

COMMUNITY ADVISORY COMMISSION UPDATE:

LEGISLATIVE & REGULATORY

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OVERVIEW

CA Legislative Update

CA Regulatory Update

Community Engagement

LEGISLATIVE UPDATE

2023 Preview

- Major turnover from the 2022 General Election
- New committee membership and new Committee Chair
- New Assembly leadership expected in Spring
- High number of bills introduced
- State budget deficit

LEGISLATIVE UPDATE

Energy Focus: Interconnection delays, Regionalization, Reliability and Budget

Bill	Author/Sponsor	Issue
SB 83, SB 410, AB 643 (and other bills)	Weiner, Becker, Berman	Legislators are proposing various solutions to address IOU interconnection delays
AB 538	Holden	Regionalization
Budget TBL on CPE	Administration	Proposal for a central procurement entity for long lead time resources
January Proposed Budget	Governor	Projected Budget Deficit: \$22.5B; proposed cuts and delays in climate programs



'Edge of the Cliff': PG&E's Lack of Electricity Capacity Puts Eel River Valley Projects at Risk

POSTED BY KIMBERLY WEAR ON THU, SEP 15, 2022 AT 8:56 AM



Opinion: PG&E delays are costing San Franciscans time and money

By Wire Service Feb 4, 2022 Updated Jun 16, 2022

The Fresno Bee

Part of the McClatchy Media Network

California homes face PG&E delays for power connections. Frustrated leaders seek options



Opening delayed for new Vallejo housing for homeless



Power connection work delays local development projects



California power plan lays bare the cost of renewables delays



Jim Wood calls out PG&E over capacity issues in Southern Humboldt



PG&E tells some Sonoma County projects that power connections could take up to 18 months



Muni Blames PG&E for Spiraling \$15M Costs, Years of Delays in Train Upgrade Struggle



REGULATORY UPDATE

Regulators focus on ensuring grid reliability and clean energy transition

- IRP procurement orders
- RA program rules continue to change
- Introduction of demand flexibility in rates proceeding

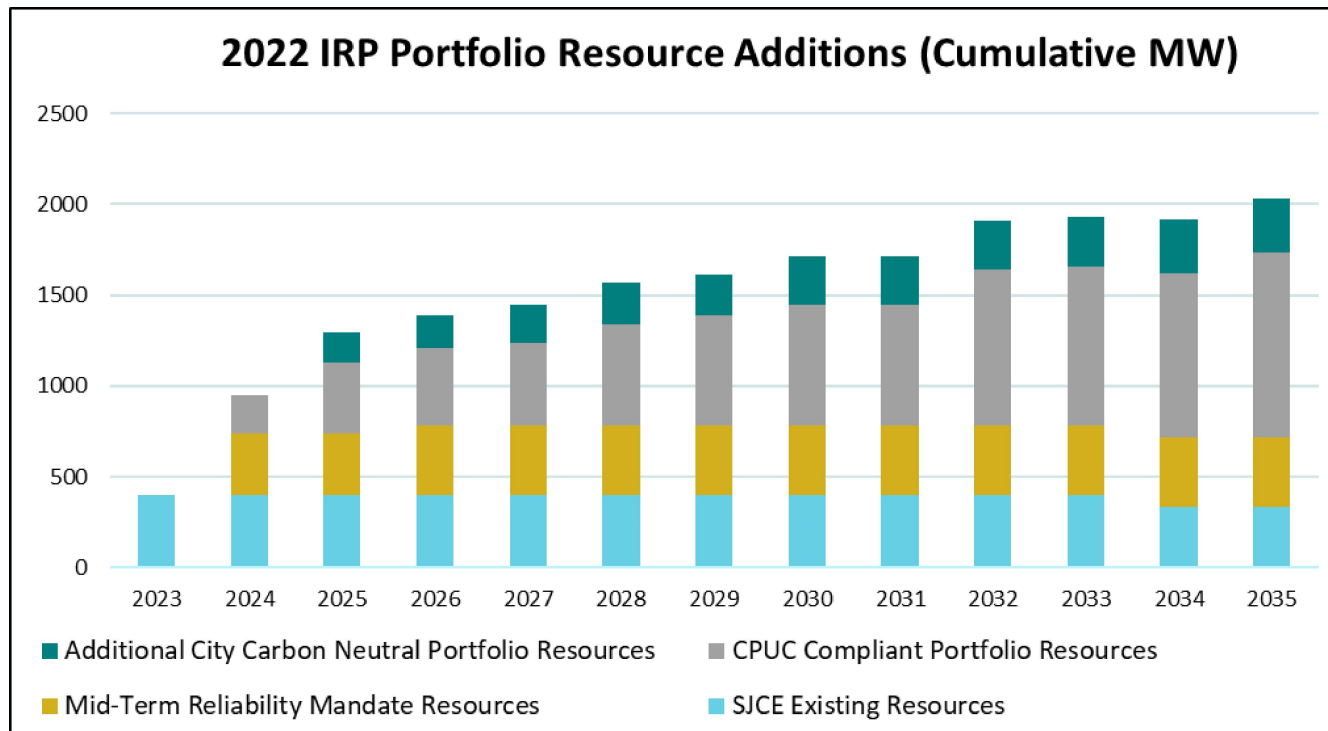
REGULATORY UPDATE

Integrated Resource Planning (IRP)

- CPUC orders additional procurement to address increasing demand
 - Mid-Term Reliability order increased and extended through 2028
- CPUC proposes a programmatic approach to procurement
 - Clean and Reliable Procurement Program could ensure reliability and GHG emission goals are met
- Centralized procurement discussed in proceedings and legislation

REGULATORY UPDATE

IRP Procurement Plan



REGULATORY UPDATE

Resource Adequacy (RA)

- Near-term compliance challenges
 - Insufficient supply has created a seller's market
 - Counting rules have significantly discounted the value of certain resources
 - Interconnection, permitting and supply chain issues delay new resources
- Central Procurement Entity (CPE) for "Local RA"
 - Created uncertainty for LSEs in system and flexible RA procurement
- RA Program transitions to a 24-hour "Slice of Day" model in 2025; compliance based on meeting need in every hour

REGULATORY UPDATE

Demand Flexibility

- Demand flexibility management (also referred to as demand response and load management) focuses on shifting energy demand to better match supply and price
- Demand flexibility is another critical resource to meet the State's aggressive decarbonization goals, support reliability and affordability
- Proceeding goal is to advance customer demand flexibility through electric rates

REGULATORY UPDATE

Power Charge Indifference Amount (PCIA)

- 2023 PG&E ERRRA Forecast Decision issued December 15, 2022
 - PG&E PCIA rates for above market costs **decreased 89%**
 - SJCE PCIA rates are ~0.2 cents/kWh
 - PG&E rates are also higher than usual (good for headroom)
- 2024 ERRRA Forecast Application to be issued by PG&E by June 1
- 2022 ERRRA Compliance process to kick off this month
- In addition, a PCIA-specific proceeding will determine if IOU GHG-free resources will be allocated to CCAs or receive a Market Price Benchmark

OPPORTUNITIES FOR ENGAGEMENT

In the Legislature and at the Commission

- Raise awareness on interconnection issues
- Provide public comment or position letters on priority bills
- Communicate climate budget priorities with local delegation
- CPUC Equity Initiatives and Clean Energy Access Grant Program (\$30M)