



CPUC Public Agenda 3387
Thursday, October 27, 2016 9:30 a.m.
San Francisco, CA



Commissioners:
Michael Picker, President
Michel Peter Florio
Catherine J.K. Sandoval
Carla J. Peterman
Liane M. Randolph

www.cpuc.ca.gov





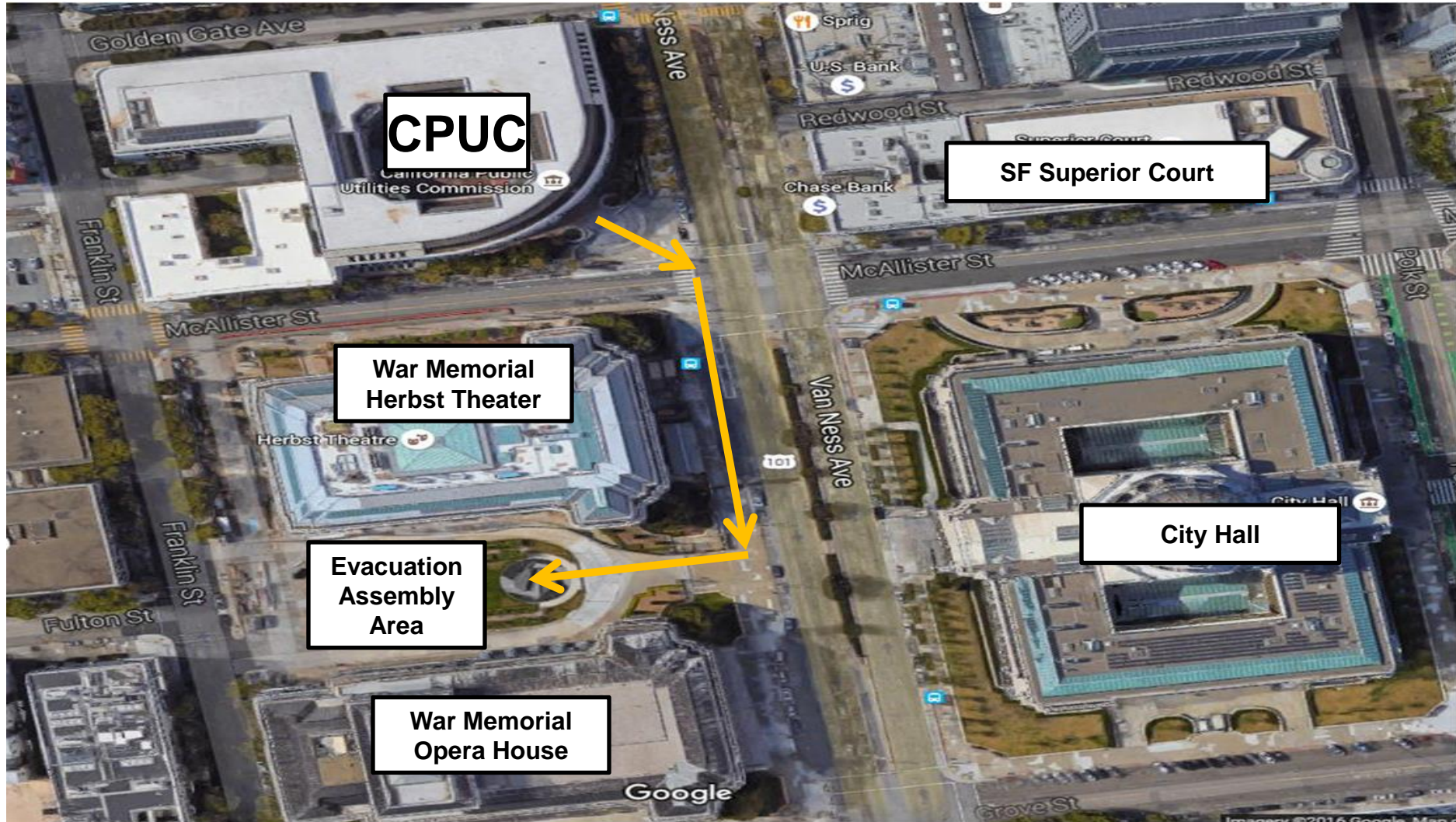
The Pledge of Allegiance



“I pledge allegiance to the Flag of the
United States of America,
and to the Republic for which it stands,
one nation under God,
indivisible,
with liberty and justice for all.”



Evacuation Assembly Location





CPUC Mission

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services.





CPUC Core Values

Accountability
Excellence
Integrity
Open Communication
Stewardship





Commissioner Code of Conduct

- **I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.**
- **II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.**
- **III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.**
- **IV. Commissioners are public officials who should uphold the integrity of their office at all times.**





Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

Public Comment is not permitted on the following items:

- All items on the Closed Session Agenda





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- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

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Public Agenda Changes

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are: **1, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28.**
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **No Item** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **Item 10** have been moved to the Regular Agenda.
- **No Item** has been withdrawn.
- The following items have been held to future Commission Meetings:
 - Held to **11/10/16**: **2, 29, 29a.**
 - Held to **12/15/16**: **30, 30a.**





Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: www.cpuc.ca.gov.
- Late changes to agenda items are available on the Escutia Table.





Regular Agenda – Energy Orders

Item # 10 [15187] – San Diego Gas & Electric Company Requests Approval of the Contract for Resource Adequacy Capacity with NRG Power Marketing, LLC

Res E-4806

PROPOSED OUTCOME :

- Approves the NRG Power Marketing, LLC Encina Resource Adequacy (RA) contract without modification.

SAFETY CONSIDERATIONS :

- The RA Capacity in question is associated with Encina Power Station, an existing and operational generating facility; as such there are no incremental safety implications associated with this contract beyond the status quo.

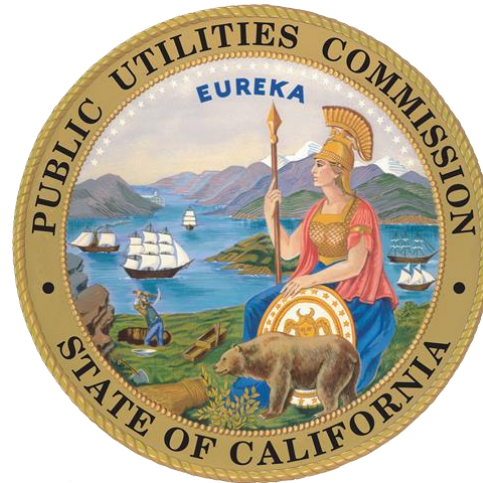
ESTIMATED COST :

- Contract costs are confidential at this time.





Authorization of SDG&E Contract for 2017 RA Capacity from Encina Resolution E-4806



Energy Division
California Public Utilities Commission

October 27, 2016





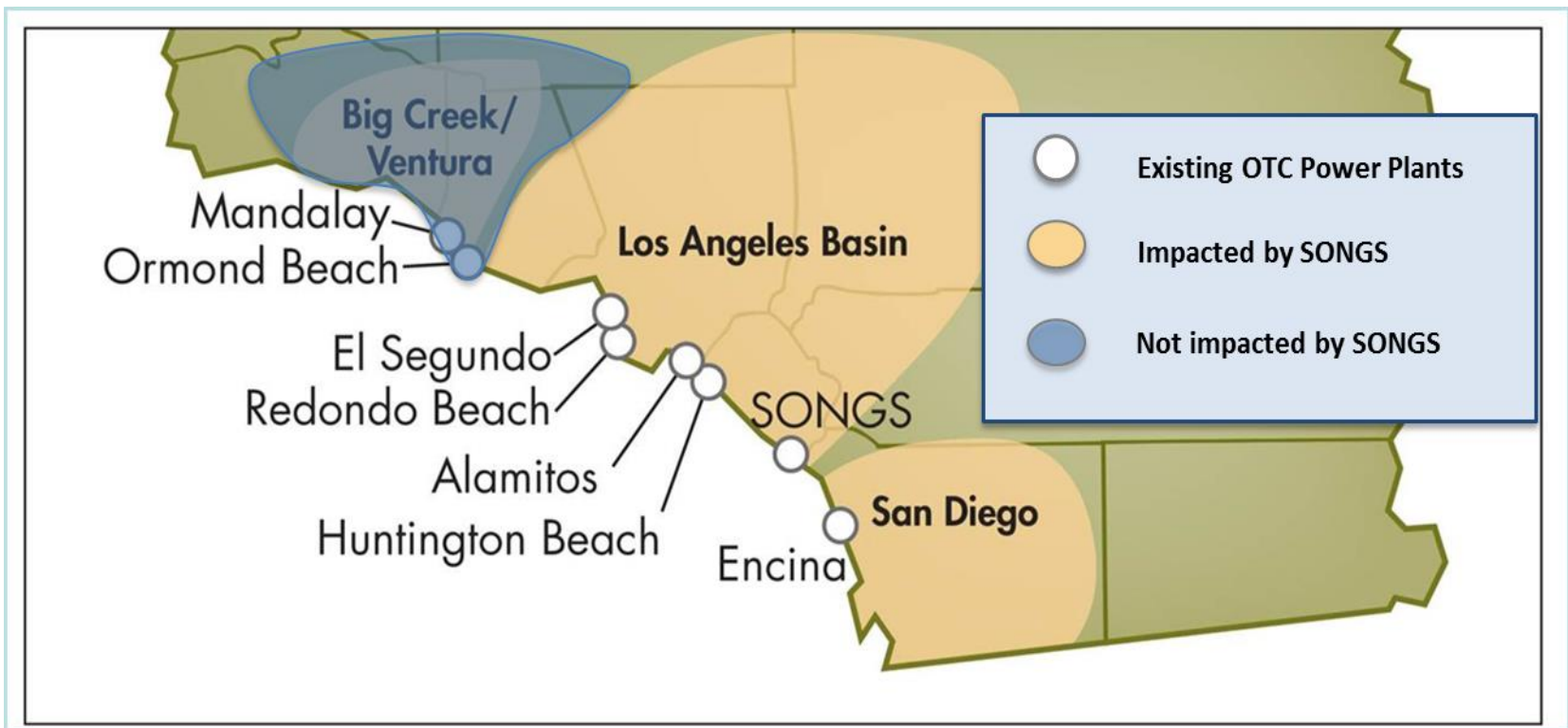
SDG&E Procurement of RA in SD Local Area

- The 2017 Local Capacity Technical Analysis Final Report
 - This report was completed by CAISO on April 29, 2016, and considered and adopted by CPUC in Resource Adequacy (RA) proceeding –sets the basis for 2017 local RA requirements
 - The 2017 Report shifted capacity requirements to San Diego to help offset Aliso Canyon needs
 - Set the San Diego sub-area local requirement at 2,915 MW
- San Diego Local Area – Generation Available
 - Combining all available units in the San Diego Local Sub-Area currently would not be sufficient to meet the local sub-area need without some portion of Encina
 - Encina Power Station has 964.5 MW





Southern CA Local Areas Impacted by Once-Through-Cooling & SONGS Retirements





SDG&E Filed an Advice Letter for Encina RA

- Encina is an OTC plant
 - Located in SD local sub-area
 - Uses Once-Through-Cooling (OTC), and is slated to close at the end of 2017
 - Commission requires contracts with OTC plants to use Tier 3 Advice Letter with Resolution
- SDG&E Submits a Contract for Encina RA by Tier 3 Advice Letter
 - Negotiated Contract bilaterally with owner of Encina, NRG, to save time and submit the Advice Letter and get approvals before October 31 deadline
 - Commission prefers competitive bidding, such as RFOs, but permits bilateral deals where necessary for reliability purposes
 - Procurement Review Group (PRG) was informed
- Contract is Limited
 - Only for calendar year 2017 – does not require Encina to miss closure date
 - Price is reasonable
 - If Encina is not under contract, CAISO may use its Capacity Procurement Mechanism to put it under contract for a much higher price
 - New generation coming online could help address this for 2018





Protest and Comments by Cogentrix

- Cogentrix
 - Owns two peaker gas plants (together, 96 MW) in SD local area
 - Protested Advice Letter, SDG&E replied to protest
- Issues Raised by Cogentrix
 - SDG&E should have issued an RA RFO
 - Commission prefers competitive bidding, such as RFOs, but permits bilateral deals where necessary for reliability purposes
 - Not clear an RFO would have been timely - SDG&E's 2017 RA RFP is still not completed and received bids of similar prices
 - It is problematic for SDG&E and ratepayers if a unit scheduled to close must be under contract
 - 2017 is extraordinary due to Aliso Canyon; by 2018 additional generation will be online
 - CPUC policy should support flexible, efficient power plants and not older OTC units expected to retire
 - These are important policy issues that the Commission should consider on a case-by-case basis and in ongoing proceedings (RA and IRP)





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SAFETY CONSIDERATIONS :

- The RA Capacity in question is associated with Encina Power Station, an existing and operational generating facility; as such there are no incremental safety implications associated with this contract beyond the status quo.

ESTIMATED COST :

- Contract costs are confidential at this time.





Regular Agenda – Communication Orders

Item # 31 [15204] – Expanding the California LifeLine Program to Allow for Fixed-Voice Over Internet Providers to Become California LifeLine Providers and Offer California Lifeline Service to their Customers

R11-03-013

Order Instituting Rulemaking Regarding Revisions to the California Universal Telephone Service (LifeLine) Program.

Quasi-Legislative

Comr Picker - Judge MacDonald

PROPOSED OUTCOME :

- Expands the California LifeLine Program to allow for Fixed-Voice over Internet Providers to become Lifeline Providers and offer California Lifeline service to their customers.

SAFETY CONSIDERATIONS :

- Safety of California ratepayers and consumers is improved when more Californians can participate in the California LifeLine via diverse technologies.

ESTIMATED COST :

- The California LifeLine is funded exclusively by ratepayer dollars. The expansion of the Program to include Fixed-Voice over Internet Providers will not change the total level of program funding.





Regular Agenda – Orders Extending Statutory Deadline

Item # 32 [15243] – Order Extending Statutory Deadline

R11-11-008

Order Instituting Rulemaking on the Commission's Own Motion into Addressing the Commission's Water Action Plan Objective of Setting Rates that Balance Investment, Conservation, and Affordability for Class A and Class B Water Utilities.

Quasi-Legislative

Comr Sandoval - Judge Weatherford

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until December 29, 2016.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Regular Agenda – Orders Extending Statutory Deadline (continued)

Item # 33 [15244] – Order Extending Statutory Deadline

114-05-012

Order Instituting Investigation to Address Intrastate Rural Call Completion Issues.

Quasi-Legislative

Comr Sandoval - Judge Mason

PROPOSED OUTCOME :

- Extends the statutory deadline for completion of this proceeding until January 5, 2017.

SAFETY CONSIDERATIONS :

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

ESTIMATED COST :

- There are no costs associated with this Order Extending Statutory Deadline.





Regular Agenda – Legislative and Other Matters

Item # 34 [15245]

Office of Governmental Affairs Report on 2016 Legislative Outcomes



2016 Legislative Outcomes



Hazel Miranda, Director

Grant Mack | Michael Minkus | Lori Misicka | Ivy Walker

Office of Governmental Affairs

October 27, 2016





Legislative Overview

❖ **205 bills tracked:**

- 150 (73%) failed passage
- 54 (27%) sent to the Governor's Desk

❖ **CPUC took formal positions on 15 bills this year:**

- 11 passed the Legislature
- 9 signed by the Governor

❖ **CPUC Sponsored 6 bills this year:**

- All passed and were signed by the Governor





Reform & Governance Bill Summary

- **The comprehensive CPUC reform bill (AB 2903) - failed passage**
- **Governor signed 5 bills aimed at improving the safety culture, public access, accountability and transparency of the organization (SB 62, SB 215, SB 512, SB 661 & SB 2168)**
- **The Governor's signing message continues reform efforts and calls upon the CPUC, and his administration to:**
 - Transfer responsibilities over transportation related entities to another department
 - Codify the appointment of senior executive staff who serve at the pleasure of the organization
 - Codify appointment of Dep. Exec. Director for Safety and Chief Internal Auditor





CPUC Sponsored Bill Summary

6 Bills sponsored - AB 1651, AB 2168, AB 2861, SB 1055, SB 1112, SB 1222

CPUC sponsored bills signed focused on:

- Efforts to improve the functions of the organization and aligned with legislative reform interest:
 - Transparency requirements for contracts, inspections and audits
 - Expedite the grid interconnection dispute resolution process
 - Streamline and clean-up legislative reporting requirements





Energy Bill Summary

Climate Change legislation influences state energy policy -

- **SB 32 (Pavley): California Global Warming Solutions Act: Emissions Limit:**
Requires the ARB to ensure that statewide greenhouse gas emissions are reduced to 40% below the 1990 level by 2030.
- **AB 197 (Garcia): State Air Resources Board: Greenhouse Gases: Regulations:**
Adds two Members of the Legislature to the state board as ex officio nonvoting members.

Energy bills signed this year focused on:

- Prioritizing preferred energy resources
- Enhancing electric generation procurement programs and interconnection requirements, particularly for biomass facilities
- Incentivizing biomethane production
- Scaling the deployment of distributed energy storage systems
- Requiring the electric investor owned utilities to consider environmental justice in procurement





Safety Bill Summary

Safety bills signed this year focused on:

- Addressing the Aliso Canyon natural gas storage facility leak:
 - Moratorium on natural gas injections
 - Conduct risk assessment of the facility
 - Potential penalties assessed must be used to mitigate the climate impacts of the leak (extends to all natural gas facilities, as specified)
- Codifying Office of the Safety Advocate
- Specifying an enforcement agency for 8-1-1 excavation violations
- Requiring the electric investor owned utilities to develop fire mitigation plans





Communication & Transportation Bill Summary

Communication bills signed this year focused on:

- Modifying funding, representation and coverage of California's universal phone and broadband service programs

Transportation bills signed this year focused on:

- Improving limousine and tour bus standards and inspections
- Requiring background checks, as specified, for Transportation Network Companies (TNCs) and redefining regulatory terms applicable to TNCs





2016-17 Budget Actions

- ***Total Budget Change Proposals – 12***
 - About 100 new positions authorized
- ***Budget Hearings – 10***
- ***CPUC Budget Related Bills:***
 - AB 826: Budget Act of 2016
 - SB 840: Energy Trailer Bill
 - SB 859: Greenhouse Gas Trailer Bill





Informational & Oversight Hearings Summary

- **Participated in 16 informational and oversight hearings:**
 - 9 energy policy committee hearings
 - 3 Assembly Utilities and Commerce Committee
 - 6 Senate Energy, Utilities and Communications Committee
 - 7 select committee and town halls





16 Informational & Oversight Hearings

ASSEMBLY UTILITIES AND COMMERCE COMMITTEE

- **May 18, 2016** – *Frontier Telecommunications Transition*
- **March 8, 2016** – *Reports on CPUC*
- **January 21, 2016** - *Aliso Canyon Natural Gas Leak*

SENATE ENERGY UTILITIES & COMMUNICATIONS COMMITTEE

- **November 17, 2015** – Subcommittee on Gas Electric & Transportation Safety - *Wildfires Caused by Power Lines: What Have Electric Utilities Done to Improve Safety Since the 2007 Fire Siege?*
- **December 17, 2015** – Subcommittee on Gas Electric & Transportation Safety - *Dangerous Digs: Why do Fatal Pipeline Accidents Persist?*
- **February 17, 2016** – Joint Senate Energy, Utilities & Communications (Hueso, Chair) and Transportation & Housing (Beall, Chair) - *Ride-Hailing Disruption: Establishing a Level-Playing Field in the Transportation-for-Hire Market*
- **March 15, 2016** – *The CPUC and the Office of Ratepayer Advocates (ORA) Annual Update to the Legislature*
- **May 3, 2016** – Subcommittee on Gas Electric & Transportation Safety *California Public Utilities Commission: Safety Intervenors and Effective Safety Management*
- **May 10, 2016** – *Aliso Canyon and Southern California Energy Reliability*

SELECT COMMITTEE HEARINGS TOWN HALLS & OTHERS

- **October 27, 2015** – Select Committee on the Digital Divide in Rural California (Wood, Chair) *Hearing 1*
- **December 14, 2015** – Select Committee on the Digital Divide in Rural California (Wood, Chair) *Hearing 2*
- **January 8, 2016** – *The Future of Net Energy Metering in California*
- **February 11, 2016** – Select Committee on California's Clean Energy Economy (Quirk, Chair) - *Energy efficiency in existing buildings*
- **February 22, 2016** – Joint Assembly Natural Resources (Williams, Chair) and Budget Subcommittee No. 3 (Bloom, Chair) - *Tree Mortality Informational Hearing*
- **May 14, 2016** – Assemblymember O'Donnell Town Hall - *Verizon – Frontier Transfer*
- **August 3, 2016** – Joint Legislative Committee on Emergency Management (Rodriguez, Chair) *Next Generation 911, Security, Funding, and Technology Needs*





2016 Legislative Mandates – Implementation Underway

- Examples:

- **SB 62:** Office of Safety Advocate creation
- **AB 840** (Section 9): CPUC regional expansion workshops and report development
- **AB 840** (Section 14): Resolution directing electric investor owned utilities to procure biomass resources





Thank You!

- Team Effort -
 - OGA staff
 - OGA liaisons and division staff
 - Division directors
 - Commissioners and advisors
 - Legislative partners and coalitions
 - Governor's Office
 - Agency partners





Regular Agenda – Legislative and Other Matters

Item # 34 [15245]

Office of Governmental Affairs Report on 2016 Legislative Outcomes





Commissioners' Reports





Port of Oakland Tour Report



Commissioner Michel P. Florio
California Public Utilities Commission

Tour Date: September 30, 2016





Port of Oakland

- Operates
 - Seaport
 - Founded in 1927
 - One of the 10 largest ports in North America
 - Provides shore power to ships while docked
 - Connects with BNSF Railyards
 - Oakland Municipal Airport
 - Jack London Square





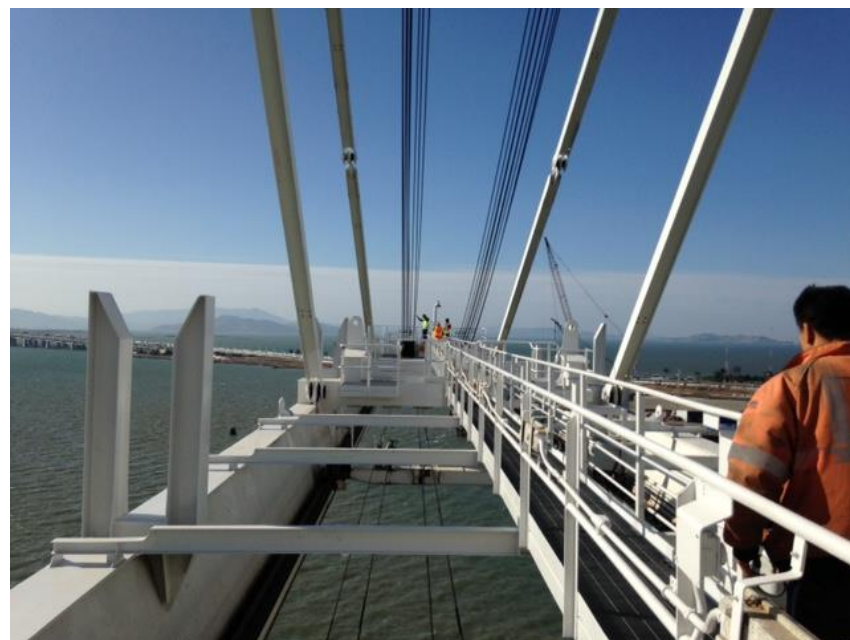
Overview of Port Operations

***Chris Chan, Commissioner Mike Florio,
Executive Director/CEO Christopher Lytle, and Nicolas Procos***





Crane Tour





Kor Yan, our Tour Guide





Crane Height: approx. 320 ft.





Port of Oakland – Crane Tour

Char, Matthew, Basil Wong, Sepideh, Commissioner Florio, and Nico Procos





The Geysers Tour Report



Commissioner Michel P. Florio
California Public Utilities Commission

Tour Date: October 6, 2016





Tour Schedule

- 10:00 am Meet at Calpine's Geothermal Visitor Center
 Welcome and Overview
- 10:30 am Depart for Geysers Tour
- 11:00 am Sonoma Overlook
- Noon Well Pad Stop and Burned Mountain
 Fumaroles
- 12:45 pm Tour Sulphur Springs U-14 Power Plant
- 1:45 pm GAC Stop and Tour of Control 1
- 3:00 pm Return Visitor Center





The Geysers





The Geysers

- Owned and operated by Calpine Corporation
- Located on 45 sq. miles near Middletown
- 14 geothermal power plants
- Net generating capacity – 725 MW





Piping for Wastewater and Steam





Fun with Fumaroles





Com. Florio, Matt, and Jim Kluesener, Calpine Vice President of Regional Operations





In the Control Room





Team Florio's Excellent Adventure





Commissioners' Reports





Management Reports





Regular Agenda – Management Reports and Resolutions

Item # 35 [15195]

Report and Discussion on Recent Consumer Protection and Safety Activities





Regular Agenda – Management Reports and Resolutions

Item # 36 [15196]

Management Report on Administrative Activities





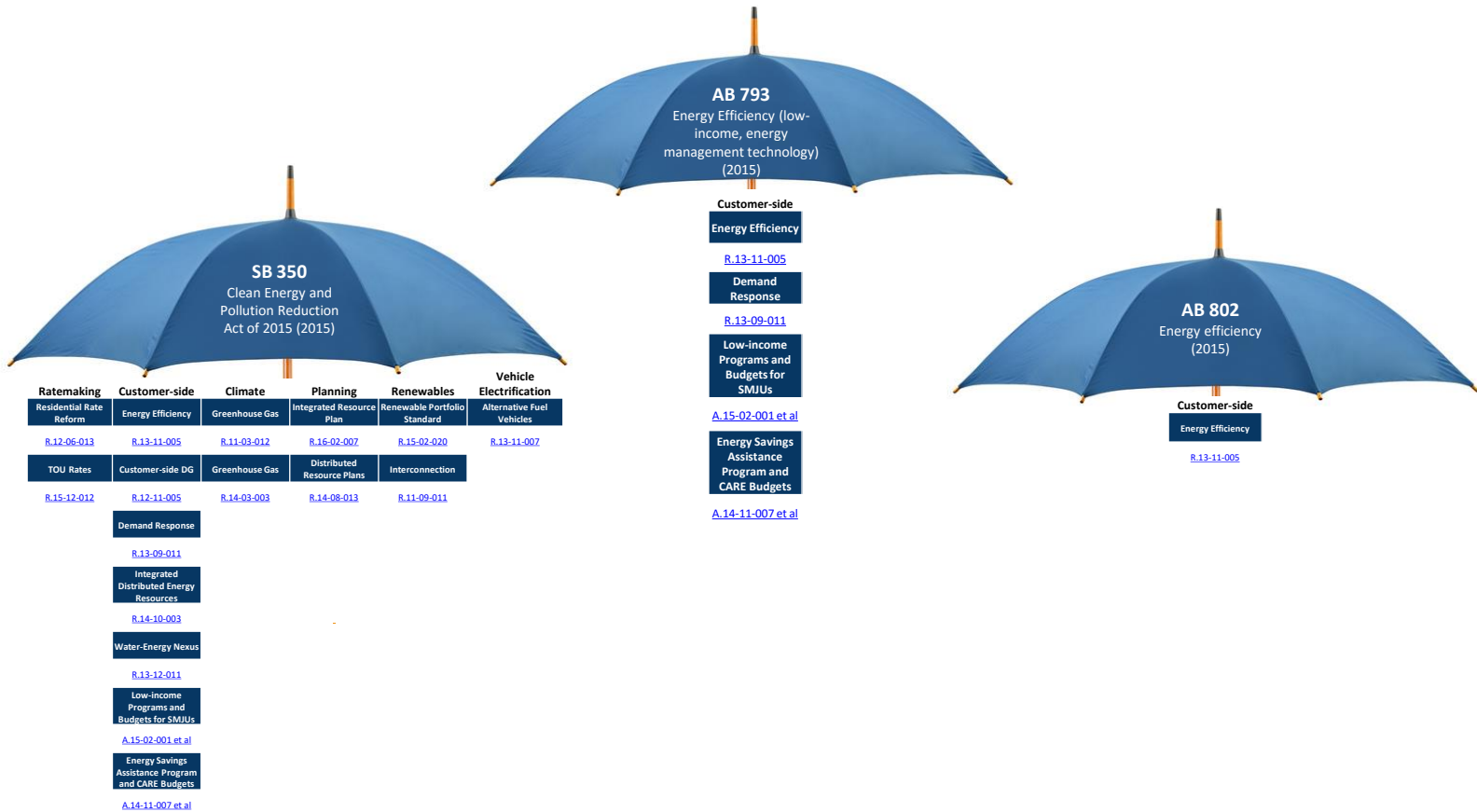
Introducing Legislative Umbrellas, a simple approach to track regulatory progress toward legislative goals

PROBLEM: A piece of complex legislation often requires implementation across multiple CPUC proceedings. It can be difficult to manage and track progress toward statutory goals when implementation work is spread across multiple proceeding timelines and teams. Current practice does not promote active searching for gaps where they may exist.

SOLUTION: An organization system grouping proceedings based on their relevance to key legislation. Each legislation is an “umbrella” with a list of regulatory proceedings where the legislative goals are being addressed. This provides CPUC managers, control agencies, and stakeholders with a tool to actively identify any gaps in implementation.

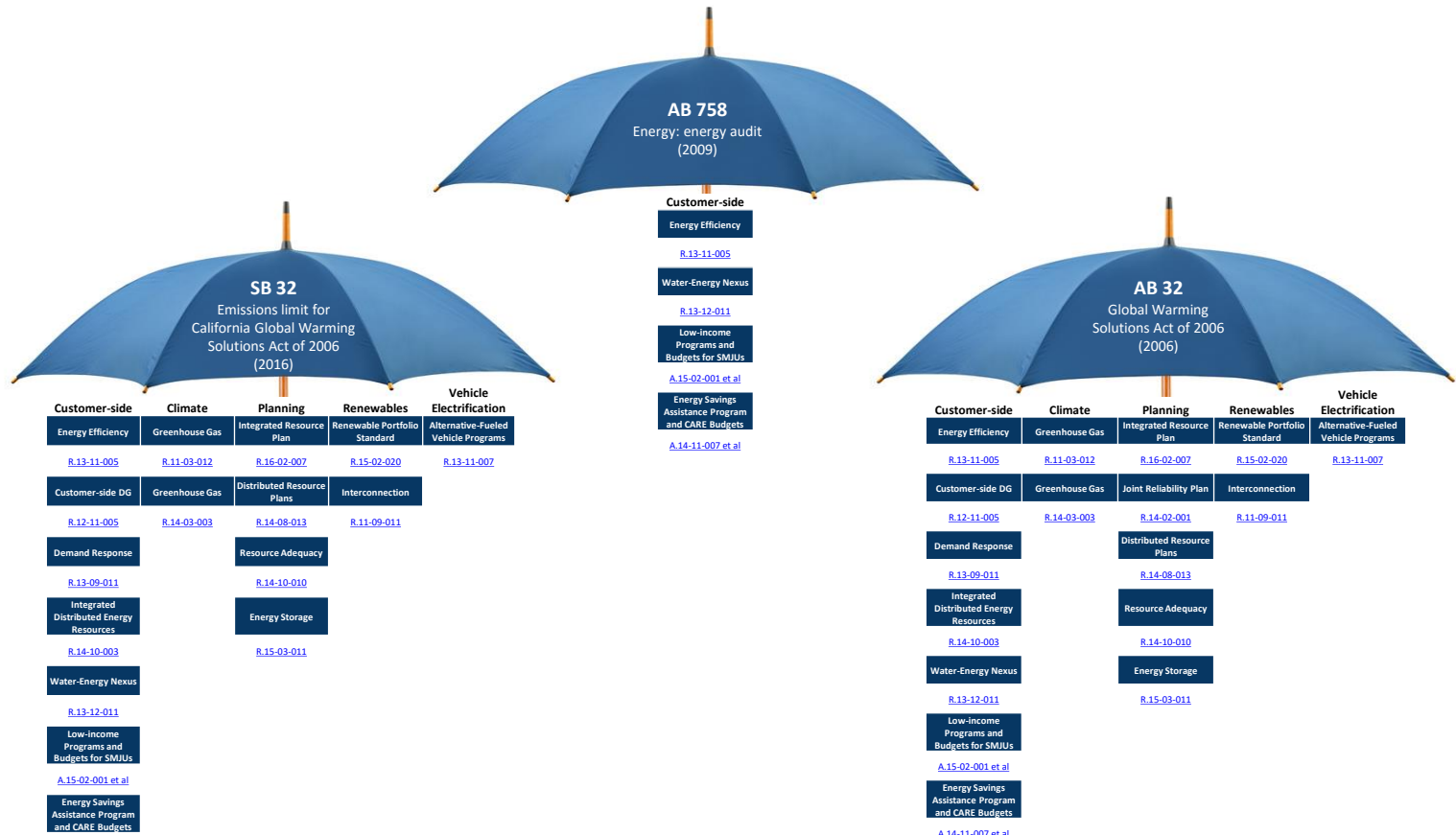


Legislative Umbrellas for SB 350, AB 793, and AB 802





Legislative Umbrellas for SB 32, AB 758, and AB 32



Legislative Umbrella for AB 327



Rate-making	Renewables	Planning	Low-income
Residential Rate Reform	Renewable Portfolio Standard	Integrated Distributed Energy Resources	Energy Savings Assistance Program and CARE Budgets
R.12-06-013	R.15-02-020	R.14-10-003	A.14-11-007 et al
Net Energy Metering II	Customer-side DG	Distributed Resource Plans	Low-income Programs and Budgets for SMJUS
R.14-07-002	R.12-11-005	R.14-08-013	A.15-02-001 et al
TOU Rates			
R.15-12-012			



How was this done?

The umbrellas were developed using information from an excel based matrix that includes the CPUC directives of each bill and a list of related CPUC energy proceedings.

Energy Division Proceedings and Directives								
Active Energy Proceedings	umbrella?	Energy Storage	Energy Efficiency	Greenhouse Gas	Greenhouse Gas	Distributed Energy Resources	Customer-side DG	
#		R.15-03-011	R.13-11-005	R.11-03-012	R.14-03-003	R.11-09-011	R.12-11-005	
Description		OIR to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program	OIR concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.	OIR to address Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions	OIR to Address Natural Gas Distribution Utility Cost and Revenue Issues Associated with Greenhouse Gas Emissions.	OIR to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources	OIR on Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues	
Rulemaking category	status		active	active	closed	active	closed	active
	AB 802	y		x				
	AB 32	y	x	x	x	x	x	x
	SB 350	y	x	x	x	x	x	x
	AB 758	y		x				
	SB 1371					x		
	AB 578							
	AB 793	y		x				
	SB 32	y	x	x	x	x	x	x
	SB 380							
	SB 793							
SB 840								



Regular Agenda – Management Reports and Resolutions

Item # 36 [15196]

Management Report on Administrative Activities





Management Reports





The CPUC Thanks You For Attending Today's Meeting

**The Public Meeting is adjourned.
The next Public Meeting will be:**

**November 10, 2016 at 9:30 a.m.
in San Francisco, CA**

