



L&R Committee Meeting

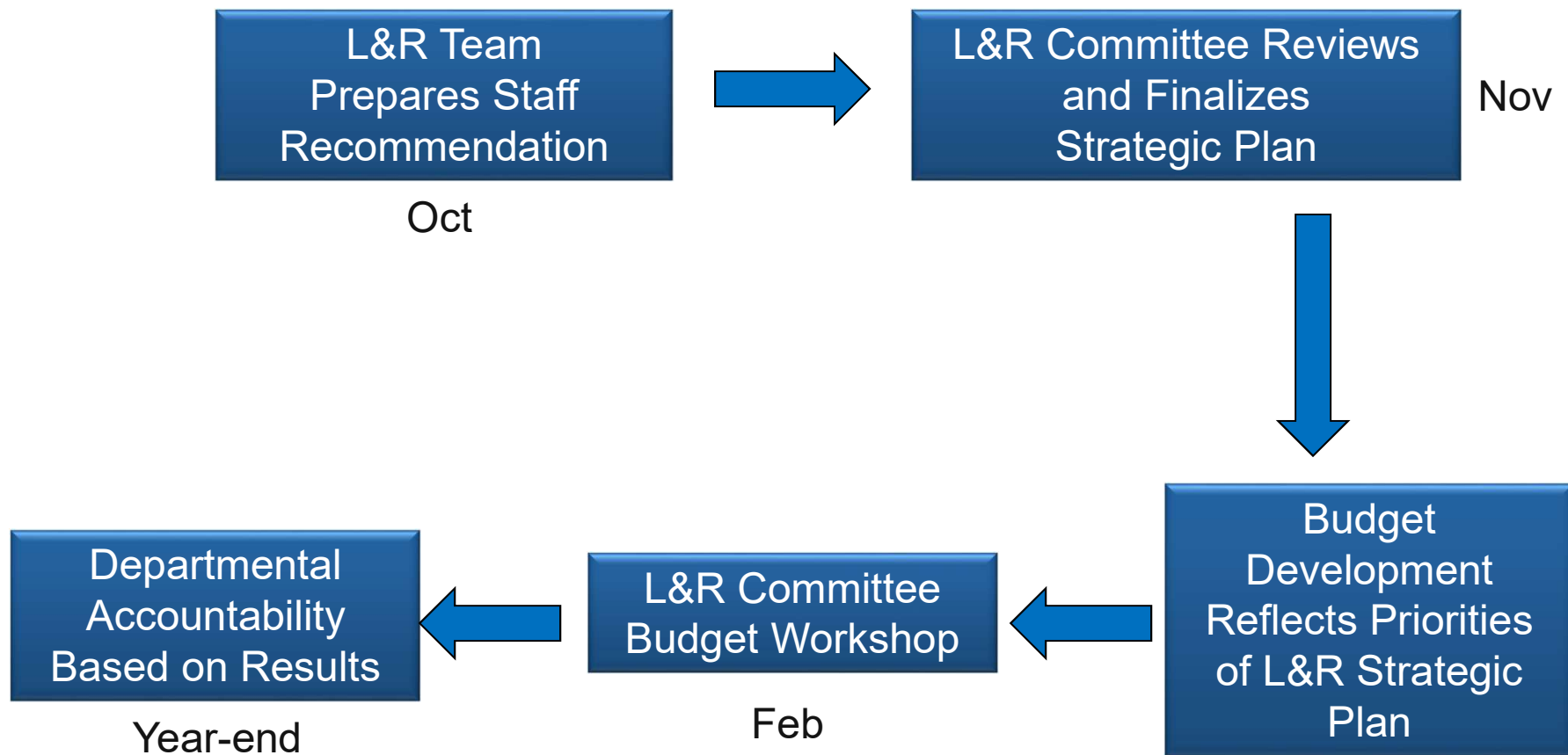
February 19, 2020
Legislative & Regulatory Affairs Committee

NCPA L&R Committee Budget Workshop

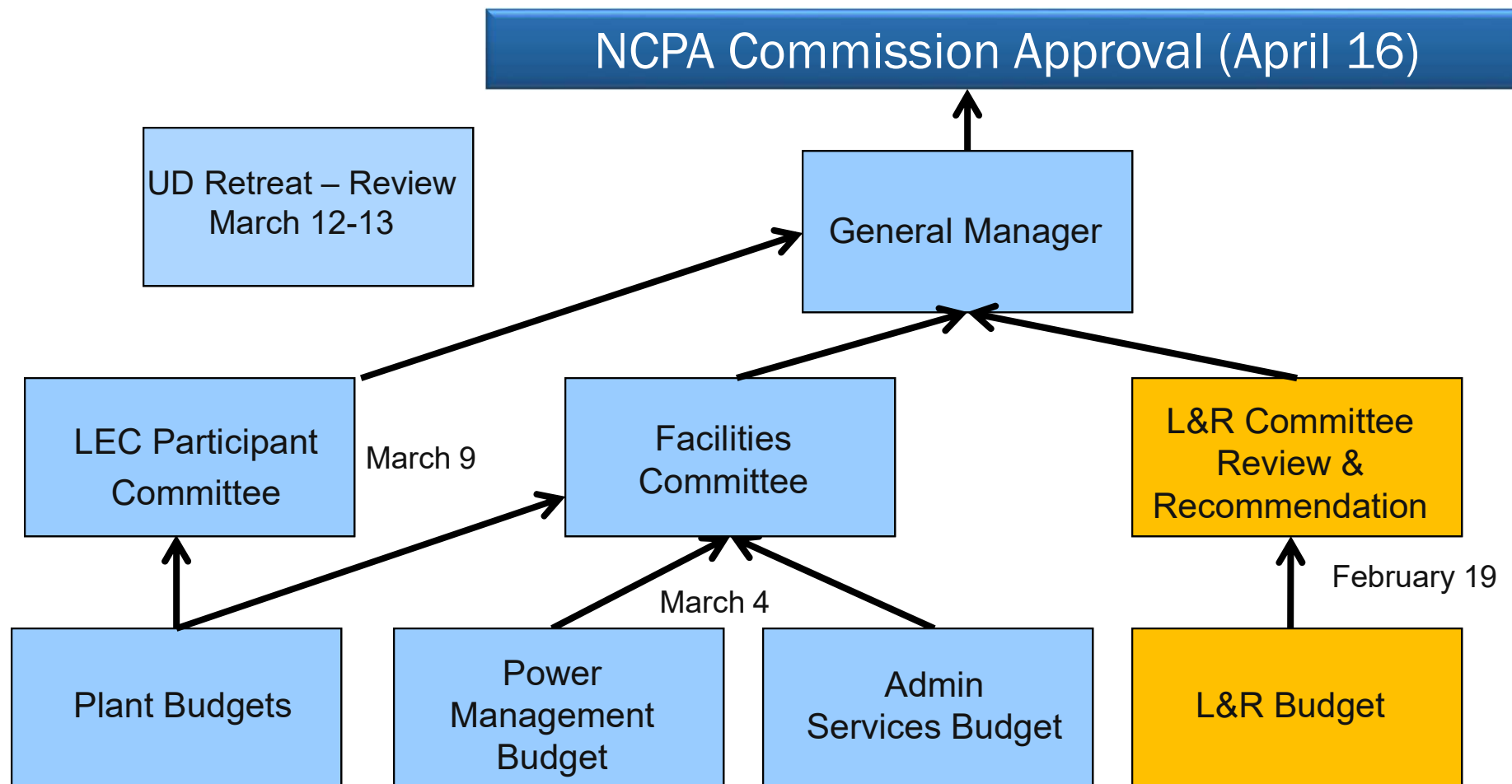


Jane Cirrincione

L&R Strategic Planning Process



NCPA Budget Review Process



FY2021 L&R Budget

Key Considerations

- Operational L&R budget is \$1.27 million
 - \$20,319 above FY2020 budget (1.6%)
 - Below 1.7% maximum operating increase authorized by NCPA Commission
- Does not include passthroughs (\$486,941)
 - Special projects allocated only to NCPA members that participate
 - Energy efficiency reporting tool
 - APPA Dues, DEED, SEPA, CEE Membership



NCPA L&R Budget FY2021

State/Federal Advocacy (Legislative & Regulatory)

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

- Proactively engage in development of wildfire-related policies that reduce wildfire risk and protect against adverse impacts to public power systems.
- Oppose policies that would require procurement of technology-specific resources and therefore raise utility costs, without an identified need
- Ensure that CPUC actions improve PG&E coordination/communication with transmission dependent utilities and local governments during PSPS events
- Protect NCPA member interests as key state and federal climate policies are implemented
- Explore opportunities to reduce NCPA and NCPA-member reliability and cybersecurity compliance burdens through direct involvement with NERC
- Promote activities that control and/or reduce compliance costs

67% of Budget
\$843,200

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 FY2021 Western Programs

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

- Protect NCPA members from unwarranted costs or resource reductions
- Achieve equitable and accurate CVPIA cost assignment through the CVPIA true-up (“Croffsets”) and costs resulting from implementation of biological opinions
- Implement results of CVP cost allocation study and CVPIA true-up through rates, and ensure reductions include adjustments for interest and joint annual expenses
- Participate in WAPA’s rate case to develop a methodology to determine Energy Imbalance Market costs and benefits
- Leverage CVP Power Initiative recommendations to maximize value of CVP
- Advance clean, carbon-free attributes of large hydropower
- Execute 2025 Base Resource Contracts

13% of Budget
\$165,000



Agency Advocacy Consultant (Marty Kanner)

NCPA L&R Budget FY2021

Customer Programs

9% of Budget
\$111,500

Program Objectives:

- Support increased participation of NCPA members in LCFS program, and the number of credits generated by reporting renewable fuel pathways
- Ensure effective deployment of Clean Fuel Rewards Program
- Explore opportunities for members to develop local programs aligning with statewide decarbonization and load management goals
- Support various NCPA-member reporting obligations
 - Energy Efficiency Annual and 10-year Target Setting Reports
 - POU Storage Report



NCPA L&R Budget FY2021 Dues for Key Coalitions

6% of Budget
\$77,420

Memberships

- American Public Power Association
- California Municipal Utilities Association
- Northwest Public Power Association
- Transmission Access Policy Study Group
- Association of California Water Agencies
- Power Association of Northern California
- California Special Districts Association



NCPA L&R Budget FY2021 Miscellaneous

6% of Budget
\$74,542

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



NCPA Budget FY2021 Legal Support

\$268,000 in
General Counsel budget
for L&R-related support

Advocacy Support:

Law Offices of Susie Berlin (State)

- CARB/CEC/CPUC Representation (-\$50,000)

Spiegel & McDiarmid (Federal)

- Support for key FERC visits and related issues as needed (-\$10,000)



NCPA L&R Budget FY2021

NCPA Member Pass-through Costs

\$489,441

- Group Memberships
 - American Public Power Association
 - Individual Member Dues
 - DEED Membership
 - Smart Electric Power Alliance
 - Consortium for Energy Efficiency
 - Alliance to Save Energy
- Specialized Projects
 - Energy Efficiency Reporting Tool Upgrade
 - Energy Efficiency Target Setting
 - Energy Storage Assessment



NCPA FY2021 Budget Review

Key Changes to Operational Budget Compared to FY2020

Increases

▪ Cal Electric Transportation Coalition	\$40,000
▪ APPA Winter Rally	2,500
▪ CMUA Membership	994
▪ APPA Dues	50

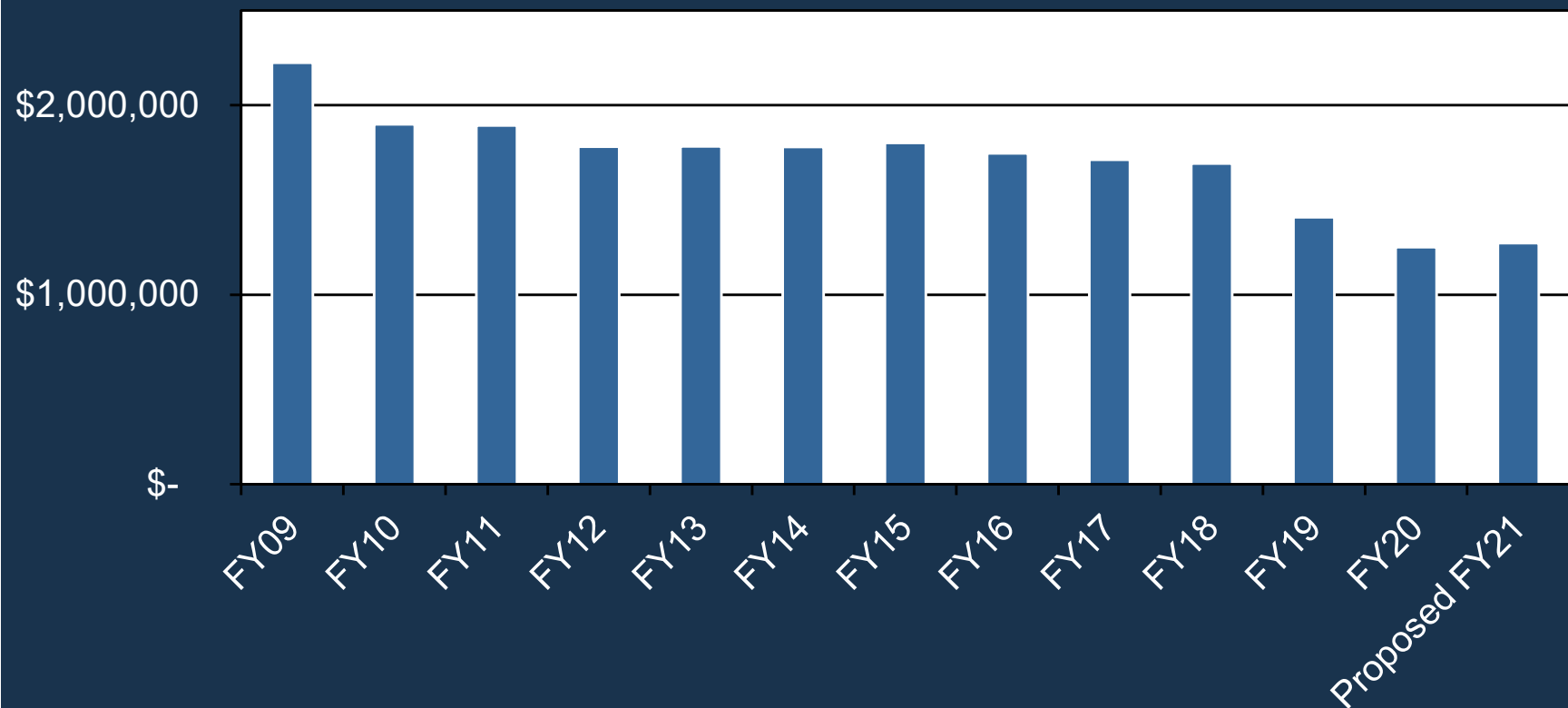
Decreases

▪ Western Contract Support	\$20,000
▪ Alliance to Save Energy	2,500
▪ TAPS Membership	725

Net Change from FY2020

+ \$20,319 or 1.7%

L&R Operational Budget



Excludes labor and pass-through costs.
Legal costs excluded beginning FY19.

Operational FY20: \$1,251,343
Proposed FY21: \$1,271,662

Next Steps

- February 19 - Committee consideration and recommendation to NCPA Commission
- March 12-13 - Briefing at Utility Directors' Retreat
- April 19 - NCPA Commission consideration and approval



Federal Power Program Update



Regina Rieger

Western

- CVPIA True-up (Croffsets)
 - Comments submitted on February 13, 2020
- CVP Cost Allocation Study
 - Approved on January 14, 2020
- WAPA 2025 Base Resource Contracts
 - Final contracts expected in March 2020
 - Six months to execute and return



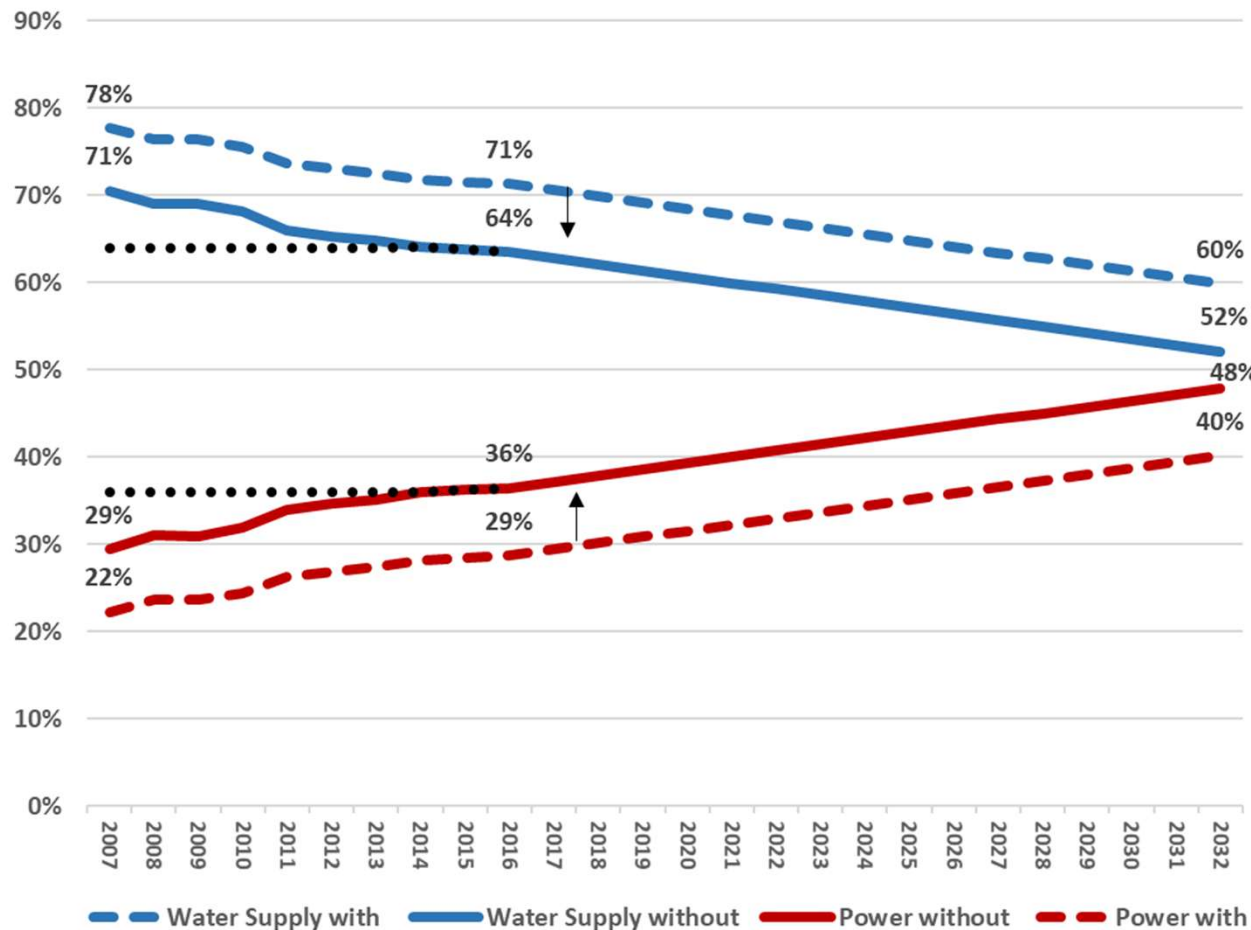
Report on Recent Bureau CVPIA True-up Proposal

CVPIA True-up “Croffsets” Credits (Million of Dollars)

	Calculation Components	Sept 2017	Nov 2019	Change
1	CVPIA Water/Power Reimbursable Obligation	\$1,128	\$1,023	(\$105)
2	CVP Power: % Share of CVPIA Reimbursable Cost	26.1%	35.8%	9.7%
3	CVP Power: CVPIA Cost Obligation (Line 1 * Line 2)	\$294	\$378	\$84
4	Less CVPIA Restoration Fund Payments	(\$386)	(\$412)	\$26
5	CVP Power CVPIA True-up ("Croffsets") Credit (Line 4 – Line 3)	(\$92)	(\$34)	(\$58)

CVP Investment-Based Cost-Share for CVPIA Annual and Capital Costs

(With and without Distribution Systems, problematic historical application and troubling future trends)



- Subtracting \$600 million distribution systems cost from water supply investment shifts more than \$70 million in CVPIA cost
- Retroactive application that relies on one year's investment-ratio (2017)—rather than incremental or average—shifts additional CVPIA costs and is inconsistent with CVP
- If investment trend continues, by 2032 each functions' share approaches 50 percent

Federal Legislative Report



Jack Lincoln
Marty Kanner

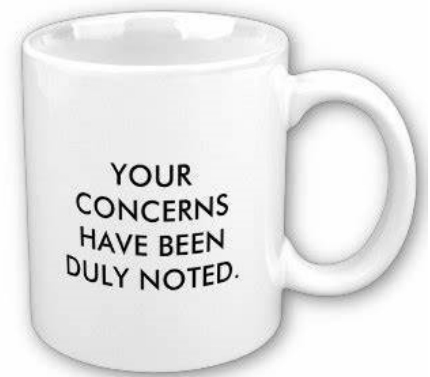
Climate Change Moves to Center Stage



- Rep. DeGette (D-CO) releases utility Clean Energy Standard legislation
 - NCPA working with her staff on key changes
- House Energy and Commerce Committee Chairman Frank Pallone (D-NJ) unveils comprehensive climate discussion draft
 - 622-page bill is economy wide
 - Net zero by 2050
 - Utility sector addressed through CES
 - Will hold hearings and meetings with stakeholders, legislative action uncertain
- House Republicans shaping climate strategy
 - Minority Leader McCarthy (R-CA) believes need to acknowledge issue and advance proposals to be politically relevant
 - Proposals likely to focus on technology innovation, incentives, and R&D
 - Conservative groups strongly pushing back
- Shift in business community
 - Economics are pushing carbon reductions, even in states without climate mandates
 - Some petroleum companies supporting carbon tax

Concerns with House Climate Proposal

- Exception provided for states that exceed the federal standard
 - As drafted, California would not be exempt and NCPA members would need to comply with both state and federal requirements
- Hydropower treated as clean energy source
 - However, credits decremented to reflect reservoir methane emissions
- Hydropower licensing reforms included
 - But not a path supported by NHA
- Compliance obligation is on electric distribution utilities
 - No ability to assign obligation to Joint Powers Agencies



Addressing Wildfires

- Both House and Senate Committees have held hearings to understand impact of wildfires on grid reliability
- Senator Feinstein (D-CA) continues to talk with Senator Daines (R-MT) on development of comprehensive wildfire legislation
 - NCPA has shared recommendations on forest management, biofuels, predictive technology and continuation of essential communications
- Rep. LaMalfa (R-CA) has introduced legislation expanding on the 2018 vegetation management law to expand the boundary for clearing hazard trees and authorizing NEPA categorical exclusions for ROW vegetation management



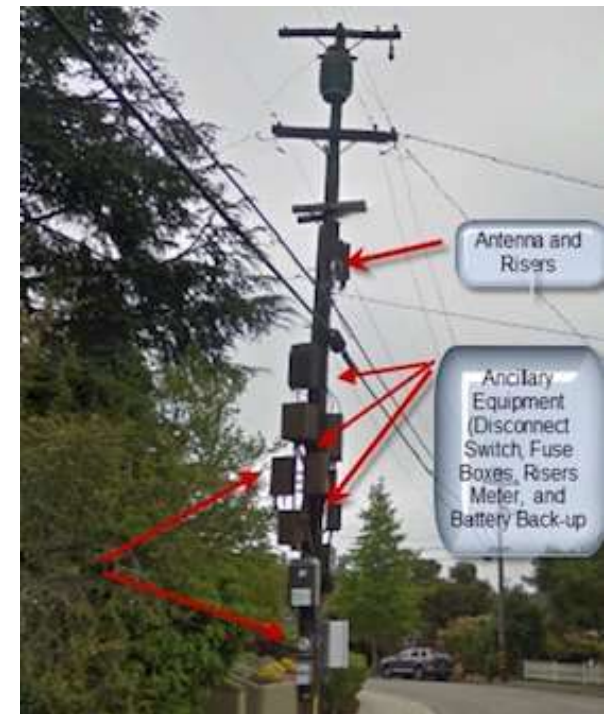
Central Valley Project

- Reclamation has released a draft CVPIA “true-up” proposal
 - Proposal not acceptable
 - Provides inadequate credit to power, will drive future power obligations up and discourage investment
 - Reclamation may make changes
 - Need to educate delegation on turn of events
- FY 2021 Budget Recycles PMA Assaults
 - Privatize WAPA transmission
 - Impose market-based rates
 - Eliminate WAPA TIP borrowing authority



Pole Attachments

- FCC Order, issued in November 2018, asserts jurisdiction over public power poles, drastically shortens process, limits fees, and precludes consideration of aesthetics
- Challenges consolidated in case before 9th Circuit
- Rep. Eshoo (D-CA) and Sen. Feinstein (D-CA) introduced legislation to overturn FCC Order
 - No action on legislation
 - Senator Feinstein actively seeking cosponsors



Sediment Disposal

- Extreme weather events have resulted in excessive sediment behind McKays Reservoir
- U.S. Forest Service changed their policies and will no longer allow NCPA to dispose of sediment on USFS lands if alternatives exist
- NCPA is working with USFS and delegation to change the policy, since disposal on USFS lands will:
 - Save consumers money
 - Allow use of sediment to build firebreaks
 - Reduce emissions and other environmental impacts from trucking debris long distances



State Legislative Report



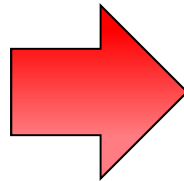
Sarah Taheri

State Legislative Issues

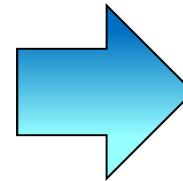
2020 Policy Bill Process



House of Origin



Second House



Governor

DEADLINE

Introduction	Feb 21
Policy Committee	May 1
Appropriations Committee	May 15
Floor Vote	May 29

DEADLINE

Policy Committee	Jul 2
Appropriations Committee	Aug 14
Floor Vote	Aug 31

DEADLINE

Sign/Veto	Sept 30
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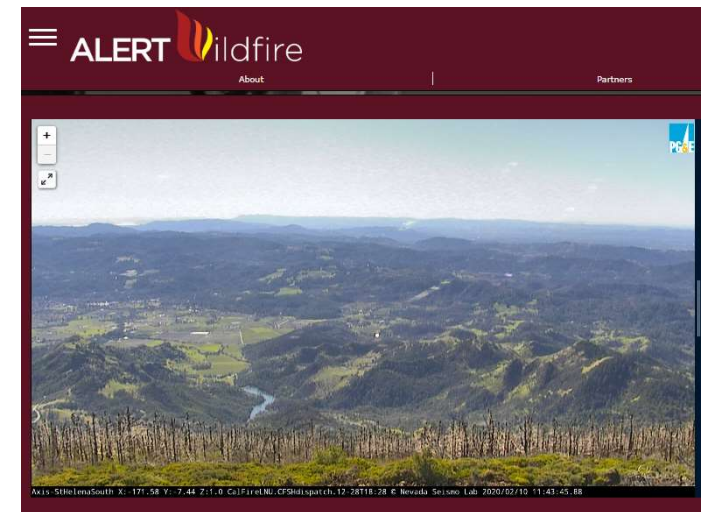
Wildfire Safety Advisory Board (WSAB)

- **By July 1, 2020, POUs must submit approved WMPs to the Wildfire Safety Advisory Board** for “comments and advisory opinions... regarding the content and sufficiency” of plans and “recommendations on how to mitigate wildfire risk.”
- Wildfire Safety Advisory Board also advises CPUC Wildfire Safety Division on IOU mitigation plans.
 - Starting July 1, 2021, the CPUC Wildfire Safety Division moves to the Natural Resources Agency’s Office of Energy Infrastructure Safety
- Next meeting of the Board: March 11th
- NCPA, CMUA, SCPPA setting-up meetings with WSAB Members.



Wildfire Forecasting and Threat Intelligence Integration Center

- SB 209 (Dodd, 2019) requires Cal OES and CAL FIRE to jointly establish and lead the Center, comprised of representatives from specified state and other entities, including one representative from the POU community.
- The Center will serve as the state's integrated central organizing hub for wildfire forecasting; weather information; threat intelligence gathering, analysis, and dissemination; and coordination of wildfire threat intelligence and data sharing.
- **NCPA is advocating for the appointment of Tony Zimmer as the statewide POU representative**
- CALFIRE, CalOES, CPUC, and California Military Department seek \$9M in budget augmentations for fiscal year 2020-21 to support 22 new staff and operations.



Governor's Proposed Budget (FY 20-21)

■ Climate Resilience Bond

- Proposals by the Governor and legislators for an **approximate \$5 billion bond** to support investments that reduce risks from water, fire, extreme heat and sea level rise (incl. \$500M for hardening infrastructure in high-fire-risk communities and \$250M for forest health)

■ Climate Catalyst Fund

- \$1 billion (starting with \$250M this budget year) to provide low-interest loans for climate-related projects
- Focus on reducing transportation emissions, climate smart agriculture, and landowner loans for forest management and recycling

■ Emergency Preparedness and Wildfires

- Over \$1 billion, incl. \$9M funding for the Wildfire Forecast and Threat Intelligence Integration Center

■ GGRF Expenditures

- \$965M from GGRF to support forest health and fuel reduction program, local air quality programs, and transportation – among continuation of other existing programs

State Legislative Update

Wildfires & Utility Mitigation

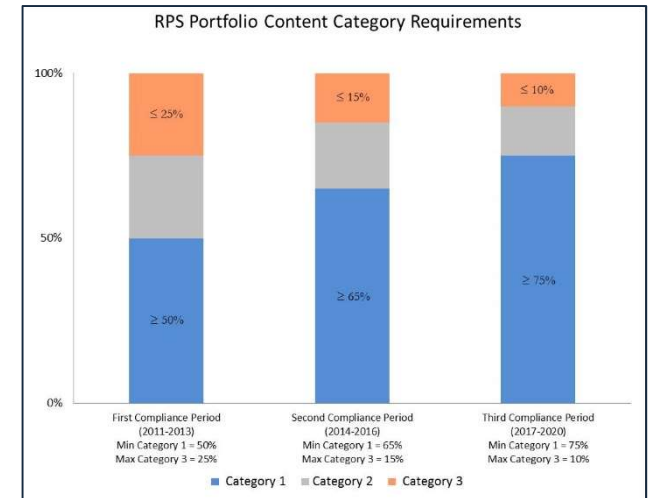
- **Public Safety Power Shut-offs**
 - Penalties/customer cost recovery for unreasonable implementation by IOUs (SB 378 – Wiener; AB 2033 – Wood)
 - Tightening of rules governing when a utility can use PSPS and related processes (AB 1915, AB 1916 – Chu)
 - Requirements for back-up generation for telecommunications companies, medical baseline customers (AB 2182 – Rubio, SB 431 – McGuire, SB 925 – Glazer)
- **Municipalization of PG&E** (SB 917 – Wiener)
- **Funding for forest management and fire prevention** (AB 1942 – Gallagher)
- **Wildfire mitigation plans**
 - Clarifications on the 2021 transition of CPUC's Wildfire Safety Division to CNRA's Office of Energy Infrastructure Safety



State Legislative Update

■ Resource Procurement

- Long-duration bulk energy storage procurement (AB 2255 – Eggman)
- Eliminating RPS PCC 3 starting in 2021 and increasing PCC 1 to 85% of RPS portfolios (Bill # TBD)
- Expanding RPS eligibility to include all hydro existing as of 1/1/21 and all nuclear generation; suspend the RPS program and instead use funding for T&D investments for wildfire hardening (AB 1941 – Gallagher)
- Exemptions and/or flexible compliance for 2019 Building Standards requirement for solar on new residential construction (AB 2044 – Voepel; AB 2066 – Dahle; SB 942 - Wilk)
- Prohibition on discriminatory fees for renewable energy and energy storage (SB 953 – Wiener)



State Legislative Update

■ Electrification

- Streamlining permitting processes for EV charging stations (AB 2168 – McCarty)
- ZEV readiness planning (AB 2262 – Berman)



■ Administrative/Finance

- Expanding access to rate reduction bonds for financing publicly owned electric utility projects (SB 804 – Wiener)



Customer Programs Update



Emily Lemei

Transportation Electrification

- Low Carbon Fuel Standard (LCFS)
 - 12 NCPA Members now participating
 - New “equity” spending requirement in 2022
- Working group initiatives
 - Meeting with CARB staff on reporting requirements
 - Meeting on low-income definition and projects
 - Large hydro emissions analysis



Clean Fuel Reward (CFR) Program

- Statewide point-of-purchase rebate
- Governance agreement final, after 1.5 years of negotiations
 - Medium-sized POUs need to sign by August 1, 2020
 - Small-sized POUs need to sign by December 31, 2022
- Steering Committee will oversee the program
 - Kick-off meeting in March
- Working towards launch of program
 - Possibly Q3 2020, details TBD



Energy Efficiency Ongoing Efforts

- Annual Report Due March 15
 - Updates made to the tool and reporting platform
 - Collaborative process with CMUA and SCPPA
- Working Group Initiatives
 - Demo of the eTRM – “electronic technical reference manual” for energy efficiency measures
 - Further discussion of electrification and reach codes



Energy Efficiency Special Projects for 2020

- Energy Efficiency Target Setting (Due 3/15/21)
 - Each POU must establish annual targets for energy efficiency savings for the next 10-year period



- CEC updating its EM&V guidelines
 - EM&V = Evaluation, Measurement, and Verification
 - Requesting POU feedback on barriers



Distributed Resources – Energy Storage

- Energy Storage reevaluation and report due by January 1, 2021
 - Reevaluation of energy storage policies/targets
 - Report to CEC on progress
- NCPA is exploring ways to assist:
 - Contracting for energy storage analysis
 - Providing a template for report
 - Joint POU cover letter for submittals



Regulatory Affairs Report



Scott Tomashefsky

California RPS Program Update

Upcoming Changes

- New rules for 2021-2030
 - RPS percentage moves to 60% by 2030
 - 65% long-term contracting requirement
 - Early action opportunities
 - Hydro over-generation provisions
 - Changes to excess procurement treatment
- CEC Regulations to be updated by end of 2020
- Updates to individual utility procurement plans needed
 - NCPA member workshop held February 11th



California RPS Program Update

Status of CEC Regulations

- Q1 2020: 45-day package expected to be filed with OAL
- Q2 2020: CEC hearing and 15-day language to be filed if needed
- Q3 2020: Regulations adopted
- Q4 2020: Submit to OAL



Effective End of Year

Regulatory Update

CPUC De-energization Proceeding (R.18-12-005)

Phase 1

Established
guidelines and
interim
protocols
(May 2019)

Phase 2

“Focus on issues
that are most
critical” in light
of Fall 2019
PSPS events

Key Issues Being Addressed in Phase 2

- IOU server and website capacity
- Identification of transit corridors and critical transportation infrastructure dependent on back-up generation during a PSPS event
- Operations and location of Community Resource Centers during PSPS events
- Possible creation of a wildfire safety advisory board for each utility
- PSPS planning exercises in advance of the wildfire season
- Communications and notifications during a PSPS event
- Assistance to medical baseline customers to mitigate impact of PSPS events
- Plans to interact with “vulnerable populations

Regulatory Update

CPUC Wildfire Mitigation Plan Proceeding (R.18-10-007)

- 12/16/19 ALJ Ruling Sets stage for 2020 Plans
 - Mitigation Guidelines
 - Utility Wildfire Mitigation Maturity Model
 - Mitigation Plan Metrics
- Parties filed comments on initial Ruling
- 2/7/20: IOUs submitted Draft 2020 Wildfire Mitigation Plans
- Current Schedule
 - Workshops 2/18-19 (overview) and 2/24-25 (technical)
 - Party comments and replies on the WMPs due 4/7 and 4/15, respectively;
 - Decision expected May 2020, after which time plans will be submitted to Wildfire Safety Advisory Board.

CPUC Wildfire Mitigation Plans



Wildfire Mitigation Plan Guidelines

Updated WMP process to improve standardization and definition of data requests



Utility Wildfire Mitigation Maturity Model

Assessment to ensure long-term planning, focus on best practices and incorporate risk into WMPs



Utility Metric Reporting

Process to track and assess progress over time, ensuring continuous learning and adaptation



Supplemental Data Request

Additional data expectations for utilities starting in 2021, giving adequate time now to collect info

Regulatory Update

NERC Exploring Wildfire Impacts

NERC 2020 Workplan



1. Expand Risk-Based Focus in Standards, Compliance Monitoring, and Enforcement
2. Assess and Catalyze Steps to Mitigate Known and Emerging Risks to Reliability and Security
3. Build a Strong E-ISAC-Based Security Capability
4. Strengthen Engagement across the Reliability and Security Ecosystem in North America
5. Capture Effectiveness, Efficiency, and Continuous Improvement Opportunities

NERC 2020 Workplan Focus Area 2

For each of the following, identify performance trends and develop lessons learned, recommendations, and/or implement mitigations:

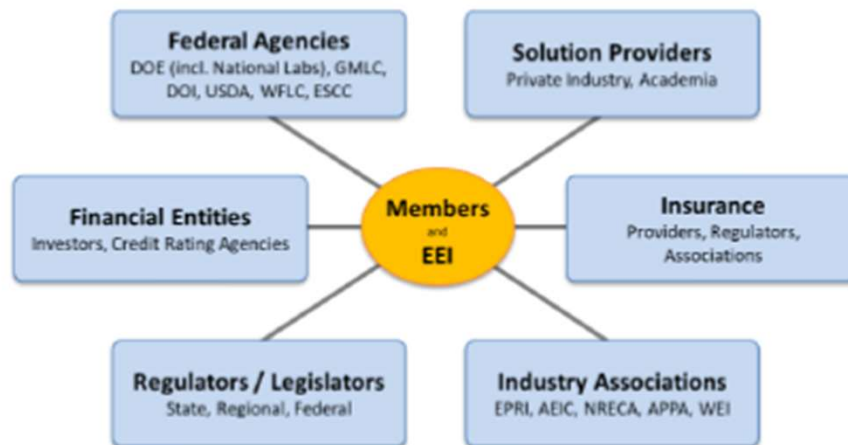
- Protection system misoperations
- Reduced situational awareness from loss of Energy Management Systems
- Unacceptable inverter performance
- Increased amounts of distributed energy resources
- Reduce potential for the BES initiating wildfires

Regulatory Update

Electricity Subsector Coordinating Council

EEI Wildfire Initiative

Partnerships and Stakeholder Engagement



Wildfire Technology: Areas of Potential Interest

- **Sensing and Detection**
Ex: Distribution Fault Anticipation
- **Situational Awareness**
Ex: Use of NOAA and DOD satellite imagery
- **Modeling and Analytical Tools**
Ex: Dynamic/Operational models that in near real time can assist in response to wildfire and potential wildfire conditions, i.e., public safety power shutoffs

FERC Update

Uncertainty is the Only Certainty These Days



Term Ends
6/30/20



**Chairman
Chatterjee
(R)**



**Commissioner
Glick
(D)**



**Commissioner
McNamee
(R)**



**James Danly
(Pending Senate
Approval)
(R)**



**Vacancy
(D)**

Upcoming Events

- ✓ Feb 24 – 27: APPA Legislative Rally
 - Mayflower Hotel, Washington, DC
- ✓ Apr 19 – 23: NCPA/NWPPA Federal Policy Conference
 - Courtyard Hotel, Washington, DC
- ✓ Jun 6 – 10: APPA National Conference
 - Long Beach Convention Center
- ✓ Jul 27 – 29: NCPA State Legislative Staff Tour
- ✓ Sep 23 – 25: NCPA Annual Conference
 - Resort at Squaw Creek, Squaw Valley



