

**VALLEY CLEAN ENERGY ALLIANCE  
COMMUNITY ADVISORY COMMITTEE**

**Staff Report – Item 10**

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**TO:** Community Advisory Committee

**FROM:** Mitch Sears, Interim General Manager  
Gordon Samuel, Assistant General Manager & Director of Power Services

**SUBJECT:** Valley Clean Energy’s Policy regarding PG&E allocation of Greenhouse Gas (GHG)-free (Large Hydro and Nuclear) resources to Community Choice Aggregators

**DATE:** November 18, 2021

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**RECOMMENDATION**

1. Accept the 2022 allocation of large hydro carbon free attributes paid for by VCE customers;
2. Reject the 2022 allocation of nuclear power carbon free attributes; and
3. In the event the future attributes (2023 and beyond) are made available to VCE and there are no material changes in VCE’s position, recommend that the Interim General is authorized to finalize, execute, and sign all agreements with PG&E on behalf of VCE and in consultation with legal counsel.

**PURPOSE**

The purpose of this report is to provide background and solicit feedback from the Community Advisory Committee (CAC) regarding the GHG-free allocations from PG&E for 2022 and beyond. Staff plans to take this feedback and make a recommendation to the VCE Board in December 2021. The current proposal is for 2022, but staff is interested in the CAC’s viewpoint on extending the approval to encompass future years if the allocations become available.

**BACKGROUND**

PG&E owns or contracts for a number of GHG-free resources (including large hydro and nuclear from Diablo Canyon Power Plant). PG&E has been able to count these resources on its power content label (PCL) to meet its GHG-free targets. Load serving entities (LSEs), on the other hand, have been paying for those same assets through Power Charge Indifference Adjustment (PCIA), yet do not receive any of the GHG-free benefits – this includes VCE.

In mid-2019, CCAs approached PG&E to discuss whether PG&E would be agreeable to selling energy from their large hydro facilities<sup>1</sup>. PG&E ultimately refused to make sales in 2019, but subsequently approached CCAs and offered to allocate GHG-free resources (nuclear and large hydro) to CCAs and other eligible load serving entities (LSEs).

Eventually the allocations became available in 2020, and the VCE Board elected to receive the large hydro only attributes. This became effective in the third quarter of 2020 and VCE received approximately 24,000 MWHs in 2020. For 2021, VCE has received 13,000 MWHs from February through June and anticipate a total of approximately 25,000 – 30,000 MWHs (note: VCE will not know the final 2021 numbers until Q2 2022).

There is no obligation to accept this allocation of GHG-free attributes. An LSE can choose to accept neither resource pool, one or the other, or both. The volume that each LSE receives will ultimately depend on the volume of electricity generated by each resource pool and the proportion of PG&E’s load served by the LSE.

**TENTATIVE SCHEDULE**

<b>2022 Carbon Free Sales Tentative Timeline</b>	
November 1, 2021	<ul style="list-style-type: none"> <li>• Notice Issued</li> </ul>
Up to Week of November 15, 2021	<ul style="list-style-type: none"> <li>• PG&amp;E will provide Eligible LSEs with 2022 Sales Agreement for review</li> </ul>
Wednesday, November 24, 2021 <b>(ACTION REQUIRED)</b>	<ul style="list-style-type: none"> <li>• Feedback on form Sales Agreement due to PG&amp;E</li> </ul>
Up to Week of December 13, 2021 <b>(ACTION REQUIRED)</b>	<ul style="list-style-type: none"> <li>• PG&amp;E will provide Eligible LSEs Offers and a final version of 2022 Sales Agreement</li> <li>• PG&amp;E and Eligible LSEs will execute 2022 Sales Agreement</li> </ul>
January 1, 2022 <i>(pending execution of Sales Agreement)</i>	<ul style="list-style-type: none"> <li>• Expected start of Delivery Period under 2022 Sales Agreement</li> </ul>
Week of June 14, 2022 <i>(approximation)</i>	<ul style="list-style-type: none"> <li>• First Quarterly Report for 2022 with estimated Allocation Amount will be distributed</li> </ul>
On or about April 15, 2023	<ul style="list-style-type: none"> <li>• Final Report for 2022 will be distributed to participating LSEs</li> </ul>

**NEXT STEPS**

Staff intends to accept the Large Hydro allocations from PG&E and make recommendation to the Board in December in order to be prepared for the above schedule. In addition, if this allocation

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<sup>1</sup> Large hydro and nuclear resources count as GHG-free on the power content label (PCL), and investor-owned utilities (IOUs) have been benefiting from counting those resources to meet their GHG-free targets. LSEs, on the other hand, have been paying for those same assets through PCIA, yet do not receive any of the GHG-free benefits through the PCL.

process continues beyond 2022, determine if staff should seek approval from the Board to include future years.