

Plumas Sierra Rural Electric Cooperative

Talking points

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As regional manager for the Sierra Nevada region, I have the opportunity of attending and speaking at many customer meetings. The one here at Portola, is one that has a special place and meaning for me. It's always a pleasure to come to Portola and be part of your annual meeting. The drive to Portola is quite scenic, the company is always warm and friendly, and the food is especially delectable. The past few years have been especially challenging to public power with the drought and the rapidly changing electric utility industry and markets.

This in a departure from the past several, an unduly wet winter season has brought an above average hydropower year. We are estimating that gross generation for the [Central Valley Project] this year will be about 6,600 gigawatt hours, resulting in an estimated increase of about 61 percent increase in the net power available to be delivered to the CVP preference power community. The unusually strong El Nino year has delivered! With our reservoirs filled to the brim I know all of us are looking forward to reaping the benefits of this unusually wet winter season.

My goal and the goal of my staff is to ensure that we continue to provide products and services that are not only reliable, but since public power is a cost-based enterprise, at rates which provide value to our customers. I know ongoing environmental regulatory considerations have significantly impacted the amount and cost of the federal hydropower product. I want to assure you that my staff and I are actively working with Reclamation, and will continue to work with Reclamation to maximize the CVP's hydropower output to the maximum extent practicable.

In order that the cost of our products and services continue to remain competitive and valuable, I want to assure you that we are continuing to practice cost containment keeping the customer in mind. I want to assure you that my staff and I are well aware of the need to exercise prudence and diligence with respect to the activities we undertake and the costs associated with supporting them so that we can keep the cost of your power as low as possible.

The electric power industry continues to evolve and change. The [California Independent System Operator's] energy imbalance market continues to expand,



as new entities join. [Sacramento Municipal Utility District], is looking to join the CAISO EIM by the spring of 2019. SB-350, which established a new 50 percent mandatory renewable portfolio standard, also encouraged the CAISO to seek to expand its physical geographic footprint and being a regional transmission organization. The CAISO's EIM is here to stay. Beginning Oct. 1, Portland General Electric is expected to start EIM operations, joining four other existing members (PacifiCorp, NV Energy, Puget Sound and Arizona Public Service Company. Between now and 2020, an additional six entities (Idaho Power Company, Powerex, Seattle City Light, [Los Angeles Department of Water and Power], SMUD and [Salt River Project]) are expected to join.

My staff and others at WAPA have been watching and monitoring the CAISO's activities. The state of California has continued to expand its renewable commitment. SB-100, if enacted, would create a 100 percent renewable portfolio requirement by 2045, and would also accelerate the state's current [renewable portfolio standard] requirement from 50 to 60 percent by 2030. The state most recently enacted legislation to continue its cap/trade program through 2030.

Elsewhere on the environmental regulatory front, the State Water Resources Control Board is actively seeking to establish new water quality control requirements on upstream dams and reservoirs. They are currently contemplating establishing an unimpaired flow requirements for both the Sacramento and San Joaquin Rivers. Reclamation has re-initiated an environmental process with the [Fish and Wildlife Service] agencies to develop a long-term biological opinion governing the integrated and coordinated operations of the CVP and State Water Projects.

With the Federal *Register Notice* for the 2025 Power Marketing Plan published, we are now ready to begin the work required to renew long-term power contracts.

As you can tell, we have many irons in the fire. We continue to believe in public power, and will continue to work with our customer partners, such as the Northern California Power Agency, as well as with Reclamation, our federal hydropower generation partner, and other individual preference power customers such as yourselves to continually be of service by providing value-added products and services at cost-competitive prices.

Thank you again for inviting us here today. We want to continue to work cooperatively, collaboratively, and in unison to ensure the best possible energy outcomes for your businesses and lives.

