



Valley Clean Energy - CAC Special Meeting 2020 GHG Free Allocation

February 5, 2020



Background

- VCE goal for 2020 is to provide a minimum 75% GHG-free energy.
- In 2020:
 - 42% of VCE's GHG-free energy portfolio are resources that qualify as renewable energy under the state's RPS program (RPS) and 33% are resources that do not qualify under the RPS, but are considered GHG-free. Large hydro and nuclear do not emit any GHG emissions, but don't qualify under the state's RPS.
- VCE has procured all needed RPS and GHG free to meet its 2020 goals
- A number of PG&E GHG free resources (large hydro and nuclear) are paid for through the PCIA
- PG&E submitted an advice letter to the CPUC offering large hydro and nuclear GHG free attributes to LSEs (CCAs)



PG&E Proposal

Interim Proposal by PG&E

Key elements of the interim proposal include:

- Limited in time to 2020
- Limited in the resources to which it applies:
 - In-state
 - Large hydroelectric
 - Nuclear
- Only available to retail suppliers whose customers pay PCIA with large hydroelectric and nuclear in their PCIA vintage
- Requires active agreement between retail suppliers to offer and to take generation
- Requires that the CPUC approve a mechanism for the allocation of such generation
- No payment required



PG&E Proposal - VCE

- VCE 750 GWh/yr Load: Approx. ~1% of PG&E
 - Approx VCE share: 90 GWh of large hydroelectric power
 - Approx VCE share: 140 GWh of nuclear power

Scenario	Total Allocated GHG Free Resources (Large Hydro + Nuclear)	Accepted GHG Free Resources	Potential Savings
A (Hydro + Nuclear)	230 GWh	230	\$1,380,000
B (Nuclear only)	140 GWh	140	\$840,000
C (Hydro only)	90 GWh	90	\$540,000

2020 GHG Free Allocations

Factors to consider

- The Diablo nuclear plant will continue to operate until 2024/25
- VCE customers will pay for the GHG attributes from the plant through the PCIA charge
- Potential savings would help VCE advance its policy goals
- Potential reputational risk from accepting the nuclear allocation
- VCE's power procurement budget was balanced for 2020 without this additional funding
- The Diablo Canyon nuclear plant is scheduled to be shutdown in 2024/2025; accepting this allocation could send a market signal that the output from this plant is still valued and the shutdown should not occur.
- Generally nuclear is not considered a clean fuel source due to risks associated with spent fuel and practical long-term disposal options.

2020 GHG Free Allocations - Recommendation

Staff Recommendation

Accept the hydro allocations for 2020 but not the nuclear allocations