



2018 Regulatory Outlook

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Hilary Staver

Manager of Regulatory and Legislative Affairs
Silicon Valley Clean Energy



Key Areas of Focus

Procurement

- Integrated Resource Planning (IRP), Resource Adequacy (RA), Renewable Portfolio Standard (RPS)

Non-Bypassable Charges (NBCs)

- Power Charge Indifference Adjustment (PCIA), Tree Mortality NBC, Diablo Canyon closure

CCA Formation, Expansion, and Governance

- Draft Resolution E-4907, CCA Bond Methodology, AB 1110

Programs

- Transportation Electrification, Storage, Energy Efficiency Business Plans, Low Carbon Fuel Standard

The Regulatory Climate

- The pace of CCA formation and expansion accelerated rapidly towards the end of 2017
- The CPUC has less authority over CCAs than most types of load serving entities, so the proliferation of CCAs changes the regulatory paradigm and balance of power
- Regulators feel pressure to delineate how a CCA-dominated industry operates and its implications for:
 - Reliability
 - GHG mitigation
 - Cost allocation

Integrated Resource Planning (IRP)

- Proposed Decision (PD) released December 28th
 - Broadly expands CPUC authority over CCA IRPs, allowing CPUC to review and approve the substance of CCA IRPs despite statutory language requiring CCA Boards to approve and the CPUC to only “certify”
 - Gives the CPUC authority over aspects of CCA renewable integration planning
 - Defines “GHG-free resources” for the first time, excluding RPS buckets 2 and 3 and undercutting AB 1110 implementation
- Will go to Commission vote no earlier than 2/8

Resource Adequacy (RA)

- Current proceeding (R.17-09-020) covers 2019 and 2020 compliance years, with intent to make structural improvements to the program
- Currently awaiting the release of a Scoping Memo, which will lay out the schedule and issues to be covered in the proceeding
- SVCE and other CCA parties have petitioned to consider the RA-related issues cited in Draft Resolution E-4907 to this proceeding for appropriately comprehensive treatment

Power Charge Indifference Adjustment (PCIA)

- Second PCIA workshop to take place 2/16-2/17
 - Originally designed to be a data-driven discussion, but slow release of data has forced the agenda to be more conceptual
 - CCA parties are presenting on several options, from incremental improvements to the PCIA methodology to entirely separate options such as direct allocation of resources
- Selection of a final CCA proposal for testimony in March will be contingent upon further discussion, receipt of data, and quantitative testing of conceptual alternatives

Draft Resolution E-4907

- Vote delayed to 2/8/18, with comments due 1/11 and reply comments on 1/18
- Key points in comments:
 - Argue the procedural inappropriateness of using a Draft Resolution
 - Argue for moving RA issues to the full RA proceeding for comprehensive approach
 - Present a proposed alternative that would preserve the possibility of 2018 launches
- Rally at Commission is now happening 2/8, reach out to SVCE staff if interested in attending

Diablo Canyon and CCA Bond Methodology

- Bond methodology (R.03-10-003):
 - Currently awaiting Proposed Decision; no new action for several months
 - Will likely resolve in time to require planning in next fiscal year
- Diablo Canyon closure (A.16-08-006)
 - Proposed Decision currently slated for Commission vote on 1/11/18, which would close the proceeding without creating any new NBCs

The Legislative (Storm on the) Horizon

- The 2018 legislative session opened on January 3rd
- The deadline for introducing bills is February 16th
- No CCA-related bills have been introduced yet, but it's a matter of time
- Bills will likely mirror current regulator concerns
- CalCCA lobbying team laying groundwork for legislative solution contingencies