

Regulatory Report

LGSEC Quarterly Meeting

Irene Moosen

December 9, 2016

irene@igc.org 415-587-7343



Today's Report

- Federal Energy/Climate Policy
- CPUC Energy Efficiency Decision & Phase 3
- SB 32 CO2 Reductions to 2030 goals
- Storage & Aggregated Distributed Energy Resources
- CCA - PCIA Vintaging and beyond
- SDG&E's CCA Marketing/Lobbying Division
- Investor-Owned Utility 2.0
- Electric Vehicles – CPUC
- PG&E's Diablo Canyon Shutdown Proposal
- PG&E Federal Criminal Conviction Stands

Federal Energy/Climate Policy

■ California/Local Gov'ts:

- 37 West Coast Mayors to Trump “work with us on renewable development, retain tax credits/Paris Agt”
- Brown vows to hold true to our values, Paris, Under2

■ Trump Uncertainty/Possibilities:

- “Climate Change a hoax” v. keeping “an open mind”
- No Paris Agreement
- Energy Department, EPA Appointments
- Coal Revival
- Increased oil and gas leases on federal lands, off-shore
- Overturn Clean Power Act – in court now.
- Unknown: solar/wind tax credits incentives?
- Al Gore meeting

California Public Utilities Commission

Energy Efficiency (R.13-11-005)

- Decision (D.)15-10-028 Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings issued August 25. IOU/CCA/REN Business Plans due January, 2017
- REN review, Baseline Calculation Changes, Statewide/Third Party Administration and EM&V/EPST issues.
- LGSEC filed Comments on Review of RENs, Baseline Calculations and presented a new Statewide Local Government Program proposal.

California Public Utilities Commission

Energy Efficiency (R.13-11-005)

■ Decision 15-10-028 Summary:

- RENO continue as pilots, file business plans January 23, 2017
- “Existing Conditions” baseline calculation is default method.
- Statewide Program Administration adopted for numerous program sectors areas.
- LGSEC asked to present business plan proposal for statewide local government programs. IOUs ordered to make LGPs consistent statewide.
- Current EM&V/EPSP program priorities continue, new budget allocations adopted.
- LGSEC to file proposed Business Plan on January 23, 2017.

California Public Utilities Commission

- **Energy Efficiency (R.13-11-005), Phase 3**
 - November Scoping Memo/Scheduling Ruling
 - Variety of Issues, primarily:
 - Custom Projects, Industrial Sector
 - Market Transformation
 - Coordination-PG&E's Diablo Canyon Retirement replacement procurement proposal - LGSEC
 - CAEATFA Financing Pilots, mid-course evaluation, EM&V.

California Public Utilities Commission

- **SB32 Draft Scoping Plan released Dec 2, 2016**
- Reduce GHG Emission 40% below 1990 by 2030
- Specific Targets for Local Governments proposed, including reductions in vehicle miles travelled, per capita CO2 reductions, sustainable community strategies and Climate Action Plans
 - Public Comments due 12-16-16, Public Hearing late January, 2017

California Public Utilities Commission

■ Cap & Trade: Post 2020 Plan

- 1) C&T continues to 2030 with 3.5% declining annual cap
- 2) 60% reduction in free emissions allowances to utilities 2020-2030
- 3) 2 options for calculating demand: CEC forecast vs. projected demand drop calculation
- 4) RPS adjustment retained (excludes loss of demand due to rooftop solar and energy efficiency from cost burden calculation).
- 5) Final CARB vote – Spring, 2017

Federal Energy Regulatory Commission

- Aggregated Distributed Energy Resources
 - FERC Notice of Proposed Rulemaking to remove barriers to Energy Storage and Aggregated DERs in Wholesale Energy Markets.
 - Follows approval of CAISO first-in-nation “Distributed Energy Resource Provider” wholesale market participant.
 - Demand Response, Storage, Solar, EVs can combine into “virtual resource” aggregation and bid into CAISO energy and regulation markets.
 - Comments due January 2017.

CAISO/CPUC

- Energy Storage and Distributed Energy Resources (Phase 2)
- CPUC: DRP proceeding – multiple use DERs
- CAISO stakeholders crafting payment and performance standards, including:
 - Demand Response payments for increased consumption during overgeneration conditions
 - Storage as “use-limited resource” instead of “state of charge” bid and basis for payments.

California Public Utilities Commission

Power Indifference Charge Adjustment (PCIA) “Vintaging” Decision 16-09-044 – issued 9-24-16 (A.14-05-024)

- The PCIA is the charge assessed by the utilities and billed to CCA/DA customers for energy resource procurement undertaken “on their behalf.”
- The date when CCA issues a Notice of Binding Intent (NBI) or on which a customer initially takes CCA service is the vintage date for purposes of determining energy procurement cost responsibility. Impact on Phased CCA start-up.
- PCIA Working Group developing recommendations on all other issues for submittal to CPUC in March, 2017.
- Southern California Edison and Sonoma Clean Power co-lead. Next meeting: 12-14-16 in Oakland.

California Public Utilities Commission

- Sempra Services Corporation affiliate, “Clean Energy Advisors” vs. CCA exploration efforts by San Diego County, City of San Diego, Encinitas, Del Mar, Oceanside
 - SB790 compliance Code of Conduct requires Sempra affiliate to be functionally and physically separate division from SDG&E, funded by shareholders.
 - “Robust Public Dialogue” vs. “Prevent Competition”

Edison/CPUC ready to plan and build new distribution grid for DERs – IOU 2.0?

- SCE GRC request includes \$1.7 Billion in its for distribution grid modernization
 - Includes “plug and play” plan for Distributed Energy Resource integration
- CPUC Distribution Resource Plan Rulemaking (R.14-08-013), Track 3
 - Grid Modernization, citing Edison, SDG&E proposals needing guidance now.
- CPUC Integrated DER (R.14-10-003) – PD adopts DER incentive pilots. 12-15-16 Vote.

Electric Vehicles – CPUC

- Next up:
 - IOUs to file Applications January 20, 2017 to implement SB370 Transportation Electrification provisions.
 - **PG&E's** “Charge Smart and Save”: PD would approve \$130M/7,500 make ready for Level 2 charging ports. **Edison's** “Charge Ready”: PD would approve \$22M/1,500 charging stations + education.
 - CPUC to vote 12-15-16.

Diablo Canyon Power Plan Retirement

Diablo Canyon Nuclear Power Plant Shutdown

- Joint PG&E, environmental, labor proposal for shutdown of Diablo Canyon filed at CPUC. (A.16-08-006). LGSEC is a party.
- PG&E to replace Diablo Canyon with energy efficiency, renewables and storage. First Tranche: \$1.3B solicitation for 2,000 GWhs energy efficiency in 2018; Two add'l procurements to occur. No cost estimates given in proposal. Costs to be recovered from all ratepayers via non-bypassable charge.
- Workshops on replacement procurement & cost allocation held 12-8-16
- Testimony due in January, 2017, hearings to follow in spring.
- Proposed Settlement reached with San Luis Obispo/School Dist.
 - \$85M to offset closure impact – 9 installments paid through 2025.

U.S. District Court, San Francisco

PG&E Guilty Verdict Upheld: Judge denies PG&E Motion to Acquit

- PG&E found guilty of 5 counts of violating Federal Pipeline Safety Act, 1 count of obstructing National Transportation Safety Board investigation. Charges followed 2010 San Bruno natural gas transmission line explosion that killed eight people, injured dozens of others and destroyed 38 homes.
- Investigation by National Transportation Safety Board into blast found that the probable cause of the accident was PG&E's inadequate quality assurance program and inadequate integrity-management program which failed to detect a defective pipeline segment.
- Sentencing Hearing to be held January 23, 2017.