

02/13/19
04:59 PM

Investigation 15-08-019
(Filed August 27, 2015)

Tom Habashi
Chief Executive Officer
MONTEREY BAY COMMUNITY POWER
70 Garden Court, Suite 300
Monterey, CA 93940
Telephone: (831) 641-7215
E-mail: Tom.Habashi@mbcommunitypower.org

February 13, 2019

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's)	
Own Motion to Determine Whether Pacific Gas and)	
Electric Company and PG&E Corporation's)	Investigation 15-08-019
Organizational Culture and Governance Prioritize)	(Filed August 27, 2015)
Safety.)	
)	

**OPENING COMMENTS OF
MONTEREY BAY COMMUNITY POWER**

In accordance with the schedule and framework set forth in the *Assigned Commissioner's Scoping Memo and Ruling*, dated December 21, 2018 ("Scoping Memo"), as modified by the email ruling of assigned Administrative Law Judge Allen, dated January 15, 2018 ("ALJ Ruling"), Monterey Bay Community Power ("MBCP") respectfully submits the following limited comments on matters presented for discussion in the Scoping Memo.

I. INTRODUCTION

MBCP is a California joint powers authority operating a community choice aggregation ("CCA") program in Monterey, San Benito, and Santa Cruz Counties. MBCP was formed in March 2017 and began serving customers in Spring 2018. In December of 2018, the cities of San Luis Obispo and Morro Bay joined MBCP. Through its CCA program, electric customers receive generation services from MBCP and receive transmission, distribution, billing, and other services from Pacific Gas and Electric Company ("PG&E").

During the first year of its operation, MBCP has achieved several significant and noteworthy accomplishments – accomplishments that serve to showcase the unique platform from which CCA programs operate to effect larger environmental and societal change. For example, in November 2018, together with another Community Choice Aggregator (Silicon

Valley Clean Energy), MBCP signed two long-term solar energy agreements, one of which will be the largest utility-scale, solar-plus-energy storage project ever built in California. The first project, the Slate 1 project, will be developed in Kings County and will provide 150 megawatts (“MW”) of solar capacity, plus 45 MW of energy storage, for a 15-year term. The second project, the BigBeau Solar project, will be developed in Kern County and will provide 128 MW of solar capacity with 40 MW of energy storage as part of a 20-year agreement. In addition, MBCP is sourcing carbon-free energy equivalent to 100% of its customer demand and developed blueprints for programs to electrify transportation and buildings within its service territory.

As envisioned by the Legislature, CCA programs represent another opportunity for local communities to further advance energy-related initiatives in a manner consistent with local values, while collaborating with other agencies, in particular the California Public Utilities Commission (“Commission”), to achieve statewide goals.¹ As local governmental agencies, Community Choice Aggregators are well positioned to be a catalytic partner with the Commission in addressing energy-related challenges and problems. This is so because the more engaged a local government is in a CCA program, the more attuned and receptive the local government is to other energy-related issues.

In this proceeding, the Commission will “consider a broad range of alternatives to current management and operational structures for providing electric and natural gas in Northern California.”² CCA programs have proven themselves over the last decade as fitting candidates

¹ See, e.g., *Senate Floor Analysis of Senate Bill (“SB”) 790*, dated September 9, 2011 (“SB 790 Analysis”) (“Cities and counties have become increasingly involved in implementing energy efficiency programs, advocating for their communities in power plant and transmission line siting cases, and developing distributed generation and renewable resource energy supplies. The CCA program takes these efforts one step further by enabling communities to purchase power on behalf of the community.”)

² See Scoping Memo at 8.

for consideration as alternatives to the investor-owned utilities (“IOUs”) as providers of a host of energy-related services and programs. In this regard, MBCP reiterates that CCA programs should be regarded by the Commission as complementary local partners in advancing statewide goals. While more progressive in certain respects than the existing IOU-centric paradigm, the potential of CCA programs should be harnessed by the Commission, not hindered, to effectuate mutually beneficial outcomes.³

The ALJ Ruling describes this initial round of comments as somewhat of a “vetting” process, with further opportunities for substantive input.⁴ MBCP supports this approach. MBCP understands that other CCA programs will be offering more comments on matters presented in the Scoping Memo, and MBCP anticipates supporting and underscoring many of these comments in its reply comments. MBCP offers these limited opening comments for the principal purpose of briefly describing issues that MBCP believes should receive additional attention as part of this investigation.

II. OPENING COMMENTS

A. Particular Emphasis Should Be Given To Sharpening PG&E’s Focus On Providing Safe And Reliable Delivery Services As A Wires-Only Entity

Through the Scoping Memo, the Commission asks “Should PG&E be a ‘wires-only company’ that only provides electric distribution and transmission services with other entities

³ As noted by the Commission, PG&E’s conduct and structure suggest that the existing paradigm is worthy of disruption. (See Scoping Memo at 8 [“Given PG&E’s record and the dangers inherent in PG&E’s service territory, the Commission must evaluate whether there is a better way to serve Northern California....”].)

⁴ See ALJ Ruling at 1 (“Parties are reminded that consistent with the Scoping Memo, at this stage the Commission is engaged in a preliminary vetting of concepts, and further opportunities for party comment will be available.”).

providing generation services?”⁵ MBCP believes the answer to this question is “yes.” MBCP expects that many other parties will provide additional reasons why PG&E should be disentangled from generation services, not least of which being the emergence of CCA programs that have shown themselves to be capable and competent in the provision of generation services – at standards exceeding the status quo for PG&E. However, by these comments, MBCP seeks to raise for further review and discussion its belief that removing PG&E from generation services will enhance and crystallize PG&E’s focus on providing safe and reliability *delivery* services.

As noted in the Scoping Memo, PG&E’s principal safety failures have been dramatically manifested in catastrophes associated with PG&E’s *delivery* system. For example, the Scoping Memo recounts the fact that, “[o]n August 18, 2016, the Commission imposed penalties on PG&E of \$25,626,000 in response to six incidents from 2010 through 2014 that called into question the safety of PG&E’s natural gas distribution system.”⁶ Additionally, the Scoping Memo states that “[t]he Commission’s Safety and Enforcement Division (SED) issued PG&E a citation for \$8 million for violation of the CPUC’s General Order 95, Rule 31.1, for failing to maintain its 12 kilovolt (kV) overhead conductors safely and properly.”⁷ It is undeniable that, by removing peripheral distractions, like the provision of generation services, PG&E will be more focused on operating and maintaining its delivery system in a manner that enhances safety, and avoids or significantly mitigates the destructive impact of safety errors.

⁵ Scoping Memo at 12.

⁶ Scoping Memo at 5 (citing D.16-08-020 at 2-4, and referencing additional penalties imposed on PG&E for another natural gas distribution system incident).

⁷ Scoping Memo at 7 (internal citation omitted).

As it is now, PG&E has already become a minority generation service provider in its service area.⁸ With the implementation of SB 237 through a Commission order by June 1, 2019, direct access will be expanded statewide by additional 4,000,000 MWh annually. Moreover, if the Commission were to adopt a cooperative and supportive posture with respect to CCA programs, MBCP believes that other communities would be motivated to adopt additional CCA programs, particularly in the Central Valley.⁹ Support from the Commission could motivate non-traditional entities, like irrigation districts, municipal utility districts and public utility districts (which were added by SB 790 to the list of public agencies that could form CCA programs), to form CCA programs in rural areas.¹⁰

For any residual load after additional direct access and CCA expansion, which presumably would be relatively small, the Commission could implement or provide legislative support for a publicly owned entity to provide generation service to remaining areas within PG&E's service area. Again, with the Commission's express support, MBCP is confident that entities would be willing to take on the role of generation provider as the alternative to PG&E service.

⁸ See PG&E November Update in Application 18-06-001; Table 2-3 (showing that CCA programs and direct access account for 53% of PG&E's retail load.) See also *California Customer Choice Project – Choice Action Plan and Gap Analysis*, December 2018, at 47 (stating that by 2021 or 2022 unbundled customer load could be as high as 80%).

⁹ See material from the Center for Climate Protection (publicly available at the following website: <https://cleanpowerexchange.org/central-valley/>). Additionally, the city of Hanford recently submitted the first CCA implementation plan for a San Joaquin Valley community, and is awaiting certification by the Commission.

¹⁰ See SB 790 Analysis at 2 (describing how SB 790 expanded the definition of community choice aggregator to include “any California public agency possessing statutory authority to generate and deliver electricity at retail within its designated jurisdiction.”).

B. Disaggregation And Decentralization Of The Public Benefits Programs Is Warranted, And Would Enhance Local Community Involvement, Vigilance And Oversight

As MBCP has found, one of the primary ways to enlist the help of local communities in addressing energy-related problems is to empower the community by providing them a voice on issues and by meaningfully funding their efforts. The Commission is to be commended for welcoming and empowering local and regional groups over the years to participate in public benefits programs. Regional energy networks or RENs are just one example of this type of approach.¹¹

MBCP believes that this proceeding should examine ways in which safety would be enhanced by disaggregating or decentralizing public benefits programs. Clearly, there are a host of general benefits that flow from disaggregating or decentralizing public benefits programs, not least of which is the efficacy that is gained in the delivery of the public benefits programs. However, one of the primary benefits from disaggregation in the context of PG&E's *safety* problems is the fact that an engaged and funded local group is much more attuned with energy-related issues, and therefore is much more likely to contribute to the kind of community-policing that would be helpful in keeping PG&E in check. Put differently, an energized local community is a vigilant community.

¹¹ See, e.g., D.12-11-015 at 7-43 (discussing the emerging role of RENs and approving funding for activity conducted by RENs).

C. Recent Events Suggest The Need to Double Down On Undergrounding Efforts, With Priority Given To Locally Identified Needs

MBCP understands that the Commission recently defined the scope of inquiry for restructuring the IOUs' respective "Rule 20" undergrounding programs.¹² From MBCP's perspective, the following are key questions posed in the Rule 20 Scoping Memo that have a bearing on matters raised for consideration in this proceeding:

- Should reliability of electric circuits be considered in determinations of public interest or project eligibility?
- How should an area's relative fire, storm, seismic activity, and other risks to aboveground infrastructure and public safety and be incorporated into determinations of public interest or project eligibility for Rule 20A program participation?
- Should the CPUC modify or replace the Rule 20A program goals to better reflect the State's current needs and priorities, such as enhancing safety, reliability and resiliency?¹³

In the Scoping Memo in this proceeding, the Commission asks "What other measures should be taken to ensure PG&E satisfies its obligation to provide safe service?"¹⁴ MBCP believes that measures associated with PG&E's Rule 20 undergrounding program should be taken to accelerate and prioritize the undergrounding of overhead electric circuits in areas that have a high risk, relative to other areas, either because the area is older and dense, and therefore subject to a higher risk of fires spreading, or the area has feedstock that makes it particularly susceptible to ignition.

¹² See *Assigned Commissioner's Scoping Memo and Ruling*, dated November 9, 2018 (issued in R.17-05-010) ("Rule 20 Scoping Memo").

¹³ See Rule 20 Scoping Memo at 7 (Issues 21.a.ii and iii, and 22).

¹⁴ Scoping Memo at 12 (Other Proposals).

III. CONCLUSION

MBCP thanks the Commission for the opportunity to provide these limited opening comments, and MBCP looks forward to participating collaboratively with the Commission and other stakeholders to thoughtfully address issues flowing from PG&E's recurring safety problems.

Dated: February 13, 2019

Respectfully submitted,

/s/ Tom Habashi

Tom Habashi
Chief Executive Officer
MONTEREY BAY COMMUNITY POWER
70 Garden Court, Suite 300
Monterey, CA 93940
Telephone: (831) 641-7215
E-mail: Tom.Habashi@mbcommunitypower.org