



# L&R Committee Meeting

February 24, 2021  
Legislative & Regulatory Affairs Committee



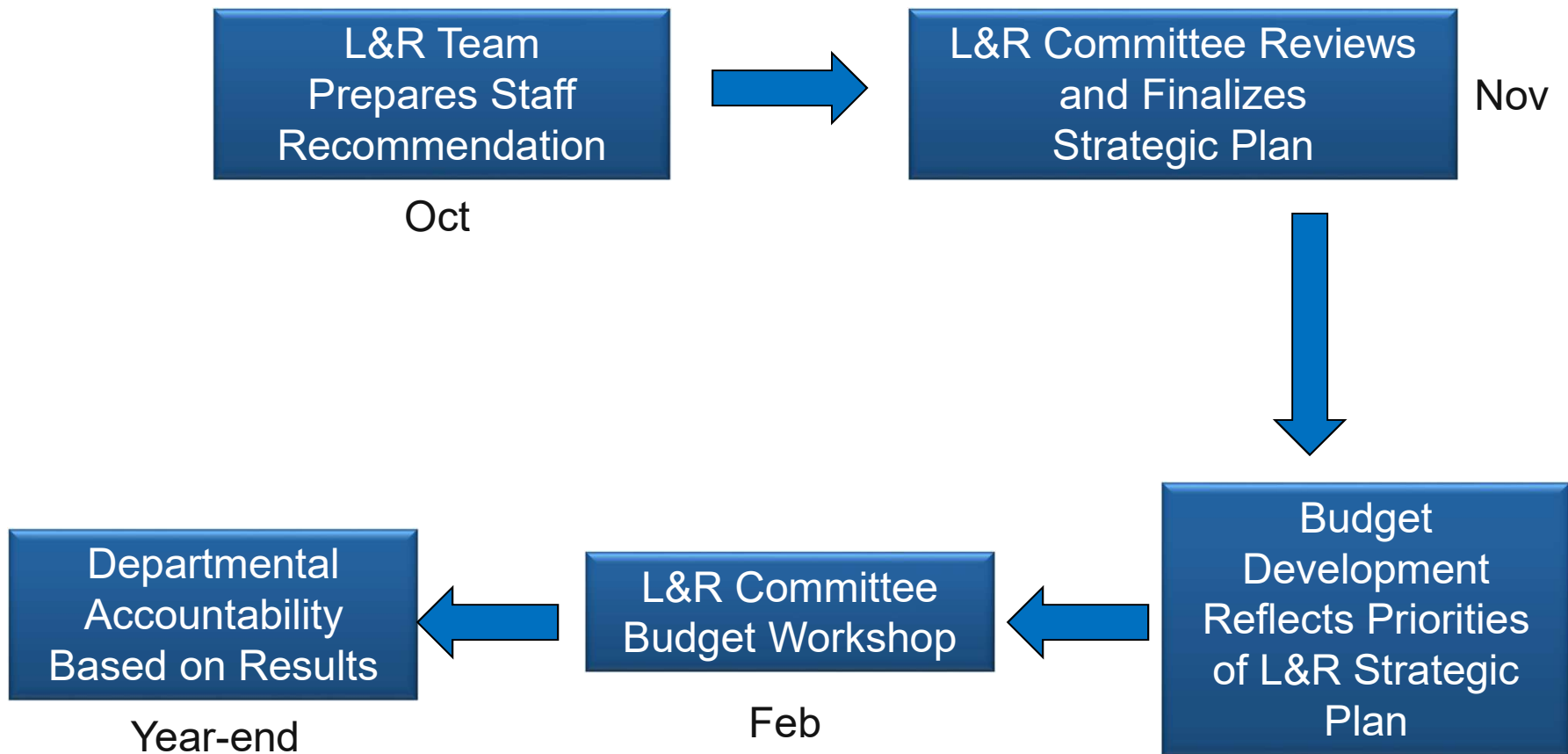
N O R T H E R N C A L I F O R N I A P O W E R A G E N C Y

# **NCPA L&R Committee Budget Workshop**

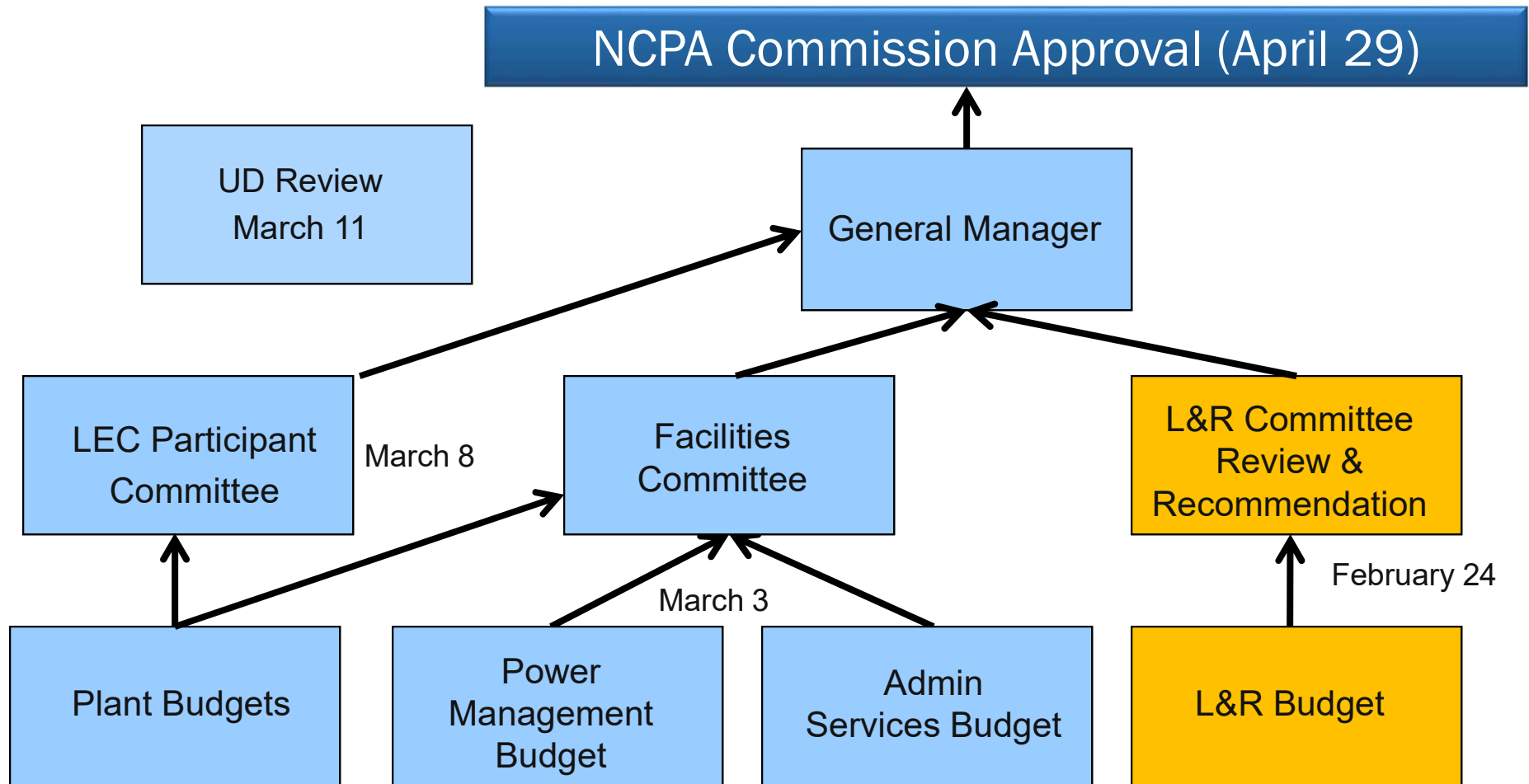


**Jane Cirrincione**

## L&R Strategic Planning Process



# NCPA Budget Review Process



## FY2022 L&R Budget

### Key Considerations

- Operational L&R budget is \$1.28 million
  - \$10,000 above FY2021 budget (0.7%)
  - Below 1.6% maximum operating increase authorized by NCPA Commission
- Does not include passthroughs (\$494,441)
  - Special projects allocated only to NCPA members that participate
  - APPA Dues, DEED, SEPA, CEE Membership
  - FY 2022 pass-through budget increased by \$5,000 over FY 2021 due to member needs related to state energy efficiency reporting



## NCPA L&R Budget FY2022

### 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 to advocate for strategies that reduce wildfire risk and protect against adverse impacts to public power systems.
- Encourage support for investment in clean energy infrastructure, including hydrogen production
- Oppose policies that impede on local decision-making
- Encourage policymaking that recognizes energy affordability challenges—including assistance for utility arrearages
- Support policies that allow for flexible implementation of cost-effective improvements for grid reliability and resilience
- Promote activities that control and/or reduce regulatory compliance burden and cost
- Seek support for addressing impact of climate change on utility infrastructure

66% of Budget  
\$843,200

Also Grassroots Advocacy Support:

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



## NCPA L&R Budget FY2022 Western Programs

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

- Execute 2025 Base Resource Contracts by March 16, 2021
- Protect NCPA members from unwarranted or rising costs and resource reductions
- Maintain CVPIA true-up credits to reduce exposure to new costs resulting from CVPIA funding plans and implementation of biological opinions
- Engage in BOR proceedings on proportionality
- Monitor WAPA's EIM participation beginning March 25, 2021—track EIM expansion, potential regionalization efforts, and evolving markets to evaluate WAPA impacts
- Advance clean, carbon-free attributes of large hydro
- Support cross-agency collaboration to promote efficiencies and cost savings

13% of Budget  
\$165,000



2020 Savings from Western  
Activities: \$8 million

## NCPA L&R Budget FY2022 Customer Programs

9% of Budget  
\$121,500

### *Program Objectives:*

- Defend and expand LCFS credit opportunities
- Support policies that promote flexible use of public benefits and LCFS funds
- Ensure that the transition to the electronic Energy Efficiency Technical Reference Manual meets the needs of all NCPA Members
- Support Members' exploration and launch of electrification programs (including electric bikes)
- Advocate against infrastructure mandates and explore infrastructure funding opportunities
- Issue RFPs to support contracting needs identified by the customer programs working groups. Utilizing joint action structure to capture member savings in both dollars and staff resources.



CALIFORNIA  
CLEAN FUEL  
REWARD<sup>SM</sup>



## NCPA L&R Budget FY2022 Dues for Key Coalitions

6% of Budget  
\$77,420

### Memberships

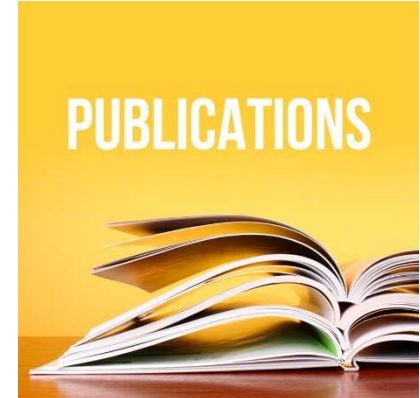
- American Public Power Association (Agency Dues)
- California Municipal Utilities Association
- Northwest Public Power Association
- Transmission Access Policy Study Group
- Association of California Water Agencies
- California Special Districts Association
- Power Association of Northern California



## NCPA L&R Budget FY2022 Miscellaneous

6% of Budget  
\$74,542

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



## NCPA Budget FY2022 Legal Support

\$278,000 in  
NCPA Legal Budget  
for L&R Purposes

### Advocacy Support:

Law Offices of Susie Berlin (State)

- CARB/CEC/CPUC Representation +\$10,000

Spiegel & McDiarmid (Federal)

- Support for key FERC visits and related analysis as needed (No increase)



## NCPA L&R Budget FY2022

### NCPA Member Pass-through Costs

\$494,441

- 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 (+\$5,000 over FY21)
  - Technical Reference Manual
  - Energy Efficiency Reporting Tool



# NCPA FY2022 Budget Review

## Key Changes to Operational Budget Compared to FY2021

### Increases

- Cal Electric Transportation Coalition \$10,000

### Net Change from FY2021

+ \$10,000

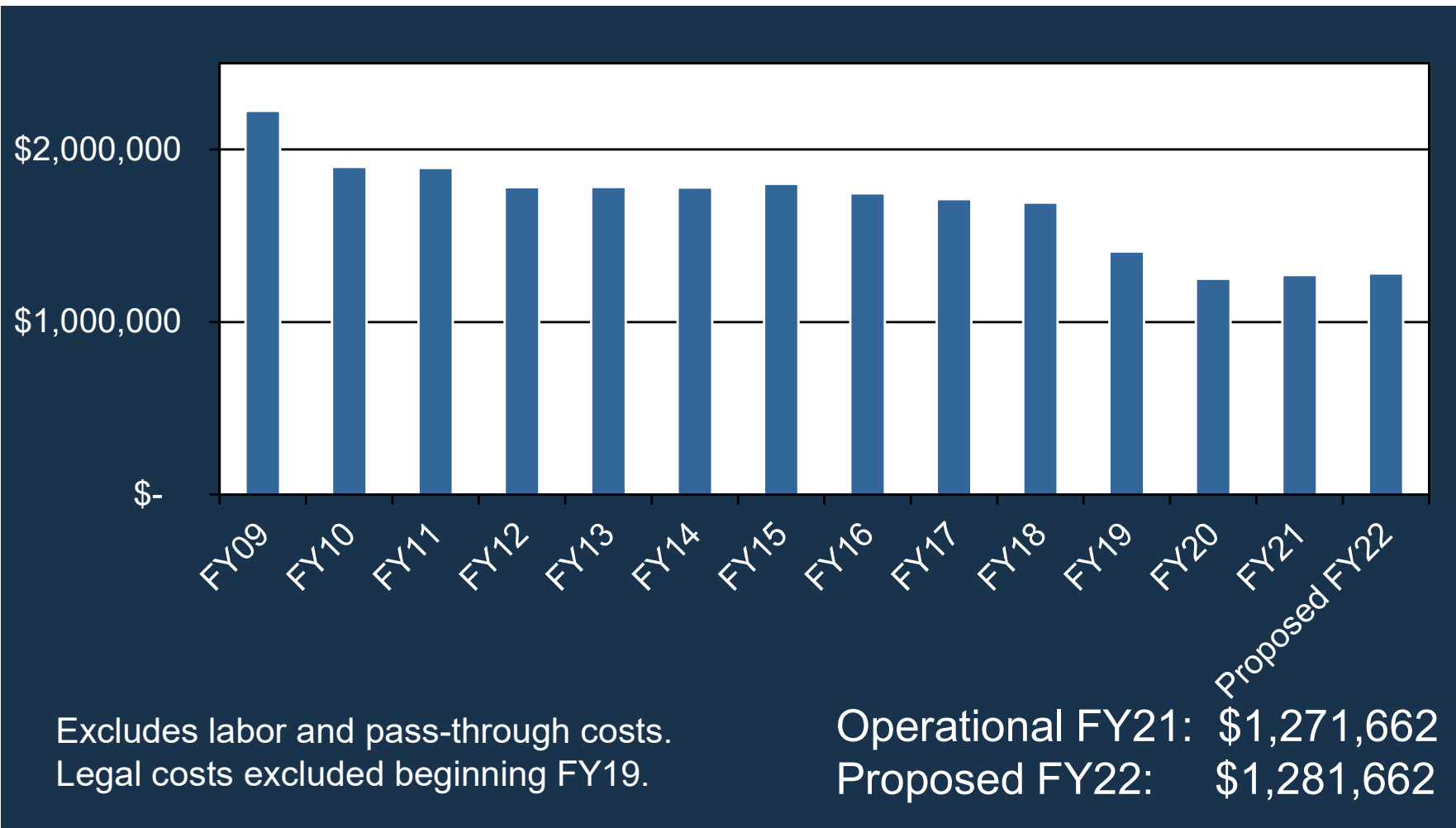
### Pass through Changes

- Technical Reference Manual \$35,000
- Energy Efficiency Target Setting (30,000)

### Net Change from FY2021

+ \$5,000

## L&R Operational Budget



## Next Steps

- February 24 - Committee consideration and recommendation to NCPA Commission
- March 11 - Utility Directors' Review
- April 29 - NCPA Commission consideration and approval



# Customer Programs Update

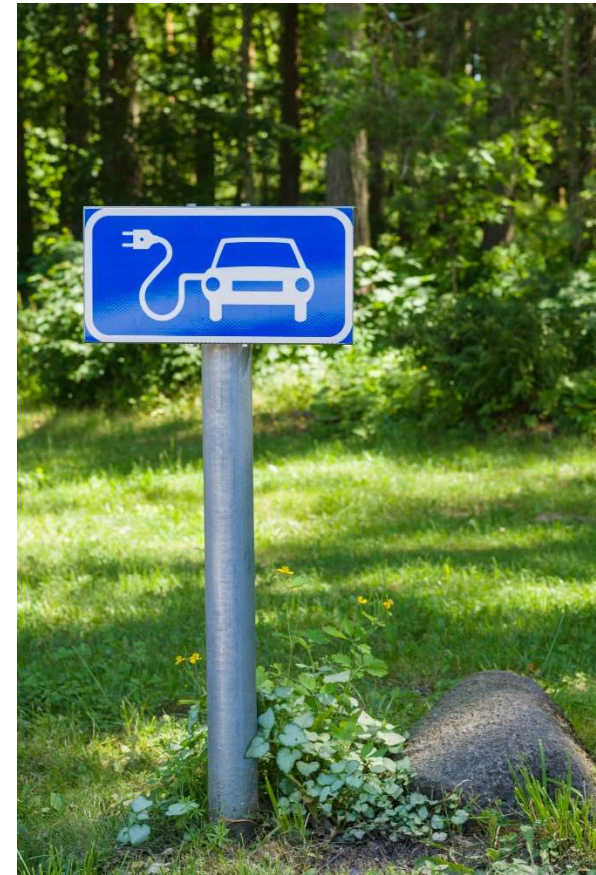


**Emily Lemei**



## Transportation Electrification

- EV sales expected to increase by 75% from 2020 levels
- Growing regulatory push for electrification of vehicles and equipment
- CARB to turn its focus to electrifying fleets
- CEC finishing its study of EV charging infrastructure needs for California



## Energy Efficiency Reports



- **Annual Energy Efficiency Reports (due 3/15/2021)**
  - POU's are currently working to submit annual data into the joint Cost Effectiveness Tool and Reporting Platform
  - CMUA, NCPA, SCPA to work jointly to draft and submit annual report detailing POU achievements in energy efficiency savings
- **Energy Efficiency Target Setting (due 3/15/2021)**
  - Each POU must establish annual targets for energy efficiency savings by 3/15/2021 for the next 10-year period
  - CMUA contracted with GDS Associates to provide potential forecasting services for all CA POU's
  - Completed 10-year forecasts will be incorporated into the annual energy efficiency report submitted to the CEC by 3/15/2021



## Regulatory Requirement: Utility Physical Security Plan

- CPUC issued Decision 19-01-018 on January 10, 2019, requiring all electric utilities (including POUs) to develop and implement a plan that:
  - Identifies electric distribution assets that require greater protection
  - Specifies measures to reduce the identified risks and threats to those facilities
- POUs are required to provide the CPUC with notice that its governing board has adopted the plan by **July 10, 2021**
  - All POUs must develop a Utility Physical Security Plan, regardless of the types of distribution facilities that they control and the relative risks to those facilities

## RFP for Physical Security Plan Evaluation Services

- RFP was issued on December 15, 2020, in response to Member requests
- Proposals were requested for:
  - Technical Advisory Services
  - Independent Evaluation Services
- 7 Proposals submitted, 5 selected
- Scoring committee:
  - James Mearns (NCPA), Mel Grandi (Ukiah), Jared Carpenter (Port of Oakland)



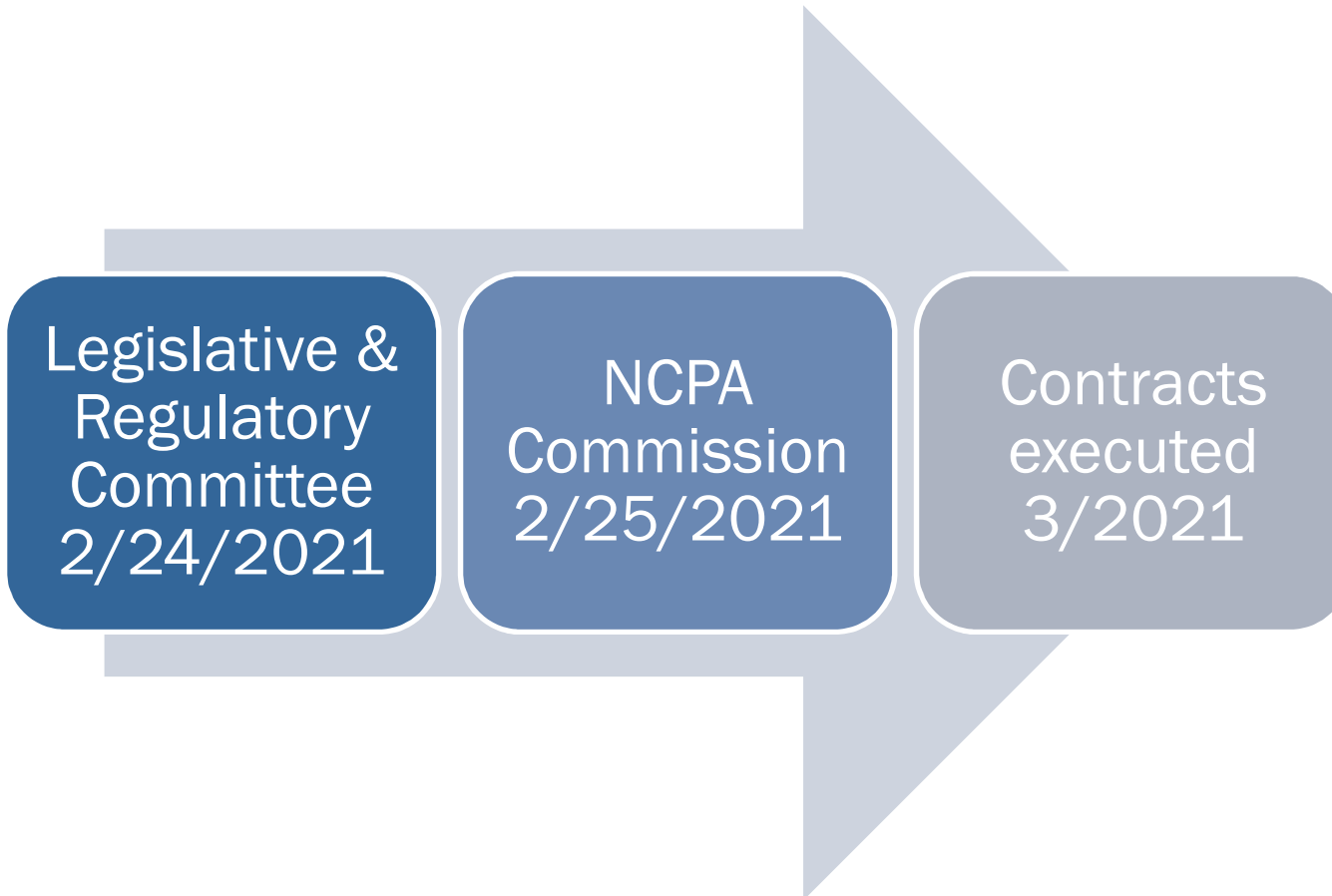
## Selected Vendors

1. AESI-US, Inc.
2. Burns & McDonnell
3. TRC Solutions, Inc.
4. iParametrics LLC
5. Guidehouse Inc.

## Contract Terms

- Two years
- \$500,000
- Enabling agreement
- Runs through Support Services Program-passthrough costs

## Approval Process



## Item 5. Multi-task Consulting Services Agreement with AESI-US, Inc.

Action:  
Recommendation for  
Approval at 2/25/2021  
NCPA Commission Meeting



Staff is seeking a recommendation for approval of a two-year MTCSA with AESI-US, Inc. for utility physical security plan technical advisory and/or independent evaluation services, with a not to exceed amount of \$500,000, for use by NCPA, NCPA Members, SCPPA, and SCPPA Members.

## Item 6. Multi-task Consulting Services Agreement with Burns & McDonnell

Action:  
Recommendation for  
Approval at 2/25/2021  
NCPA Commission Meeting



Staff is seeking a recommendation for approval of a two-year MTCSA with Burns & McDonnell Engineering Company, Inc. for utility physical security plan technical advisory and/or independent evaluation services, with a not to exceed amount of \$500,000, for use by NCPA, NCPA Members, SCPPA, and SCPPA Members.



## Item 7. Multi-task Consulting Services Agreement with iParametrics LLC

Action:  
Recommendation for  
Approval at 2/25/2021  
NCPA Commission Meeting



Staff is seeking a recommendation for approval of a two-year MTCSA with iParametrics LLC for utility physical security plan technical advisory and/or independent evaluation services, with a not to exceed amount of \$500,000, for use by NCPA, NCPA Members, SCPPA, and SCPPA Members.

## Item 8. Multi-task Consulting Services Agreement with TRC Solutions, Inc.

Action:  
Recommendation for  
Approval at 2/25/2021  
NCPA Commission Meeting



Staff is seeking a recommendation for approval of a two-year MTCSA with TRC Solutions, Inc. for utility physical security plan technical advisory and/or independent evaluation services, with a not to exceed amount of \$500,000, for use by NCPA, NCPA Members, SCPPA, and SCPPA Members.

## Item 9. Multi-task Consulting Services Agreement with Guidehouse Inc.

Action:  
Recommendation for  
Approval at 2/25/2021  
NCPA Commission Meeting



Staff is seeking a recommendation for approval of a two-year MTCSA with Guidehouse Inc. for utility physical security plan technical advisory and/or independent evaluation services, with a not to exceed amount of \$500,000, for use by NCPA, NCPA Members, SCPPA, and SCPPA Members.

# Federal Affairs Report



**Jack Lincoln**  
**Marty Kanner**

## Key Trends — 2021

### Federal Legislative

- Divided government will lead to reliance on executive actions and finding bipartisan compromise
  - The Budget Reconciliation process is viewed by many as an exception
- COVID-19 relief legislation on deck
- House climate legislation expected to be introduced next month
- Details of a comprehensive clean energy infrastructure package are expected later this year



## Climate and Clean Energy Investments

### Federal Legislative

- Ensure compatible state and federal climate plans
- Provide comparable incentives for public power investment in clean energy
- Promote federal support for hydrogen fuel and generation, including public power utility projects
- Streamline the hydropower relicensing process through efforts spearheaded by the National Hydropower Association's "Uncommon Dialogue"



## COVID-19 Relief Federal Legislative

- Advocate for the inclusion of public power priorities in future COVID-19 relief legislation
- Provide federal financial assistance for public power utilities (LIHEAP, etc.)
- Allow local governments the flexibility to utilize existing funds for utility revenue shortfalls
- Restore tax-exempt advance refunding
- Include comparable incentives for public power clean energy investments
- Ensure local governments are eligible for payroll tax credits to offset costs of paid emergency sick leave



# Wildfires

## Federal Legislative

- Advance wildfire prevention legislation
  - The Emergency Wildfire and Public Safety Act, the Wildfire Resilient Power Grid Act, and the CLEAR Zones Act
- Encourage state-federal partnerships in clearing vegetation and hazardous fuel buildup
- Obtain approval from the USFS for the sediment removal project
  - Pursue avenues legislatively and through federal agency guidance and rulemakings to streamline similar efforts in the future





## Central Valley Project Power Federal Legislative

- CVP power contracts
- Inform legislators on the CVPIA funding plan going forward
- Educate stakeholders on the Court affirms decision on “proportionality”
- Risk of expanding WAPA’s “mission”



Western  
Area Power  
Administration

# Reliability Standards

## Texas Power Outages Highlight Grid Vulnerability

- Strong desire to assign blame
  - Market Failures?
    - Market Design - retail competition exposes customers to extreme weather events
  - Operational Challenges?
    - Limited interconnection capacity into and out of ERCOT
    - In-state generators unable to keep up with demand
    - Rotating outages added to the problem due to technical challenges of restarting system after system was shut
  
- Regulators likely to revisit reliability rules
  - Likely to lead to expansion of mandatory reliability standards
  - FERC/NERC already suggesting changes



## Western Hydropower Update



**Regina Rieger**

# Western (WAPA) – Central Valley Project Hydropower

## 2025 CVP Base Resource Contracts

- Contracts due 3/16/21
- Western will consider written requests for extension
- 30-year Contract effective 1/1/25
- Contractual base resource percentage assigns a share of the available base resource and a share of the cost
- Opportunity to terminate before 7/1/24 and every five years within contract term
- 16 members of NCPA share: 41.7%

## Central Valley Project Updates

- Reclamation/Western kick off partnership meetings with utility leaders
- Reclamation’s CVPIA True-up and Business Practice Guidelines under governmental review
- CVPIA completion under review
- Western’s EIM participation begins 3/25/21
- Below-average Water Year and CVP hydropower generation
- New Leadership at Department of Interior, Bureau of Reclamation, and Department of Energy

March 2021						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## Federal Agency Leadership

### Department of Interior and Bureau of Reclamation

**Deb Haaland**  
Secretary of Interior  
*Nominee*

**Tanya Trujillo**  
*Acting* Assistant Secretary  
for Water and Science

**Camille Touton**  
*Acting* Commissioner  
Bureau of Reclamation

**David Palumbo \***  
Deputy Commissioner of Operations  
Bureau of Reclamation

**Ernest Conant \***  
Regional Director Reclamation  
California-Great Basin Region

### Department of Energy and Western Area Power Administration

**Jennifer Granholm**  
Secretary of Energy  
*Nominee*

**David Turk**  
Deputy Secretary of Energy  
*Nominee*

To Be Named (2 Positions)  
Under Secretary for Energy and Science  
Assistant Secretary Office of Electricity

**Mark Gabriel (Until 3/14)\***  
CEO and Administrator  
Western Area Power Administration

**Sonja Anderson \***  
Senior VP and Regional Manager  
WAPA Sierra Nevada Region

# State Legislative Report



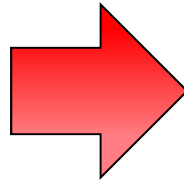
**Sarah Taheri and Gregg Cook**

# State Legislative Issues

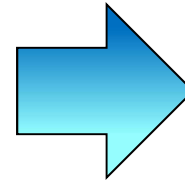
## 2021 Policy Bill Process



House of Origin



Second House



Governor

**DEADLINE**

Introduction	Feb 19
Policy Committee	May 7
Appropriations Committee	May 21
Floor Vote	Jun 4

**DEADLINE**

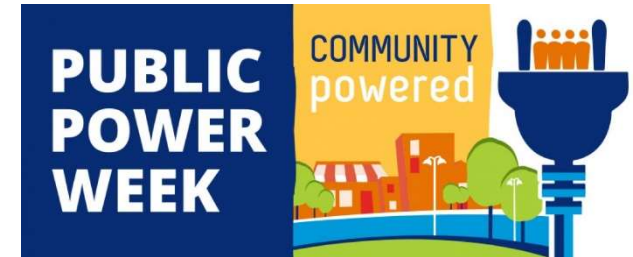
Policy Committee	Jul 14
Appropriations Committee	Aug 27
Floor Vote	Sept 10

**DEADLINE**

Sign/Veto	Oct 10
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## State Legislative Issues

- **Public Power Week resolution**  
(NCPA, SCPPA, CMUA proposal)
- **COVID-19 relief**
  - Residential rental assistance
  - Small business relief
  - Utility arrearages
- **Broadband and pole attachments**
- **Wildfires**





## State Legislative Issues

- **Environmental justice**
- **Energy resources and infrastructure**
  - Expediting zero-carbon and climate goals
  - Resource adequacy
  - Resource procurement and planning
    - Offshore wind
    - Green hydrogen
    - Long-duration storage
  - Permit streamlining
  - Rate reduction bonds
- **Clean transportation**
  - Electric vehicles and infrastructure
  - Green hydrogen



## External Affairs



Sarah Taheri

# Regulatory Affairs Report



**Scott Tomashefsky**

# FERC Update

## A Full Slate of Commissioners



Term Ends  
6/30/21



**Chairman  
Glick  
(D)**



**Commissioner  
Chatterjee  
(R)**



**Commissioner  
Danly  
(R)**



**Commissioner  
Clements  
(D)**



**Commissioner  
Christie  
(R)**

Sworn In  
12/8/20

Sworn In  
1/4/21

# Other Notable Regulatory Agency Appointments

## NERC



Sue Kelly

## CAISO



Jan Shori

## California Air Resources Board



Liane  
Randolph



Davina  
Hurt

## Interior



Janea Scott

## CPUC



Darcie Houck

## CEC



Siva Gunda



Tania  
Pacheco-  
Werner



Gideon  
Kracov

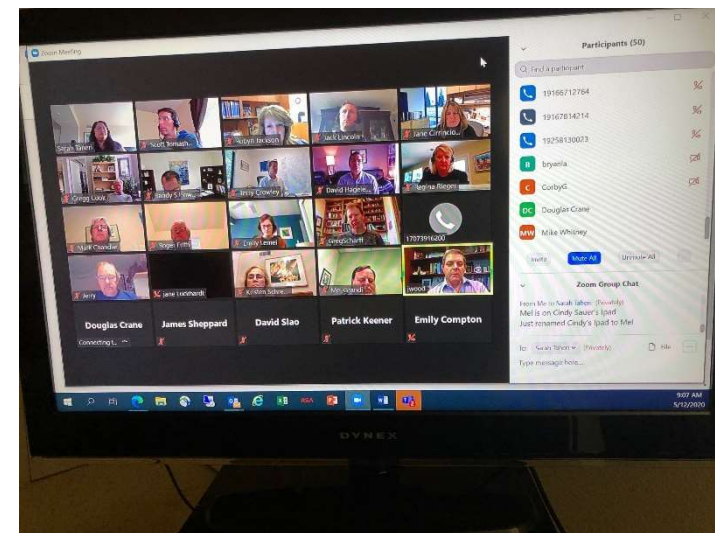
## Ongoing Regulatory Policy Proceedings

- CEC Integrated Energy Policy Report
- CARB Scoping Plan
- Wildfire Safety Advisory Board Activities



## Member Programs Virtual Events

- NCPA Speakers Series event for L&R Committee members
- NCPA will continue to secure high-level speakers that are critical to shaping utility industry policy
- The ongoing engagement on behalf of NCPA members to influence, advocate, educate, and maintain relationships despite COVID-19 restrictions is critical



## Upcoming Events in 2021

- **APPA Legislative Rally**
  - Date: March 1-3, 2021
  - Location: Virtual
  
- **NCPA Staff Tour**
  - Date: July 2021
  - Location: TBD
  
- **NCPA Annual Conference**
  - Date: September 28-30, 2021
  - Location: Silverado, CA
  
- **NCPA Federal Policy Conference**
  - Date: October 2021
  - Location: Washington, DC





