To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager, VCEA
Shawn Marshall, LEAN Energy US

Subject: Regulatory & Legislative Update

Date: August 31, 2017

RECOMMENDATION: Receive regulatory and legislative updates and provide feedback/direction as desired.

BACKGROUND & DISCUSSION:
Participation in CCA regulatory and legislative affairs is a critical aspect of VCEA’s long-term planning, operations, and risk management strategy that will grow in importance as VCEA draws closer to CPUC certification and program launch. At present, LEAN Energy is providing regulatory monitoring and reporting on key regulatory issues affecting emergent CCAs. Cal-CCA, the newly formed statewide trade association in which VCEA is an affiliate member, participates in regulatory proceedings and also provides coordinated legislative support in Sacramento.

Regulatory Proceedings/Priorities: Attached please find LEAN’s most recent regulatory report (dated August 3, 2017) which provides a summary overview and several links to supporting documents regarding key regulatory issues currently before the CPUC, including but not limited to:

1) PCIA/Exit Fee Reform Rulemaking
2) Integrated Resource Plan - Compliance Requirements
3) CCA Bond Requirements
4) Renewable Portfolio Standard Procurement Plans
5) PG&E’s 2018 Energy Resource Recovery Account (ERRA) Proceeding
6) Time of Use Residential Rate Rulemaking

Legislative Report/Potential Actions
Cal-CCA is a California trade association representing the interests of California’s community choice electricity providers in the legislature and at the relevant regulatory agencies .... VCEA is an affiliate member of Cal-CCA which is tracking over 40 bills with direct and indirect impact on current and future CCA programs. Attached please find Cal-CCA’s July newsletter outlining key bills and current positions.

Attachments:
LEAN Energy US July/August Regulatory Report; Cal-CCA July Newsletter
To: LEAN Energy Clients:
   Central Coast Clean Power (Santa Barbara County as lead)
   East Bay Community Energy
   Monterey Bay Community Power (Santa Cruz County as lead)
   Redwood Coast Energy Authority
   Silicon Valley Clean Energy
   Valley Clean Energy Alliance

From: Shawn Marshall, Executive Director, LEAN Energy US

Date: August 3, 2017

Subject: Regulatory Update #13, July/August 2017

CPUC – KEY DEVELOPMENTS

En Banc Hearing on Environmental Justice (EJ) and Disadvantaged Communities (DAC) Issues

To Do:

LEAN will monitor any CPUC or California Energy Commission (CEC) developments that result from this En Banc hearing.

Issues:

SB 350 requires the CPUC to help improve air quality and economic conditions in communities identified as “disadvantaged”. Additionally, SB 350 requires that the CPUC and the CEC create a DAC Advisory Group, which will assist the two Commissions in understanding how energy programs impact these areas and could be improved. On July 6, the CPUC held an en banc hearing on EJ and DAC issues. At the en banc hearing, challenges and potential solutions were discussed, including how to reduce the need for polluting energy resources in DACs and how to increase investment of clean energy resources in these communities. The agenda is available here and notes from the en banc are available here.

1 This monthly memo is designed to provide LEAN’s clients with a current snapshot of key regulatory activities related to CCA in order to help them make informed decisions about whether and how to engage in regulatory processes during their program formation and early operations. This monthly report is not a comprehensive inventory of all the regulatory and statutory requirements impacting operational CCAs. Regulatory and statutory compliance requires a much more comprehensive inventory than the subset of activities described herein, and must be tailored to the specific circumstances of each CCA program.
Next Steps:

- LEAN will continue to monitor EJ and DAC developments.

KEY REGULATORY CASE DEVELOPMENTS

Power Charge Indifference Adjustment (PCIA) Rulemaking Proceeding And Related Matters

To Do:

LEAN is monitoring early developments in the PCIA Rulemaking Proceeding. LEAN is also continuing to monitor the PCIA Negative Indifference Proceeding. The Portfolio Allocation Methodology (PAM) Proceeding is now closed.

Issues:

As previously reported, the CPUC dismissed the investor-owned utilities’ (IOUs) PAM application without prejudice as part of the order instituting rulemaking (OIR) to review the current PCIA framework. Although the PCIA OIR dismisses the IOUs’ PAM application, the IOUs have an opportunity to resubmit the PAM proposal as part of the rulemaking proceeding. The topics for consideration in the PCIA rulemaking include:

- Improving the transparency of the existing PCIA process;
- Revising the current PCIA methodology to increase stability and certainty;
- Reviewing specific issues related to inputs and calculations for the current PCIA methodology;
- Considering alternatives to the PCIA;
- SB 350 considerations on the treatment of bundled retail customers and departing load customers;
- Status of PCIA exemptions for CARE and Medical Baseline customers.

On June 13, CalCCA filed a Petition for Modification of D. 11-07-028, regarding confidential PCIA data access for CCA employees. On July 13, the IOUs filed a joint response, which argues that the petition should be dismissed without prejudice, and that the issue of confidentiality should be addressed in the PCIA rulemaking proceeding. Calpine Energy Solutions also filed a response, which supports CalCCA’s petition as being consistent with federal and other standards.

On July 31, several parties, including CalCCA, California Choice Energy Authority and Los Angeles Community Choice Energy, filed opening comments on the PCIA OIR.

Next Steps:

- The CPUC will likely issue a Scoping Ruling in late-Summer setting the schedule and scope for the PCIA rulemaking proceeding.
- August 11: The CPUC will hold a prehearing conference to consider how to address PG&E’s request to retire its negative indifference amount.

Integrated Resource Planning (IRP)

To Do:

LEAN is monitoring this proceeding. LEAN will participate in an IRP working group if formed.
**Issues:**

This rulemaking proceeding is addressing the new IRP requirements associated with Senate Bill (SB) 350, as well as long-term procurement planning (LTPP) policies.

On May 16, the Energy Division issued their proposal on the IRP planning process. Also on May 16, a ruling was issued seeking comments on and responses to questions regarding this proposal. As previously reported, it appears that the Energy Division is proposing a prescriptive approach with respect to the IRP process, with significant requirements on Community Choice Aggregators serving 700 GWh or more per year in electric load. Community Choice Aggregators serving less than 700 GWh per year are subjected to far fewer requirements under the Energy Division proposal. The following are summaries of parties’ opening comments, submitted on June 28, and reply comments, submitted on July 12.

**Next Steps:**

- As reflected in June 13, 2017 CPUC ruling (Formal Ruling Modifying Schedule and Clarifying Questions):
  - September 12, 2017: Release of Proposed Reference System Plan
  - November 2, 2017: All-party Meeting with Commissioners
  - End of 2017: Proposed Decision on Reference System Plan and IRP filing guidance for CCAs and others
  - Second Quarter 2018: IRP filings by individual CCAs and others

**CCA Bond Requirements**

**To Do:**

LEAN will continue to monitor this proceeding.

**Issues:**

This rulemaking proceeding was originally opened in 2003 to implement the CCA enabling statute (Assembly Bill (AB) 117). However, this rulemaking proceeding is now simply focused on the methodology for setting the CCA Bond, which is intended to cover the costs of involuntary re-entry fees of CCA customers to bundled IOU service. Opening testimony was submitted on July 28. (See CalCCA Testimony and CalCCA Appendices to Testimony; Marin Clean Energy (MCE) Opening Testimony and MCE Appendices; Joint Utilities Testimony).

**Next Steps:**

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<thead>
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<tr>
<td>Evidentiary Hearings</td>
<td>October 11-12, 2017</td>
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<td>Post-hearing Briefs</td>
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<td>Post-hearing reply Briefs</td>
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**Renewables Portfolio Standard (RPS)-Procurement Plans**

**To Do:**

LEAN will continue to monitor this proceeding.
Issues:

This rulemaking proceeding addresses ongoing oversight of the RPS program, including review of procurement plans, tools for analysis of and reporting on progress of retail sellers, assessment of compliance, legislative mandates and administrative requirements. RPS Procurement Plans were submitted on July 21, including (but not limited to) the following CCAs:

- Apple Valley Choice Energy
- Lancaster Choice Energy
- Silicon Valley Clean Energy ("SVCE")
- MCE
- Peninsula Clean Energy ("PCE")
- Pico Rivera Innovative Municipal Energy
- Redwood Coast Energy Authority
- Sonoma Clean Power Authority ("SCPA")

Next Steps:

- Comments on the RPS Procurement Plans are due August 18.
- Reply comments on the RPS Procurement Plans are due September 1.
- Motions for evidentiary hearings are due September 1.
- Motions to update RPS Procurement Plans are due September 22.


To Do:

LEAN will continue to monitor the PG&E ERRA Proceeding and the SCE ERRA Proceeding.

Issues:

The annual ERRA proceeding is the proceeding in which the PCIA is generally addressed. On June 1, PG&E filed its ERRA Application and ERRA Testimony for approval of its forecast 2018 ERRA revenue requirement. On July 7, MCE, PCE, SVCE and SCPA filed a protest; the City and County of San Francisco also submitted a protest. On July 17, PG&E filed its reply to these protests. A prehearing conference occurred on July 12.

Next Steps:

- A Scoping Memo will be issued in PG&E's ERRA proceeding
- A Scoping Memo was issued in SCE's ERRA proceeding

PG&E's Diablo Canyon Power Plant Closure

To Do:

No change since last month. LEAN will continue to monitor this proceeding.

Issues:

With the filing of reply briefs on June 16 (Joint Opponents, PG&E, and City and County of San Francisco), this proceeding is now submitted for the issuance of a proposed decision.
Next Steps:

- A proposed decision is expected in late-August or September.

SDG&E’s Request to Establish a Marketing Affiliate (Advice Letter 2822-E)

To Do:

LEAN will continue to monitor activity related to this matter.

Issues:

On January 27, SDG&E filed a revised compliance plan, Advice Letter 3035, for its Independent Marketing Division (IMD). On February 16th, LEAN joined with other parties in protesting this latest advice letter. On April 6, the Energy Division issued a Disposition Letter approving AL 3035. On April 17, the CalCCA sent a letter to the Commission requesting full Commission review of the Disposition Letter, and reiterating an earlier request for an Order to Show Cause regarding lobbying activity that SDG&E/Sempra conducted before the Advice Letter was approved. CalCCA’s request, however, does not suspend the effectiveness of the Energy Division’s approval.

CPUC staff indicated in a teleconference on July 24 that no formal action will be taken on the Order to Show Cause.

Next Steps:

- The CPUC’s Energy Division will prepare a draft resolution addressing CalCCA’s request for full Commission review of the disposition letter (presumably in the September timeframe).
- Separately, the CPUC’s Legal Division is preparing a decision responding to SDG&E’s application for rehearing of Resolution E-4874, which determined that SDG&E’s IMD is also subject to the CPUC’s affiliate transaction rules.

Tree Mortality Nonbypassable Charge

To Do:

LEAN is monitoring this proceeding.

Issues:

The IOUs filed their proposal to establish a Tree Mortality Nonbypassable Charge in A.16-11-005. On July 14, CalCCA filed a motion arguing that parties should be allowed to argue for different cost recovery treatment for costs that have been statutorily authorized, on the one hand, versus costs that have simply been authorized by the Commission. On July 28, the Alliance for Retail Energy Markets (AREM) and Direct Access Customer Coalition (DACC) filed a response in support, as did Shell Energy, whereas the Joint IOUs opposed the CalCCA motion.

On July 18, the IOUs filed a motion regarding the procedural schedule.

Next Steps:

- A Scoping Memo will be issued defining the scope of issues and procedural schedule
Proposed CCA Fee Reduction - PG&E General Rate Case (GRC) Phase 2

**To Do:**

No change since last month. LEAN is continuing to monitor this proceeding.

**Issues:**

PG&E’s Phase 2 Application is used to determine where the revenue requirement will be allocated among all customer classes and where new rate designs will be considered. On June 22, PG&E filed the Fourth Settlement Status Report. The earliest that rates are expected to change from this proceeding is 2018. However, several parties are pursuing early implementation of CCA service fee reductions. PG&E has proposed significant reductions in the Meter Data Management Fee (going from $7.67 to $0.14 per meter/month charge) and the Billing Service Fee (going from either $0.44 or $1.14, depending on whether it is bill-ready or rate-ready, to $0.21 per service agreement/billing cycle). SCE is also considering significant reductions in its CCA service fees as part of a pending request in SCE’s GRC1 to approve a settlement agreement with the city of Lancaster.

**Next Steps:**

- Settlement discussions are ongoing, with the hope of introducing a proposed reduction in certain CCA fees sooner than January 1, 2018.

Default TOU and ME&O-Residential Rate Rulemaking

**To Do:**

LEAN will continue to monitor developments in this proceeding.

**Issues:**

On April 14, SCE filed an Application and Testimony to approve its Default TOU rates for residential customers. Under SCE’s proposal, a limited number of customers would be put on TOU rates starting in the fourth quarter of 2018. On July 24, 2017, the CPUC issued a Proposed Decision dismissing SCE’s application and directing that SCE refile its proposal consistent with the timeline for the other IOUs (January 1, 2018).

Also on April 14, a ruling was issued accelerating consideration of implementing the statewide marketing education and outreach (ME&O) for the TOU rollout and inviting comments regarding an ME&O consultant. CCA parties filed comments emphasizing the need to apply certain ME&O costs through generation rates, instead of solely through distribution rates. On July 20, a ruling requesting additional information for the Phase 1 budget was issued. Disappointingly, the ruling did not address the CCA issues that were raised in comments.

On June 28, 2017, a Draft Resolution was issued on PG&E’s Pilot Residential Rate TOU program. The Draft Resolution does not address key issues, such as cost-recovery for PG&E’s development of the rate comparison feature for CCAs (comparing rates under the pilot vs. standard rates). MCE and SCPA are the only CCAs participating in PG&E’s Pilot TOU program; all other CCAs are excluded from participation. On July 31, MCE and SCPA submitted comments on the Draft Resolution, expressing (among other issues) concern about PG&E’s lack of progress in providing a comparable bill-calculator for CCA customers. MCE and SCPA are hoping to have this issue addressed in the final resolution.
Next Steps:

- The IOUs are required to file applications for full/default TOU programs by January 1, 2018, for implementation in 2019.
- A final Commission resolution on PG&E's Pilot Residential Rate TOU program is expected to be adopted at the CPUC's August 10 meeting.
APPLE VALLEY CHOICE ENERGY (AVCE)

Launched in April 2017, AVCE serves approximately 28,000 customers in the Town of Apple Valley, located in San Bernardino County. AVCE offers a default 35% renewable product, CoreChoice, and an opt-up product of 50% renewable, MoreChoice.

Lower Rates Compared to Southern California Edison

AVCE has released its annual joint cost comparison and is proud to report rates on average are 3% lower for base rate customers and 13% lower for CARE customers than SCE’s rates by customer class.

CLEANPOWERSF

Launched in 2016, CleanPowerSF serves approximately 76,000 customers in San Francisco. CleanPowerSF offers a 40% renewable energy Green Service and a 100% Green-e certified renewable energy SuperGreen Service.

RFO Issued for Renewable Energy Supplies

The SFPUC is seeking 200 MW of renewable energy supplies for CleanPowerSF and will be accepting Request for Offers (RFO) through Wednesday, July 26, 2017.

Large Enrollment in 2018

CleanPowerSF is planning to enroll over 150,000 new customers in the first half of 2018 and will be hiring new staff to assist in these efforts. Positions will be announced in the coming months at www.sfwater.org/careers.

Lower Rates

As of July 1, 2017, CleanPowerSF generation rates are lower than PG&E’s comparable generation rates (including PG&E fees). Learn more here: www.cleanpowersf.org/rates.

LED Streetlight Conversion Underway

The San Francisco Public Utilities Commission (SFPUC) is replacing close to 18,500 city-owned streetlights fixtures with ultra-efficient, light emitting diode (LED) fixtures. The new fixtures create better lighting, increase energy efficiency, and require less maintenance and lower costs. The new LED streetlights will save San Francisco resources in the long run. The conversion began in spring 2017 and will take about a year to complete.

LANCASTER CHOICE ENERGY (LCE)

LCE began service in 2015 to 55,000 customers in the city of Lancaster, located in east Los Angeles County. LCE offers ClearChoice 35% renewable energy and SmartChoice 100% renewable energy to its customers, with approximately half of customers eligible for low-income energy programs. Lancaster is aiming to be the nation’s first zero net energy city.

Lancaster Expansion of Public Electric Vehicle Charging Stations

As part of LCE’s goal to expand availability of electric vehicle supply equipment for public use, Lancaster has partnered with ebee Smart Technologies, a Europe market leader based in Berlin, Germany, to introduce its technology to North America for the first time with a streetlight electric vehicle charging pilot project. The project will demonstrate ebee’s innovative technology that makes installing public and semi-public electric vehicle charging cheaper, faster, and more flexible by seamlessly integrating charging units into existing infrastructure, such as streetlights. Through this pilot, EV chargers have been integrated into five streetlights along the City’s popular central downtown. Along with this project, Lancaster is working to install an additional 30 public charging stations throughout the City.

MCE

Launched in 2010, MCE serves more than 255,000 customers in Marin County, Napa County, and the cities of Benicia, El Cerrito, Lafayette, Richmond, San Pablo and Walnut Creek. MCE offers Light Green 50% renewable energy and Deep Green 100% renewable energy products.

33 Members Strong

On July 20th the MCE Board voted unanimously to formally add nine new communities in Contra Costa County as members to MCE.
These new communities include: the Cities of Concord, Martinez, Oakley, Pinole, Pittsburg, and San Ramon, the Towns of Danville and Moraga, and the unincorporated areas of the County. Enrollment is planned to begin the first half of 2018.

$1 Million+ to Solar Customers
MCE completed its sixth annual cash out process for rooftop solar customers, offering $1.35M in check payments to buy the excess solar generated electricity from approximately 1,500 customers.

1 Megawatt (MW) Solar Project at Cooley Quarry, Powering New 100% Local Solar Service
MCE completed construction on a new, 1 MW, ground-mounted solar project at the Cooley Quarry in unincorporated Novato. The solar farm is MCE’s fourth local Feed-In Tariff (FIT) project. Project construction supported 17 jobs, employing labor from a union apprenticeship program and local subcontractors. Cooley Quarry will supply all of the power for MCE’s new Local Sol 100% solar service. Local Sol service is expected to launch at the end of July 2017 and has reached approximately 60% of its 300 customer capacity.

10 MCE Communities Opt Up Municipal Accounts to 100% Renewable Energy Service
The Cities and Towns of Corte Madera, El Cerrito, Larkspur, Napa, Novato, Richmond, Ross, and San Rafael, and the Counties of Marin and Napa recently enrolled in MCE’s Deep Green 100% renewable energy service. As a result, over 7,000 metric tons of electricity-related greenhouse gas emissions will be collectively eliminated, which has a similar impact to diverting over 2,000 tons of waste from the landfill. These ten communities join the Cities and Towns of Belvedere, Fairfax, San Anselmo, San Pablo, and Sausalito, as MCE member municipalities to opt up to Deep Green.

PENINSULA CLEAN ENERGY (PCE)
Launched in October 2016, PCE serves customers throughout San Mateo County, including all 20 cities and unincorporated areas. PCE currently serves 290,000 accounts and offers ECOplus 50% renewable energy and ECO100 100% renewable energy products.

More Renewable Energy Contracts
In an effort to procure 100% of PCE’s energy from GHG-free resources by 2021 and 100% of PCE’s energy from California RPS eligible renewable resources by 2025, PCE has signed eight Power Purchase Agreements this year for hydro, wind, and solar power.

Enrollment Phases Completed
PCE enrolled 210,000 residences and businesses throughout San Mateo County this spring which completes both phases of PCE’s enrollment process. As of July 10, PCE has maintained a 1.8% opt-out rate.

Over Half of PCE’s Cities Enroll ECO100
11 of the 20 cities in San Mateo County and its unincorporated areas have opted their municipal accounts up to 100% renewable energy through PCE’s ECO100 program. The ECO100 cities include: Atherton, Belmont, Brisbane, Burlingame, Foster City, Menlo Park, Millbrae, Portola Valley, Redwood City, San Carlos, and Woodside.

REDWOOD COAST ENERGY AUTHORITY (RCEA)
Started in May 2017, RCEA serves an estimated 61,000 customers in Humboldt County, including the cities of Eureka, Arcata, Fortuna, Blue Lake, Rio Dell, and Trinidad, as well as unincorporated areas of the county. RCEA offers REpower 40% renewable energy and REpower+ 100% renewable energy choices.

Successful Launch
RCEA successfully launched its program in May 2017 and is now serving over 61,000 customers. The City of Ferndale voted recently to join the program which means RCEA will be serving all Humboldt County jurisdictions.

Enhanced Local Programs
RCEA has implemented local energy programs since 2003. These efforts, including residential and commercial energy efficiency programs and operating a county-wide public electric vehicle charging network, are now being aligned with CCA implementation to offer integrated energy services to customers in the community.

SILICON VALLEY CLEAN ENERGY (SVCE)
Launched in April 2017, SVCE serves customers in Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale, and the unincorporated parts of Santa Clara County.

Community Outreach Continues
Throughout the spring, the SVCE outreach team continued to meet with residents and businesses and attended numerous community events to spread the word about customers’ new carbon free electricity choices. SVCE staff attended 34 events and reached nearly 8,000 customers.

A Growing Team
The SVCE team is now up to 12 full-time staff members with the most recent additions being a Power Contracts & Compliance Manager and an Account Representative. Positions are still available as SVCE continues to build its flagship team. SVCE has also employed several student interns who have been instrumental in supporting outreach efforts through the summer.
Approaching Phase 2 Enrollment

June marked the end of the opt-out period for April’s Phase 1 enrollment. The opt-out rate of Phase 1 customers settled at just over 2%. As SVCE enters its largest enrollment phase this July (180,000 customers) the overall opt out rate remains below 2%.

SONOMA CLEAN POWER (SCP)

Sonoma Clean Power serves approximately 600,000 customers in Sonoma and Mendocino counties. SCP offers CleanStart 42% renewable energy and EverGreen 100% local, renewable energy.

Mendocino County Outreach Continues

Outreach to support SCP’s rollout to Mendocino County continues to go well. Opt-out rates are trending to be similar to those in Sonoma County, at approximately 12%, with 147 customers choosing to opt up to EverGreen to date.

Open Letter Regarding Paris Agreement

Sonoma Clean Power added its name to the, “We Are Still In” movement, joining over 1,219 governors, mayors, businesses, investors, and colleges from across the U.S. that are concerned with the federal withdrawal from the Paris Climate Agreement. The intent of the coalition is to show that separate from the Paris Agreement, local efforts will multiply and work towards dramatic decreases in greenhouse gas emissions in the future.

Drive EverGreen Program– Phase 2

SCP’s Board of Directors has approved a second phase of the Drive EverGreen program, which SCP ran as a pilot program late last year to gauge Sonoma County residents’ willingness to switch to driving electric vehicles, charged on clean, renewable energy. Phase 2 of the program will run from August-October 2017 and will include incentives from SCP and the participating manufacturers and dealerships. Incentives will include an increased variety of vehicles, including some used models and discounted home charging equipment. Details can be found at driveEV.org.

CCA STATEWIDE

CCAs are forming in over 80 jurisdictions across California. This map highlights service area of fully operational CCAs as well as jurisdictions considering joining a CCA or creating their own.

» The County of Los Angeles has formed its JPA and is currently conducting outreach to potential member communities. The City of Calabasas was the first to join the JPA, and additional cities are expected to join in 2017 with a plan to begin service to some customers in January of 2018.

» East Bay Community Energy Authority, which will serve the County of Alameda and most of the cities in the county, recently named former Chief of Staff to CPUC President Picker, Nick Chaset, as their CEO and plans to begin service to customers in the spring of 2018.

» Valley Clean Energy, which will serve Yolo County and the cities of Davis and Woodland, is expecting to launch its program in spring of 2018.