VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE

Staff Report – Item 6

TO: Community Advisory Committee

FROM: Sierra Huffman, Sr. Financial Analyst

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 20, 2025

RECOMMENDATION

Recommend that the VCE Board of Directors:

1. Accept the 2026 allocation of large hydro GHG-free attributes;

2. Accept the 2026 allocation of nuclear power GHG-free attributes;

3. Authorize the Executive Officer to enter into an agreement(s) with PG&E to accept the 2026 Large Hydro and Nuclear GHG-free allocations

BACKGROUND and ANALYSIS

PG&E owns or contracts for several GHG-free resources including nuclear from Diablo Canyon Power Plant. PG&E count these resources on its power content label (PCL) to meet its GHG-free targets. Historically load serving entities (LSEs), paid for these same assets through the Power Charge Indifference Adjustment (PCIA), yet did not receive the GHG-free benefits – this included VCE.

In mid-2019, CCAs approached PG&E to discuss whether PG&E would be agreeable to selling energy from their large hydro facilities. 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 LSEs. Beginning in 2020, the allocations became available and the VCE Board elected to receive the large hydro attributes.

Prior to 2024, VCE did not elect to receive the PG&E nuclear GHG-free allocation. Last year, regulatory and energy market changes prompted staff to reassess the recommendation. CPUC Decision 23-12-036 and the extension of Diablo Canyon Nuclear Power Plant made it so that all CPUC-jurisdictional LSE customers pay the operational cost of Diablo Canyon (i.e. regardless of whether VCE accepts or rejects the attributes, VCE customers will still pay for it). Additionally, if VCE does not accept the allocations, then PG&E will count VCE's share of the GHG-free energy attributes on its PCL. Given this, many CCAs – including MCE, SCP, PCE, Ava, DCE, Pioneer, RCEA, and SVCE – have elected to accept both the large hydro and nuclear attributes.

There is no obligation to accept the 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

2026 GHG-Free Energy Sales (Allocation) Tentative Timeline	
Tuesday, November 4, 2025	· Notice and form 2026 Sales Agreement issued.
Friday, November 7, 2025 (***ACTION REQUIRED***)	· Feedback on form Sales Agreement due to PG&E.
Up to Week of December 15, 2025 (***ACTION REQUIRED***)	· PG&E will provide Eligible LSEs Offers and a final version of 2026 Sales Agreement · PG&E and Eligible LSEs will execute 2026 Sales Agreement
January 1, 2026 (*pending execution of Sales Agreement*)	· Expected start of Delivery Period under 2026 Sales Agreement
Week of June 15, 2026 (*approximation*)	· First Quarterly Report with estimated Allocation Amount will be distributed
On or about April 15, 2027	· Final Report will be distributed to participating LSEs

Staff's position on both the large hydro and nuclear allocations are consistent with the 2025 recommendation. Key factors include:

- VCE is using capacity from Diablo for resource adequacy (RA); many of VCE's counterparts continue to elect to receive nuclear attributes; large hydro and nuclear improve VCE's emission rate.
- The monetary value has improved over prior years. The large hydro allocations can be resold, but per the CPUC decision the nuclear attributes cannot be resold.

RECOMMENDATION

Based on these factors, staff believes that VCE is better served by accepting both the hydro and nuclear allocations for 2026. Staff is looking for CAC recommendation to the VCE Board approve the following:

1. Accept the 2026 allocation of large hydro GHG-free attributes;

2. Accept the 2026 allocation of nuclear power GHG-free attributes;

3. Recommend the Executive Officer enter into an agreement(s) with PG&E to accept the 2026 Large Hydro and Nuclear GHG-free allocations.