



Community Power Coalition

Listening Session

July 24 2024



Agenda

11:30 AM Welcome + Introductions

11:40 AM PG&E Transfer of Diablo Canyon GHG- Free Attributes Presentation

12:30 PM Break

12:40 PM Q&A + Discussion

1:25 PM Wrap Up

Presenters

Facilitator: Jenna Tenney

PG&E Transfer of Diablo Canyon GHG- Free Attributes Presentation: Vidhi Chawla



PG&E Transfer of Diablo Canyon GHG- Free Attributes

Community
Power Coalition

July 2024



Diablo Canyon Power Plant

- The Diablo Canyon Nuclear Power Plant came online in two phases:
 - Unit 1 began commercial operation on May 7, 1985
 - Unit 2 started commercial operation on March 3, 1986
- Near Avila Beach in San Luis Obispo County
- In 2023, nuclear made up 53% of PG&E's power supply
- Diablo Canyon is licensed by the U.S. Nuclear Regulatory Commission to operate until November 2024 (Unit 1) and August 2025 (Unit 2)
- The CPUC & Senate Bill 846 extended operations for 5 years, to October 2029 (Unit 1) and October 2030 (Unit 2)
- **Why was an extension granted?**

Diablo Canyon Power Plant Extension

- **Energy Reliability:** California has been facing challenges in maintaining a stable and reliable energy grid, especially as it transitions to more renewables. Diablo Canyon provides a significant amount of baseload power, meaning it runs 24/7 and is not intermittent like solar and wind. This is essential for grid stability. Extending its operation helps ensure there is sufficient energy supply during this transitional period.
- **Decarbonization Goals:** As part of California's efforts to reduce greenhouse gas emissions, the state is phasing out fossil fuel-based energy sources. Nuclear power, which has a low carbon footprint, helps to bridge the gap until more renewable energy infrastructure can be integrated into the grid.

Diablo Canyon Power Plant Extension

- **Economic Considerations:** Shutting down the plant would have significant economic impacts, including the loss of jobs and economic activity related to the plant's operation. Extending the plant's life helps mitigate these impacts while providing time for economic adjustments and development of alternative energy sources.
- **Energy Transition Planning:** Extending the plant's operation allows for more comprehensive planning and implementation of energy storage and other technologies that are necessary to support a reliable and resilient renewable energy grid.
- **Regulatory and Policy Support:** The CPUC and legislative support through Senate Bill 846 provide the necessary regulatory framework for continued operation of the plant, including investments in maintenance and upgrades to meet safety and environmental standards.

Required Allocation Offerings

- The CPUC determined how costs & benefits of extended operations will be allocated among the eligible CCAs
- The CPUC has directed PG&E to allocate GHG-Free energy attributes to eligible CCAs during the extended period
- **MCE customers will continue to pay for a portion of the continued operations costs of Diablo Canyon whether we accept the allocation or not. Why?**

CCA Customers Pay for Past PG&E Purchases

History of Power Charge Indifference Adjustment (PCIA)

- CCA customers began departing from Investor-Owned Utility (IOU) service in 2010.
- The CPUC authorized IOUs to charge CCA customers for power purchased on their behalf prior to departure.
- PG&E was left with excess hydroelectric, renewable, and nuclear power; some was sold but hydroelectric and nuclear were leftover with no monetary value.
- Extra volumes of hydro and nuclear are to be allocated to CCAs at no cost because customers already pay for it through the PCIA.

Nuclear Allocation Background

Requirements of D.23-12-036 Authorizing Diablo Canyon's Extended Operations to PG&E

- Allow all CCAs paying for Diablo Canyon's extended operations to receive a **no cost allocation** through an agreement with PG&E
- CCAs that accept the allocations must report them on their Power Content Labels

Any unclaimed allocations would not be reported on any California Power Content Label and would simply disappear from any accounting.

- **MCE customers cannot avoid paying for the nuclear, regardless of whether MCE accepts**
- **MCE cannot cause Diablo Canyon Power Plant to run for fewer hours**
- **MCE cannot resell GHG-free energy attributes from their allocation**

Other PG&E Allocations

Hydro

Allocation

- a) In 2020, MCE opted to accept its Hydro portion of the GHG-free allocations from PG&E.
- b) MCE plans to accept the 2025 – 2027 hydro allocations as well.

VAMO

Voluntary Allocation Market Offer

- a) In 2022, MCE opted to accept its short-term allocation of renewable energy for 2023 and 2024.
- b) PG&E will not be offering more volumes in the upcoming years.

Nuclear

Diablo Canyon Power Plant

- a) In 2020, MCE opted to reject its nuclear portion of the GHG-free allocations from PG&E.
- b) MCE may choose to accept or reject nuclear allocations for 2025-2030.



PG&E Proposal

Allocation Criteria

PG&E proposes to confer with eligible CCAs, in addition to Energy Division Staff, on a final allocation methodology that will determine the precise amount.

Allocation Period

PG&E will offer nuclear allocations through the period of Diablo Canyon extended operations starting in 2025 until 2030.

Eligibility

All CCAs under the CPUC jurisdiction paying for Diablo Canyon extended operations.

Nuclear Considerations

General Facts and Concerns About Nuclear Energy

- Safety Concerns: Risk of accidents such as Chernobyl and Fukushima
- Nuclear Waste: Long-term storage issues for radioactive waste
- Water Usage: Large amounts needed for cooling
- Environmental Impacts: Mining and potential contamination
- High Costs: Construction, maintenance, and decommissioning

Diablo Canyon Specific Concerns

- Earthquake Risks: Located adjacent to multiple earthquake faults with a high probability of experiencing a major earthquake over the next 30 years.
- Tsunami Risks: A significant population lives within 30 miles of evacuation zone surrounding Diablo Canyon susceptible to a tsunami.

MCE Board Nuclear Resolution

WHEREAS, the Marin Energy Authority has adopted a policy that does not allow any unit specific purchases of nuclear energy for its Marin Clean Energy products.

The Board of Directors of the Marin Energy Authority urgently calls upon the California Public Utilities Commission (CPUC) and the California Legislature to begin a prompt and orderly process of decommissioning the Diablo Canyon and San Onofre nuclear power plants which pose significant post earthquake risks to life, safety and the environment in California.

Resolution 2011-09 adopted May 5, 2011

Nuclear Considerations

Independent of MCE's Decision

- Acceptance or rejection of the allocation will have no impact on the extension of Diablo Canyon, which has already been approved.
- Diablo Canyon will run at full capacity regardless of MCE's decision on the allocation offer.
- MCE customers pay for the operations of Diablo Canyon regardless of whether MCE elects to take an allocation.
- MCE would also be receiving a Resource Adequacy (RA) allocation as part of the Diablo Canyon operations, reducing its obligations.

Nuclear Considerations

MCE Considerations

- Nuclear allocations are GHG-Free and align with MCE's mission to reduce emissions with fossil-free energy.
- MCE has not been successful in making progress toward the significant open position for GHG-Free energy despite numerous solicitations.
 - Accepting the allocation will reduce the need for additional purchases and lower costs for customers.
 - Without the allocation MCE may need high-emissions system power to fill open positions.
 - Nuclear energy will be included in system power regardless.
- The cost of GHG-Free energy has continued to rise over the last year, while supply is scarce, regardless of price.

If Accepted: Estimated Cumulative Savings

Estimates are based on forecasted energy delivery and GHG-Free forward prices

- This savings would result from accepting the nuclear allocation.
- The cost of GHG-Free energy is quite high and is expected to remain high over the next few years as most CCAs are aiming to reduce GHG emissions within their portfolios.
- The final number of eligible CCAs will determine the exact allocation ratios.



Cumulative estimates across 6 years

Assuming full acceptance

\$85 Million

3,060 GWh

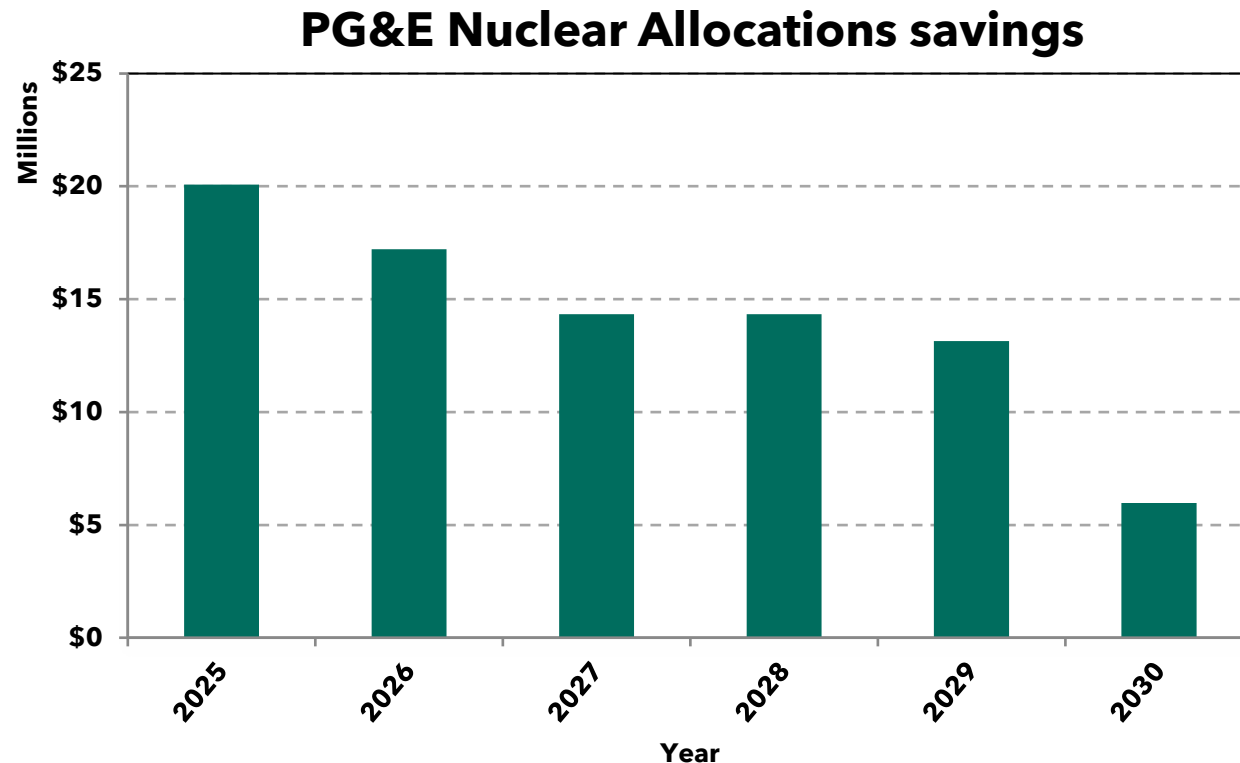
\$145

Per Customer

11.3%

Nuclear on Power
Content Label

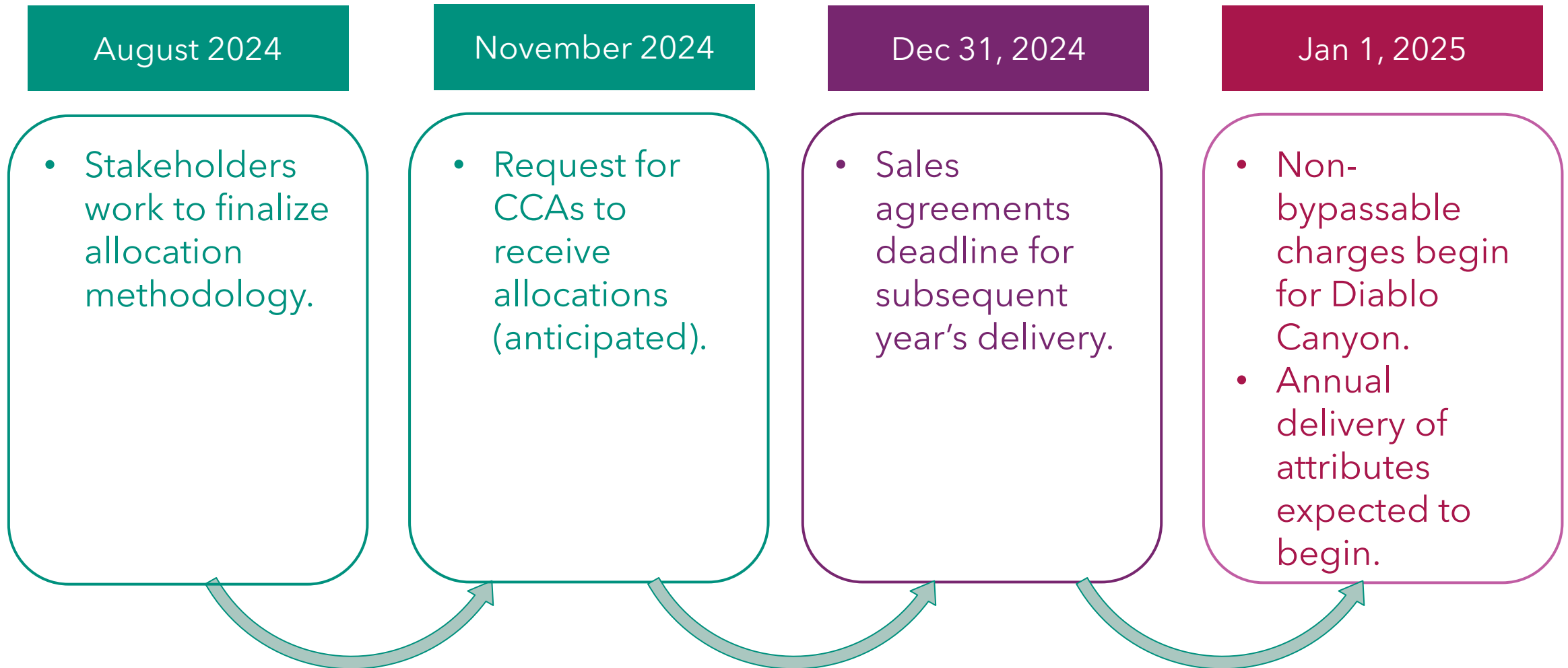
Projected Nuclear Savings by Year



Assumptions

- The price is based of GHG-Free forward pricing
- MCE's allocation is based on MCE's load ratio used in allocating Diablo Canyon replacement energy under D.21.06.035

Next steps timeline



Community & Public Engagement



- Solicit feedback from:
 - Board of Directors: July 18, 2024
 - Community Power Coalition: July 24, 2024
 - Technical Committee: August 2, 2024
 - Executive Committee: August 7, 2024
- Review feedback and request Board direction at a future Board meeting.



Break



Q&A + Discussion



Announcements & Next Steps

- Community Power Coalition Symposium
- New Logo and Website

A woman wearing sunglasses and a grey cardigan is standing next to a dark-colored electric car, holding a charging cable. She is at a public charging station with several charging ports. The background shows a wooded area with tall trees and a wooden building. The overall scene is dimly lit, suggesting dusk or dawn.

Thank you!



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