

SAN DIEGO COMMUNITY POWER
Staff Report – Item 7

To: San Diego Community Power Board of Directors

From: Ty Tosdal, Tosdal APC

Cc: Cody Hooven, SDCP Interim Executive Officer
Director/Chief Sustainability Officer, City of San Diego

Subject: Receive Update on Energy Regulatory Affairs from Tosdal, APC

Date: January 30, 2020

Recommendation

Receive update on energy regulatory affairs as they relate to interests of the agency.

Background

The California Public Utilities Commission (CPUC) has broad regulatory authority over the energy sector in California, including partial jurisdiction over Community Choice Aggregation (CCA) programs. San Diego Community Power (SDCP) and other CCA program customers are regularly affected by CPUC decisions regarding power resources, rates, financial obligations and data retention among other things.

Analysis and Discussion

The following CPUC proceedings are currently active and will have an impact on SDCP. This is not an exhaustive list. Staff and Tosdal, APC will continue to monitor or engage in these proceedings, and other regulatory activities, as needed to ensure SDCP's interests are represented.

<u>Proceeding</u>	<u>Description</u>	<u>Recent Developments</u>	<u>Impact</u>
PCIA (Power Charge Indifference Adjustment) R.17-06-026	The PCIA is an “exit fee” paid by CCA customers to the Investor-Owned Utility (IOU) to compensate for legacy power purchases. The CPUC is currently engaged in a multi-year process to revise PCIA rules and methodologies.	The CPUC denied re-hearing of D.18-10-019 setting methodology for calculating the PCIA.	CCA customers are required to pay the PCIA. The charge is variable, substantial and has adverse market effects.

<u>Proceeding</u>	<u>Description</u>	<u>Recent Developments</u>	<u>Impact</u>
RA (Resource Adequacy) R.19-11-009	RA, which refers to a Load Serving Entity's (LSEs) ability to provide power at critical demand periods, is being looked at closely by the CPUC. Rule changes related to resource eligibility, amount of capacity and other important changes are likely to occur over the next two years.	Order granting stay of Decision 19-10-021 restricting RA imports CPUC's State of the RA Market Decision 20-01-004 determining qualifying capacity of hybrid resources (generation + storage)	LSEs including CCA programs are required to maintain three types of RA (system, flexible and local). RA tends to have high cost impacts, i.e., it is expensive relative to traditional power. San Diego is constrained in its RA supply.
Microgrids R.19-09-009	Pursuant to Senate Bill 1339, the CPUC has opened a new proceeding to develop rules and rates for microgrids. These systems have many use cases, for example, distributed energy resources capable of operating independently from the main power grid.	Scope of Proceeding Track 1: Resiliency planning for outage and wildfire prone areas Track 2: Policy goals under SB 1339 ; Service standards, reduce barriers, impact studies, rates & tariffs. Track 3: Ongoing implementation and Working Groups	CCA programs may have a range of new opportunities for projects that promote their goals and advance resiliency generally. Alternatively, IOUs may seek to establish rules and rate structures that promote utility projects.
IRP (Integrated Resource Plan) R.16-02-007	The IRP is a planning document that is designed to provide the CPUC with information about an LSE's future procurement so that it can be evaluated against various state objectives.	D.19-11-016 requires 3,300 MW on incremental RA procurement by LSEs serving load at time of decision.	CCA programs are required to file IRPs every two years. SDCP may be required to reimburse SDG&E for its incremental procurement via non-bypassable charges.

<u>Proceeding</u>	<u>Description</u>	<u>Recent Developments</u>	<u>Impact</u>
Direct Access Expansion R.19-03-009	Pursuant to Senate Bill 237, the CPUC is overseeing a proceeding allowing the expansion of direct access (which primarily serves commercial and industrial customers) to purchase power from generators through for-profit entities.	Scope of Phase 2 The CPUC will conduct a study on expanding direct access for commercial/industrial customers.	Depending on the size of the expansion, commercial and industrial customers may seek to leave SDCP for direct access, reducing the program's customer base and revenues.

Fiscal Impact

There is no fiscal impact associated with this item.