



L&R Committee Meeting

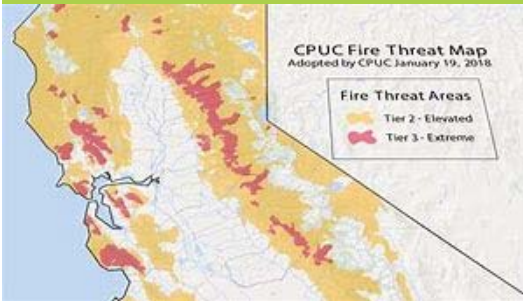
December 4, 2019
Legislative & Regulatory Affairs Committee

Today's Program

9:00 AM	Welcome & Introductions
9:15 AM	<p>Issue Forum Regarding Consumer-owned Business Models for Consideration in Event of PG&E Restructuring</p> <ul style="list-style-type: none">• Michael Wara, Commission on Catastrophic Wildfire Cost & Recovery• Rachel Machi Wagoner, Office of Governor Gavin Newsom• Kip Lipper, Office of Senate President pro Tempore Toni Atkins• Kellie Smith, Assembly Utilities & Energy Committee• Geof Syphers, Sonoma Clean Power• Kari Smith, San Jose Clean Energy• Mitch Sears, Valley Clean Energy• Bob Marshall, Plumas-Sierra REC• John Bremer, Western Area Power Administration
12:15 PM	Working Lunch & Member Discussion
1:15 PM	L&R Strategic Initiatives, Closed Session, and Other Committee Action Items
4:00 PM	Adjournment



N O R T H E R N C A L I F O R N I A P O W E R A G E N C Y



NCPA Issue Forum

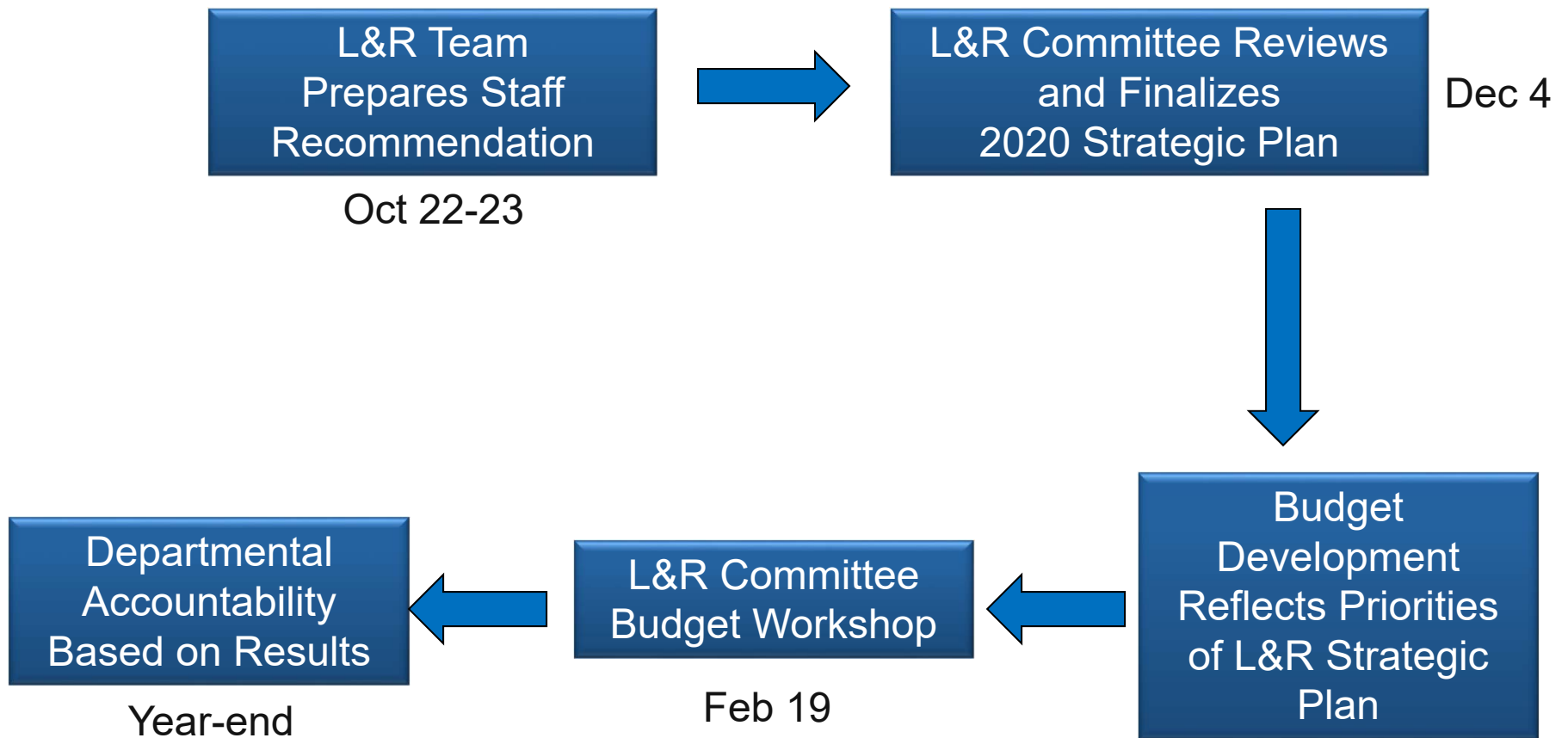


NCPA L&R Affairs Committee 2020 Strategic Plan



**Accomplishments—2019
Trends and Initiatives—2020**

L&R Strategic Planning Process



L&R Strategic Planning Overview

L&R Mission Statement

We protect and enhance the value of NCPA's investments and the ability of NCPA's members to provide their customers with reliable, low-cost, and environmentally responsible electric service – through joint action.

A large, grey, right-pointing arrow serves as a background for the bottom half of the slide. Inside the arrow, there are three blue rounded rectangular boxes containing the text "Accomplishments", "Trends", and "Initiatives".

Accomplishments

Trends

Initiatives

L&R Long-term Goals

- Preserve and enhance local responsibility
- Promote public power and NCPA members' ability to serve customers with reliable and low-cost electrical service
- Advance NCPA as a credible solution-oriented leader
- Promote the environmentally and socially responsible achievements of NCPA members
- Provide timely communications and coordination to support strategic decisions and grass-roots advocacy



L&R Accomplishments — 2019 Highlights

Wildfires



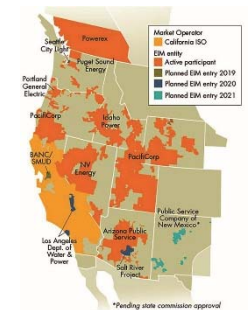
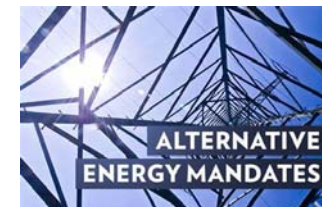
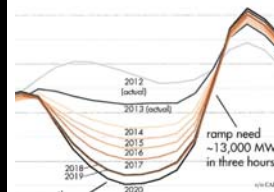
State Climate Programs



Environmental Programs



Market Issues



Serving the West with Federal hydropower
Western Area Power Administration
An agency of the U.S. Department of Energy

L&R Key Accomplishments

Legislative (State)

- Maintained local responsibility for and limited additional oversight of utility wildfire mitigation plans
- Successfully advocated at the Legislature and CPUC to adopt policies intended to significantly mitigate the impacts on NCPA member communities when PG&E de-energizes its transmission system during Public Safety Power Shutoff events.
- Increased access to resources that assist utilities in their wildfire mitigation planning and implementation efforts
- Protected against legislative mandates to procure specific generation resources regardless of any identified need



L&R Key Accomplishments Regulatory (State)

- Secured improvements to display of utility information associated with the Power Content Label
 - Convinced CEC to delay by one year (2021) the reporting of GHG emissions on the Power Content Label
 - Assured that large hydropower will be correctly accounted for in future labels
- Facilitated submittal of NCPA and NCPA-member reports to CARB and the CEC
 - Energy Efficiency
 - Power Source Disclosure/Power Content Labels
 - RPS Compliance
 - Use of Allowance Value
 - GHG Mandatory Reporting
 - SF6
 - Power Plant Inventory

RPS Status Report		
NCPA Members Subject to RPS - 2018		
Expressed as a percentage of annual retail sales		
NCPA Member	CA Eligible Renewables	Renewables including Large Hydro
Alameda	35%	57%
Biggs	38%	81%
Gridley	42%	88%
Healdsburg	42%	58%
Lodi	35%	48%
Lompoc	26%	40%
Palo Alto	65%	106%
Port of Oakland	23%	40%
Redding	29%	58%
Roseville	40%	53%
Santa Clara	29%	40%
Shasta Lake	27%	37%
Truckee Donner	65%	65%
Ukiah	34%	49%
	CA Eligible Renewables	All Renewables
NCPA	36%	54%
NCPA Pool Members	43%	70%
Note: California eligible is defined in Section 399.12 of the Public Utilities Code.		

L&R Key Accomplishments

Regulatory (Federal)

- Preserved ability of local utilities to protect their respective systems from the operational impacts of DER providers dispatching load into the CAISO market
- As part of coordinated group effort TAPS, NCPA helped secure elimination of more than 80 specific reliability standards and requirements
- Provided substantial contribution to the development of a comprehensive proposal that will result in the consolidation of three NERC technical committees into a new Reliability and Security Technical Committee in 2020



L&R Key Accomplishments

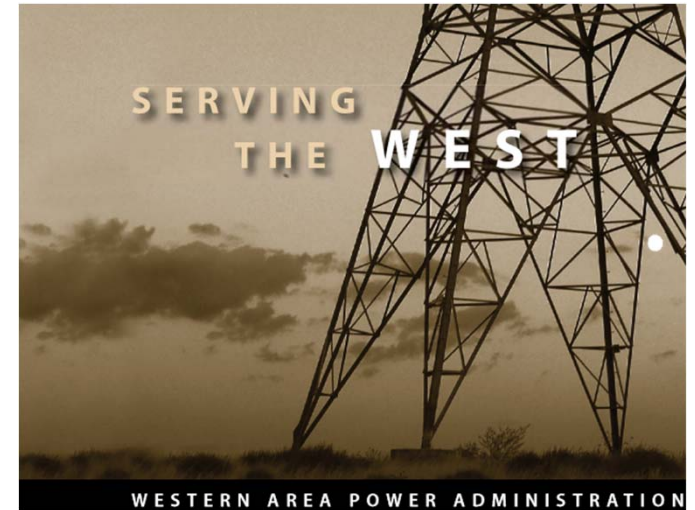
Customer Programs

- Ensured flexibility for POU's in the LCFS amended regulations and the Clean Fuel Reward programs
- Created new process for NCPA to aggregate and sell LCFS credits on behalf of Members, in collaboration with Power Management
- Facilitate entry of three additional NCPA members into the LCFS program
- Launched new energy efficiency reporting platform now used by NCPA members to report energy efficiency data to the CEC and assist with utility energy efficiency program planning



L&R Key Accomplishments Western

- Received favorable opinion regarding CVPIA lawsuit
- Secured one-time \$36 million long-term capital cost savings, which will be included in the final CVP cost allocation study to be released in December 2019
- Realized significant benefits through CVP Power Initiative
 - No bypasses at Folsom in November 2019 avoided \$100K+ in lost generation
- Harnessed delegation support for Croffsets and cost allocation solution
- Secured termination provisions in 2025 Base Resource Contracts to be signed by July 2020



L&R Key Accomplishments

Legislative (Federal)

- Shaped advocacy efforts that led to the introduction of House/Senate legislation to overturn FCC pole attachment order
- House introduction of renewable energy tax credits with comparable incentives for public power
- Reduced the risk of wildfires through better forest management practices



L&R Key Accomplishments

External Affairs

- Deployed crisis communications plan in response to Kincade Fire to facilitate internal employee, member, and external communications
- Developed and circulated talking points and resources for NCPA members on Public Safety Power Shutoff impacts
- Expanded NCPA's social media presence, resulting in a 51% increase in Twitter followers
- Developed plan for supporting NCPA and member social media communications



L&R Key Accomplishments Member Programs

- Utilized conferences as a forum to educate members on fast-moving, complex policy issues
- Provided opportunities to develop first-hand relationships with key policymakers and thought leaders that are critical to shaping utility industry policy
- Enhanced agency's representation as a credible, solution-oriented, and influential stakeholder in the energy arena



L&R Key Trends — 2020

- Federal/State energy policy development is becoming increasingly political
 - 2020 election, partisan tensions, and impeachment inquiry create legislative challenges
 - Friction between California and federal government continues
 - Renewed emphasis on “fixing problems” at the CPUC
 - Crisis level of energy issues of particular importance to California governor
- Policymakers driven by urgency to address climate change
 - State energy policy focusing on 100% decarbonization challenge
 - Federal climate legislation increasingly coming into focus



L&R Key Trends — 2020

- Pressure to address impacts of wildfires continues
 - Utility mitigation efforts are under heavy scrutiny, particularly with widespread impacts from large-scale de-energization events
 - Increasing dissatisfaction with PG&E resulting in alternative post-bankruptcy proposals
 - Utilities continue to show interest in revisiting inverse condemnation and strict liability reform in upcoming legislative session
 - Inability of utilities to secure needed insurance
 - Changes in federal forest management receiving increasing attention – and potential challenges from environmentalists
- Jurisdictional creep of agencies poses challenges to local control
 - “Emergency” justifications (wildfires, climate policy)
 - FERC/NERC jurisdiction focused on enhancing markets but impacts local utilities



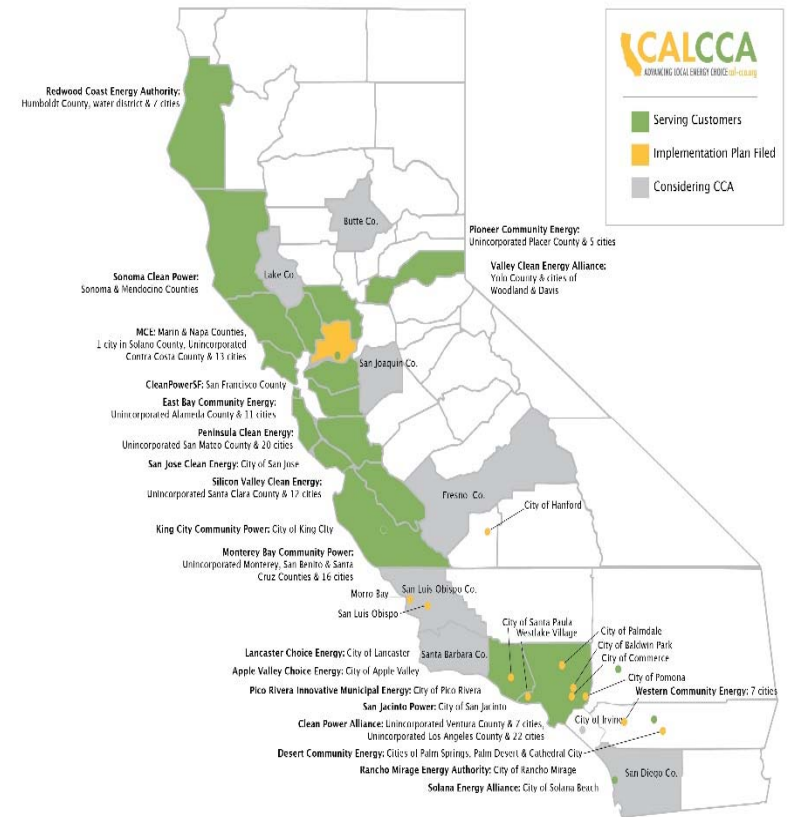
L&R Key Trends — 2020

- Value of CVP remains a high priority for NCPA, though cost equity and cost containment remain a challenge:
 - Calculation of “Croffsets” is permeating other issues
 - Application of new biological opinions could lead to additional environmental costs
 - Aid to irrigation costs for power is increasing
 - Repayment of CVP deadline approaching
 - Water O&M costs increasing
 - Implementation of CVP cost allocation study and determination of adjustments for interest and joint annual expenses



L&R Key Trends — 2020

- Electric utilities continue to be challenged by rapidly-changing business environment
 - Customers seeking a wider array of products and services, including comparability to products and services provided by neighboring Community Choice Aggregators
 - Regulatory demands on utilities grow
 - Increased policymaker and customer interest in behind-the-meter solutions
 - Workforce challenges



L&R Key Initiatives

State Legislative

- Proactively engage in development of wildfire-related policies to advocate for policies that reduce wildfire risk and protect against adverse impacts to public power systems.
 - Coordinate with stakeholders on supporting legislation to mitigate against unreasonable liability risk
 - Support policies that provide state-funded resources/incentives for fire prevention, mitigation, and response
 - Support NCPA members' wildfire mitigation planning efforts and compliance with legislative requirements and minimize efforts to require additional oversight
 - Support policies that promote cost-effective biomass as a mitigation measure
 - Support policies that improve coordination with transmission dependent utilities on Public Safety Power Shutoffs



L&R Key Initiatives

State Legislative

- Oppose policies that shift responsibility for resource procurement decisions away from local governing boards
- Oppose policies that would require procurement of technology-specific resources and therefore raise utility costs, without an identified need
- Promote activities that control and/or reduce compliance costs



L&R Key Initiatives

Regulatory (State and Federal)



- Ensure that CPUC actions taken with respect to Public Safety Power Shutoff events improve PG&E coordination/communication with transmission dependent utilities and local governments
- Protect NCPA member interests as key state and federal climate policies are implemented
 - Eliminate administrative hurdles at CARB restriction that restrict the ability to use cap-and-trade proceeds to fund utility wildfire mitigation efforts
 - Promote the value of large hydroelectric generation as a key component of the state's 100% carbon free goal, in support of the state's 2045 carbon-free goal
 - Maximize flexible compliance provisions in RPS and climate programs
 - Ensure that all NCPA-members update RPS Enforcement/Procurement Plans
 - Eliminate regulatory barriers to deployment of NCPA community solar project
- Explore opportunities to reduce NCPA and NCPA-member reliability and cybersecurity compliance burdens through direct involvement with NERC

L&R Key Initiatives

Customer Programs

- 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



L&R Key Initiatives

Western

- 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
- Advance clean, carbon-free attributes of large hydropower
- Execute 2025 Base Resource Contracts



L&R Key Initiatives

Federal Legislative

- Ensure that NCPA and NCPA-member investments are protected as Congress considers legislative action regarding climate change
- Prevent federal legislation from unnecessarily reducing hydropower's clean energy credits
- Restore local control over pole attachments
- Promote effective federal forest management to reduce wildfire risk
- Secure comparable incentives for public power investment in clean technologies



L&R Key Initiatives

External Affairs

- Promote NCPA and member accomplishments and policy views through media coverage, feature articles, community-member visits, and speaking opportunities
- Implement social media communications plan by rolling-out original material for member use
- Identify key training or educational resources available through Hometown Connections to support member communications and community relations; assist members in accessing resources



L&R Advocacy, Outreach, and Events in 2020

- NCPA Strategic Issues Conference: January 14-16 (Sacramento)
- Capitol Day: January 27 (Sacramento)
- APPA Legislative Rally: February 24-27 (Washington, D.C.)
- NCPA/NWPPA Federal Policy Conference: April 19-23 (Washington, D.C.)
- State Legislative Tour: July TBD
- NCPA Annual Conference: September 23-25 (Squaw Valley)

- L&R Committee Meetings
- NCPA RPS/GHG Task Force
- Federal Power Program Working Group
- Demand Management Working Group
- Transportation Electrification Working Group
- Distributed Generation Working Group
- *This Week at NCPA*



Report on Recent U.S. Bureau of Reclamation Proposal on Croffsets



Regina Rieger

Report on Recent Bureau Croffsets 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)

L&R Action Items

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ACTION REQUIRED

Emily Lemei

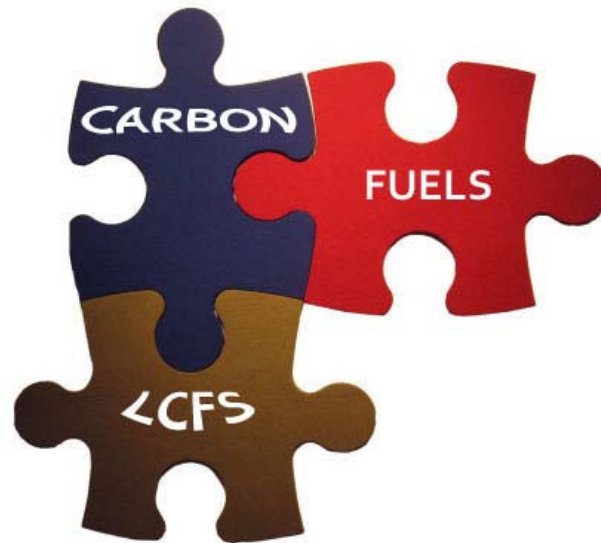
L&R Action Items

- NCPA Shared Services Task Order Authorization and SVP Confirmation
 - Resolution authorizing NCPA to enter into a task order under NCPA Shared Services Program
 - Enables SVP to receive efficiency-related services from Efficiency Services Group
 - Recommend approval

- Amendment to Funding Agreement with CMUA and SCPA for Energy Efficiency Services
 - Additional enhancements to energy efficiency tool used by NCPA and POUs across the state to report to the CEC
 - Reviewed by Demand Management Working Group
 - Recommend approval



Update Regarding Proposed Authorization of NCPA to Transact LCFS Credits



Emily Lemei



N O R T H E R N C A L I F O R N I A P O W E R A G E N C Y

Closed Session Conference with Legal Counsel



Additional Program Updates



NCPA L&R Team

Upcoming Events

Jan 14-16, 2020

NCPA Strategic Issues Conference
Kimpton Hotel, Sacramento



Jan 27, 2020

Capitol Day
Sacramento



Feb 24-27, 2020

APPA Legislative Rally
Washington, DC



Apr 19-23, 2020

NCPA/NWPPA
Federal Policy Conference
Washington, DC



