

MARIN CONSERVATION LEAGUE

Climate Action Working Group: March 16, 2018

Muir Woods Conference Room, 175 N. Redwood Blvd., San Rafael

Present: Co-Chairs Doug Wilson and Pam Reaves, Nancy Bell, Monica DiLillo, Jenise Granvold, Kate Powers, Belle Cole, Norma Fragoso, Dale Miller, Judy Ford, Jane Ford, Judy Teichman, Bill Carney, Tamra Peters, Nona Dennis, Rick Fraites, Carleen Cullen, Bob Miller, Sarah Loughran, Heather Furnidge, Doug Cooper, David Kunhardt, Leslie Alden, Kiki La Porta, Ken Jones, Pat Nelson, David Haskell, Robert Gould, Ed Mainland, Mary Sackett.

Guest Speakers: Loretta Lynch.

Co-Chair Doug Wilson called the meeting to order at 9:05.

Brief Introductions

Discussion 1: CAISO and the Western Energy Grid (Loretta Lynch)

Doug W. introduced Loretta Lynch, former President of the California Public Utilities Commission, noting that she is a veteran of the Enron scandal.

Ms. Lynch: Ms. Lynch suggested that California is on the verge of repeating the historic mistake it made in the 2000-2001 energy crisis related to deregulation. She described the background of questionable deregulation and impenetrable industry jargon and stated that the same factors are operative currently. Recent developments are driven by a utility industry independent from mainstream environmental groups and using a questionable argument for regionalization of the grid that is drawn from the deregulation playbook: that regionalization will result in cheaper and more efficient clean energy.

Ms. Lynch outlined the historic and current nexus of various energy markets. Historically, we had vertically integrated companies and a single state-regulated sale of electricity to consumers. Following “deregulation” there were two energy sales at issue: wholesale and retail; jurisdiction over wholesale sales was transferred to the federal government via FERC (the Federal Energy Regulatory Commission).

Currently there are multiple markets relevant to the proposed regionalization. There are retail and wholesale energy markets. There is a California market in which retail sales to consumers are regulated by the CPUC. There is the California Independent System Operator (CAISO) which controls wholesale buying and selling of energy that is then sent to consumers over transmission lines owned by the utility companies. Like all ISOs, CAISO is subject to the jurisdiction of FERC, which regulates wholesale transactions. In addition, there are energy markets in other states and regional markets throughout the country, with attendant ISOs and RTOs (Regional Transmission Organizations).

The history of federalization of energy regulation provides some cautionary examples pertinent to arguments for regionalization. Under California's market deregulation of 2000-2001, the California Legislature transferred state power to make energy decisions to the federal government. Conflicts arose between the state and the federal government regulators of the utility and energy companies that were abusing loopholes in the new system. Energy wholesalers were manipulating supplies under lax rules and setting new price caps every day based on the distortion of supply and demand, literally bankrupting California utilities. Gov. Gray Davis had to petition FERC for lower price caps because California's legislature had given away the state's ability to regulate sales to utilities operating in California.

The California Legislature passed emergency legislation in 2001 restoring state control of the ISO by abolishing its self-interested board and replacing it with a board appointed by the governor to carry out a public-interest mandate. FERC told CAISO to disregard the law. The state had to sue FERC to implement the law. A federal appeals court ruled in 2004 that California maintained control of its own ISO, and that CAISO had to follow California law. The proposed regionalization of the grid would eliminate the California-appointed board that operates under a state law governing nonprofit public-benefit corporations. It would reestablish a self-interested ISO board comprised of energy company stakeholders.

The genesis of the proposed regionalization was in SB 350. Under SB 350, California expanded the Renewable Portfolio Standard, requiring investor-owned utilities to get 50 percent of their electricity from renewable resources by 2030. The legislation also endorsed the idea of CAISO expanding beyond California. The presumed benefits included providing a market for intermittent oversupplies of renewable energy in California. The legislation required CAISO to study the economic and environmental impacts of an expansion and to submit a plan to the Governor detailing any changes in its governance structure and bylaws that would be needed to implement an expansion. The Governor would, in turn, forward the studies to the Legislature. Any expansion of CAISO must be approved by the legislature.

The problem is that after transforming to a Western States RTO, CAISO would cease to exist, eliminating California's ability to refuse seller demands to use dirty fuels, pay exorbitant prices for energy, or refuse to pay for unnecessary long-haul transmission lines that will bring tar sands-energy into California. California laws against price gouging or importing dirty energy would be trumped by FERC's authority. There is a threat of a "sons of Enron" era of manipulation by fossil fuel companies.

Proponents of a regional grid argue that California has too much renewable power and needs a larger market in which to sell it. However, under a regionalized grid system, California would be joined by states such as Montana and Wyoming, whose economies are based on coal. California would likely be a "patsy" required to buy their coal. In addition, there are 3,000 miles of connections outside of California, in sparsely populated states where the ratepayers do not want to shoulder the costs of maintenance and construction of new transmission lines. California ratepayers, viewed as the "deep pockets," would likely be "patsies" for these costs as well. Moreover, California would likely lose in-state clean energy job.

The current federal administration's approach to coal is evident in the Perry Plan [DOE head Rick Perry]. A Perry Plan objective is to subsidize coal and nuclear power in every state. The open hearings on the Perry Plan demonstrated an advantage given to regional economies based on coal. In 2016, laws for the Maryland and PJM transmission organizations gave an advantage to local coal plants. Laws that advantage coal include requirements to buy coal first and requiring inefficient take-or-pay contracts. Politics are evident in the fact that Texas (with California, one of the three states with its own, non-regional energy regime) was exempted from FERC jurisdiction via a rider.

Coal suppliers go to FERC to further their agenda, and then all the way up to the Supreme Court. States that challenge RTOs have lost in the courts, and FERC sides with the RTOs. State laws are at risk. In contrast to the fossil fuel companies and the federal regime, supporters of clean energy are decentralized. The playing field for CCAs is not even. CCAs are fighting the ISO on charges for transmission fees. They pay a share of all transmission infrastructure—infrastructure that is weighted for fossil fuel. Pres. Trump and FERC do not listen to the CCAs. FERC is not a public-benefit corporation, and the public is not allowed at their meetings.

Before the Perry Plan, there was a study indicating that coal is economic. There was an assumption that coal would not be in our future power mix. Much will change if we give up our legal right to control our energy decision-making. The issue is laid out in an editorial in the San Diego Union-Tribune. [See *California in danger of giving away its energy future*, by Loretta Lynch and Bill Julian (Oct, 14, 2015), <http://www.sandiegouniontribune.com/opinion/commentary/sdut-california-puc-energy-2015oct14-story.html>.]

Comments and Questions

David: California produces more solar than any other state. Is there an ability to sell excess solar without regionalization? A. Producers can make bilateral contracts with other states. I take umbrage at the premise that there is "excess solar." It creates an artificial problem leading to an artificial solution. Rather, there is "excess power." We could deal with the problem by Green Dispatch—requiring use of renewable power first. Integrated resource planning. Methods of modifying demand, such as phone text message, could "sop up" the excess. Bills to increase energy storage have not been considered by the ISO. We should debunk the shading of the truth and increase in-state coordination. Under in-state coordination, we would embrace energy storage, modification of demand, and flexible in-state generation. We could sell the "excess" where it is needed in hot places. There is actually only a one-percent "excess." This is less than the recommended reserve set for gas, to ensure a healthy system. And we already have access to out-of-state energy; curtailment is not a problem.

Bob: The NRDC position is that we should explore regionalization to promote renewables and as a matter of fairness. Why the different position? A. NRDC is market-oriented in regard to energy. They were also in favor of deregulation. NRDC relies on an ISO study that includes some inaccurate assumptions: it overestimates the cost of in-state solar and underestimates the cost of out-of-state wind. NRDC looks at the overall picture regarding increases in renewable energy. It is agnostic re effects in California.

Dale: What should we do? A. Go to your legislators. McGuire, the Senate Energy Committee.

Robert: Are there alternate, competing plans? Where does the Brown Administration stand? A. This is the governor's legacy proposal.

Kate: Are people writing articles? Are there other sources? A. I will share my slides.

Carleen: I have grave concern regarding NRDC. Is there an absolute impasse? My specific questions include: What about who appoints the board. Will California green jobs be reduced? What about renewable energy infrastructure from out of state? Regarding FERC, what has happened to other states' laws? A. NRDC's position is that in a wholesale market with FERC jurisdiction, "Nothing will change." There are different rules in different states.

Q. San Diego 350.org is opposed. Wieckowski was a co-sponsor. Does the problem lie with education or politics? A. The problem is money on the other side. The governor has excess tax money to spend. Pork. Brown has always been tight with the utilities. The utilities are holding back, "dealing" on issues such as relief from liability for the fires. Watch developments at the CPUC.

Ed: Is the Climate Action Working Group interested in 1) a TURN letter or 2) a white paper [by Ed] providing talking points for letters?

Pam: We need a presentation of the opposing viewpoint first, before we take a position. That is how we work as a committee.

Doug W.: MCE is hesitating on taking a position. We hear from them that CCAs are reluctant to take a stand. A. They don't want to incur Brown's wrath. Deregulation would have bad effects for the next governor. Let the next governor deal with it.

Pam: Are the CCAs wishing for more flexibility regarding changing tariffs, etc.? A. It takes 90-120 days to get green dispatch. This has not been done. The new governor could appoint a majority of the ISO. See what they can do for a year.

Rick: Where do the candidates stand? A. Where do the candidates stand? A. Nobody will take a position until after the primary. They don't want their hands tied.

Dale: How can we impact behind-the-meter storage? A. There's only so much money. The issue is where to allocate it.

Robert: Why is Brown undermining renewables? The Renewable Portfolio Standard could swamp fossil fuels. A. Brown talked to the not-so-great "wise men."

David: It had to do with cap-and-trade. Wieckowski just went through a battle in Sacramento—went with cap-and-trade. A. The governor's mind was made up.

Kiki: What is the timetable for advocacy? A. The game is in the Senate. They are in recess for 10 days. In April, a bill may go through committee, at the same time as the budget. They would like to move before June, will try again in August.

Doug W.: We will send out Ed's documents and one from Doug Karpa.

Ed: The Sierra Club Energy-Climate Committee sent a strong letter. A. Pork is a factor. There will be a change in the Senate Pro Tem from Kevin de Leon to Toni Atkins.

Pam and Doug thanked Ed. Doug stated that this is new territory and noted the importance of obtaining background on the issues. The committee also needs to follow MCL procedure. It's important to know MCE's point of view.

Discussion 2: MCAN/ Drawdown Update (Doug W. and all)

Doug W.: We are trying to get a more unified approach to climate in the county. The six areas of immediate concern are: 1) 100% renewable energy, 2) low-carbon transportation, 3) energy-efficiency in buildings and infrastructure, 4) local food and food waste, 5) carbon sequestration, and 6) climate-resilient communities. We are seeking a vision of what can be done, what needs to be done. We need to go beyond the choir, put in order where we are, and the most practical things we can do, working with the Environmental Forum and others.

Monica stated that she is creating an interactive calendar and asked that members send notice of events to her, with links. Leslie added that individuals doing so should use not just Monica's email but the email address for the county intern: internd1@marincounty.org.

Pam: What about events that are important but not specifically Drawdown-related? A. If everything is on the calendar, we lose focus. The intent is to foster collaboration.

Nona: Is the focus on communication or adaptation?

Pam: There are many things happening where the word is not getting out.

Carleen: Possibly, have filters for the user.

Kiki: A color code. Create an embed code for organizations and provide a subscription option.

Nancy: Have rules for submissions and a form.

Doug W.: We need to use restraint and judgment re information overload.

Discussion 3: EV Initiatives (Dale/Carleen)

Drive Clean Marin has set a goal of having one EV in every garage by 2030. Gov. Brown has set a goal of 5 million EVs on the road by 2030. Transportation accounts for 50% of our carbon footprint. There was \$200,000 in grant funding available from the California Energy

Commission and TAM did not have the resources to apply for funding. Other counties are taking advantage of such funding. As a county, how do we encourage and educate regarding the creation of EV infrastructure and getting the fleet converted?

We collide with Measure A. There is no funding in it for electrification. Electrification would have a beneficial effect on the environment and would save money because there is little maintenance required.

Regarding charging infrastructure, 88% of charging is done at home. We want more charging infrastructure everywhere, a multi-prong approach: landlords, on the road, workplace, public access, travelers. TAM should have the foresight to allocate Measure A funds. The utilities could advance their plans.

Regarding fleet conversion, it's expensive to convert, and we need to work on grants.

Bill: In the meeting packet, there's an EV document listing MCL's advocacy positions, including a position that Measure A should include dedicated funding to reduce greenhouse gases, including for electric vehicles. Measure A had the original purpose of improving roads and local transit. It is on the November ballot and is viewed as a renewal, a position that polled well. Are there ways to tweak the measure and add flexibility? Could they add language re expenditures to address sea level rise, placing this in the roads category?

Kiki: We need to consider the context for passage of Measure A. If it is not passed, that will have a crushing effect on public transportation, etc. We need to understand the politics and not jeopardize the supervisors' willingness to carry this forward. Possible some gentle prodding for generalized language.

Robert: PG&E is in the mix, and MCE. That's an area for pushing.

Pam: And every city. TAM will not sit on the money. Measure B can deal with some aspects.

Dale: Charging is not a barrier for single-family housing and condos.

Kate: That's the reason TAM is going out now, giving cities the opportunity to weigh in. Let TAM go through the process with Measure B, with parallel advocacy for EVs, why EV infrastructure is so important. Don't frame it as an attack.

Reports

Environmental Forum (David/Sarah)

The next Environmental Forum lecture is Protecting our Oceans: Perils and Progress in California, on Wednesday, April 25, 7:00, at the Marin Art and Garden Center. The Forum recently presented a lecture on present a lecture on Getting to 100% Clean Energy, on February 27. There was a lecture on The Future of Transportation on Wednesday.

Mary: March 26 is the beginning of the County budget process. On April 27, there will be a workshop on sustainability.

Sustainable Organizations (Ed)

On April 27, Novato will have a sustainability summit. They are seeking broad support for the Novato Climate Action Plan. There is an Eventbrite invitation. As proposed in the Wiener bill, we need to locate people closer to work and transit. The Sierra Club is (wrongly) opposing this. It's a hot topic.

Bill: It runs up against local control.

Ed: Look where local control got us in Marin. NIMBYs block every solution that is commensurate with the scale of the problem.

Resilient Neighborhoods (Tamra)

Teams are forming at the San Rafael Community Center and Mill Valley Public Library. We also have a team in Ross for the first time. Teams are getting ready to graduate.

Lead On Climate (Belle/Bill)

Lead On Climate is working on the upcoming event scheduled for September 15. They are lining up their second major speaker.

350.Org (Ken)

350.org is working on opposing the BAAQMD issuance of a permit for the Phillips 66 refinery expansion. A protest is planned for Monday at the meeting of the stationary sources committee. Show up to support. Contact Ken. The expansion would bring in one-third more ships carrying tar sands.

Getting to 100% GHG free initiatives (Sarah/Bob)

Doug W.: There is an article by Bob in the MCL newsletter.

David: Keep the pressure on MCE.

Doug W.: There is not a lot of money or effort going into the areas we asked about.

Pam: The next MCE board meeting is on Thursday at 7:00.

Sarah: Marin is not a majority at MCE.

Doug W.: Public awareness is important re threats to MCE.

Mpma: Bob is doing a series of educational articles. There is a current editorial in the MCL newsletter re e-bikes.

Bob: There is no current MCE position re regionalization. It is in development. They will be happy to share it here.

Belle: We commend the MCL effort. It puts MCE on notice and invites an MCE point of view.

Norma: At the Supervisors' meeting, they adopted a new green building ordinance that addresses EVs. Towns look at this.

Doug W.: The County is on board but is limited by code. The County wrote a letter to the state, requesting flexibility so that electrification is not disadvantaged.

Pam noted that in the San Rafael 2040 General Plan Update, she was able to suggest that they model their provision on the County's.

Dale: The building standards don't do enough. Vancouver, B.C. requires 100% electrification. Sonoma Clean Power is offering rebates for building an electrified house. The Southern California program to provide substantial reductions in the price of a BMW i3 has been brought to Northern California by PG&E. The Nissan Leaf is available. The Tesla Model 3 is on display in Corte Madera; it has no nobs, buttons, keys. AB 1745 requires all new vehicle registrations in California on and after January 1, 2040, to be zero-emissions vehicles. Support this, and ask the Transportation Committee to get it out of committee. On March 22, Sonoma Clean Power will have a kickoff EV event.

Kiki: Regarding the Building Code, Sustainable Marin asked that they recognize that the code is still favoring natural gas.

Leslie: We are built out in Marin. We have to start shutting down gas lines. We can continue the discussion in the next code revision. When switching to heat pumps, you can't get a CEC rebate.

League of Women Voters (Nancy)

On April 19, the League will be holding its annual spring gala. Dr. Karen Frick of UC Berkeley will be speaking on transportation coalitions.

Ed: The utilities are taking a shot at the PUC code of conduct, propagandizing against CCAs.

Doug W.: PG&E spent heavily lobbying against MCE. They want to do it again.

Belle: David (Kunhardt) has been giving presentations, talking to voters about climate change. This has been very helpful in flipping districts. Modesto wants him to speak.

Rick: EV charging stations are part of the mix.

Carleen: That requires a large initial investment. There is not a profit incentive to make the investment.

Doug W.: Regarding the direction of future CAWG meetings, please email suggestions to Pam and Doug.

Q. Will there be an online survey? A. Will do.

Meeting adjourned 11:15.

Minutes: PN.