

# California Community Power

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## **Getting it Built Right Toward Practices that Responsibly Facilitate California's Energy Transition November 3, 2023 San José, CA ([Presentation](#))**

### **Introduction**

On November 3, 2023 California Community Power (“CC Power”) hosted the workshop and listening session, “Getting it Built Right: Toward Practices that Responsibly Facilitate California’s Energy Transition”. The purpose of the event was to promote discussion with Community Choice Aggregators (“CCAs”) regarding how to meet California’s ambitious climate goals while also attending to critical considerations for land use, local community impacts, workforce development and labor practices, environmental justice and environmental impacts. Below is a summary of the discussion held at the Event.

### **Session 1: Setting the Stage: CCAs, Procurement Needs, Electric System Transformation**

Geof Syphers, CEO, Sonoma Clean Power

Beth Vaughan, CEO, California Community Choice Association (“CalCCA”)

This session began by confirming that all attendees agree the energy transition to clean power is necessary and urgent. The question for the workshop then was not *whether* to undertake the work but rather *how*.

Geof highlighted the hazard California is facing in possibly failing to meet SB100 goals on time because of a lack of transmission infrastructure. 7,000 MW of new renewables and storage resources are needed each year for the next 20 years. This is a scale and speed California has never reached in the past.

Until recently, California had spare transmission so that new resources could be easily connected. That is no longer true, so a lesson the regulators are starting to learn is that signing contracts is easy, but getting new resources connected to the grid is now the hard part.

Geof noted that forming coalitions to support electric transmission projects will be necessary for the energy transition. He asked, what will it take to create those coalitions? How can we go to the Governor together with EJ and labor and others?

Background on CC Power was provided, explaining the agency was set up to facilitate joint action among its members and has procured 138 MW of new geothermal power and 952 MWh of long-duration battery storage so far.

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A Joint Powers Agency whose members are:

[Central Coast Community Energy](#) | [CleanPowerSF](#) | [East Bay Community Energy](#) | [Peninsula Clean Energy](#) | [Redwood Coast Energy Authority](#) | [San José Clean Energy](#) | [Silicon Valley Clean Energy](#) | [Sonoma Clean Power](#) | [Valley Clean Energy](#)

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Beth Vaughan of CalCCA updated attendees on the rapid growth and progress of community choice power providers. See slides for detailed information about power supply portfolios, construction of new resources and use of union labor.

Beth reiterated the issues with SB100 goals and noted the annual rate of construction for new renewable resources must increase by 557% to meet state policy. She also highlighted the constrained capacity market, showing that ratepayer costs for the near-term limited available resource adequacy capacity are climbing fast, and that these market signals to build more reliability resources are somewhat ineffectual due to a lack of transmission.

Beth showed how CCAs have procured diverse resources by technology in an attempt to reduce reliance on natural gas power plants. Around a third of the State's geothermal is procured by the CCAs. Locational diversity was also highlighted with 30 of the 58 counties in California having CCA projects in them.

Beth shared that some of the challenges we collectively are facing include a need for more workers, better coordinated plans across the agencies, and a more efficient process for interconnecting new resources.

Attendees spoke to the challenges of permitting delays, supply chain issues, interconnection and deliverability, and high interest rates.

### **Session 2: Challenges with Clean Energy Project Development**

Danielle Mills, Director of Market Policy Development, California Independent System Operator ("CAISO")

Cody Hill, Sr. Vice President, Battery Systems, REV Renewables

Danielle confirmed the CAISO sees the challenges with interconnecting new renewable and storage resources and is actively working to streamline their processes. This includes an MOU between CAISO, the CPUC and the CEC to better coordinate the working relationships of the agencies with a goal of planning and developing sufficient transmission infrastructure.

Interconnection at the CAISO is a complex process. Ideally, a developer goes through a 2-year study process and gets awarded deliverability. Currently, that timeline isn't happening.

The 20-year transmission plan and adopted 2022-2023 Transmission Planning Process approved over \$7 billion worth of projects, but that still depends on successful permitting and construction and is just a fraction of what is needed.

With the growth in clean energy project and transmission shortage, the industry has reacted by filing a huge number of interconnection requests. Under the current process, the CAISO has to study every single request. As a result, the current CAISO process has created roadblocks to successful resource development.

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The CAISO is currently working through Track 2 of their Interconnection Process Enhancements initiative. As part of Track 1, the CAISO asked FERC for approval to pause Cluster 15 while reforming the process. CAISO is trying to emphasize more criteria in its queue, such as having a signed power purchase agreement. In addition, CAISO is working to make the locations of available transmission capacity more visible so developers have no reason to flood the system with applications to find where viable projects can be located. The hope is that this can speed up the process and lower the costs and risks for developers.

In future, the CAISO may look to ensure that priorities are given to projects that are proposing to connect in areas already included in the state resource plans: the CPUC's Integrated Resource Plan and CEC demand forecast.

Cody Hill with REV Renewables presented on overview of their projects including Gateway and Diablo Energy Storage. Just a few years ago, it took 4-6 years to go from securing land for a large project to delivering onto the grid. Today, that timeline is getting closer to 10 years, and that increase also has a dramatic influence on risk – i.e., whether the project is finished at all.

Some of the hardest constraints are the supply chain issues and specification constraints on the equipment that goes into the substation. Prior to COVID it would have been about 18 months lead time for transformers; developers are now hearing 4-5 years now from some manufacturers. But issues like PG&E requiring a single manufacturer for equipment and not allowing any alternative are also creating slowdowns; a “bid 3” option or an allowance that several OEMs are allowed could speed up work.

### **Session 3: Strategies for Getting Things Built and Built Right – Part 1**

Kate Kelly, Defenders of Wildlife

Erica Brand, California Energy Commission (“CEC”)

Sarah Xu, Senior Policy Associate, Brightline Defense Project

Erica Brand began the session with an overview of land use planning at the CEC. She acknowledged the CEC foresees land-use of perhaps half a million acres across California to support the expected solar generation build-out, and it is important to plan where that generation will go.

The CPUC and CEC work together on resource planning, then the CAISO models transmission needs and system expansion through the Transmission Planning Process.

The CEC team advises on the transmission and land use data to inform where we study this future capacity showing up in the system. The CEC just completed a process to update the land use data sets that go into the planning process. So now the data the agencies use is available online. You can see what assumptions the state is using and now this data is starting to be used in the upcoming SB 100 modeling. See [CEC Land-Use Screening Tool for Electric System Planning](#)

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Kate Kelly with Defenders of Wildlife got more specific about siting renewable and storage projects. There is a need to consider the exceptional amount of land that is going to be needed and how to balance that need with protecting natural resources, and cultural resources.

One of the things we think about is viability and land use and environmental criteria cannot be separated. If a project is well-sited with regards to environmental issues, that increases the project viability and project certainty. This folds into the non-energy benefits that we are looking at as part of the energy planning.

Sarah Xu with Brightline Defense Project challenged us to think about what offshore wind could mean for communities in California and how do we think big and plan differently around offshore wind specifically.

Kate shared the benefits of a large project like Westlands, where substantial advanced review was completed and known mitigation strategies were clear far in advance.

Erica noted a successful strategy is looking towards where there is available data. We have also seen developers focus on a large area of land, that could already be permitted, and then individual developers can tier off that large area.

Sarah added that a lot of community engagement can be seen as a development risk, but that needs to be reframed – how can community engagement lower risk because it daylights issues early? How do you build trust as the project moves along and what does that look like in terms of early stages of development? What does that look like to invest in the workforce development in the community?

Attendees asked about the realities of existing resource adequacy and power plant extensions of some of California's dirtiest natural gas power plants. Kate Kelly replied that buyers can include standards in the contracts that would facilitate long-term expectations that the gas plant is not going to be around forever and prospects for that to transfer into a renewable source.

Erica Brand explored the issues that arise when power providers are having to sign contracts with projects long before they have completed environmental review. This situation is arising because fewer and fewer projects are available, and generally the projects that have completed environmental review are already contracted. In such cases, Erica noted CCAs could come up with buying principles to meet their goals. The CEC's screening tools may be valuable in these cases. It's also important to acknowledge existing habitat and conservation plans which can provide advance certainty.

Sarah shared the problems when communities first hear about projects that are already far along. Community engagement is important early and often.

How close are we to a situation where the CPUC's and CEC's and CAISO's forward planning of where transmission is needed and going to be built is harmonized with land use planning so a set of overlay districts or Program EIRs could be completed? Erica replied that if this is a clear need, the State needs to hear it. The CEC is aware that information has not always been that accessible

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unless people are deeply engaged in the agencies. The CEC is also working on how to make it more transparent and more accessible to those outside of the energy industry. In the next SB 100 report the CEC thinking about how to daylight more and more conversations about the assumptions being made and how to get some community input early.

When looking at the way a CCA interacts with the local government structure and exploring what that looks like; the county planners don't have a lot of experience in the energy planning. There are questions on how a CCA can bring that conversation to a higher level so they are prepared to answer questions. One of the roles some CCAs have taken on is to guide the planners as they encounter these land use questions. CCAs can be that trusted source.

One gap has been a disconnect between statewide land use planning and local planning. The CEC has been investing time in education and presentations to local governments. Planners at the local level generally don't have a sense of the exponential curve of energy development that is coming. We need to get messaging and or resources out so people can staff up or contract to account for that extra work.

### **Session 4: Strategies for Getting Things Built and Built Right – Part 2**

Rick Bonilla, Principal, Authorized Personnel and Labor

Alex Lantsberg, Research and Advocacy Director, San Francisco Electrical Construction Industry

Eric Veium, Director of CCA Workforce and EJ Alliance

Rick Bonilla began by asking us to work together across labor, environmental, environmental justice groups, and community choice power agencies to overcome the challenges with the energy transition.

Alex Lantsberg noted that successfully navigating the energy transition means you cannot leave any one of these groups behind. We need to be able to pull all these stakeholders together.

Eric Veium said community choice can be the mechanism for change in the energy transition. In the recent past labor groups opposed important state level legislation that maybe is necessary for us to move forward faster; that can change. CCAs have also seen communities' opposition to clean energy projects because they feel it is something that is forced on them. However, there is potential to build an alliance and common ground.

Rick reminded us labor is not a monolith; everyone has a different opinion. Preparation is the key to success which includes talking to everyone at the table and taking everyone into consideration. The difference is training; union members get world class training. This training makes a difference between the union carpenter and the other guy. The reality is that we need to think about all considerations, for example, people who do the work need to live somewhere near where they work; it has to work out for everyone or it is not a deal.

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Alex said California (and CC Power) needs to slow down to speed up. If you just have one of the pillars (e.g., environmental justice without good labor practices), the project is going to tip over. We need to talk to a diverse group of stakeholders and need to communicate with each other.

Alex added that state policy makers have asserted that we need 100% clean power, but have not provided an affordable pathway.

In response to a question relating to how the IOUs have no specific labor provisions in their procurement of power purchase agreements, Eric clarified the big theme is trust. If we look at the CalCCA statistics, most of the CCA projects have project labor agreements that were established, not through the demands of the CCA, but as a process in the entitlement process where CURE comes in and sues the projects to incorporate an employment agreement. A guiding question then is: “*Can the CCAs improve on IOU practice?*” Facilitator, Geof Syphers noted that making this improvement would be significant since CCAs operate with full risk of losing customers while IOUs are 100% protected from any losses.

Eric shared a draft framework for establishing project preferences that has been considered by 3 members of CC Power. (SEE *APPENDIX*)

Rick encouraged CC Power to look at the adopted labor policy at Peninsula Clean Energy. That has been a guide on what we are doing now by approaching CCAs individually. CC Power is the organization that is pooling resources from different areas to aggregate and manifest it. This is a place where we can establish a model.

Alex said part of what CCAs can be doing in advance of procurement is convincing the counter parties to deal with labor requirements even before the deal is done.

Eric observed that labor has largely won the big battles – the DOE has attached requirements for community benefit agreements; the Inflation Reduction Act has project labor agreement requirements, and no transmission projects can economically occur without a PLA now. Given these realities, why not subscribe to these policies? CCAs are and will be responsible for the majority of new procurement, so by establishing standards, this will allow us to move faster to do the work that needs to be done.

### **Next Steps:**

- Feedback from participants at the Event is welcome and encouraged by CC Power.

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## **APPENDIX**



## PROJECT SELECTION METHODOLOGY

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### I. DEFINITIONS

- A. **Regulatory Value:** The project's anticipated ability to satisfy 3CE's regulatory compliance requirements such as Resource Adequacy, Renewable Portfolio Standard, integrated resource planning, and other binding orders or directives received from regulatory bodies.
- B. **Market Value:** The project's projected revenues across all relevant day-ahead real-time and ancillary markets. Market Value shall also assess a project's ability to manage, shift, or arbitrage existing 3CE generation to maximize revenue and renewable energy generation on behalf of 3CE and its customers.
- C. **Counterparty Risk:** The risk that a counterparty will fail to perform, or adequately remedy, its obligations. Counterparty Risk is inclusive of Development Risk.
- D. **Development Risk:** The risk that the project is unable to obtain interconnection, deliverability, site control, entitlements, financing, or other necessary development milestones required to deliver the project on or ahead of the anticipated online date.
- E. **Energy Offtake Agreement:** Includes Power Purchase Agreements, Energy Storage Agreements, or Resource Adequacy Only Agreements where 3CE does not own, develop, or construct the generation or storage facility. Instead, 3CE's participation in the Project is limited to receiving energy and any applicable attributes at a set price and term.



- F. **Journey person:** Is a worker who either:
1. Graduated from a California state-approved apprenticeship program for the applicable occupation or, when located outside California, approved for federal purposes pursuant to apprenticeship regulations adopted by the Secretary of Labor, or
  2. Has at least as many hours of on-the-job experience in an applicable occupation as would be required to graduate from an apprenticeship program for the applicable occupation that is approved by the California Division of Apprenticeship Standards.
- G. **Local Hire:** Is a worker who satisfies one of the following categories in descending priority:
1. Is a resident within the nearest city, town, or census-designated location within a determined proximity of the project, by radius as reasonably determined on a project-by-project basis;
    - a) *Additional preference shall be given, where the radius includes a city, town, or census-designated location within Monterey, San Benito, San Luis Obispo, Santa Barbara, and Santa Cruz counties (“3CE Service Territory Counties”), to the workers within those portions of the Service Territory Counties;*
  2. Is a resident within the County where the project is being constructed;
  3. Is a resident of the 3CE Service Territory Counties;
- H. **Skilled and Trained Workforce:** means a workforce in which:
1. All workers performing work in apprentice-able occupations in the building and construction trades are either skilled journeypersons or apprentices registered in an apprentice program approved by the chief of the Division of Apprenticeship Standards, as defined in Chapter 2.9 of Part 1 of Division 2 of the California Public Contracts Code.

I. **Targeted Hire:** means an individual who qualifies at least one of the following under-represented or under-employed populations:

1. experiencing homeless;
2. being a custodial single parent;
3. currently receiving public assistance;
4. lacking a GED or high school diploma;
5. has been continuously unemployed for 6 months;
6. has been emancipated from the foster care system;
7. is a veteran of the United States military;
8. residing in an area that falls in the top 20<sup>th</sup> percentile of the CalEnviroScreen 4.0 score;
9. is a member of a tribal community.

J. **Low-Income Communities:** means a zip code that includes a census tract or portion thereof in which the median annual household income is less than 50% of the California Median Family Income for the County in which the individual resides as reported by the Department of Housing and Urban Development (HUD).

## II. **PROJECT SELECTION METHODOLOGY**

Projects will be evaluated based on 3CE's evaluation of several criteria as set forth below.

### A. Contributions to 3CE's mission of 100% Clean and Renewable

1. Assessment and evaluation of proposed projects' operational performance and market economics to ensure selected projects maximize regulatory and market value to 3CE and its customers.
2. Assessment and evaluation of Counterparty and Development Risk.

B. Workforce and Local Workforce Development

3CE is committed to stimulating our local economy through, among other measures, supporting Projects committing to applying prevailing wage rates as required by law, and supporting a local Skilled and Trained Workforce.

1. 3CE will prioritize Energy Offtake Agreements where the developer is committed to:
  - a) Highest priority projects will commit to:
    - (1) a multi-trade project labor agreement that incorporates 3CE's Local and Targeted Hire objectives as follows:
      - (a) A goal of 30% of all project labor hours performed by Local Hires, and;
      - (b) A goal of 10% of all project labor hours performed by Targeted Hires.
  - b) Medium-priority projects will commit to:
    - (1) Utilization of a Skilled and Trained Workforce and commitment that all electrical work will be performed by appropriate Journeypersons and apprentices from a state-approved apprenticeship training program; and
    - (2) Utilization of prevailing hourly wage and benefit rates as determined by the California Department of Industrial Relations;
    - (3) Demonstrated commitment to Local and Targeted Hires
  - c) Low-priority projects would fail to meet II.B.1.a or II.B.1.b above but may demonstrate other commitments to local workforce development.
2. When considering contractors or developers for 3CE-owned generation or storage projects requiring a Large Generator Interconnection Agreement from the California Independent System Operator (currently 20MW and above, but subject to change from time to time), 3CE will commit to:
  - a) Negotiating a multi-trade project labor agreement incorporating 3CE's local and targeted hire objectives as follows:
    - (1) A goal of 30% of all project labor hours performed by Local Hires, and;
    - (2) A goal of 10% of all project labor hours performed by Targeted Hires.

3. When considering contractors or developers for 3CE-owned generation or storage projects requiring a Small Generator Interconnection Agreement from the California Independent System Operator (currently applies to projects under 20MW, but subject to change from time to time), 3CE will commit to:
  - a) Utilization of a Skilled and Trained Workforce and commitment that the majority of all electrical work will be performed by appropriate Journeypersons and Apprentices from a state-approved apprenticeship training program.
  - b) A goal of 30% of all project labor hours performed by Local Hires while incenting, through a negotiated contract structure, the contractor or developer to achieve a minimum of 60% of all project labor hours performed by Local Hires, and;
  - c) A goal of 10% of all labor hours performed by Targeted Hires while incenting, through a negotiated contract structure, the contractor or developer to achieve a minimum of 30% of all project labor hours performed by Targeted Hires.

C. Innovation

3CE recognizes that reaching 100% Clean and Renewable will require significant improvements and innovation in battery technologies, renewable baseload, dispatchable renewable resources, and renewable generation technologies, among other opportunities.

1. 3CE will prioritize projects that accelerate decarbonization, provide 3CE a competitive advantage, and/or reduce costs for 3CE customers while remaining cost competitive with established market alternatives. Innovation will be recognized among projects that:
  - a) Include new or improved technologies or methodologies with a demonstrated potential feasibility;
  - b) Achieve scale for existing technologies to benefit 3CE customers; or
  - c) Reduce or eliminate barriers to the adoption of scaled technologies.

D. Location

3CE prioritizes projects with California Independent System Operator-certified deliverability in accordance with the following:

1. Projects located within Monterey, San Benito, San Luis Obispo, Santa Barbara, and Santa Cruz counties.
2. Projects located within California.
3. Projects Grid-tied or Psuedo-tied to the California Independent System Operator wholesale power market.
4. Projects dynamically scheduled into the California Independent System Operator wholesale power market.

E. Environmental Stewardship

3CE is committed to leading by providing customers with energy that delivers benefits for air, water, and the natural environment while avoiding impacts to important lands, species, and waters.

1. Without diminishing or interfering with permitting, planning land use, or development requirements of any authority having jurisdiction, including local governmental agencies, 3CE prioritizes projects that:
  - a) *Avoid sensitive habitats for any endangered plant or animal species or other environmentally sensitive areas;*
  - b) *The developer and local land use authority have established an enforceable development agreement which, in part, sets forth measures to mitigate impacts to sensitive habitats or environmentally sensitive areas;*
  - c) *The developer commits to measurable offset efforts within the vicinity of the proposed project.*

F. Benefits Accruing to Underserved and Low-Income Communities

3CE is committed to helping communities overcome barriers to their access to public investments, resources, education, and information about energy service and policy.

3CE will prioritize projects that:

1. Demonstrate having established contacts with local community organizations and stakeholder groups representing a broad diversity of demographics and interests with which it intends to collaborate with to identify and address benefits and impacts of projects and ensure project benefits are communicated and accessible to the local community.
2. Commit to meaningful engagement with local communities throughout the entitlement and construction processes to identify and address the impacts of projects and ensure project benefits are communicated and accessible to the local community.

**III. REPORTING**

- A. 3CE will assess project proposals in accordance with this Project Selection Methodology and report the results of such assessment at the time of the project approval.
- B. 3CE's annual report will compile and report information regarding the impact of the Project Selection Methodology.

**IV. RESERVATION OF AUTHORITY TO WAIVE PROJECT SELECTION METHODOLOGY**

- A. The Policy Board may, by majority vote, waive this Project Selection Methodology, or any portion thereof, to:
  1. Address an emergency situation that jeopardizes the safety or feasibility of a project, or;
  2. Comply with a California State or Federal executive or regulatory order.