUC Representation

Spiegel & McDiarmid (Federal)

- Support for key FERC visits and related issues as needed

General Counsel Support:

In-house



L&R legal budget transfer reflected in NCPA
General Counsel budget beginning in FY19



NCPA L&R Budget FY2020

NCPA Member Pass-through Costs

\$455,921

- Group Memberships
 - American Public Power Association
 - Individual Member Dues
 - DEED Membership
 - Smart Electric Power Alliance
 - Consortium for Energy Efficiency
- Specialized Projects
 - Energy Efficiency Reporting Tool Upgrade
 - LCFS Auction Support Services



NCPA FY2020 Budget Review

Key Changes to Operational Budget Compared to FY2019

Increases

- Customer Programs Support Services \$30,000
- Travel 3,000
- CMUA Membership 2,162

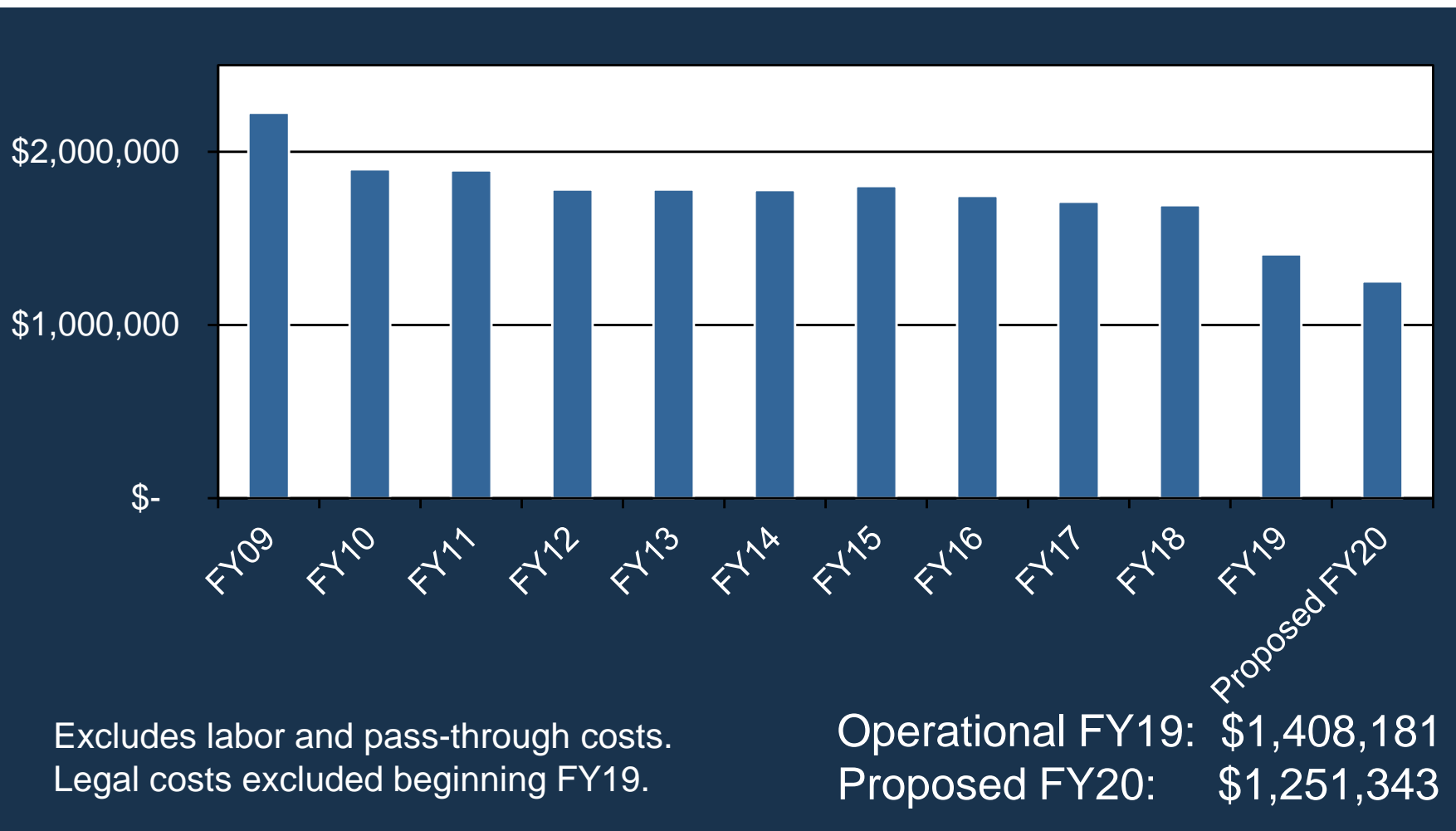
Decreases

- Western Management Consultant \$160,000
- Western Contract Support 22,000
- Member Travel 10,000

Net Change from FY2019

- \$156,838 or -11.1%

L&R Operational Budget

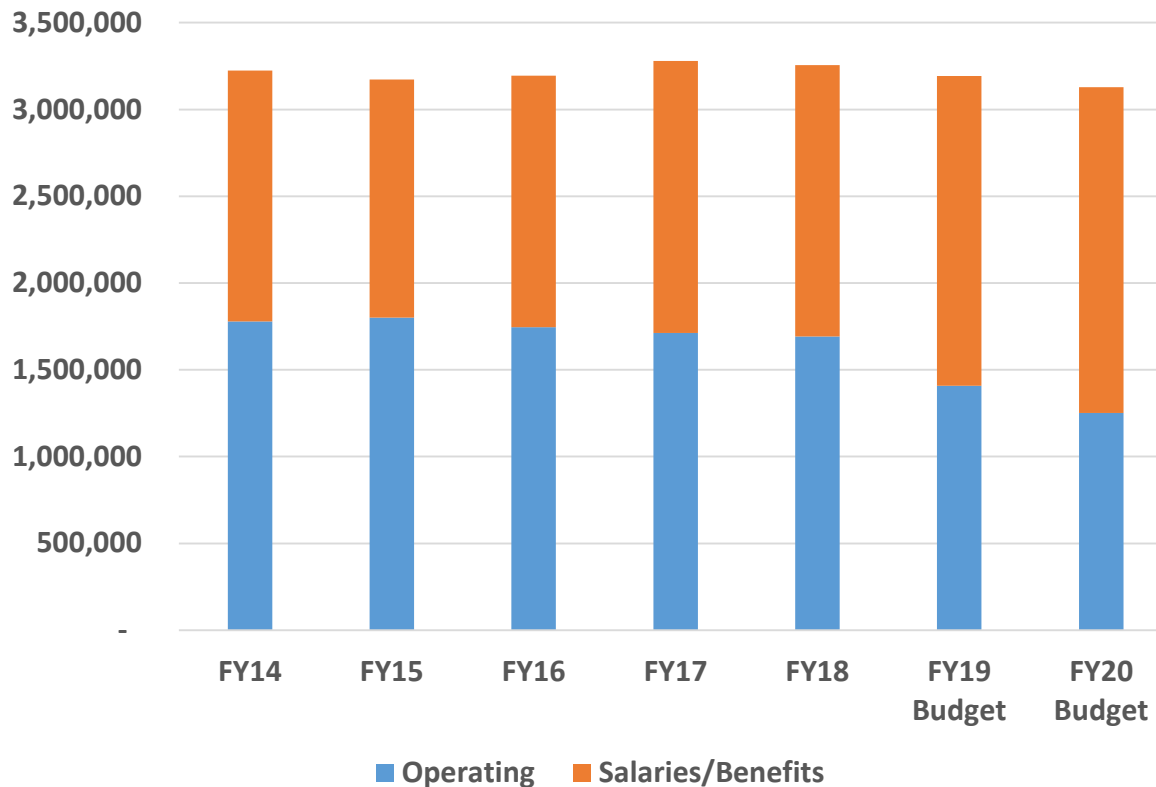


L&R Operational Budget with Salaries and Benefits

Operating Budget

Budget FY19: \$1,408,181

Proposed FY20: \$1,251,343



2018 Savings
\$7.7 million

Next Steps

- February 20 - Committee consideration and recommendation to NCPA Commission
- March 14-15 - Briefing at Utility Directors' Retreat
- May 23 - NCPA Commission consideration and approval



Federal Legislative Report

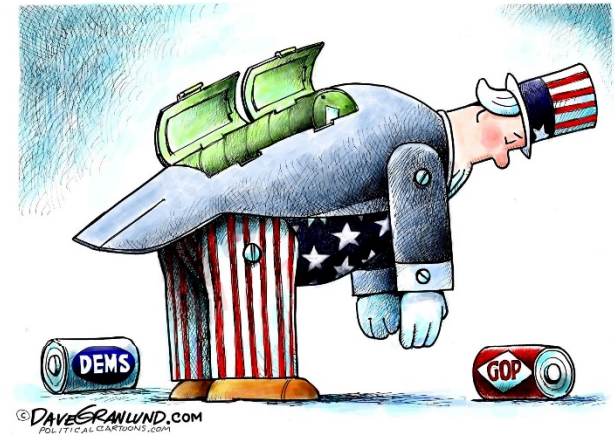


Brent ten Pas
Marty Kanner

L&R Outlook for 2019

Environment

- Government shutdown:
 - Delayed start of new Congress
 - Created friction between President and congressional Republicans
- Still reasons for bipartisan action to demonstrate ability to govern
- “Green Tea Party” pushing change
 - Green New Deal
 - Friction within Democratic Party
- Positioning for 2020 election has started



L&R Outlook for 2019

Key Policy Focus

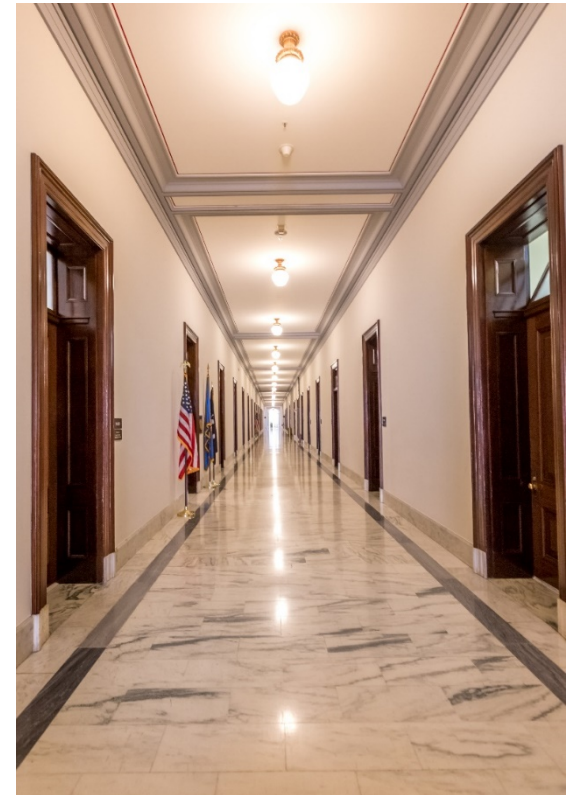
- Expiration of two-year budget agreement creates motivation for new agreement—or sharp spending cuts result
- House Committees holding climate hearings as first priority, but action unclear
 - Green New Deal is an aspirational policy prescription
 - Could cause election problems for moderate Democrats
- Infrastructure remains a high priority, and one of 2-3 opportunities for bipartisanship
- FY 2020 Budget will again include PMA attacks



APPA Rally

NCPA Position Papers

- Multiple Factors Threaten CVP Power
- Restoring Local Control Over Pole Attachments
- Protecting California Energy Policies and Investments
- Key Asks:
 1. “Croffsets” Delegation Letter
 2. Support Rep. Eshoo’s H.R. 530— “Accelerating Wireless Broadband Development by Empower Local Communities Act of 2019”
 3. Support for tax-exempt bonds in any infrastructure financing



APPA Resolutions

- **Resolution 19-01**: In Support of Reducing Wildfire Risk by Adequately Funding Fire Suppression and Forest Health Programs
 - **Sponsors**: CMUA; SMUD; SCPPA; Banning Electric Utility; Trinity Public Utility District; NCPA
- **Resolution 19-02**: In Support of Ensuring Proper Cost Allocation for the Central Valley Project Improvement Act
 - **Sponsors**: NCPA; Southwestern Power Resources Association; SMUD; Mid-West Electric Consumers Association; Trinity Public Utility District
- **Resolution 19-03**: In Support of Affirming Local Control of Pole Attachments
 - **Sponsors**: NCPA; Missouri River Energy Services; CMUA; Seattle City Light; Lincoln Electric System; Grant County PUD; TID; Chelan County PUD; WPPI Energy; Tacoma Public Utilities; SCPPA; NWPPA; SMUD; Municipal Electric Utilities of Wisconsin; New York Association of Public Power; American Municipal Power; Ohio Municipal Electric Association
- **Resolution 19-04**: In Support of Municipal Bond Modernization
 - **Sponsors**: Illinois Municipal Electric Agency; Salt River Project; Greenville Utilities Commission; Minnesota Municipal Utilities Association; SCPPA
- **Resolution 19-05**: In Support of Controlling Transmission Cost Increases
 - **Sponsors**: American Municipal Power; Ohio Municipal Electric Association; Illinois Municipal Electric Agency; Delaware Municipal Electric Corporation; Blue Ridge Power Agency; CMUA

Federal Power Program Update



Regina Rieger

Western

- CVPIA Restoration Fund Credit (Croffsets)
- CVP Cost Allocation Study
 - 1/17/2019 final draft: \$33.3 Million reduction in capital cost, up from \$28.2 Million. NCPA will file comments by April 12, 2019. Rate implementation expected in 2020.
- New Operations for CVP and SWP under Endangered Species Act (ROConLTO)
 - 2/5/2019 Biological Assessment
- CVP Power Initiative



Western

- WAPA
 - Proposed Rate Extension filed on 12/12/18
 - Proposed 2025 Base Resource Allocations

- Agency leadership changes
 - Sonja Anderson, Senior VP and Sierra Nevada Regional Manager, Western Area Power Administration (1/20/19)
 - Ernest A. Conant, Regional Director for Bureau of Reclamation, Mid-Pacific Region (1/20/19)



Wildfire Policy Update



Sarah Taheri and Scott Tomashefsky

Wildfire Policy Landscape



Wildfire Mitigation Plans



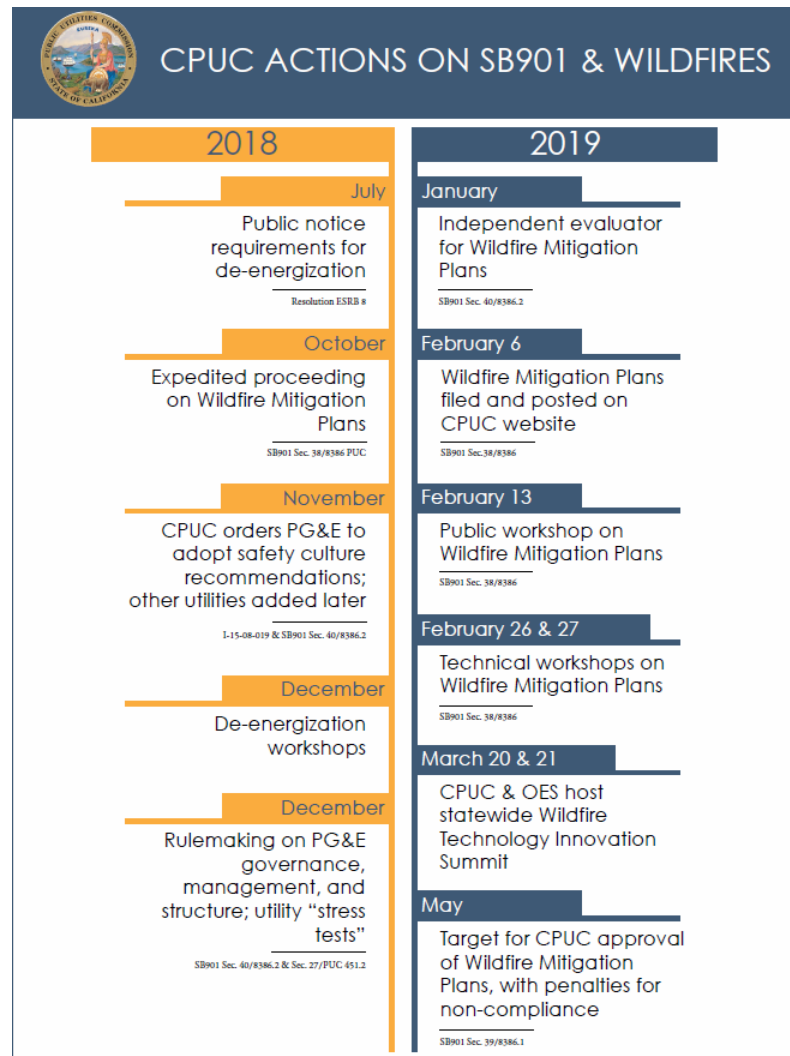
- Each utility must develop Wildfire Mitigation Plans
 - Deadline: January 1, 2020
 - Statute requires consideration of 16 separate provisions
- NCPA member workshops held January 9th
- CPUC activities important to watch closely
 - Numerous proceedings addressing wildfire issues
 - R.18-10-007: Wildfire Mitigation Plans Pursuant to SB901
 - R.18-12-005: De-energization of Power Lines
 - R.18-03-011: Emergency Disaster Relief Program
 - R.15-06-009: Physical Security of the Electric System and Disaster/Emergency Preparedness

NCPA involved in CPUC proceeding on behalf of members that are transmission dependent utilities of PG&E

CPUC Wildfire Mitigation Plan Workshop

Key Observations

- All IOUs are following the same kinds of mitigation practices, assessing their systems for ways to harden infrastructure, accelerate vegetation management, and increase situational awareness
- Range of activities being undertaken by each utility will be impacted by the size of the utility and the budget available to support those efforts
- Local utilities should focus their limited resources on the mitigation activities that best serve their communities



CPUC De-Energization Proceeding

- Scope of Rulemaking
 - Examine conditions in which proactive and planned de-energization is practiced
 - Develop best practices and criteria for evaluating programs
 - Ensure utilities coordinate with state/local first responders
 - Mitigate impact of de-energization on vulnerable populations
 - Examine ways to reduce the need for de-energization
 - Ensure effective notice to residents subject to de-energization
 - Ensure consistency in notice and reporting of de-energization events
- Status of Proceeding
 - Prehearing Conference held in Sacramento February 19th



2019 Early Actions from the State Capitol

- **Governor's State of the State**

- Strike team of bankruptcy lawyers and financial experts from the energy industry developing a comprehensive strategy to be presented “within 60 days” (by mid-April)
- “We must map out longer-term strategies, not just for the utilities’ future, but for California’s energy future, to ensure that the cost of climate change doesn’t fall on those least able to afford it.”

- **CAL FIRE 45-day Report**

- Executive Order N-05-19 directed CAL FIRE to issue report within 45 days on policy recommendations to address wildfire risks (still pending)

- **Commission on Catastrophic Wildfire Cost and Recovery**

- Five commissioners; diverse expertise
- First public meeting on Monday, February 25th



State Legislation

- **AB 235 (Mayes) – California Wildfire Catastrophe Fund**
 - Would create a California Wildfire Catastrophe Fund Authority and authorize POU's and electrical corporations to participate in the authority by making voluntary, tax-exempt contributions; participating utilities could draw from the fund to be reimbursed for costs associated with wildfire claims
- **AB 281 (Frazier) – Undergrounding Transmission and Distribution Lines**
 - Would state the intent of the Legislature to enact legislation that would require electrical corporations and POU's to relocated transmission and distribution lines and equipment outside of high fire risk areas. If not feasible, would require undergrounding of T&D equipment and lines. If neither is feasible, would require utility to make improvements to the lines and equipment to prevent and minimize risk of fire ignitions
- **SB 190 (Dodd) – Fire Safety and Building Standards**
 - Would require Office of the State Fire Marshal to develop a model defensible space program to be made available for city, county use

State Legislation

- **SB 209 (Dodd) – California Wildfire Warning Center; weather monitoring**
 - Would establish the California Wildfire Warning Center, comprised of representatives from the CPUC, OES, Department of Forestry and Fire Protection. The Center would oversee the development and deployment of a statewide network of automated weather stations. Electrical corporations would be required to deploy at least one weather monitoring station for every circuit in a CPUC-identified high fire threat district
- **SB 247 (Dodd) – Vegetation Management**
 - Would state the intent of the Legislature to require the Department of Forestry and Fire Protection to identify trees that should be trimmed or removed to protect against contact between trees and power lines that could cause a fire
- **SB 290 (Dodd) – Insurance for Natural Disasters**
 - Would authorize the Governor to purchase insurance, reinsurance, insurance-linked securities or other “alternative risk-transfer products” for the State to mitigate against costs incurred in response to natural disasters

Key Dates

Date	Milestone
Feb 25, 2019	Commission on Catastrophic Wildfire Cost and Recovery's first public meeting
Feb 26-27, 2019	CPUC technical workshops on Wildfire Mitigation Plans
March 20-21, 2019	CPUC Wildfire Technology Innovation Summit
May 2019	CPUC's target for adopting IOU mitigation plans
June 15, 2019	Deadline for passing state budget
July 1, 2019	Commission on Catastrophic Wildfire Cost and Recovery to issue report on recommendations for equitable distribution of costs
September 13, 2019	Last day of State Legislative session
January 1, 2020	POUs required to have mitigation plans in place
March 1, 2021	CPUC must have list of qualified independent evaluators available

State Legislative Report



Sarah Taheri

State Legislative Issues

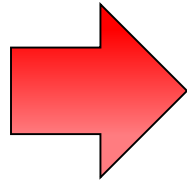
2019 Policy Bill Process

Hold the Date:
Monday, March 4th
1:00 – 2:30 PM

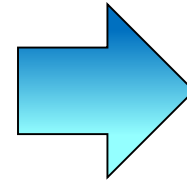
NCPA Overview of Introduced Legislation



House of Origin



Second House



Governor

DEADLINE

Introduction	Feb 22
Policy Committee	May 3
Appropriations Committee	May 17
Floor Vote	May 31

DEADLINE

Policy Committee	Jul 12
Appropriations Committee	Aug 30
Floor Vote	Sept 13

DEADLINE

Sign/Veto	Oct 13
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State Legislative Issues

RPS Long-term Contracting Issue

- Beginning on January 1, 2021, utilities must source at least 65% of their RPS-eligible procurement from generation that is either owned by the utility or procured via a contract with a term of at least 10 years
- Imposes significant financial risks for smaller utilities that may have more volatility in customer load due to smaller resource portfolios
- Possible to address this in state legislation; regulatory actions also pending at the CEC

State Legislative Issues

Centralized Procurement

- AB 56 (E. Garcia) follows efforts from last legislative session to push for centralized electricity procurement
- Possible we will see at least one other bill on the same topic
- Meeting with author's staff and key supporter (TURN)
- Joint POU advocacy efforts to address challenges



State Legislative Issues Clean Transportation

- AB 40 (Ting) - Clean Cars 2040
- AB 285 (Friedman) – California Transportation Plan



Building Decarbonization

- SB 43 (Allen) – Carbon tax on retail products
- SB 168 (Wieckowski) – Chief Officer of Climate Adaptation and Resilience

Renewable Energy

- AB 343 (Patterson) - Biomass grant program
- SB 288 (Wiener) - Solar bill of rights



Customer Programs Update



Emily Lemei

Transportation Electrification



- LCFS amended regulations effective January 2019
 - New credits: cargo handling; refrigeration units; ships
 - Additional credits for low-carbon intensity electricity
 - DC Fast Charging “infrastructure” credits
 - Clean Fuel Reward program, run by opt-in utilities
- Upcoming efforts
 - Ongoing participation in CFR working groups
 - Assessing options for aggregating credits to reduce administrative burden
 - Assistance for members interested in joining LCFS
- Transportation Electrification Working Group

Demand Management

- New contracting opportunities
 - Three EM&V contracts finalized and available
 - Joint RFQ with SCPPA for efficiency improvement-related services
- Cost-Effectiveness Tool & Reporting Platform
 - Joint project w/SCPPA and CMUA, live in Feb 2019
 - Streamlines state and federal reporting
- What's next in energy efficiency?
 - Multi-agency fuel substitution working group
 - Roadmap to decarbonize California buildings
- Demand Management Working Group



Customer Engagement and Distributed Generation



- Working groups meeting in Q2
- Current activities:
 - Providing the customer engagement working group with information on trainings, resources, articles, and ideas
 - Assisting distributed generation working group with new reporting requirements

Regulatory Affairs Report



Scott Tomashefsky

CARB Update

- Cap-and-Trade Post 2020 Rulemaking
 - Use of Allowance Proceeds
 - Calculating emissions from EIM transactions
 - Cost containment provisions
 - Regulations adopted in Dec 2018
 - Final Package submitted to OAL on 2/14
 - OAL determination expected by 3/29

- Low Carbon Fuel Standard
 - Implementation of Clean Fuel Reward Program
 - NCPA directly involved in effort
 - Other funding opportunities for electric utilities



CEC Update

- Changes at the top
 - Weisenmiller retires February 21st, Hochschild becomes Chair
- RPS
 - Final draft Compliance 2 RPS Verification Reports released
 - CEC approval expected in March 2019
 - CEC to update RPS enforcement regulations
 - Agency will need to incorporate provisions from 2015 (SB350), 2016 (SB1393), 2018 (SB100), and 2018 (SB1110)
 - CEC holding preliminary staff discussions with POU representatives
- Power Content Label Changes (AB1110)
- Alternative and Renewable Fuel and Vehicle Technology Program Updates



**Chairman
Weisenmiller**



**Commissioner
Hochschild**

FERC Update

Uncertainty Continues



Term Ends
6/30/19



**Chairman
Chatterjee**



**Commissioner
LaFleur**



**Commissioner
Glick**



**Commissioner
McNamee**



Vacancy

NERC Update

- Effectiveness and Efficiency Efforts
- GridEx V completed
 - More than 7,000 organizations participated in tabletop exercise
- E-ISAC services continue to expand
- Compliance and Monitoring Program enhancements continue
- Key reliability debate focus on supply chain



Upcoming Events

- ✓ Feb 25-28: APPA Legislative Rally
 - Mayflower Hotel, Washington, DC

- ✓ Apr 25 – May 2: NCPA/NWPPA Federal Policy Conference
 - Mayflower Hotel, Washington, DC
 - Program to be held at Newseum

- ✓ Sep 25-27: NCPA Annual Conference
 - Resort at Squaw Creek, Squaw Valley





**NORTHERN CALIFORNIA POWER AGENCY
LEGISLATIVE & REGULATORY AFFAIRS BUDGET
FY2020**

		Adopted Budget FY 2019	FY 2020 Proposed Budget	Change
Dues				
930-001-002-500-070-009	CREE Membership	-	-	-
923-001-004-500-044-000	Transmission Access Policy Study Group (TAPS)	55,000	55,000	-
930-001-004-500-070-009	ACWA Annual Dues	1,275	1,275	-
930-001-004-500-070-011	NWPPA Annual Dues	3,600	3,600	-
930-001-003-500-070-014	APPA Membership - NCPA	650	650	-
930-001-004-500-070-013	CMUA Membership - NCPA	14,414	16,576	2,162
930-001-004-500-070-018	Consumer Federation of America	-	-	-
930-001-004-500-070-016	Business Council for Sustainable Energy	-	-	-
930-059-000-500-070-019	Efficiency Association Dues (Alliance/ASEP)	2,500	2,500	-
Total Dues		77,439	79,601	2,162
Legislative & Regulatory Advocacy				
923-001-001-500-044-000	Agency Advocate (State)	168,000	168,000	-
930-001-001-500-070-008	Legislative Tour	70,000	70,000	-
930-001-001-500-070-009	Capitol Day	10,000	10,000	-
930-001-002-500-070-003	Annual Meeting	25,000	25,000	-
921-001-002-500-030-002	Member Travel	30,000	20,000	(10,000)
930-001-004-500-070-006	NCPA Information Materials	-	-	-
923-001-003-500-044-001	Agency Advocate (Federal)	150,000	150,000	-
930-001-003-500-070-015	APPA Winter Rally	7,500	7,500	-
930-001-003-500-070-011	NCPA Federal Policy Conference	120,000	120,000	-
930-001-002-500-070-015	Strategic Issues Conference	20,000	20,000	-
923-001-002-500-044-002	Communications Consultant	10,000	10,000	-
923-001-002-500-044-004	Event Planning Consultant	120,000	120,000	-
930-001-(001/003/004)-500-070-012+930-059-000-500-070-016	External Affairs	30,400	30,400	-
921-001-(001/002/003/004)-500-030-(000/001)+921-005-(003/004)-500-030-(000/001)	Travel	89,800	89,800	-
Total Legislative & Regulatory Advocacy		850,700	840,700	(10,000)
Federal Power Program/Western				
923-003-001-500-042-003	Western Contract Support	42,000	20,000	(22,000)
923-003-001-500-044-001	Agency Advocate	153,000	153,000	-
923-003-001-500-044-005	Management Consultant	160,000	-	(160,000)
921-003-001-500-030-(000/001)	Travel	9,000	12,000	3,000
Total Federal Power Program/Western		364,000	185,000	(179,000)
Customer Programs				
930-059-000-500-044-000	Public Benefits (Analytical Tools)	-	-	-
930-059-000-500-070-014	Customer Programs Support Services	30,000	60,000	30,000
921-059-000-500-030-000	Travel	6,500	6,500	-
930-059-000-500-070-020	California Electric Transportation Coalition	5,000	5,000	-
Total Member Services		41,500	71,500	30,000

		Adopted Budget FY 2019	FY 2020 Proposed Budget	Change
Miscellaneous				
	Staff Development	8,000	8,000	-
	Workshops & Meetings	29,642	29,642	-
	Subscriptions	19,000	19,000	-
	Office Furniture & Supplies / Computers	10,500	10,500	-
	Mailings/Copying	3,900	3,900	-
	Webinars	3,500	3,500	-
Total Miscellaneous		74,542	74,542	
Participant Passthroughs				
				-
930-001-004-500-070-005	APPA dues for NCPA Members	302,565	315,111	12,546
930-001-004-500-070-012	DEED Membership Dues (Pass Through)	24,051	24,051	-
930-093-001-500-070-003	Smart Electric Power Association Dues	19,000	19,000	-
930-093-001-500-070-005	CEE Association Dues	10,000	10,000	-
923-093-007-500-044-001	Public Benefits Database	-	-	-
923-093-007-500-044-002	Energy Efficiency Reporting Tool Upgrade	100,000	37,759	(62,241)
923-093-007-500-044-003	Technical Reference Manual	-	-	-
923-093-007-500-044-004	Flex Lab R&D	-	-	-
923-093-007-500-044-005	Energy Efficiency Target	-	-	-
923-093-007-500-044-006	LCFS Auction Support Services	-	50,000	50,000
Total Participant Passthroughs		455,616	455,921	305
Budget Summaries				
Baseline L&R Budget (No A&G, Labor, Passthroughs)		1,408,181	1,251,343	\$ (156,838)
Baseline L&R Budget (Plus Passthroughs)		1,863,797	1,707,264	(156,533)
		Maximum Allowable Budget Increase		38,021
		Variance from Max Allowed Increase		\$ (194,859)