



MARIN COUNTY | NAPA COUNTY | UNINCORPORATED CONTRA COSTA COUNTY | UNINCORPORATED SOLANO COUNTY
BENICIA | CONCORD | DANVILLE | EL CERRITO | FAIRFIELD | LAFAYETTE | MARTINEZ | MORAGA | OAKLEY
PINOLE | PITTSBURG | PLEASANT HILL | RICHMOND | SAN PABLO | SAN RAMON | VALLEJO | WALNUT CREEK

MCE Board of Directors Meeting
Thursday, February 15, 2024
6:30 P.M.

Public comments may be made in person or remotely via the details below.

1125 Tamalpais Avenue, San Rafael, CA 94901 (MCE)
2300 Clayton Road, Suite 1150, Concord, CA 94920 (MCE)
11780 San Pablo Ave., Ste D, El Cerrito, CA 94530 (Contra Costa County)
2751 Napa Valley Corporate Dr. Building A, Napa, CA 94558 (Napa County, American
Canyon, Calistoga, St. Helena, Yountville)
10 Canopy Lane, Napa, CA 94558 (City of Napa)
601 K Street NW, Washington, DC, 20001 (City of Mill Valley)
329 Rheem Blvd., Moraga, CA 94556 (Town of Moraga)

Remote Meeting Participation for Members of the Public

Video Conference: <https://zoomto.me/F6Ogt>

Phone: Dial (669) 900-9128, Meeting ID: 890 0487 7785, Passcode: 525690

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1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
 - C.1 Approval of 11.16.23 Meeting Minutes
 - C.2 Approved Contracts for Energy Update
6. Charles McGlashan Award Presentation (Discussion)
7. Election of MCE Chair and Vice Chair (Discussion/Action)

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8. Proposed Resolution No. 2024-01 Appointing Chief Financial Officer as Treasurer (Discussion/Action)
9. Addition of Board Members to Committees (Discussion/Action)
10. Legislative Session Preview (Discussion)
11. Income Graduated Fixed Charge Update (Discussion)
12. Introduction to Generation Technologies (Discussion)
13. Board Matters & Staff Matters (Discussion)
14. Adjourn

The Board may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the items are described.

DISABLED ACCOMMODATION: If you are a person with a disability who requires an accommodation or an alternative format, please contact MCE at (888) 632-3674 or ada-coordinator@mcecleanenergy.org at least 72 hours before the meeting start time to ensure arrangements are made.

DRAFT

MCE BOARD MEETING MINUTES

Thursday, November 16, 2023

7:00 P.M.

Present: Mark Armstrong, Alternate, City of San Ramon
Eli Beckman, Town of Corte Madera
Kari Birdseye, City of Benicia
Monica Brown, Alternate, County of Solano
Cindy Darling, City of Walnut Creek
Gina Dawson, City of Lafayette
Alexis Fineman, Town of San Anselmo
David Fong, Town of Danville
Ryan Gregory, The County of Napa and Four Napa Cities/Town
(American Canyon, Calistoga, St. Helena, and Town of Yountville)
Kerry Hillis, Town of Moraga
Janelle Kellman, City of Sausalito
C. William Kircher, Town of Ross
Eduardo Martinez, City of Richmond
Aaron Meadows, City of Oakley
Laura Nakamura, Alternate, City of Concord
Max Perrey, City of Mill Valley
Beth Painter, City of Napa
Gabe Paulson, City of Larkspur
Gabriel Quinto, City of El Cerrito
Matt Rinn, City of Pleasant Hill
Shanelle Scales-Preston, City of Pittsburg
Maureen Toms, Alternate, City of Pinole, joined at 7:22 p.m.
Holli Thier, Town of Tiburon, joined at 7.27 p.m.
Patricia Ponce, City of San Pablo
Susan Wernick, City of Novato
Brienne Zorn, City of Martinez

Absent: Barbara Coler, Town of Fairfax
John Gioia, Contra Costa County
Maika Llorens Gulati, City of San Rafael
Charles Palmares, City of Vallejo
Katie Rice, County of Marin
Sally Wilkinson, City of Belvedere
K. Patrice Williams, City of Fairfield

**Staff
& Others:** Jessica Brooks, Board Clerk
Alice Havenar-Daughton, VP of Customer Program
Darlene Jackson, Lead Board Clerk
Vicken Kasarjian, COO
Tanya Lomas, Internal Operations Coordinator

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Alexandra McGee, Director of Strategic Initiatives
Lillian Mirviss, Senior Legislative Manager
Catalina Murphy, General Counsel
Ashley Muth, Internal Operations Coordinator
Justine Parmelee, Director of Internal Operations
David Potovsky, Manager of Power Resources
Garth Salisbury, Chief Financial Officer & Treasurer
Enyonam Senyo-Mensah, Office Manager
Jamie Tuckey, Chief of Staff
Alden Walden, Pacific Energy Advisors
Dawn Weisz, CEO

1. **Roll Call**

Chair Scales-Preston called the regular meeting to order at 7:06 p.m. with quorum established by roll call.

2. **Board Announcements (Discussion)**

There were none.

3. **Public Open Time (Discussion)**

Chair Scales-Preston opened the public comment period and there were no comments.

4. **Report from Chief Executive Officer (Discussion)**

CEO Dawn Weisz introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

5. **Consent Calendar (Discussion/Action)**

C.1 Approval of 10.19.23 Meeting Minutes

C.2 Approved Contracts for Energy Update

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Rinn/Beckman) to **approve Consent Calendar items C.1 and C.2**. Motion carried by unanimous roll call vote. (Absent: Coler, Gioia, Gulati, Palmares, Rice, Toms, Thier, Wilkinson, and Williams).

6. **Guest Presentation from Wellhead Power Exchange, LLC (Discussion)**

COO Vicken Kasarjian introduced guests, Grant McDaniel and Harold Dittmer from Wellhead Power Exchange. They presented the item and addressed questions from Board members.

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Chair Scales-Preston opened the public comment period and there were no comments.

Action: No action required.

7. City of Hercules Membership Analysis and Resolution No. 2023-12 Approving Hercules as a Member of MCE (Discussion/Action)

Jenna Tenney, Manager of Communications and Community Engagement, and Alden Walden, PEA Consultant, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Scales-Preston/Zorn) to:

- **Approve Resolution 2023-12 Approving the City of Hercules as a Member,**
- **Approve Amendment 16 to the MCE JPA Agreement, and**
- **Direct staff to finalize draft Addendum No. 9 to the MCE Implementation Plan and Statement of Intent and authorize staff to present the final draft to the December 2023 Executive Committee for approval to submit to the CPUC.**

Motion carried by unanimous roll call vote. (Absent: Coler, Gioia, Gulati, Palmares, Rice, Wilkinson, and Williams).

8. Informational Update: Community Power Coalition (Discussion)

Sebastian Conn, Senior Community Development Manager, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: No action required.

9. Informational Update: Customer Savings and Discount Programs (Discussion)

Zae Perrin, Director of Customer Operations, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: No action required.

DRAFT

10. Resolution No. 2023-13 Establishing the Date, Time, and Location of Regular Board Meetings (Discussion)

Catalina Murphy, General Counsel, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Birdseye/Nakamura) to **adopt Proposed Resolution No. 2023-13 Establishing the Date, Time, and Location of Regular Board Meetings**, updating the meeting start time to 6:30pm. Motion carried by roll call vote. (Absent: Coler, Gioia, Gulati, Palmares, Quinto, Rice, Wilkinson, and Williams).

11. Board Matters & Staff Matters (Discussion)

There were comments made by Directors Armstrong and Hillis.

12. Adjournment

Chair Scales-Preston adjourned the meeting at 9:39 p.m. to the next scheduled Board Meeting on December 21, 2023.

Shanelle Scales-Preston, Chair

Attest:

Dawn Weisz, Secretary



February 15, 2024

TO: MCE Board of Directors

FROM: Bill Pascoe, Senior Power Procurement Manager

RE: Approved Contracts for Energy Update (Agenda Item #05 C.2)

Dear Board Members:

SUMMARY:

This report summarizes contracts for energy procurement entered into by the Chief Executive Officer or her delegate and, if applicable, the Chair of the Technical Committee, since the last regular Board meeting in November. This summary is provided to your Board for information purposes only and no action is needed.

Review of Procurement Authorities

In November 2020, your Board adopted Resolution 2020-04 which included the following provisions:

The CEO and Technical Committee Chair, jointly, are hereby authorized, after consultation with the appropriate Committee of the Board of Directors, to approve and execute contracts for Energy Procurement for terms of less than or equal to five years. The CEO shall timely report to the Board of Directors all such executed contracts.

The CEO is authorized to approve and execute contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board of Directors.

The CEO is required to report all such contracts and agreements to the MCE Board of Directors on a regular basis.

<i>Item #</i>	<i>Month of Execution</i>	<i>Purpose</i>	<i>Average Annual Contract Amount</i>	<i>Contract Term</i>
1	October 2023	Purchase of Renewable Energy	\$6,500,000	1-5 Years
2	November 2023	Purchase of Renewable Energy	\$11,330,769	1-5 Years
3	November 2023	Purchase of Renewable Energy	\$2,050,000	Under 1 Year
4	November 2023	Purchase of Renewable Energy	\$2,550,000	Under 1 Year
5	November 2023	Purchase of Resource Adequacy	\$134,000	Under 1 Year
6	November 2023	Purchase of System Energy (Hedge)	\$8,091,878	1-5 Years
7	November 2023	Purchase of System Energy (Hedge)	\$7,711,785	1-5 Years
8	November 2023	Purchase of System Energy (Hedge)	\$7,927,445	1-5 Years
10	November 2023	Purchase of System Energy (Hedge)	\$4,243,500	Under 1 Year
11	December 2023	Purchase of Resource Adequacy	\$20,000	Under 1 Year
12	December 2023	Purchase of Resource Adequacy	\$12,403,200	Under 1 Year
13	January 2024	Sale of Resource Adequacy	\$87,000	Under 1 Year

Contract Approval Process: Energy procurement is governed by MCE’s Energy Risk Management Policy as well as Board Resolutions 2020-04 and 2018-08. The Energy Risk Management Policy (Policy) has been developed to help ensure that MCE achieves its mission and adheres to its procurement policies established by the MCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations. The Board Resolutions direct the CEO to sign energy contracts up to and including 12 months in length.

The evaluation of every new energy contract is based upon how to best fill MCE’s open position. Factors such as volume, notional value, type of product, price, term, collateral threshold and posting, and payment are all considered before execution of the agreement.

After evaluation and prior to finalizing any energy contract for execution, an approval matrix is implemented whereby the draft contract is routed to key support staff and consultants for review, input, and approval. Typically, contracts are routed for commercial, technical, legal, and financial approval, and are then typically routed through the Chief Operating Officer for approval prior to execution. The table below is an

example of MCE staff and consultants who may be assigned to review and consider approval prior to the execution of a new energy contract or agreement.

<i>Review Owner</i>	<i>Review Category</i>
Vidhi Chawla (MCE, Interim Vice President of Power Resources)	Procurement/Commercial
John Dalessi (Pacific Energy Advisors)	Technical Review
Steve Hall (Hall Energy Law)	Legal
Nathaniel Malcolm (MCE, Senior Policy Counsel)	Legal/CPUC Compliance
Garth Salisbury (MCE, Chief Financial Officer & Treasurer)	Credit/Financial
Vicken Kasarjian (MCE, Chief Operating Officer)	Executive

Fiscal Impacts: Expenses and revenue associated with these Contracts and Agreements that are expected to occur during FY 2023/24 are within the FY 2023/24 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation: Information only. No action required.



MCE Board Offices and Committee Rosters

BOARD OFFICES

Chair:	Shanelle Scales-Preston, City of Pittsburg
Vice Chair:	Gabe Quinto, City of El Cerrito
Treasurer:	Garth Salisbury, MCE Chief Financial Officer
Deputy Treasurer:	Vicken Kasarjian, MCE Chief Operating Officer
Secretary:	Dawn Weisz, MCE Chief Executive Officer

BOARD OFFICES SECTION PROCESS

The Chair and Vice Chair offices are held for 1 year and there are no limits on the number of terms held by either Chair or Vice Chair.¹ The selection of these offices shall take place on or near December of each year.² The office of Treasurer is appointed by the Board via an approved resolution and may be a non-board member. The Treasurer appointment, along with the delegated authority, is held for 1 year and there are no limits on the number of terms held.³ Deputy Treasurers are appointed directly by the Treasurer each year. Once appointed by the Board, the Secretary shall continue to hold the office each year until the Secretary chooses to resign from the role or the Board decides to remove the individual from the Secretary position.⁴ The Secretary does not need to be a member of the Board. All officer appointments/selections by the Board require a majority vote of the full membership of the Board.⁵

EXECUTIVE COMMITTEE *(Membership Approved 4.20.23)*

1. Max Perrey, Chair	City of Mill Valley
2. Eli Beckman	Town of Corte Madera
3. Cindy Darling	City of Walnut Creek
4. Dave Fong	City of Danville
5. Eduardo Martinez	City of Richmond
6. Devin Murphy	City of Pinole
7. Gabe Quinto	City of El Cerrito
8. Shanelle Scales-Preston	City of Pittsburg
9. Holli Thier	Town of Tiburon
10. Sally Wilkinson	City of Belvedere

¹ Section 4.13.1 of MCE Joint Powers Agreement.

² Article V, Section 1 of MCE's Operating Rules and Regulations.

³ Article V, Section 1 of MCE's Operating Rules and Regulations; California Government Code § 53607.

⁴ Article IV, Section 1(c) of MCE's Operating Rules and Regulations.

⁵ Article VI, Section 2 of MCE's Operating Rules and Regulations. At MCE's current membership of 37 communities with appointed Directors, the vote needed is 19.

TECHNICAL COMMITTEE (*Membership Approved 4.20.23*)

- | | |
|------------------------|------------------------|
| 1. Devin Murphy, Chair | City of Pinole |
| 2. Gina Dawson | City of Lafayette |
| 3. Alexis Fineman | Town of San Anselmo |
| 4. John Gioia | County of Contra Costa |
| 5. Eduardo Martinez | City of Richmond |
| 6. Charles Palmares | City of Vallejo |
| 7. Scott Perkins | City of San Ramon |

AD HOC CONTRACTS COMMITTEE, 2023

- | | |
|--------------------|-------------------|
| 1. Barbara Coler | Town of Fairfax |
| 2. Scott Perkins | City of San Ramon |
| 3. Sally Wilkinson | City of Belvedere |

AD HOC AUDIT COMMITTEE, 2023

- | | |
|--------------------|---------------------|
| 1. Dave Fong | Town of Danville |
| 2. Max Perrey | City of Mill Valley |
| 3. Sally Wilkinson | City of Belvedere |



February 15, 2024

TO: MCE Board of Directors

FROM: Vicken Kasarjian, Chief Operating Officer

RE: Proposed Resolution No. 2024-01 Appointing Chief Financial Officer as Treasurer (Agenda Item #08)

ATTACHMENT: Resolution No. 2024-01 Appointing Chief Financial Officer as Treasurer

Dear Board Members:

Summary:

MCE has relied on Garth Salisbury, Chief Financial Officer, to serve as its Treasurer in accordance with Government Code 6505.5, since being appointed by your Board in March 2020. Pursuant to Government Code Section 53607, authority delegated to a treasurer may be delegated by your Board for a one-year period. Garth Salisbury has the requisite qualifications and experience to continue to serve as MCE Treasurer.

1. Responsibilities and Duties of Treasurer:

Government Code Section 6505.5 identifies the duties of an agency treasurer:

- a. Receive and receipt for all money of the agency or entity and place it in the treasury of the treasurer so designated to the credit of the agency or entity.
- b. Be responsible, upon their official bond, for the safekeeping and disbursement of all agency or entity money so held by them.
- c. Pay, when due, out of money of the agency or entity held by them, all sums payable on outstanding bonds and coupons of the agency or entity.
- d. Pay any other sums due from the agency or entity from agency or entity money, or any portion thereof, only upon warrants of the public officer performing the functions of auditor or controller who has been designated by the agreement.
- e. Verify and report in writing on the first day of July, October, January, and April of each year to the agency or entity and to the contracting parties to the agreement the amount of money they hold for the agency or entity, the amount of receipts since their last report, and the amount paid out since their last report.

2. Authority to Appoint Officer

Government Code Section 6505.6 and Section 4.13.3 of the MCE Joint Powers Agreement provide that MCE may appoint one of its own officers or staff to serve as its Treasurer. Following their appointment, the officer must contract with a certified public accountant to conduct an annual independent audit pursuant to Government Code Section 6505.

3. Qualifications of Chief Financial Officer

Garth Salisbury, MCE's Chief Financial Officer, has over 35 years of municipal finance experience as a Public Finance Investment Banker, Municipal Advisor and Municipal Consultant. He has worked at Lehman Brothers (7 years), JPMorgan (17 years), Royal Bank of Canada (7 years), and Sperry Capital (2 years). He has structured over \$35 billion in bond issues and over \$12 billion of investment portfolios and hedging contracts. He held Financial Industry Regulatory Authority (FINRA) Series 7, 24, 50, 53 and 63 Securities Licenses. As MCE's Chief Financial Officer and head of MCE's Finance department since joining MCE in January 2019, he oversees all of MCE's financial matters and has been appointed as MCE Treasurer for the past four years.

Fiscal Impacts:

None.

Recommendation:

Approve Proposed Resolution No. 2024-01 Appointing Chief Financial Officer as Treasurer.

RESOLUTION No. 2024-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY APPOINTING CHIEF FINANCIAL OFFICER AS TREASURER

WHEREAS, Marin Clean Energy (MCE) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

WHEREAS, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Fairfield, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of Pleasant Hill, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Vallejo, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, WHEREAS, pursuant to Government Code Section 6505.6 and Section 4.13.3 of MCE's Joint Powers Agreement, as amended, dated December 19, 2008 (JPA), MCE may appoint one of its officers or employees to either or both of the positions of Treasurer or Auditor-Controller, and such person or persons shall comply with the duties and responsibilities of the office or officers as set forth in subdivisions (a) to (e), inclusive, of Government Code Section 6505.5; and

WHEREAS, Garth Salisbury, MCE's Chief Financial Officer, is currently serving as Treasurer of MCE, as appointed by the Board in April 2023 under Resolution 2023-04, and has the authority to invest or reinvest funds of a local agency, or to sell or exchange securities so purchased in accordance with MCE's Investment Policy. Pursuant to Government Code Section 53607, this authority may be delegated for a one-year period; and

WHEREAS, Garth Salisbury continues to be qualified to serve as Treasurer and can perform the required functions and duties of Treasurer.

NOW, THEREFORE, BE IT RESOLVED, by the MCE Board of Directors, as authorized by Government Code Section 6505.6 and Section 4.13.3 of the MCE JPA, and pursuant to Government Code Section 53607, the appointment of the Chief Financial Officer, Garth Salisbury, as Treasurer of MCE is hereby renewed, effective immediately upon the passage and adoption of this resolution.

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 15th day of February, 2024, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Fairfield				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of Pleasant Hill				
City of San Ramon				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Vallejo				
City of Walnut Creek				
Town of Yountville				

CHAIR, MCE

Attest:

SECRETARY, MCE

MCE Executive Committee Overview

Scope

The scope of the MCE Executive Committee is to explore, discuss and provide direction or approval on general issues related to MCE including legislation, regulatory compliance, strategic planning, outreach and marketing, contracts with vendors, human resources, finance and budgeting, debt, rate setting, and agenda setting for the regular MCE Board meetings and annual Board retreat.

Authority

Executive Committee is authorized to make decisions regarding:

- Legislative positions outside of the Board-approved legislative plan
- Procurement pursuant to Resolution 2018-04 or its successor
- Compensation and evaluation of the CEO
- Ad hoc committees
- Honorary awards

The Executive Committee also serves to make recommendations to the Board regarding:

- The annual budget and budget adjustments
- Rate setting
- Entering into debt
- MCE Policies (such as Policy 013: Reserve Policy and Policy 014: Investment Policy)

Committee Member Selection Process

MCE strives to assemble an Executive Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Executive Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city/town member. Interested members can be added at a meeting of the Board of Directors when it is included in the agenda.

Current Meeting Schedule

First Wednesday of each month at 12:00 pm

MCE Technical Committee Overview

Scope

The scope of the MCE Technical Committee is to explore, discuss and provide direction or approval on issues related to electricity supply, distributed generation, greenhouse gas emissions, energy efficiency, procurement risk management and other topics of a technical nature.

Frequent topics include electricity generation technology and procurement, greenhouse gas accounting and reporting, energy efficiency programs and technology, energy storage technology, net energy metering tariff, local solar rebates, electric vehicle programs and technology, Feed-in Tariff activity and other local development, Light Green, Deep Green and Local Sol power content planning, long term integrated resource planning, regulatory compliance, MCE's Energy Risk Management Policy (ERMP), procurement risk oversight, and other activity related to the energy sector. The MCE Technical Committee reviews and discusses new technologies and potential application by MCE.

Authority

- Approval of and changes to MCE's Net Energy Metering Tariff
- Approval of and changes to MCE's Feed in Tariff
- Approval of annual greenhouse gas emissions level and related reporting
- Approval of MCE procurement pursuant to Resolution 2018-03 or its successor
- Approval of MCE procurement-related certifications and reporting, including the Power Content Label
- Approval of contracts with vendors for technical programs or services, energy efficiency program or services and procurement functions or services
- Approval of power purchase agreements
- Approval of adjustments to power supply product offerings
- Approval of the Integrated Resource Plan
- Receipt of reports from the Risk Oversight Committee (ROC) on at least a quarterly basis regarding the ROC's meetings, deliberations, and any other areas of concern
- Initiation of and oversight of a review of the implementation of the ERMP as necessary
- Approval of substantive changes to MCE's Energy Risk Management Policy (ERMP), including periodic review of the ERPM and periodic review of ERPM implementation

Committee Member Selection Process

MCE strives to assemble a Technical Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Technical Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city/town member. Interested members can be added at a meeting of the Board when it is included in the agenda.

Current Meeting Schedule

First Friday of each month at 10:00 am



MCE Ad Hoc Audit Committee Overview

Scope

Each year MCE contracts with an independent auditing firm to audit MCE's annual financial statements. The Ad Hoc Audit Committee is responsible for appointing the independent auditor, meeting with the auditor on at least one occasion without staff present, reviewing financial issues or judgments, and investigating other matters pertaining to the audit as it deems necessary. The mandate of the Ad Hoc Audit Committee begins once the Board approves its creation, and will end with the presentation of the audited financial statements to the Board.

Authority

- Approve the selection of auditor and execute the contract for services with MCE's auditor
- Receive the findings of the auditor and meet with the auditor privately as needed
- Investigate other matters pertaining to the audit as it deems necessary
- Report to the governing body that the audit committee has discussed the financial statements with management, with the independent auditors in private, and privately among committee members and believes that they are fairly presented, to the extent such a determination can be made solely based on such conversations

Committee Member Selection Process

MCE strives to assemble an Ad Hoc Audit Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Ad Hoc Audit Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board of Directors when it is included in the agenda. The Ad Hoc Audit Committee is typically formed by the Board in the spring in advance of the annual audit cycle that begins in May of each year.

Meeting Schedule

To be determined; typically, in summer months.

MCE Ad Hoc Contracts Committee Overview

Scope

The Ad Hoc Contracts Committee may be asked to review and provide input on the following:

- Short term (one- to five-year) power supply product transactions
- Open Season offers for power supply products
- Ad hoc request for offer (RFO) results for power supply products, including hydropower, renewable energy, conventional energy, resource adequacy and shaped delivery products

Authority

Review Open Season offers and potential long-term Power Purchase supply transactions, and recommend approval to MCE Technical Committee

- Engage in and provide input and recommendations to staff as requested regarding:
- Resource preferences (e.g., solar vs. wind; PCC1, PCC2, carbon free, etc.)
- Counterparty exposure, credit considerations
- Appropriate power supply hedge percentages
- Confidential discussions regarding price of power supply products
- Local vs. in-state vs. out-of-state options
- Contract delivery term options
- Proposed contract language changes from pro forma for any long-term agreements

Committee Member Selection Process

MCE strives to assemble an Ad Hoc Contracts Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Ad Hoc Contracts Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city/town member. Interested members can be added at a meeting of the Board of Directors when it is included in the agenda.

Meeting Frequency

Typically, two to four times per year, but can be as much as ten times per year depending upon contracting volume and expansion activity.

Current Meeting Schedule

Third Thursday of each month at 9:00am, if needed



February 15, 2024

TO: MCE Board of Directors

FROM: Michael Callahan, Director of Policy

RE: Policy Update of Regulatory and Legislative Items

ATTACHMENT: Regulatory Packet with November, December, and January Filings

Dear Board Members:

Below is a summary of the key activities impacting Community Choice Aggregation (CCA) and MCE at the state legislature, California Public Utilities Commission, California Energy Commission, and California Independent System Operator.

Unless otherwise noted, the initiatives and programs described do not present immediate fiscal impacts to MCE.

I. State Legislative Update

The 2023-2024 legislative session started January 3. Procedurally, bills introduced in 2023 that did not pass must have cleared their house of origin by January 31 to remain viable this year. New bills must be introduced by February 16.

a. State Budget for Fiscal Year 2024-2025

Facing a \$68 billion state budget deficit for fiscal year 2024-2025, the Governor's draft budget, issued January 10th, was more optimistic and planned for a \$38 billion deficit. Budget committees in both houses will conduct hearings on the Governor's proposed budget in March, leading up to the Governor's revised budget, which is issued mid-May and commonly known as the May Revise.

b. Legislative Leadership Roles

Leadership changes are occurring in both the Senate and the Assembly. Senator Mike McGuire (SD-2), a longtime champion of CCA in the Legislature representing Marin County and the North Coast, was sworn in as Senate President pro Tem on February 5.

As part of Speaker Robert Rivas' transition into his leadership role in the Assembly, he has finalized Assembly committee assignments and leadership roles for the session. Of

note, Napa County Assemblymember Cecilia Aguiar-Curry (AD-4) is now Assembly Majority Leader.

The full list of relevant committee assignments (as of the drafting of this staff report) is below:

Assembly Utilities & Energy

- Assemblymember Damon Connolly (AD-12)
- Assemblymember Rebecca Bauer-Kahan (AD-16)

Assembly Budget & Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

- Assemblymember Lori Wilson (AD-11)
- Assemblymember Damon Connolly (AD-12)

Assembly Appropriations

- Assemblymember Buffy Wicks (AD-14), Chair
- Assemblymember Tim Grayson (AD-15)

Assembly Transportation

- Assemblymember Lori Wilson (AD-11), Chair
- Assemblymember Cecilia Aguiar-Curry (AD-4)
- Assemblymember Buffy Wicks (AD-14)

Assembly Natural Resources

- Assemblymember Buffy Wicks (AD-14)
- Assemblymember Rebecca Bauer-Kahan (AD-16)

Senate Energy, Utilities, and Communications

- Senator Mike McGuire (SD-2)
- Senator Bill Dodd (SD-3)
- Senator Nancy Skinner (SD-9)

Senate Budget and Fiscal Review

- Senator Nancy Skinner (SD-9), Chair
- Senator Mike McGuire (SD-2)

Senate Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy, and Transportation

- Senator Mike McGuire (SD-2)

Senate Transportation

- Senator Mike McGuire (SD-2)
- Senator Bill Dodd (SD-3)

Senate Environmental Quality

- Senator Nancy Skinner (SD-9)

Joint Legislative Committee on Climate Change Policies

- Assemblymember Damon Connolly (AD-12), Vice Chair

Joint Legislative Budget Committee

- Senator Nancy Skinner (SD-9)

Fiscal Impacts: There are no immediate fiscal impacts to MCE.

II. California Public Utilities Commission (CPUC or Commission)

a. CCA Participation in the CPUC BioMAT Program

In November 2023, the Commission issued a Final Decision to integrate CCAs into the Bioenergy Market Adjusting Tariff (BioMAT) program.

This development follows AB 843 (2021), which called for CCAs to join the BioMAT program under the same conditions as the investor-owned utilities (IOUs). The BioMAT program incentivizes procurement of small bioenergy projects up to 3 megawatt (MW).

Under the program, CCAs may procure eligible bioenergy projects with developers, subject to CPUC oversight, with an opportunity to recover above-market costs. MCE is continuing to partner with CalCCA over the coming months to develop and finalize pro forma program participation documents to further set the foundation for MCE's potential participation in this program.

Fiscal Impacts: Subsidies from BioMAT for MCE's bioenergy procurement may have a positive fiscal impact.

b. PG&E's Application to Extend Operation of Diablo Canyon Power Plant

In December 2023, the Commission adopted a Final Decision conditionally approving the extended operation of the nuclear reactor units at Diablo Canyon Power Plant (DCPP) beyond their 2024 & 2025 planned retirement dates. Specifically, the Final Decision extends operation of DCPP Unit 1 through October 2029 and Unit 2 through October 2030. The extensions are conditioned upon continued authorization by the Nuclear Regulatory Commission, continuation of a \$1.4 billion loan agreement authorized by SB 846, and no subsequent determination by the CPUC that continued operation of DCPP is imprudent or unreasonable.

The Final Decision concludes that there are insufficient new resources to substitute for DCPP's 2,300 MW of baseload capacity by the 2024 & 2025 planned retirement dates. As a result, DCPP is needed to continue running to maintain sufficient reliability and avoid increasing GHG-emissions on the grid. The costs for continued operations will be

collected from all CPUC-jurisdictional load-serving entities (LSEs), including CCAs, via the Cost Allocation Mechanism.

Importantly, the Final Decision directs: (1) the benefit of Resource Adequacy (RA) attributes to be shared with all CPUC-jurisdictional LSEs for the duration of DCP's operation; and (2) LSEs to have access to voluntary allocations of the greenhouse gas-free energy and attributes of DCP which can be reflected on Power Content Labels. Such allocations may provide relief to the tight RA and energy markets and relieve some upward pressure on prices.

Fiscal Impacts: The extended operation of Diablo Canyon Power Plant will have an uncertain fiscal impact as it will: (1) increase costs as all LSEs are required to pay for the extended operations (2025-2030); (2) reduce costs by reducing the total RA obligation MCE must purchase in the market; and (3) potentially reduce procurement costs through a voluntary opportunity for LSEs to take their share of the nuclear energy.

c. Resource Adequacy

In January, MCE helped develop a proposal filed by CalCCA related to near-term RA program reform. CalCCA proposed the CPUC adopt a system RA waiver process allowing LSEs to be exempt from penalties if they cannot meet their RA procurement requirements despite all commercially reasonable efforts. CalCCA asserted that a waiver structure is critical given the persistent tightness in the RA market, skyrocketing RA prices, and the increasingly onerous and wide-ranging penalties for RA deficiencies. Given the RA market conditions, CalCCA also proposed that LSEs be given up until the start of the target RA month to cure any RA procurement deficiencies for that month before applying penalties. Although the CPUC has consistently opposed prior CalCCA requests for system RA waivers, the concept received unprecedented support among different stakeholders ranging from an IOU, to LSEs, to ratepayer advocates.

CalCCA also submitted data substantiating claims that there is a scarcity of RA-eligible capacity in the market that makes it difficult for all LSEs to meet their RA requirements and is pushing prices to an all-time high. CalCCA continues to urge the CPUC to consider RA market conditions when developing rules under the RA program.

The CPUC is expected to issue a Proposed Decision on near-term RA reform by late Q2 or early Q3.

Fiscal Impacts: There are no immediate fiscal impacts to MCE, however, the resolution of the near-term reform proposals will affect MCE's RA procurement and costs.

d. Demand Response

In December 2023, the CPUC adopted a Decision approving the utilities' Demand Response (DR) programs for the 2024-2027 portfolio cycle. With the approval of this decision, PG&E's DR portfolio is expected to grow from approximately 500 MW in 2022 to more than 1,000 MW in 2027. The Emergency Load Reduction Program (ELRP) is extended through 2027 but the Residential program, under which PG&E has enrolled

more than 1.2 million customers, will sunset at the end of 2025 due to bad performance and high program costs. Until that time, the incentive level for the Residential program is halved and PG&E must cease the auto-enrollment of new customers. Existing customers will remain enrolled unless they proactively unenroll.

In an important win for CCAs, the Decision also directs PG&E to regularly provide CCAs with enrollment information for CCA customers. This will help CCAs protect ratepayers by preventing dual enrollment of customers in many DR programs and will facilitate better load forecasting for CCAs.

Finally, the CPUC rejects the requests by many stakeholders to update DR program rules to allow customers to participate in more than one DR program at a time but provides stakeholders with the opportunity to make a proposal to modify dual enrollment provisions in the future.

Fiscal Impacts: There is no direct fiscal impact to MCE, but access to data for improved forecasting may reduce MCE's procurement costs.

e. Green Access Programs Application for Review

In November 2023, the CPUC issued a ruling requesting comments on aspects of the proposed Net Value Billing Tariff which proposes to allow solar developers to construct new facilities and directly subscribe customers. MCE joined the Joint CCAs in filing opening and reply comments. In comments, the Joint CCAs expressed continued support of the existing Green Access Programs—the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT)—and provided updates on program success.

The Joint CCAs: (1) emphasized the importance of properly counting and crediting RA value in the face of growing reliability and affordability challenges; (2) advocated for consistent treatment and valuation of resources in line with prior CPUC decisions; (3) recommended a thorough review of proposed programs; (4) supported individual project caps to prevent unintended consequences; and (5) clarified potential competitive issues between IOUs and CCAs regarding program implementation.

f. Renewables Portfolio Standard (RPS) Procurement Plan

In December 2023, the CPUC issued a Final Decision regarding LSEs 2023 RPS Procurement Plans. MCE filed its Draft 2023 RPS Procurement Plan in July 2023, which was accepted without modification and deemed final by the CPUC.

g. Self-Generation Incentive Program - Heat Pump Water Heater Program

In December 2023, the CPUC unanimously adopted a Final Decision modifying the Self-Generation Incentive Program (SGIP) Heat Pump Water Heater (HPWH) program. The Decision expands the definition of a "qualifying" demand response program beyond just those integrated with the CAISO market. Previously, the narrow definition severely limited eligibility and placed unnecessary barriers on SGIP HPWH program participation. Joint

CCAs, including MCE, successfully advocated for this change, allowing CCA-administered programs, like MCE's Peak FLEXmarket program, to qualify.

The CPUC's Final Decision now allows IOU and CCA customers, as well as publicly-owned utility customers, to participate in CPUC-approved programs and other programs that either shift energy use to off-peak time periods or reduce grid demand by managing the energy load of onsite water heaters. MCE awaits additional information from the SGIP program administration team on next steps.

h. PG&E's 2024 ERRA Forecast Application

The CPUC issued its Final Decision in PG&E's 2024 Energy Resource Recover Account (ERRA) Forecast Proceeding in December 2023 to adopt PG&E's generation rates and Power Cost Indifference Adjustment (PCIA) rates for PG&E and MCE customers, effective January 1, 2024. The Final Decision approved CalCCA's recommendation to ensure that PG&E is appropriately collecting costs and applying applicable credits to both PG&E and CCA customers.

Fiscal Impacts: There are no direct fiscal impacts to MCE as the rates adopted in this proceeding are on the PG&E side of customer bills.

i. Demand Flexibility

CalCCA filed comments in November and December 2023, in the CPUC's Demand Flexibility Rulemaking related to improving demand flexibility through electric rate design. CalCCA's comments highlighted the critical need for CCAs to have equitable access to all necessary data and systems to ensure that CCAs are fully able to participate in and offer demand flexibility rates to their customers. CalCCA also supported a recommendation by PG&E to utilize an independent consultant to identify the obstacles and issues faced by CCAs in obtaining certain data from PG&E's system.

In December 2023, the CPUC issued a Proposed Decision (PD) authorizing the expansion of two pilots aimed at increasing summer grid reliability through electric rate design. One would expand eligibility of PG&E and Valley Clean Energy's AgFIT Pilot throughout PG&E's service area. The pilot utilizes rates that change hourly to encourage customers to use electricity in non-peak hours.

The PD authorizes PG&E to offer the pilot to customers in MCE's service area, designates PG&E as the sole pilot administrator, and requires all customers to pay for administration costs of the pilot through their distribution rates. However, MCE and CalCCA persuaded the Commission to include a \$20 per kW-year incentive for CCA participation in the pilot and successfully rebutted a proposal by PG&E to recover a portion of their generation costs from CCA customers.

In January 2024, CalCCA filed both Opening and Reply Comments on the PD requesting the CPUC (1) allow CCAs equal access to participating CCA customer communications;

(2) require PG&E share relevant demand response program data with CCAs participating in pilots; and (3) provide more information regarding what participation in pilots entails. The CPUC issued its final Decision in late January 2024, which largely did not address the issues raised by CalCCA and upheld the contents of the original PD.

Fiscal Impacts: There are no immediate fiscal impacts to MCE. MCE Staff will evaluate whether to participate in the expanded pilot. If MCE chooses to participate, pilot participation costs would be partially offset by the authorized CCA participation incentive.

j. PG&E's 2022 ERRR Compliance Proceeding

In January 2024, CalCCA offered testimony into the record of PG&E's 2022 ERRR Compliance Proceeding. ERRR compliance proceedings are intended to review whether PG&E prudently managed its resources and reasonably complied with CPUC rules and regulations during a particular compliance period. This includes review of whether PG&E administered Resource Adequacy (RA) procurement sales consistent with its CPUC approved plan. The RA program requires LSEs to contract for sufficient generating capacity to ensure adequate resources are bidding into the CAISO. CalCCA argued that PG&E failed to make reasonable attempts to sell excess RA resources as required.

The proceeding is still ongoing, and MCE will provide additional updates as they become available.

k. Integrated Resource Planning

In January 2024, the CPUC issued a PD in their Integrated Resource Planning (IRP) proceeding that adopts a preferred system plan that MCE and other LSEs will utilize in the CPUC's 2024 IRP process. The PD also certified MCE's 2022 Integrated Resources Plan. In addition, the PD adopted an extension process for long lead time procurement requirements to allow LSEs more time to meet their June 2028 CPUC requirement. LSEs can apply for an extension on the basis of high, non-competitive, or unreasonable pricing in the bids received in their solicitations. An LSE granted an extension would still be required to backfill for their shortfall from other sources of capacity by June 2028.

CalCCA filed Opening Comments on the PD that broadly supported the CPUC's adoption of a system plan for the 2024 IRP cycle. CalCCA articulated appreciation for the extension process that acknowledges the difficulties of procuring resources in a tight market and, appropriately, does not require LSEs who are on track to procure additional resources. CalCCA also supported the Commission's acknowledgement that LSEs are not required to strictly comply with their plans and that any procurement done in advance of a new programmatic approach will be counted towards future procurement obligations.

l. PG&E Helms Application

In December 2023, PG&E submitted an application to the CPUC requesting approval to spend approximately \$460 million to increase the generating and pumping capacity of its Helms hydroelectric facility to serve reliability needs. PG&E is proposing to attribute 85%

of the costs to all customers (including MCE customers) through their PCIA rates, and the remaining 15% to only PG&E bundled customers through PCIA rates.

CalCCA filed a protest to PG&E's application in January 2024, noting its intent to participate in the proceeding. MCE is monitoring the proceeding and actively engaged with CalCCA and will work to ensure that costs and benefits are fairly allocated between bundled and unbundled customers. Staff will continue to provide updates as the proceeding moves forward.

Fiscal Impacts: The ultimate fiscal impacts are unknown at this time and will depend on CPUC approval. At present, PG&E estimates that if its application is approved, CCA customers will see a maximum rate increase of 0.3% over current rates.

m. Affordability

In December 2023, the CPUC issued a ruling requesting comments on the implementation of metrics measuring affordability across the state, as well as the 2021-2022 Annual Affordability Report.

CalCCA filed opening comments in January. To improve insight into the efficacy of the metrics, CalCCA recommended that the CPUC describe how it uses the Affordability Metrics to: (1) reach decisions that affect affordability; (2) aggregate Affordability Metrics data submitted by investor-owned utilities (IOU) so that the data is more accessible to the public; and (3) summarize the Cost and Rate Tracker Tool and IOU Quarterly Reports to make them more useful and accessible to ratepayers. In addition, to ensure that the metrics are being used to improve affordability, CalCCA recommended that the Commission: (1) require implementation of the Affordability Framework and Metrics to make them more actionable; (2) integrate use of Affordability Metrics into non-ratesetting proceedings that may have impacts on rates such as Demand Flexibility, RA, and IRP rulemakings; and (3) augment the Annual Affordability Report to discuss potential further analysis, actions, or solutions for addressing specific affordability challenges identified in the Annual Affordability Report.

n. Disconnections

On January 9, 2024, the CPUC issued a Proposed Decision approving a community-based organization (CBO) arrearage case management pilot program. CalCCA filed opening comments on January 29, 2024, recommending modifications to the Proposed Decision to ensure both bundled IOU customers and CCA unbundled customers benefit through participation and information collection from the CBO Pilot. First, CalCCA requested that the pilot incorporate CCA customer considerations, including: (1) requiring referrals by the IOUs of eligible IOU and CCA customers to the CBOs; (2) providing adequate information to the CBOs regarding CCAs; and (3) requiring the CBOs to provide information on CCA customer participation in the pilot to the CCAs. CalCCA also recommended that the pilot require evaluation metrics to identify IOU and CCA customers in the data to understand the impact of the CBO Pilot on bundled and unbundled customers. Finally, CalCCA supported the adoption of the Proposed

Decision's requirement to allow input by the Pilot Implementation Working Group in the selection of the evaluator and the evaluation scope.

III. California Energy Commission (CEC)

a. **Planning Reserve Margin Workshop**

In November 2023, MCE supported CalCCA's comments on the CEC's Assembly Bill 209 (2022) Publicly Owned Utility Planning Reserve Margin ("PRM") Workshop. The PRM is an amount of capacity each LSE must procure above its anticipated needs to act as a buffer to ensure the grid can operate under strained conditions. Given the currently tight supply in the RA market and the CPUC's transition to an hourly RA program, CalCCA submitted comments: (1) emphasizing near-term RA resource scarcity impacting all LSEs' ability to procure cost-effectively; and (2) arguing that the PRM should be consistent among all LSEs within the CAISO's footprint to ensure that each LSE is contributing its fair share towards the state's reliability needs. CalCCA also argued that while LSEs and developers are working diligently to bring new capacity online, it will take time for these resources to cover RA needs with sufficient excess. As such, CalCCA asserted that regulatory authorities such as the CPUC and the CEC should reflect this context in their enforcement approaches to RA deficiencies.

Fiscal Impacts: There are no direct fiscal impacts to MCE, but the CEC's planning reserve margin workshop may indirectly affect MCE's RA procurement costs.

b. **Integrated Energy Policy Report**

In December 2023, MCE supported CalCCA's comments on the CEC's Draft 2023 Integrated Energy Policy Report ("Draft IEPR"). This report is developed every 2 years to assess energy industry forecasts for energy supply, energy demand, energy production, transportation electrification, delivery and distribution needs, and pricing. The forecasts inform energy policy across the state and are critical inputs to reliability and planning proceedings such as the CPUC's RA and IRP proceedings.

The Draft IEPR notes a number of critical issues that must be balanced and resolved to meet the state's decarbonization needs and electrification goals including: (1) improved planning to ensure timely and efficient interconnection of new clean resources; (2) increased transparency of available transmission and distribution lines to facilitate strategic project placement and interconnection; (3) balancing affordability and reliability; and (4) expediting permitting processes.

CalCCA supported these and added other issues for consideration including: (1) evaluation of current resource scarcity in the RA market to address increased RA costs and approaches to reliability; (2) emphasis on the magnitude of the shift in clean energy policy over a short period of time and how that has impacted affordability and the ability to deploy new, clean resources quickly; and (3) a request for more detail about how the state can limit ratepayer burden for aggressive climate initiatives.

The CEC is evaluating comments submitted by stakeholders and expects to adopt a final 2023 IEPR in February 2024.

Fiscal Impacts: There are no immediate impacts to MCE. However, the forecasts and conclusions in the IEPR will impact MCE procurement amounts and procurement costs.

c. Home Efficiency Rebate Program (HOMES) - Inflation Reduction Act

In January 2024, MCE submitted a response to the CEC’s Request for Information on the HOMES program from the federal Inflation Reduction Act. In California, the CEC will administer the HOMES program and \$292 million dollars in funding will be available to support whole home energy retrofits. MCE offered substantive comments on braiding HOMES program funds into the Equitable Building Decarbonization (“EBD”) program, best practices and considerations for layering different funding sources in efficiency programs, pay-for-performance program design recommendations, and income verification methods. MCE supported braiding HOMES funds into the EBD Direct Install program, as well as layering HOMES funds with additional local and state funding sources to deliver greater program benefits. MCE offered lessons learned from administering its pay-for-performance marketplace efficiency programs, and residential equity-focused programs serving low-income households to inform program design. The CEC will review comments before issuing program guidelines and applying for funds from the Department of Energy. The CEC is expected to apply for funds and release funding opportunities to applicants in 2024.

I. California Independent System Operator (CAISO)

a. Resource Adequacy Modeling & Program Design Initiative

In November and December 2023, MCE supported CalCCA’s comments on the CAISO’s RA Modeling and Program Design initiative, aimed at reforming RA rules and processes to ensure grid reliability.

CalCCA focused on the need for alignment between CAISO’s and the CPUC’s RA programs, with the CPUC transitioning to an hourly RA framework, instead of one based on monthly peak demand, in 2025. CalCCA and MCE want to ensure alignment so that compliance with the CPUC’s RA program requirements will be similarly verified as compliant under the CAISO’s RA program, minimizing the risk of additional procurement or penalties. While CAISO has indicated that meeting CPUC RA requirements will in most cases mean the LSE will also meet CAISO requirements, exceptions could still arise. CalCCA is urging CAISO to work closely with the CPUC to ensure their requirements are aligned and compatible.

b. Price Formation Enhancements Initiative

In December 2023, MCE supported CalCCA’s filing of another set of comments responsive to the CAISO’s Price Formation Enhancements Initiative workshops. This initiative considers refinements to the CAISO’s pricing structures to: (1) better reflect tight supply conditions; (2) incentivize availability of resources with fast-start capability; and (3)

create enhanced price signals to inform dispatch of resources. CalCCA continued to support CAISO's efforts to implement mechanisms to evaluate competitiveness within the CAISO's Balancing Authority Area and take steps to mitigate instances where market power can be exercised. Implementation of such mechanisms will help the CAISO ensure healthy market competition and address instances of market power in certain hours that may be negatively impacting the market.

c. 2023-2024 Transmission Planning Process

In December 2023, MCE supported CalCCA filing comments on the CAISO's 2023-2024 Transmission Planning Process ("TPP"). This initiative identifies transmission constraints and opportunities to enhance the system to accommodate new build and support reliability. In addition to looking at in-state transmission expansion, this initiative also evaluates the system's ability to import resources from outside CAISO. Given the state's forecasted reliance on new out-of-state resources, CalCCA's comments urge the CAISO to be as transparent as possible regarding when, where, and how much increased import capability will be available. A lack of transparency will have a chilling effect, with LSEs and developers hesitant to invest in new out-of-state renewable resources due to uncertainty about whether the generated renewable energy will be able to reach California to support clean energy and reliability needs.

Recommendation: There are no recommended actions at this time.