VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

То:	Valley Clean Energy Alliance Board of Directors
From:	Mitch Sears, City of Davis Sustainability Manager Shawn Marshall, LEAN Energy
Subject:	Regulatory & Legislative Update
Date:	April 11, 2017

RECOMMENDATIONS:

- 1. Receive regulatory update and provide feedback/direction as desired.
- 2. Receive legislative update and provide feedback/direction as desired.

BACKGROUND & DISCUSSION:

Tracking and participating in regulatory proceedings at the CA public Utilities Commission is one of the most important aspects of forming and operating a CCA program. 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, also provides legislative support and monthly reports for its members.

Regulatory Proceedings/Priorities: Attached please find LEAN's most recent regulatory memo dated March 23, 2017, (Attachment 1), which provides a summary report and supporting documents regarding key regulatory issues currently before the CPUC, including but not limited to:

- 1) PCIA/Exit Fee Reform (working group report attached Attachment 2)
- 2) Diablo Canyon Power Plant Closure
- 3) Integrated Resource Planning
- 4) CCA Bond Requirements
- 5) PG&E's General Rate Case, Phase 2

Legislative Report/Potential Actions

Cal-CCA is a new California trade association representing the interests of California's community choice electricity providers in the legislature and at the relevant regulatory agencies

Cal-CCA platform objectives for 2017 include:

1. Prevent new non-bypassable charges and phase out or eliminate existing nonbypassable charges.

2. Protect CCA procurement autonomy and local government oversight.

3. Protect CCA autonomy to administer energy efficiency and integrated distributed energy resources.

4. Increase transparency of inputs to PCIA and all non-bypassable charges, increase certainty of PCIA charges, and phase out unreasonable PCIA charges over a time period that reasonably addresses stranded costs.

5. Reform IOU procurement practices to minimize stranded load and mitigate CCA charges.

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 (Attachment 3). The most pressing bill that presents a threat to CCA's independent decision-making and procurement autonomy (platform objective #2) is SB 618 (Bradford-D). This bill would require that integrated resource plans be reviewed and *approved* by the CPUC. CCAs believe that the authority to approve (rather than certify) has the potential to unduly interfere with the ability of CCAs to locally control electricity procurement, which is already subject to existing state mandates.

SB 618 was scheduled to be heard April 4, 2017 in the Senate Energy Committee, but was pulled from the agenda. While this is a positive development, there is no official word yet on its future status.

Attached please find Cal-CCA's most recent legislative report along with a copy of their opposition letter regarding SB 618 (Attachment 4).

Attachments

- 1. LEAN regulatory summary memo Feb/March 2017
- 2. PCIA/Exit Fee Reform Working Group Report
- 3. Cal-CCA Legislative Summary February 2017
- 4. Cal-CCA Opposition Letter SB 618



То:	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		
	Peninsula Clean Energy		
	Silicon Valley Clean Energy		
	Valley Clean Energy Alliance		
From:	Steve McCarty, Regulatory Consultant, LEAN Energy US		
Cc:	Shawn Marshall, Executive Director		
Date:	March 23, 2017		
Subject:	Regulatory Update #9, February – March, 2017		

Each month, LEAN focuses on the key regulatory activities likely to have broad impact on the CCA community. This memo provides an update on key CPUC proceeding developments over the past month.¹

CPUC DEVELOPMENTS

CCA En Banc Meeting: February 1, 2017

To Do:

LEAN Energy will monitor any CPUC rulings or orders, if any, that result from this En Banc.

Issues:

As reported last month, the CPUC held a well-attended En Banc on February 1st. On February 27th, parties filed their informal comments. CalCCA (comments attached) stated that the Commission should avoid disrupting the growing CCA market with unneeded regulations. CalCCA also noted that the growth of CCAs reduces market risk by decentralizing energy procurement. CCAs are subject to the same resource adequacy and renewable standards as other Load Serving entities (LSEs). CalCCA pointed out that SoCal Edison's claim that the current PCIA does not result in indifference for bundled customers was unfounded. Finally, CalCCA noted that in addition to the PCIA, CCAs are required to pay other Non Bypassable Charges, resulting in double payment by CCA customers. The Joint Utilities (comments also attached) stated that they support the CCA option but asserted that CCAs tend to shift costs to bundled service customers.

¹ This monthly memo is designed to provide LEAN's clients with a current snapshot of key regulatory activities related to CCA to help them make informed decisions about whether and how to engage in the regulatory process during their program formation and early operations. It 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.

According to the Joint Utilities, the indifference requirement under California law that mandates that the implementation of CCAs shall not shift costs between the CCA customers and bundled customers means that CCAs must assume obligations for CCA customers to pay their pro rata share of portfolio costs resulting from the Joint Utilities' long term contracts approved by the Commission. LEAN Energy joined with Shell Energy (comments also attached) in asking the Commission to address the Provider of Last Resort issue, which generally has been considered an obligation of one of the IOUs, while in fact the state has other alternatives open to it.

KEY REGULATORY CASE DEVELOPMENTS

PCIA Working Group

To Do:

LEAN will continue to attend this working group and report on approaches to the current PCIA methodology.

Issues:

On February 8th, the joint working group met again to discuss possible PCIA alternatives. The IOUs continue to promote their Portfolio Allocation Methodology (PAM), which we reported on last month, including holding ex parte meetings at the CPUC. The CCA-DA working group is continuing to develop alternative proposals. A joint working group report is expected to be finalized March 22nd. Parties are considering development of a Petition for Modification regarding PCIA calculation format and revision of confidentiality rules and possibly a Petition for Rulemaking for a more global PCIA reform.

Status:

LEAN is monitoring this proceeding and will report on the March 22nd filing and next steps.

PG&E's Diablo Canyon Power Plant Closure

To Do:

LEAN will continue to monitor this proceeding. https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:A1608006

Issues:

On February 27, PG&E announced that, after reviewing opening testimony by intervenors on the Diablo Canyon replacement proposal, PG&E is withdrawing the Diablo Canyon Tranches #2 and #3 replacement proposals, as well as the proposal to implement the Clean Energy Charge to recover the costs associated with Tranches #2 and #3. PG&E agreed with many parties that Diablo Canyon replacement issues are better addressed in the Commission's Integrated Resource Plan ("IRP") proceeding (Rulemaking 16-02-007). PG&E also requested that the Commission adopt a policy directive in this proceeding that the output of Diablo Canyon be replaced with greenhouse gas ("GHG") free resources, and that the responsibility for, definition of, and cost of these resources be addressed as a part of the IRP proceeding. PG&E's withdrawal of its Tranch #2 and Tranch #3 proposal leaves as major issues in the case the following: (1) its Tranch #1 proposal that additional energy efficiency investments (\$1.3 billion through 2025) be made to replace Diablo Canyon output; (2) payment for employee retention (\$191 million); (3) community impact payments (\$85 million); and (4) plant relicensing costs (\$52 million). In PG&E's energy efficiency application (A.17-01-015), on March 3rd, several parties protested that all issues related to energy efficiency with respect to Diablo Canyon replacement should be addressed in that proceeding and called for hearings on that and other issues. The Commission will hold a prehearing conference on PG&E and other program administrator's energy efficiency applications on March 16^{th.} A ruling of hearings and issues to be addressed should be issued shortly after that prehearing conference.

Next Steps:

- Rebuttal Testimony served March 17, 2017
- Cross-Examination estimates served April 11, 2017

Evidentiary Hearings April 19, 2017 through April 28, 2017

- Briefs May 26, 2017
- Reply Briefs/Record submitted June 9, 2017

CCA Bond Requirements

To Do:

LEAN will monitor this proceeding.

As reported last month, on January 30th ALJ Anne Simon issued a ruling in A.03-10-003 that addresses issues related to the bond required of CCAs pursuant to Pub. Util. Code Section 394.25 that requires the CCA to post bonds to cover the costs of involuntary re-entry frees of CCA customers to bundled IOU service. A Prehearing Conference was held on February 16th at the CPUC. Parties filed PHC statements on February 13th. CCAs asked that a new bond methodology be based on an evidentiary record. Joint IOUs stated that the mechanism for establishing bond requirements for ESPs should not apply to CCAs. On March 1st, Assigned Commissioner Picker and ALJ Simon issued a scoping memo and schedule. This proceeding will address the statutory issues of a re-entry fee, and a bond or demonstration of insurance sufficient to cover the re-entry fees of involuntarily returned customers, plus additional implementation issues including, but not limited to:

- With whom is the bond or demonstration of insurance filed;
- Who must be notified that the bond or demonstration of insurance has been provided;
- Which CCAs should be subject to providing the bond or demonstration of insurance calculated using the permanent methodology?
- Should there be a design for a periodic review of the methodology or the resulting calculations?

The ruling set forth the following schedule:

EVENT	DATE
Post-workshop comments filed and served	April 24, 2017
Opening Testimony/Proposals served	July 7, 2017
Rebuttal Testimony served	August 4, 2017
Evidentiary Hearings	September 12-13, 2017
	Commission Courtroom
	505 Van Ness Avenue
	San Francisco, California
Closing Briefs	October 4, 2017
Reply Briefs	October 25, 2017
Any Requests for Final Oral Argument	Concurrent with Closing Briefs

Status:

LEAN is monitoring this proceeding.

SDG&E request to establish a Marketing Affiliate (Advice Letter 2822-E)

Issue:

On November 21, 2016 SDG&E filed Advice Letter No. 3008-E (replacing No. 2822-E-A), which purports to comply with the CPUC's August 2016 Resolution (E-4874) that approved, with conditions, SDG&E's proposed CCA Marketing Affiliate Plan. LEAN Energy joined several other parties in protesting SDG&E's advice letter as being in violation of CPUC Resolution E-4874.

The Energy Division agreed and on December 28th, 2016 in response to these protests, rejected SDG&E's amended CCA marketing affiliate compliance plan described in its Advice Letter. The Energy Division agreed that SDG&E failed to identify personnel in the regulatory affairs, communications, legal and public affairs groups who are involved in "shared services" to ensure that none of these individuals or support functions are involved in marketing or lobbying activities regarding SDG&E's marketing activities with respect to CCAs.

On January 27th, 2017 SDG&E filed another compliance plan advice letter. On February 16th, LEAN joined with other parties in protesting this latest advice letter on grounds similar to earlier objections. On February 27th, the Energy Division suspended SDG&E's advice letter for up to 120 days.

Status:

LEAN is monitoring this proceeding.

CPUC Resolution E-4805: Tree Mortality NonBypassable Charge

To Do:

LEAN will monitor developments of new Tree Mortality Nonbypassable Charge and advise accordingly.

Issues:

SB 859, signed into law on September 14, 2016, added that the costs of additional procurement for energy and capacity from biomass be recovered through a nonbypassable charge. Biomass energy and capacity are acquired through a biomass renewable auction mechanism (BioRAM). CPUC Resolution E-4805, to implement the SB 859 requirement was approved by the CPUC at the October 13, 2016 business meeting. The resolution requires Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to procure additional capacity from biomass facilities using specific forest fuel stocks. It also permits the utilities to recover costs, and to allocate these costs to all customers through a nonbypassable charge.

As noted last month, the IOUs were ordered to file Applications creating a new Tree Mortality Nonbypassable Charge within 30 days. The IOUs submitted a joint application for a tree mortality nonbypassable charge on November 17, 2016 (Application 16-11-005). In the Application, they ask the CPUC to not only approve cost sharing of the procurement associated with E-4805, but also procurement associated with E-4770. E-4770 was a similar resolution passed by the CPUC in March of 2016 that required the IOUs to procure 50 MW of forest fuel stock. However, at the time that E-4770 was passed, the CPUC rejected a cost sharing requirement. A number of parties filed protests to the IOU's applications, raising a number of issues including the methodology for calculating the non-bypassable charges and the lack of a self-procurement option.

We are still awaiting a ruling establishing the scope of issues and possibly a hearing.

Status:

LEAN is monitoring this proceeding.

PG&E General Rate Case (GRC) Phase 2 (A.16-06-013)

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.

To Do:

LEAN is monitoring this proceeding. Consider intervening in this case.

Issues:

Office of Ratepayer Advocates (ORA) filed testimony last week. Other parties filed testimony on March 15th. Hearings are scheduled for late May and early June. The earliest that rates are expected to change from this proceeding is in the fourth quarter of 2018.

Status:

LEAN is monitoring this proceeding and will send out a summary of issues in our next report.

Integrated Resource Planning (IRP) R.16-02-007):

To Do:

Consider forming a working group to address CCA IRP issues. Review the following link for background on the proceeding and access the staff whitepaper: <u>http://www.cpuc.ca.gov/LTPP</u>

Issues:

There are, as of now, three tracks in this proceeding: GHG planning and implementation, modeling, and scenario planning. A recent round of comments addresses T&D issues disadvantages communities, and distributed energy resources. On February 28th, Assigned Commissioner Randolph issued a ruling on 2017 assumptions and scenarios to be used in the CAISO's 2017 transmission planning process.

CPUC's Executive Director is expected to issue their proposal on the IRP planning process in late March or early April. Parties will have an opportunity for formal comments. Then, the Commission will formally adopt a planning process. The earliest that CCAs and other load serving entities (LSEs) can expect to file their resource plans is the Fall of 2017, potentially later depending on how the process proceeds.

Status:

LEAN is monitoring this proceeding.

Attachment 2

Final Report of the PCIA Working Group

Draft

Prepared by

Southern California Edison Company and Sonoma Clean Power Authority

With contributions from:

Pacific Gas & Electric Company, Marin Clean Energy and

Blaising, Braun McLaughlin & Smith, P.C.

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About this Final Report

This final report has been prepared to document the Power Charge Indifference Adjustment (PCIA) Working Group process and to provide an overview of the key information, issues, and ideas that were shared and discussed among participants during the six-month process. The report also summarizes the outcomes that were achieved toward the group's objective of improving transparency and data access related to the PCIA calculation.¹ The report's authors have attempted to accurately describe the issues and ideas, and in some cases, practical considerations related to the various ideas that were discussed in PCIA Working Group meetings. However, this report is not intended to provide a comprehensive assessment of any of the proposals that were presented by participants in the PCIA Working Group.

This report from was prepared by Southern California Edison Company and The Sonoma Clean Power Authority, with portions of the report drafted by Blaising Braun McLaughlin and Smith, Marin Clean Energy, and Pacific Gas & Electric Company. Portions of this report have been drafted by individual PCIA Working Group participants and were not edited or modified by other PCIA Working Group participants. Therefore, this report does not necessarily represent a consensus of the PCIA Working Group but instead, in certain sections, reflects the views of one or more PCIA Working Group participants. Conclusions or statements made in this report should not be attributed to the entire PCIA Working Group, nor should it be assumed that all PCIA Working Group participants agree with all of the statements in this report.

¹ D.16-09-044, p.20

Glossary of Acronyms

BNI	Binding notice of intent
CAISO	California Independent System Operator
CCA	Community Choice Aggregator
CEC	California Energy Commission
CPUC	California Public Utilities Commission
CRS	Cost Responsibility Surcharges
СТС	Competition Transition Charge
DA	Direct Access
DG	Distributed generation
DOE	Department of Energy
DWR	Department of Water Resources
EE	Energy efficiency
ERRA	Energy Resource Recovery Account
ESP	Energy Service Provider
FERC	Federal Energy Regulatory Commission
GHG	Greenhouse gas
GRC	General Rate Case
IE	Independent Evaluator
IOU	Investor Owned Utility
IRP	Integrated Resource Plan
LCD	Least-cost dispatch
LSE	Load-serving entity
LTPP	Long-term procurement plan
MCE	Marin Clean Energy
MDL	Municipal departing load

- MPB Market Price Benchmark
- NBC Non-bypassable charge
- NDA Non-Disclosure Agreement
- NWDL New Western Area Power Administration Departing Load
- ORA Office of Ratepayer Advocates
- PAM Portfolio Allocation Mechanism
- PCIA Power Charge Indifference Adjustment
- PFM Petition for Modification
- PG&E Pacific Gas and Electric Company
- POU Publicly-Owned Utility
- PPA Power Purchase Agreement
- PRG Procurement Review Group
- PWRPA Power and Water Resources Pooling Authority
- QF Qualifying Facility
- RA Resource adequacy
- REC Renewable Energy Credit
- RPS Renewable Portfolio Standard
- SCE Southern California Edison Company
- SCP Sonoma Clean Power
- UOG Utility-owned generation

Executive summary

Pursuant to Decision (D.) 16-09-044 of the California Public Utilities Commission (CPUC or Commission), The Sonoma Clean Power Authority (SCP) and Southern California Edison Company (SCE) jointly led a six-month working group effort with participation of over 25 stakeholders, including Community Choice Aggregators (CCAs) in California, Investor Owned Utilities (IOUs) and other interested parties to discuss transparency, certainty, and access to data used in the calculation of the PCIA.

The PCIA Working Group held five full-day, in-person meetings between October 2016 and February 2017. In these meetings, the investor-owned utilities (IOUs) described the current PCIA calculation, the type of inputs used to calculate the PCIA and available sources of information that the CCA and Energy Service Provider (ESP) parties can use to develop their own PCIA forecasts. While the primary focus of the PCIA Working Group was to identify issues and develop improvement ideas related to transparency of the PCIA calculation and access to information used to calculate the PCIA, the PCIA Working Group also discussed a broader set of related issues such as those relating to accuracy, predictability of the PCIA, and consistency of information provided by the IOUs. In addition, PCIA Working Group members also identified and discussed some potential alternatives to the current PCIA framework, although no consensus on any of these alternatives was reached.

As outcomes of the six-month effort, the PCIA Working Group identified and documented a comprehensive list of issues related to the current PCIA; a detailed description of the process steps and input data used in the PCIA calculation; a list of ideas to improve transparency, data access, consistency and predictability related to the PCIA; and a list of sources of publicly available information on input data used in the PCIA calculation. The PCIA Working Group proposed to create a central database where all of the links to the multiple data sources are available in one place and has built a consensus to prepare and submit a Petition for Modification to develop a unified format for PCIA work papers submitted by the IOUs in their respective annual Energy Resource Recovery Account (ERRA) Forecast proceedings.

Finally, participants in the PCIA Working Group also discussed several alternative concepts to replace the current PCIA framework. These alternatives included ideas such as (1) a "Portfolio Allocation Methodology (PAM)" proposal to allocate a share of the cost and attributes of utility portfolios to the load serving entities (LSEs) and their customers; (2) a lump-sum buyout option for CCAs or ESPs; (3) the assignment of individual IOU contracts to LSEs. While the PCIA Working Group discussed the feasibility of these ideas, no consensus was reached by the group, and the PCIA Working Group will not propose any modifications to the PCIA calculation methodology.

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Section 1. Background and overview

PCIA Working Group requirements

In D.16-09-044, the Commission directed SCP and SCE to lead a six-month working group effort to facilitate discussion among interested parties on issues of transparency and certainty related to the PCIA and access to data used in the PCIA calculation. Concerns over transparency of the current PCIA framework were raised by a number of parties in the 2016 PCIA Workshop held by the Energy Division on March 8, 2016, but were unable to be resolved because the issues were outside the scope of that workshop. D.16-09-044 directs the PCIA Working Group to develop and present recommendations to the Commission within six months, or by April 5, 2017, as petitions for modification of existing decisions or a petition for a rulemaking proceeding filed in Rulemaking (R.) 02-01-011, R.03-10-003, R.06-02-014, or R.07-05-025.

Scope of the PCIA Working Group discussions

The scope of discussions covered by the PCIA Working Group over the six-month engagement placed substantial emphasis on the issues of transparency and access to data that the Commission highlighted in D.16-09-044, but also included a range of broader issues of interest to the participating parties, such as issues relating to the accuracy of the benchmarks used in the PCIA calculation, the predictability of the PCIA, and the consistency of information

provided by the IOUs. Participants considered the issues raised to develop a list of potential modifications to consider in addressing these concerns with the PCIA.

Much effort was spent during initial meetings to inform PCIA Working Group participants on the process, inputs, calculation methodologies and sources of data currently used in the existing PCIA determination. The IOUs also informed the parties of other topics relevant to the PCIA determination, including confidentiality of certain information, methodology for forecasting CCA load, and the IOUs' respective procurement strategies and key limitations and requirements of procurement contracts. The purpose of this information sharing was to build a common understanding of the PCIA and direct the CCAs and other interested participants to publicly available information to aid them in developing their own PCIA forecast.

Throughout the engagement, the PCIA Working Group participants discussed a number of broader concerns about the PCIA, in particular the volatility, duration, and costs included in the PCIA. Based on these broader concerns and the concepts for desired alternatives raised by CCA and Direct Access (DA) parties in working group meetings, PCIA Working Group participants made an effort to outline and identify important practical considerations related to several cost allocation alternatives to the existing PCIA framework.

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Objectives of the PCIA Working Group

Based on the Commission's direction in D.16-09-044, and input from the participants, the PCIA Working Group agreed upon the following objectives for the six-month effort:

- Facilitate constructive discussions of issues related to PCIA transparency, certainty and data access among a broad group of PCIA stakeholders in an open and collaborative forum;
- Share information to build a common understanding of the PCIA;
- Identify and describe common concerns relating to transparency, access to data, accuracy, predictability, and consistency of the PCIA;
- Direct CCAs and ESPs to publicly available information to assist them in developing their own PCIA forecasts;
- Discuss several conceptual ideas for alternative cost allocation methodologies and identify practical considerations;
- Provide the Commission with recommendations to improve PCIA transparency and data access in the form of a Petition for Modification or Petition for Rulemaking within six months; and,
- Complete a final report summarizing the PCIA Working Group process and key information and proposals that have been shared among participants during the sixmonth process.

PCIA Working Group participants

The co-lead facilitators, SCE and SCP, engaged a broad range of interested parties in the PCIA Working Group meetings, with outreach to other utilities and CCAs, local government entities engaged in CCA feasibility studies, DA representatives, ESPs, the Office of Ratepayer Advocates (ORA), and other interested stakeholders including environmental groups, labor, and research institutions. Facilitators invited participants in the 2016 PCIA Workshop (A.14-05-024 service list) and leveraged networks including the California Community Choice Association. Workshops were held in both the Bay Area and in Southern California to encourage a high level of stakeholder participation. A total of 32 organizations participated in five workshops over a period of six months. The participating organizations are listed below.

PCIA Working Group Participants				
Co-Lead Facilitators: Southern California	Direct Access & ESP parties and			
Edison (SCE) & Sonoma Clean Power (SCP)	representatives			
	MRW & Associates			
IOUs	Energy Management Services /			
 Southern California Edison 	Energy Users Forum			
Pacific Gas and Electric	Constellation Energy			
San Diego Gas and Electric	Commerce Energy, Inc.			
CCA parties and representatives	Other Participating Parties			
Sonoma Clean Power	EES Consulting			
Placer County	Sierra Club			
Marin Clean Energy	Californians for Energy Choice			
Community Choice Partners	Sustaenable			
City of Lancaster	StopWaste			
Californians for Energy Choice	Office of Ratepayer Advocates			
Braun Blaising McLaughlin & Smith	Center for Climate Protection			
Silicon Valley Clean Energy	Local Clean Energy Alliance			
Peninsula Clean Energy	Carbon Free Silicon Valley			
City and County of San Francisco	• IBEW 1245			
 Local Energy Aggregation Network 	• TURN			
	University of California			
	San Francisco Public Utilities			
	Commission			
	South San Joaquin Irrigation District			

Overview of the PCIA Working Group process and meetings

Over the six-month period, the PCIA Working Group facilitators hosted five full-day

meetings in Northern and Southern California. These group meetings were held once a month

from October 27, 2016 through February 8, 2017. The facilitators' overall approach to meeting

the PCIA Working Group's objectives was to focus the initial meetings on education and

information sharing among parties to begin to build a common understanding of the PCIA and

identify the key concerns. The focus was shifted in later meetings toward presenting multiple proposals to modify and improve the PCIA and identifying practical considerations. The final month of the process was primarily spent collaborating with the PCIA Working Group participants to clarify recommendations and outcomes, including preparation of a Petition for Modification to improve PCIA transparency.

A brief summary of each Working Group meeting and the topics covered is documented below.

Working Group Meeting 1 – October 27, 2016

The first meeting of the PCIA Working Group was held on October 27, 2016 at the Commission and the opening presentations by PG&E and SCE focused on topics directly related to data access and transparency.

Agenda October 27th, 2016

- (1) PCIA and ERRA Forecast
- (2) PCIA 101
- (3) Confidentiality in the PCIA
- (4) Review of PCIA Workpapers
- (5) PCIA Data Access Discussion
- (6) Parties Perspective and Discussion
- (7) Closing and Next Steps

The opening presentations included a foundational overview of the 10+-year regulatory and

legislative history that preceded the current form of the Indifference Rate calculation and

highlighted the legislative mandates that require the Commission to ensure customers remain

financially indifferent to departing load. Aside from reviewing the regulatory and legislative history of the customer indifference principle, PG&E's and SCE's presentations also described the annual ERRA Forecast process and the calculation methodology and inputs currently used to calculate the total portfolio Indifference, Competition Transition Charge (CTC), and PCIA rates. The presentations also highlighted data used in the indifference calculation that are confidential, the length of time it is considered confidential, and the differentiation of market participants (e.g. buyers and sellers) and non-market participants (e.g. the CPUC, environmental non-governmental organizations (NGOs)).

There were questions and answers throughout the opening two presentations by PG&E and SCE. While much of the discussion was related to transparency and data access, a fair amount of discussion went beyond the limited scope of data access and transparency. More specifically, topics discussed fell into two main categories: (1) PCIA information and education and (2) Potential modifications related to managing indifference and rate volatility. A summary of those topical discussions is presented below.

- 1. *Information and Education*. Participants expressed an interest in more information about a variety of different PCIA topics:
 - <u>Education about PCIA Calculation</u>: PG&E and SCE presented an overview of the "Indifference Calculation" methodology, including a description of the data inputs and sources.
 - b. <u>Confidentiality</u>. Further information about confidentiality designations, the process of signing a Non-Disclosure Agreement (NDA) and using a reviewing representative.
 - c. <u>Standardizing PCIA Data and Workpapers</u>. Standardizing the presentation of PCIA information in the IOUs' ERRA Forecast filings and workpapers.
 - d. <u>Contract Management Process</u>. Additional details on how the IOUs assess new contracts and must abide by the terms and conditions of existing contracts.
 - e. <u>Mid-Term Forecast</u>. PG&E gave a high-level overview of an illustrative five-year forecast of the PCIA

2. Potential Modifications:

- a. Changing inputs to the Market Price Benchmark
- b. True-up of PCIA
- c. Assigning contracts
- d. Contract duration limits
- e. Contract buy-out
- f. Large CCA departure

Overall, the PCIA Working Group discussion was positive, collaborative, and productive. CCA and DA parties raised a number of key concerns about the PCIA, specifically related to data access and transparency, that they would like to see addressed by the PCIA Working Group. The meeting ended with a list of desired analyses, policy proposals, and topics for further discussion. These items formed the basis for developing the agenda for the second meeting.

Working Group Meeting 2 – November 17, 2016

The PCIA Working Group held its second meeting on November 17, 2016 at PG&E's Offices (77 Beale St, San Francisco). The agenda for the PCIA Working Group Meeting 2 is shown below and had two main objectives: (1) continuing information sharing regarding the inputs to the PCIA calculation and topics selected based on follow-up items identified during the first meeting and (2) hearing directly from the CCA and DA participants about their ideas related to potential modifications to the PCIA framework.

Agenda November 17, 2016

- (1) IOU load forecasting methodology
- (2) November Update to the Indifference Calculation, and overview of the calculation of final PCIA and CTC rates
- (3) IOU Contracts Requirements and Limitations
- (4) IOU Procurement Strategy & Cost Minimization protocols
- (5) Consider Potential PCIA Solutions (lump-sum payment, PCIA sunset, contract assignment, etc.)

Topics that garnered the most discussion included the IOUs' assumptions in forecasting CCA load, the lifecycle of a purchase power agreement (PPA), the utilities' incentives when making procurement decisions, and the feasibility of modifying, terminating, and transferring IOU contracts. The content of each of these presentations are briefly summarized in Section 3 of this report and the presentations are in the attached Appendix.

SCE also made a presentation that illustrated how the total portfolio indifference amounts, by vintage, are translated into rates. SCE and PG&E responded to a number of questions from parties regarding the pros and cons of applying different methods for allocating the total portfolio indifference amount to customer classes.

SCP presented a case study of the buyout between MGM Resorts and Nevada Power Company to encourage thoughts about how an "exit fee" for CCAs might be structured. SCP described the municipal departing load (MDL) bilateral agreements between IOUs and certain municipalities as another potential example to draw from in developing a structure for a buyout.

Similar to the first PCIA Working Group meeting, this second was positive, collaborative, and productive. Participants' familiarity with the PCIA framework varied. As with the first meeting, participants discussed several potential modifications to the existing PCIA framework such as a buy-out of future liabilities, limiting the duration of on-going liabilities, and a true-up of actual energy revenues versus those predicted by the Market Price Benchmark (MPB).

Working Group Meeting 3 – December 14, 2016

The third PCIA Working Group meeting was held on December 14, 2016, at 1537 Webster St. Oakland, CA. The discussion topics for this meeting shifted from general overview and identification of issues to more in-depth discussions about how to improve access to data and increase transparency. One idea in particular that seemed to gain traction was improved consistency in the format of PCIA calculation workpapers presented in each utility's respective ERRA Forecast proceedings to facilitate more consistent and easily digestible content for interveners and Commission staff reviewing the PCIA calculations. The group also discussed a range of perspectives and ideas for modifications or alternatives to the PCIA mechanism. SCP presented an alternative market price benchmark framework which assumed that load departure not only results in stranded assets, but avoided procurement costs as well. The agenda for the third PCIA Working Group meeting is shown below:

Agenda December 14, 2016

- (1) PCIA historical changes and general drivers
- (2) Ideas for improving data access and transparency
 - a. Review of PG&E contract-specific data
 - b. ERRA Forecast workpapers: Consistent presentation across IOUs
 - c. Existing sources of data
- (3) Modifications within the Existing PCIA Framework Discussion

- (4) Alternatives to PCIA: Develop common understanding of potential alternatives to PCIA – Deeper evaluation of lump-sum buyout, contract assignment, and potential other alternatives identified by Working Group participants
- (5) Wrap up & next steps

Working Group Meeting 4 – January 23, 2017

The objective of the PCIA Working Group's fourth meeting hosted on January 23, 2017 at SCE's offices (in Rosemead, CA) was to begin to build a consensus on specific improvements to be included in a Petition for Modification or Petition for Rulemaking delivered at the end of the working group process. This meeting also provided an opportunity for deeper discussion and feedback on the conceptual PCIA alternatives proposed in previous meetings. In preparation for the meeting, the three IOUs worked to develop a description and identify some practical considerations related to three alternative mechanisms to replace the PCIA offered by the PCIA Working Group participants. The three alternative mechanisms discussed were: (1) pro rata allocation of attributes and costs; (2) buy-out of PCIA obligation; and (3) assignment of IOU contracts to CCAs/ESPs. In reviewing the practical considerations, the IOUs expressed that a pro rata allocation of attributes and costs was their preferred alternative and planned to develop a more detailed proposal for discussion in the next meeting.

Agenda January 23, 2017

- (1) Ideas related to changing the current PCIA benchmark
- (2) Alternatives to current PCIA framework and practical considerations
- (3) Areas to improve data access and transparency potential areas to include in a petition for modification
- (4) Focus of the Working Group through end of March

Working Group Meeting 5 – February 8, 2017

The final PCIA Working Group meeting was hosted by Marin Clean Energy (MCE) in San Rafael, CA on February 8, 2017. The focus of the final meeting was twofold. The first objective was to begin to draw the PCIA Working Group process to a conclusion by agreeing upon potential consensus items for Petitions to Modify and a timeline and assignments to prepare the petitions. The group made efforts to build a consensus to prepare petitions for a uniform documentation of PCIA information in the IOUs' ERRA Forecast workpapers and to consider enhancing access to confidential PCIA-related data for Reviewing Representatives of CCAs and ESPs, subject to an NDA. The PCIA Working Group participants also agreed to recommend a common host location (website) for publicly-available PCIA data.

The second objective of the final meeting was to provide further opportunity to discuss the IOUs' Portfolio Allocation Methodology (PAM) proposal in greater detail, which was introduced as the IOUs' preferred PCIA alternative and replacement, and obtain feedback from CCA and DA parties on the proposal. The agenda for the fifth Working Group meeting is shown below:

Agenda February 8, 2017

- (1) Welcome, goal setting
- (2) Update on consensus items for Petition to Modify
- (3) Barriers and opportunities for non-profit LSEs to have enhanced data access
- (4) PCIA alternatives
- (5) Timeline and process for Petition to Modify, potential Petitions for Rulemaking, and Final Report capturing process and feedback

Section 2. Identification of key issues related to the existing PCIA mechanism

One of the key objectives of the PCIA Working Group was to identify and describe common concerns relating to transparency, access to data, accuracy, predictability, and consistency of the PCIA. While a number of these issues had also been raised previously in the 2016 PCIA Workshop, D.16-09-044 formed the PCIA Working Group for the purpose of providing a forum for stakeholders to further discuss these issues and others in greater detail. During the five PCIA Working Group meetings, the facilitators solicited all parties to raise issues and concerns relating to PCIA transparency, certainty and data access, problems with the existing benchmarks used in the PCIA calculation, and other broader concerns with the PCIA framework. Discussion of these issues helped build the common understanding necessary for various participants to provide ideas for improving the PCIA.

Table 1 below lists some of the common issues that were highlighted in the PCIA Working Group discussions. While not a comprehensive list of all issues raised by participants, the key concerns that were discussed in detail in the PCIA Working Group meetings are included. The list includes key issues raised by CCAs, ESPs, IOUs, and other participants.

Table 1 Summary of key issues raised by participants in the PCIA Working Group

Issues related to	• All CCA employees, whether or not they participate in procurement, are
transparency and	currently restricted from being designated as authorized reviewing
data access	representatives for the purpose of reviewing confidential IOU work papers that include certain confidential information used in utilities' PCIA
	calculations, including contract terms and pricing. CCAs also have
	difficulty identifying consultants who are not market participants and
	who can meet IOUs' non-disclosure rules allowing them to review
	confidential information used to calculate the PCIA. This is a barrier to
	CCA parties' ability to verify IOU PCIA calculations and access data helpful in forecasting trends. ²
	• The need for greater consistency in format of PCIA work papers among
	the IOUs present CCAs with difficulty understanding PCIA calculations
	CCA and DA parties argue that there was a lack of transparency and
	consistency regarding what PCIA information is considered confidential
	 CCA and DA parties lacked a comprehensive resource or document for obtaining public information related to IOU resource procurations.
	 obtaining public information related to IOU resource procurement The benchmarks used in the PCIA calculation are administratively-set and
Issues related to	 The benchmarks used in the PCIA calculation are administratively-set and do not accurately reflect market value of generation resources. The
existing PCIA	benchmark data sources have not been updated since 2011.
benchmark ³	 The Market Price Benchmark for renewables, referred to as the "green
	adder", does not accurately reflect current market price. The market
	price of renewables benchmark is not updated regularly and uses
	Department of Energy (DOE) data based on prices for voluntary
	renewable programs. Furthermore, some of the DOE data is taken from
	tariffs that are not currently in use.
	• The green adder is not based on a publicly available data source, but
	instead, is based on IOU-specific confidential contract information and is updated annually in late October.
	• The capacity benchmark used in the PCIA calculation is based upon a
	California Energy Commission (CEC) study that has not been updated as
	frequently as was contemplated when it was adopted in 2011. The
	benchmark does not reflect current market value of Resource Adequacy
	(RA) capacity.
Broader concerns	 The PCIA is highly volatile and difficult to predict. This presents a substantial challenge for CCAs to forecast long-term PCIA cost trends and
with the PCIA	substantial challenge for CCAs to forecast long-term PCIA cost trends and manage the cost of their total customer bills.
	 CCA parties have expressed concern with the long duration of the highly
	volatile PCIA, which continues for the full duration of contracts in the
	vintaged portfolio. CCA parties note it is unclear whether contract
	extensions or other amendments to increase cost are included in the
	original vintage.

² D.16-09-044 acknowledges that this is a key issue raised by CCA and DA participants in the CPUC's 2016 PCIA Workshop. Several PCIA Working Group participants have continued to express this same concern during the group's six month process. ³ The December 14, 2016 PCIA Working Group Meeting Presentation in Appendix C describes a summary of these

concerns related to the existing benchmark raised by Working Group participants.

Section 3. Overview of information shared by IOUs to address transparency & data access related issues, and increase CCAs capacity to develop their own PCIA forecast

One of the main objectives set by the PCIA Working Group was to share information between the IOUs and CCA and DA representatives in order to build a common understanding of the PCIA process, inputs and calculations, and its limitations and issues. The PCIA Working Group facilitators thought that this focus on information sharing was a necessary step in highlighting the level of transparency, as well as understanding the rationale for preserving confidential information to prevent manipulation. Much of the time during the first two PCIA Working Group meetings was spent sharing information and addressing participants' questions about the PCIA process along with other topics that are closely interrelated.

During the Energy Division's March 2016 PCIA Workshop, CCA parties had identified a desire for a five-year forecast of the PCIA to address volatility. The IOUs worked for several months to try to develop a methodology to perform such a forecast. While PG&E was considering a release of a five-year internal PCIA forecast in November 2016, PG&E ultimately came to the conclusion that that the results of its internal forecast would not have the appropriate degree of accuracy to be useful in making budgeting decision for CCA parties. The IOUs sought to provide information to help direct CCAs and ESPs to relevant non-confidential data that they could use to develop their own PCIA forecasts. PG&E also explained how a forecast can be done given assumptions for uncertain variables like IOU Renewables Portfolio Standard (RPS) Premium, using the FERC Form 1 and PG&E's ERRA Forecast public workpapers (which were circulated to the PCIA Working Group).

The following section of the report includes a number of high-level summaries of topics discussed to inform the PCIA Working Group participants about the PCIA and other relevant data necessary to develop a PCIA forecast. More detail is included in the presentation slides in the Appendix.

Information sharing with parties regarding the existing PCIA development, process, data inputs, calculation methodologies and available data sources

Overview of ERRA Forecast process

SCE began the information sharing process with PCIA Working Group participants with an overview presentation of an overview of the annual ERRA Forecast proceeding in the October 2016 kickoff meeting. The presentation covered the purpose and process of the annual ERRA Forecast proceeding, an explanation of how the annual forecast of fuel and purchased power costs is developed, and how that data is used in the Indifference Rate calculation. Discussion focused on how the annual ERRA process determines the Cost Responsibility Surcharge for DA, Departing Load and CCA customers.

The annual ERRA Forecast proceeding is the process through which the IOUs forecast energy production and revenue requirements for all resources in the IOU's portfolio. This process includes determining the annual revenue requirement for Fuel and Purchased Power for bundled service customers, the New System Generation revenue requirement for all IOU customers and setting both the PCIA and CTC for departing load customers. Per Commission requirement, the IOUs complete an initial forecast in the spring between April and June, and conduct an update to the forecast in November. Once the CPUC issues a decision on the ERRA

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Forecast application, often in December, new rates become effective on January 1st of the following year.⁴

To forecast the cost of dispatchable resources, the IOUs use proprietary models that simulate the least-cost-dispatch (LCD) of each IOU's respective portfolio of resources. The LCD model is designed to take into account an hourly forecast of market prices (using forecasts of power prices, and fuel and greenhouse gas (GHG) emissions) along with physical and contractual constraints of each generating unit and seeks to dispatch resources where the marginal operating cost is less than the market price of power.⁵ The model outputs (variable costs) are added to the fixed/capacity contract costs of the dispatchable resources. For nondispatchable resources, contractually expected deliveries are multiplied by the contracted cost of power and added to any fixed/capacity costs. The annual ERRA Forecast proceeding forecasts of generation and costs from the IOU's resource portfolio provide the basis for the Total Portfolio Costs and forecasted generation that is used in the Indifference Amount calculation.

SCE's presentation on the ERRA Forecast proceeding can be found in Attachment A.

Overview of the PCIA

Representatives from PG&E and SCE discussed an overview of the Indifference Amount calculation – what it is, its purpose, who it applies to, the guiding principles that established the

⁴ Southern California Edison presentation to the PCIA Working Group, October 27th 2016. See Attachment A

⁵ SCE Updated 2017 ERRA Forecast Testimony, A-16-05-001, p. 13

Indifference Amount calculation, and the evolution of the calculation. The presenters also walked through the calculation in detail. In reviewing the calculation, the presenters described the details of the market price benchmark or "MPB" calculation and how the MPB is used in the Indifference Amount calculation. The presentation in Attachment XX provides further details.

Relevance of November update to PCIA calculation

As noted previously, the IOUs are required to file an ERRA Forecast between April and June, and then an update in November. The ERRA November Update incorporates changes to the generation resource portfolio such as changes to expected online dates of resources and addition of new contracts as well as updates to fuel and power price forecasts used in IOUs' respective LCD models. The IOUs also include an updated RPS adder in the MPB, which is calculated annually by the CPUC Energy Division in October, to update the Indifference Rate.⁶

SCE shared its November Update to the PCIA calculations by vintage with the PCIA Working Group, which showed a significant change in the 2017 MPB components since SCE's May filing and highlighted the volatility of the benchmark. In this case, a decrease in the RPS adder resulted in a substantial increase in the Indifference Amount for later vintages that include large proportions of renewable resources. For more information, see Attachment B, SCE's presentation to the PCIA Working Group on the November update to the PCIA Rate.

⁶ The methodology for calculating the MPB is described in D.11-12-018 and Resolution E-4475. The CPUC's Energy Divisions calculates the RPS adder annually using IOU data filed through informational Advice Letters on October 1 of each year.

Historical changes in PCIA and General drivers of PCIA

PG&E presented historical changes in the PCIA and the drivers for those changes. PG&E specifically discussed its historical PCIA for the 2012 vintage and showed how it changed over time and how the different components of the MPB affected the PCIA. In addition, PG&E presented how the PCIA changed from 2012 to 2017 (both in cost and percentage), PG&E's total portfolio costs from 2012 to 2017, PG&E's total portfolio generation from 2012 to 2017, and PG&E's MPB from 2012 to 2017. See the presentation in Attachment C for further details.

Confidentiality of data used in the PCIA calculation

Overview of rationale and guiding regulations

The IOUs provided PCIA Working Group participants an overview of the rationale and guiding regulations governing the confidentiality of PCIA data sources. The applicability of confidentiality protections to electric procurement information including cost, generation and net Qualifying Capacity forecasts of procured resources that are used in the PCIA calculation is discussed in D.06-06-066 and D.14-10-033 (for GHG information). D.06-06-066, which is intended to implement California Public Utilities Code Section 454.5(g), establishes a rationale that "confidentiality protections are essential to avoid…electricity market manipulation," and its impacts on customer rates, but that need for confidentiality should be well balanced with broader needs for transparency in the regulated utility industry.⁷ As such, the Decision

⁷ D.06-06-066 at p. 4.

identifies and protects certain general categories of market-sensitive procurement information that could impact a procuring party's market price for electricity if made public (i.e. the D.06-06-66 confidentiality matrix)⁸. The protections provided in D.06-06-066 are applicable to IOUs, CCAs, and ESPs and are relied on by all three in various filings at the CPUC.

Overview of confidential and publicly available information

The D.06-06-066 confidentiality matrix allows confidential treatment for IOU data on generation cost forecasts and forecasts of energy output of individual resources.⁹ The IOUs' cost and generation forecasts for individual resources use contract terms and proprietary forecasts for natural gas and electricity prices that themselves receive confidential treatment pursuant to the D.06-06-066 confidentiality matrix. However, the IOUs do release aggregated data by vintage including the total costs, generation and net qualifying capacities, in the annual ERRA Forecast workpapers.

SCE presented the following Table 2 to the PCIA Working Group listing the IOU data used in the PCIA calculation, by resource type, that is confidential and the data that is public. The table also indicates the source of each type of data to help indicate whether the data is derived from confidential or proprietary information.

⁸ D.06-06-066 includes a matrix of general categories of IOU and ESP/CCA procurement information that the Commission has determined should receive confidentiality protections. D.06-06-066 places the burden of proof on the party seeking confidential treatment to demonstrate that the information the party claims to be confidential falls under one of the protected categories in the matrix. Also relevant to the PCIA Working Group's conversations around PCIA data access, D.06-06-066 provides that "intervenor groups that are non-market participants shall not be precluded access to any ESP or IOU data as long as they agree to a protective order or confidentiality agreement where there is a need to protect the data (p. 84)"

⁹ This type of data is protected under Sections II (Cost Forecast Data), IV (Resource Planning Information, and VII (Bilateral Contract Terms) of the D.06-06-066 confidentiality matrix.

Table 2

List of confidential and non-confidential data used in PCIA calculation

Data	Source of Data	Public / Confidential
UOG		
Capital and O&M Costs	GRC Phase 1	Public
Fuel Costs	ERRA Model	Confidential
Energy	ERRA Model	Confidential
NQC	CAISO	Public
Bilateral Contracts		
Fixed Costs	Contract Terms	Confidential
Variable Costs	ERRA Model	Confidential
Energy	ERRA Model	Confidential
NQC	CAISO	Public
Renewable Contracts		
Capacity Costs	Contract Terms	Confidential
Energy Costs	Contract Terms x IOU probability adjustment	Confidential
Energy	Contract Terms x IOU probability adjustment	Unadjusted deliveries public; adjusted deliveries confidential
NQC	CAISO	Public

Source: Southern California Edison presentation to PCIA Working Group, October 27, 2016

SCE presented the charts below, providing the 2016 ERRA Forecast as an example, to show what data is confidential and must be redacted from the ERRA Forecast work papers, and how this data is aggregated to provide it publicly. The first chart below lists the confidential inputs the IOU uses to forecast the total portfolio costs eligible inclusion in the Cost Responsibility Surcharge (CRS), the confidential inputs to forecast total energy

production of those resources and the inputs used to calculate the Net Qualifying Capacity. As shown in Table 3, this confidential data is aggregated to provide a forecast of the total portfolio costs by vintage (line 11), forecasted energy production by vintage (line 18) and the Net Qualifying Capacity by vintage (line 20). This aggregated data is deemed nonconfidential.

	Pre-2002	Pre-2002	
CRS Eligible Portfolio Costs (\$000)	CTC-Eligible	CTC-ineligible	2010
UOG Capital and O&M (2015 GRC Phase 1)		575,498	
SONGS Settlement Revenue Requirement		250,000	
UOG Fuel		200,000	
QF-Eligible CHP			
Renewable QF			
Bilateral/RFO/IU			
Common			
FF&U			
. Total	402,874	891,191	285,973
. Vintaged Costs	402,874	1,294,065	2,571,299
. GWhs - Excludes CAM-eligible			
. UOG			
. QF-Eligible CHP			
. Renewable QF			
. Bilateral/RFO/IU			
Subtotal			
. TOTAL Vintaged GWh @ Generator			
	6,081	14,334	26,276
. Vintaged GWhs @ Meter		,	20,270
. Vintaged GWhs @ Meter . Net Qualifying Capacity - Excludes CAM-eligible		,	20,270
Net Qualifying Capacity - Excludes CAM-eligible	-	1,650	-
Net Qualifying Capacity - Excludes CAM-eligible	- 207		
Net Qualifying Capacity - Excludes CAM-eligible UOG		1,650	-
Net Qualifying Capacity - Excludes CAM-eligible UOG QF-Eligible CHP Renewable QF Bilateral/RFO/IU	207 695 309	1,650 - - -	- - 280 -
Net Qualifying Capacity - Excludes CAM-eligible UOG QF-Eligible CHP Renewable QF	207 695	1,650	- - 280

Table 3

Source: Southern California Edison presentation to PCIA Working Group, October 27, 2016

Table 4 is an example taken from SCE's 2016 ERRA Forecast (May 2015 filing) showing

how aggregated, non-confidential data is presented in the ERRA workpapers and how the

MPBs are applied to these inputs to determine the total market value and Indifference

Amount for an IOU's vintaged portfolio.

Line	Description		2001		2010		2016
1	Total Portfolio Cost (\$000)	\$	1,294,065	\$	2,571,299	\$	3,570,828
2			0.040		0.040		10.020
2	"Brown" Energy (GWh)		9,840		9,840		10,830
3	Brown MPB (\$/MWh)	\$	28.18	\$	28.18	\$	28.18
4	Market Value of "Brown" Energy (\$000) - Line 2 x Line 3	\$	277,299	\$	277,302	\$	305,200
5	"Green" Energy (GWh)		4,493		16,436		24,915
6	Green MPB (\$/MWh) - 2016 Benchmark	ć	76.96	ċ	76.96	ċ	76.96
-		ر م					
7	Market Value of "Green" Energy (\$000) - Line 5 x Line 6	Ş	345,821	Ş	1,264,932	Ş	1,917,504
8	Average Monthly Capacity (MW)		2861		3637		11,141
9	Capacity MPB (\$/kW-Year) - 2016 Benchmark	\$	58.26	\$	58.26	\$	58.26
10	Market Value of Capacity (\$000)	\$	166,682	\$	211,892	\$	649,075
11	Total Market Value of Portfolio (Line 4 + Line 7 + Line 10)	¢	789,802	¢	1,754,125	¢	2,871,779
	, , , , , , , , , , , , , , , , , , ,	ب م	,		, ,	•	
12	Line Loss Adjusted Market Value of Portfolio (Line 11 x 1.053)	Ş	831,662	Ş	1,847,094	Ş	3,023,984
13	Indifference Amount (Line 1 - Line 12)	\$	462,403	\$	724,205	\$	546,845

Table 4

Source: Southern California Edison presentation to PCIA Working Group, October 27, 2016

Information sharing with parties regarding IOUs' CCA load forecast methodology

PG&E presented the load forecast methodology it employs to develop year-ahead bundled service customer and CCA load forecasts for use in the annual ERRA forecast proceedings. PG&E provided two PowerPoint slides, which summarized the data, forecast methodology, and process for engaging with CCA parties on a yearly basis to reconcile forecasts (see Attachment B). The purpose of this presentation was to provide CCAs with additional information about how IOUs modify their bundled service customers' load forecasts in order to account for CCA formations and not procure resources they would not need to serve their bundled service customer. In summary, a three-step process is used:

Step 1: Determine CCAs in service territory in three categories: (1) current CCAs serving load, (2) CCAs that have a binding notice of intent (BNI), and (3) CCAs that have submitted a resource adequacy (RA) implementation plan to the Commission.
Step 2: Gather and adjust historical data for bundled service, CCA, and Direct Access customers, including assumptions about opt-out rates for load served in CCA territories.
Step 3: forecast load based on most recent total system load growth rate and shape the load according to recorded sales by class.

PG&E responded to questions from various parties, relating to the following topics:

- PG&E's criteria for forecasting CCA departures
- Sources of recorded data
- Assumptions regarding behind-the-meter DG and EE
- Opt-out rate assumptions

Information shared with parties regarding IOU contract requirements and limitations

SCE and PG&E made presentations during the PCIA Working Group's November 17, 2016 meeting focused on the contract review and approval process, which included an overview of the role of the Long-term Procurement Plan (LTPP) process, the bundled

procurement plan (BPP) and the RPS plan in setting overall procurement targets for the utilities as well as the role of the Commission, the Procurement Review Group (PRG), and the Independent Evaluator (IE) in the contract review and approval process, and where and how the various types of contracts are reviewed and ultimately approved. The purpose of these presentations was to share IOU procurement practices and provide more insight into the requirements and obligations of IOUs in their existing energy procurement contracts. These presentations can be found in Attachment B.

SCE and PG&E each presented an overview of their contract administration processes, including the role confidentiality plays in protecting market sensitive information among other things. SCE and PG&E also reviewed general philosophies around contract management, which includes active monitoring of their respective PPAs to ensure compliance with the terms and conditions of the contracts, and good faith negotiation of contract amendments that are in the best interest of customers. There was also discussion around the role the California's energy policy plays in determining the obligations of the utilities to contract for resources, and the role of the Commission in reviewing the utilities' management of the contracts in the annual ERRA Compliance Review proceedings to ensure that generation resources are managed consistent with the contractual terms and conditions, and that the resources are prudently managed to minimize overall costs for ratepayers.

CCA representatives were asked whether the IOUs had in place any systematic procedure for reviewing above-market generation contracts to evaluate whether there was some basis for terminating the contracts or renegotiating the price terms of the contract. SCE indicated that it had an active contract management system in place that included this type of

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review. PG&E actively monitors its contracts to make sure Sellers remain in compliance with their contractual obligations throughout the delivery term. If a Seller is not in compliance, or if a dispute arises, this creates the possibility for renegotiation or a termination event. PG&E stated that when disputes or termination events arise during the contract administration process, PG&E considers the value of the contract when determining whether to terminate or renegotiate the contract.

Finally, the presentations included a discussion of practical considerations for an idea previously raised by PCIA Working Group participants: to allow utilities to assign procurement contracts to the CCAs and ESPs as an alternative to the PCIA.

SCE identified several contractual limitations and hurdles that would need to be overcome in order for an IOU to assign its contracts to a CCA or ESP. These challenges include:

- a) <u>Consent by counterparties may be needed for assignment</u>: PPAs often specify that counterparties have a right to give consent for the utility to assign the contract to third party, and that the right to consent may not be unreasonably withheld. This limitation may provide a challenge to using contract assignment as a replacement for the PCIA in the event that some counterparties refuse to consent to the assignment, for any reason.
- b) <u>Creditworthiness of the CCA, particularly a newly-formed CCA may provide a</u> <u>barrier to contract assignment</u>: Presenters suggested that one potential reason that a counterparty may not consent to assignment of the PPA from the utility to a CCA is that the counterparty may not deem the CCA to be creditworthy. The

IOUs expressed concerns that counterparties in existing PPAs would be likely to focus on the creditworthiness of any assignee of the contract by the IOUs. ¹⁰

c) <u>PPA Rights and Obligations</u>: All rights and obligations of the PPA, including managing payments, operational aspects of the energy resource, and other requirements, would need to be assigned to the third party. The IOU and counterparty would need to be assured that a new CCA has the capacity to manage all obligations under the contract.

The PCIA Working Group participants also discussed that a reasonable approach would need to be identified by which PPAs are chosen for assignment to a CCA or ESP. Because individual procurement contracts vary by size, term, price and resource type, and load may depart from the IOUs at different times, it is not clear how parties could determine which contracts to assign that would treat all CCAs and ESPs equitably and would maintain bundled service customer indifference.

¹⁰ At the CPUC's February 1, 2017 En Banc hearing on Community Choice Aggregation, a number of CCA parties also discussed challenges that CCA's face in building good credit, which in turn presents a challenge with their capacity to enter into longer-term contracts, particularly during their first formative years.

Section 4. Ideas presented for improving data access and transparency

Participants in the PCIA Working Group presented several potential ideas to consider for improving data access and transparency relating to the PCIA. This section summarizes three primary ideas that were explored by the Working Group participants and discussed in the meetings.

The ideas were contributed by individual PCIA Working Group participants and were not edited or modified by other PCIA Working Group participants. Therefore, the ideas below do not necessarily represent a consensus of the PCIA Working Group but instead reflects the views of one or more PCIA Working Group participants. Therefore, conclusions or statements made in this section should not be attributed to the entire PCIA Working Group, nor should it be assumed that all PCIA Working Group participants agree with all of the statements in this section.

Uniform template for PCIA workpapers in IOUs' ERRA Forecast proceedings Summary contributed by PG&E

At the October 27, 2017 meeting PG&E, on behalf of all IOUs, presented a draft of uniform IOU PCIA workpapers and walked parties through the detail, requesting feedback throughout. This discussion continued through all PCIA Working Group meetings and has resulted in a Petition for Modification (PFM) supported by PG&E, SCE, SDG&E and xxx parties [insert names of organizations filing and/or in support of this PFM]. The PFM requests the Commission add a requirement that IOUs be required to submit their PCIA related workpapers in their annual ERRA Forecast proceedings using the uniformed template. That PFM is being filed concurrently with this final report.

Consolidation of relevant publicly available data in one document with links Summary contributed by Southern California Edison

Early in the PCIA Working Group process, CCA and DA parties requested access to a comprehensive document containing links to relevant public information related to IOU electric generation resource procurement. A document containing a compiled website list was prepared by PG&E and shared with the Working Group participants in the group's December 14, 2016 meeting. The document that was shared in the Working Group is enclosed as Attachment D.

To address data access concerns, CCA parties in the PCIA Working Group recommended that a CPUC administered website with links to relevant PCIA data sources would be a valuable resource for CCAs to more easily access publicly available information necessary to develop their own PCIA forecasts. This would also facilitate review by Energy Division staff and ratepayer advocates such as ORA.

Enhancing confidential data access for reviewing representatives of CCAs and ESPs Summary contributed by Dan Griffiths, Braun Blaising McLaughlin & Smith, P.C.

In <u>Decision 16-09-044</u>, the Commission recognized DA and CCA parties' "legitimate interest in increased transparency and the ability to forecast long term PCIA trends" and directed the PCIA working group to examine "issues of improved transparency and certainty

related to [the] PCIA." To improve transparency and PCIA certainty, the Joint CCAs¹¹ propose enhanced data access to protected PCIA-related materials through a modification to the existing Commission-approved Model Protective Order and Model Non-Disclosure Agreement.

The proposed modification would permit certain employees of a non-profit load serving entity (LSE) to serve as a "Reviewing Representative" and review protected materials subject to a Non-Disclosure Agreement. The employee must be participating in the affected Commission proceeding and be requesting information related to the employee's review of the PCIA. These modifications would allow for increased PCIA transparency, while preserving the Commissionapproved document retention structure that ensures the protection of market sensitive materials. For example, the Reviewing Representatives would be able to access historical executed PCIA-related contracts that are several years old but are presently restricted from review. These historical contracts would be reviewed in a protected manner subject to a Non-Disclosure Agreement.

The Joint CCA's proposed modification is consistent with the language in <u>FERC's Model</u> <u>Protective Order</u> which permits an employee participating in a proceeding to serve as a reviewing representative and access protected materials. The Commission has, in the past, permitted access to protected materials by employees in <u>telecommunications</u> and <u>natural gas</u> contexts. Further, since the proposed modification only pertains to non-profit LSEs, the forprofit rationale given in <u>D.11-07-028</u> for restricting employee access to protected materials does not apply. Thus, the proposal is a tailored means to improve transparency, while

¹¹ The idea was supported by a variety of representatives from CCAs and DA providers participating in the PCIA Working Group

remaining consistent with past Commission practice in ensuring protection of accessed

materials.

Section 5. Ideas presented to address issues related to existing Market Price Benchmark (MPB)

Participants in the PCIA Working Group presented several ideas for addressing issues related to the existing Market Price Benchmark. This section summarizes several ideas that were explored by the Working Group participants and discussed in the meetings.

The ideas were contributed by individual PCIA Working Group participants and were not edited or modified by other PCIA Working Group participants. Therefore, the ideas below do not necessarily represent a consensus of the PCIA Working Group but instead reflects the views of one or more PCIA Working Group participants. Therefore, conclusions or statements made in this section should not be attributed to the entire PCIA Working Group, nor should it be assumed that all PCIA Working Group participants agree with all of the statements in this section.

Applying an alternative method to derive the Market Price Benchmark

Summary contributed by Sonoma Clean Power

Some of the PCIA Working Group participants maintained that the MPB should be constructed to value the change in the utility's portfolio created by the departure of customers to CCAs or DA. In 2003, when the CRS was set to recover the change in value, the utilities and Department of Water Resources (DWR) held a portfolio of mid- and long-term PPAs and resources for nearly 99% of the current load. DA customers were leaving behind these assets with the costs to be recovered from remaining bundled customers. The appropriate benchmark was the value of the excess generation when sold into the marketplace. Because long-term sales were rare (and often individually negotiated rather than through formal

procurement), the resulting MPB reflected a series of annual transactions with its various terms that were codified first in the 2006 decision and updated in 2011.

However, with the end of most DWR contracts by 2011, the retirement of certain generation assets, and with the incremental extensions of the RPS from 20% to 33% to 50%, the IOUs moved back into acquiring new generation for growing loads and/or compliance mandates. In this circumstance, a departing load does not necessarily result in increased sales into the bulk power market, but rather may result in a reduction of IOU purchases from the bulk power market. Put simply, departing customers should only be liable for exit fees if their particular departure leaves bundled customers paying for stranded assets.

With regards to RPS compliance, load departures directly reduce the IOUs renewable net short and corresponding financial liabilities. That is, the existing RPS portfolio held by bundled customers represents a higher percentage of RPS generation and reduces the incremental procurement needed to meet RPS targets.

And the MPB should reflect this change in market perspective instead of always assuming that IOUs are net sellers.

Further, since the IOUs are buying long-term PPAs, the MPB should reflect those longterm prices. Bundled ratepayers will avoid having to pay for procurement costs due to departure of load, for which CCAs take on the procurement burden. The market is no longer represented by short-term sales but rather by long-term purchases. And the MPB should be set to equal the market price in the year that the IOU avoided having to procure because of the CCA departed load.

Table 5 shows in a simple manner how bundled customers save procurement costs, and

how the appropriate MPB is the long-term procurement price for new resources. Two

important results should be highlighted.

 When the avoided procurement cost is above the average bundled portfolio cost, bundled customers see a decrease in their average cost when CCA customers depart.

This leads to the PCIA being negative.

2) The average cost of the avoided new generation is equal to the MPB so long as the departing load is less than the incremental amount of avoided new generation.

Bundled ratepayer savings			
<u>Sales/Loads</u>	Initial	All	CCA departed
		Bundled	
Bundled Sales	60,000	63,100	54,100
CCA/DA Sales			9,000
Total Sales	60,000	63,100	63,100
Generation Portfolio			
Existing GWH	60,000	54,000	54,000
Retirements/Expirations		6,000	
Additional Total RPS GWH		9,100	
Additional Bundled RPS			100
<u>GWH</u>			
Existing Cost	\$4,200	\$3,780	\$3,780
Existing \$/MWH	\$70	\$70	\$70
New RPS Cost		\$728	\$8
RPS \$/MWH = MPB		\$80	\$80
Total Bundled Cost	\$4,200	\$4,508	\$3,788
Average Cost per MWH	\$70.00	\$71.44	\$70.00
Portfolio Cost Difference			-\$720
Avg. Difference/MWH = PCIA			-\$1.44

Table 5

As noted above, the current PCIA method assigns a "vintage" to departed load for purposes of assigning portfolio costs to a departed load (based on the year of departure), but does not recognize that market conditions at the time of load departure also determine the economic impact of the departure on bundled customers. Because the IOUs are only able to recover "unavoidable" costs under the PCIA, in principle when a given CCA load departs, the IOU should *immediately* liquidate (sell) a portion of its portfolio corresponding to that no longer needed to serve the departed load. Evidently this would result in a PCIA calculation based upon the difference between IOU portfolio cost and the "market price" *at the time of departure* or shortly thereafter. In contrast, the current PCIA methodology sets a MPB that is calculated in the current year rather than for the market conditions in which the customer departed. SCP proposes an alternative MPB valuation calculation method that is consistent with vintaged portfolio costs computed in the PCIA. Recognizing not just the portfolio costs, but also the market prices, are associated with a given vintage a PCIA calculation is necessary to preserve indifference across customer classes based on when their load departed.

Table 6 illustrates an example of how the MPB would be calculated over a five-year period using this method. It values avoided new procurement at the MPB by vintaged year in which the load departs because that's when the relevant market transactions occurred. The avoided long-term contracts should not be marked to market in subsequent years because bundled customers are not entering the market each year to again purchase that amount of generation—they already avoided those purchases in year 1. That differs from a MPB based on making short-term sales each year. For stranded existing assets, the generation amount is the

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departing load minus the avoided long-term procurement in the vintage year valued at the

short-term MPB.

	MPB concept example					
1	Year	2016	2017	2018	2019	2020
2	<u>Sales</u>					
3	Bundled Sales	60,000	58,100	56,200	54,300	53,100
4	CCA/DA Sales	0	2,500	5,000	7,500	10,000
5	Total Sales	60,000	60,600	61,200	61,800	63,100
6	Resources					
7	For All Sales					
8	Existing Conventional	45,000	44,238	43,452	42,642	42,277
9	Existing RPS	15,000	13,500	12,000	10,500	9,000
10	Total RPS	15,000	16,362	17,748	19,158	20,823
11	% RPS Target	25%	27%	29%	31%	33%
12	New RPS	0	2,862	5,748	8,658	11,823
13	After CCA/DA Sales					
14	Existing Bundled RPS	15,000	13,500	12,000	10,500	9,000
15	New Bundled RPS	0	2,187	4,298	6,333	8,523
16	% RPS Bundled	25%	27%	29%	31%	33%
17	Bundled RPS Difference	0	-675	-1,450	-2,325	-3,300
18	Bundled Conventional	45,000	42,413	39,902	37,467	35,577
19	Bundled Conventional Difference	0	-1,825	-3,550	-5,175	-6,700
20	CCA/DA RPS	0	1,400	3,100	5,100	7,500
21	CCA/DA Conventional	0	1,100	1,900	2,400	2,500
22	% RPS CCA/DA	50%	56%	62%	68%	75%
22						
23	MPB Calculation		675	4 450	2 225	2 200
24	Avoided New Bundled RPS	0	-675	-1,450	-2,325	-3,300
25	RPS PPA \$/MWH	\$100	\$95	\$90	\$85	\$80
26	Change in Bundled Conventional	0	-1,825	-3,550	-5,175	-6,700
27	"Brown" \$/MWH Value	\$50.00	\$47.50	\$45.00	\$42.50	\$40.00
28	MPB by Vintage	2016	2017	2018	2019	2020
29	2017 Vintage		\$60	\$59	\$57	\$55
30	2018 Vintage			\$58	\$56	\$55
31	2019 Vintage				\$56	\$54
32	2020 Vintage					\$53
L						

Table 6

Section 6. Ideas presented to address other concerns related to PCIA

Participants in the PCIA Working Group presented several potential ideas for addressing broader concerns related to the PCIA. This section summarizes several ideas that were explored by the Working Group participants and discussed in the meetings.

The ideas were contributed by individual PCIA Working Group participants and were not edited or modified by other PCIA Working Group participants. Therefore, the ideas below do not necessarily represent a consensus of the PCIA Working Group but instead reflects the views of one or more PCIA Working Group participants. Therefore, conclusions or statements made in this section should not be attributed to the entire PCIA Working Group, nor should it be assumed that all PCIA Working Group participants agree with all of the statements in this section.

Reduce stranded asset cost recovery

Summary contributed by Jeremy Waen, Marin Clean Energy

Presently, stranded cost recovery for resources included within the PCIA is limited to 10years for both conventional and UOG resources, while stranded cost recovery for renewable resources is granted for the full contract duration. Renewable resource contract lengths can extend up to 25 years in duration. As such renewable procurement significantly contributes to the excessively long cost recovery duration that individual vintages of departing load are responsible for paying.

The Commission allowed for these differences in stranded cost recovery for these differing resource types within the PCIA as part of D.04-12-048. This decision explains that renewable resources should have stranded cost recovery for the contract duration due to

the nescience of the renewable electricity market during that time. MCE believes that the renewable electricity market is clearly well established now, more than twelve years after the issuance of that decision. As such the stranded cost recovery for new renewable resources committed to by the IOUs should be limited to 10-years just like conventional and UOG resources.

During the course of these PCIA working group sessions, MCE staff raised arguments to this effect. Consensus among the PCIA Working Group participants was not reached on this matter.

Modify "Top 100 hours" method

Summary contributed by Jeremy Waen, Marin Clean Energy

During the course of these PCIA Working Group sessions, numerous participants questioned the basis by which PCIA rates are established for different customer groups. Among these participants, MCE staff raised questions regarding why the "Top 100 hours" methodology is presently used to assign these costs by class, citing that this methodology results in residential customers paying significantly higher PCIA rates than other customer groups. Other participants within the PCIA Working Group explained that the use of the "Top 100 hours" methodology comes from the IOUs' GRC Phase 2 proceedings, where individual IOU's revenue requirements are allocated across the different customer groups. Certain individuals believe it would be problematic to assign the PCIA rates to customer classes through a differing methodology than whatever methodology is currently used to assign costs in GRC Phase 2 proceedings.

As such, it was recommended to the PCIA Working Group participants that if they wish to change the methodology by which PCIA rates are assigned to customer classes that they raise

this request concurrently with a proposal for how the IOUs should change the manner in which costs are assigned to customer classes within each IOU's GRC Phase 2.

Sunset of PCIA

Summary contributed by Marin Clean Energy and Sonoma Clean Power

The framework for today's exit fees can be traced back to the mid 1990's, when the Commission introduced the CTC to protect customers in a new era of competitive markets. The intent was to collect transition costs in a fashion that was competitively neutral, fair to all ratepayer classes, and did not increase rates.¹² At the time, the Commission intended the CTC to eventually terminate once the transition period to a fully competitive market was over. The Commission also recognized that, while utilities should have an opportunity to recover costs which they must incur, there should be balance with the need to ensure that ratepayers were not paying for costs that no longer existed.¹³

Assembly Bill (AB) 1890 (1996) codified the CTC and indicated an expiration date consistent with the Commission's anticipation that the CTC would eventually terminate when the transition period ended in March 2002. The Legislature reiterated that the transition should provide utilities with a fair opportunity to fully recover costs associated with their generation–related assets and obligations and that the transition should be completed as expeditiously as possible.¹⁴ However, during this competitive transition, crisis struck the

¹² D.95-12-063 at p. 110.

¹³ D.97-08-056 at p. 24.

¹⁴ CA Pub. Util. Code § 330(t)

electricity market in California. Shortages and blackouts triggered an emergency proclamation whereby DWR would purchase electricity on behalf of IOU customers.

AB 1x provided for the reimbursement of costs to DWR, laying the groundwork for nonbypassable charges related to the DWR Bond and the DWR Power Charge. Additionally, to provide DWR with a stable customer base from which to recover the cost of the power it purchased, the statute directed the Commission to set a DA suspension date to prevent customers from leaving bundled service and avoiding costs incurred by DWR. The Commission set the DA suspension date for September 20, 2001, and in allowing DA customers to keep contracts valid prior to that date, determined that a DA surcharge or exit fee would be appropriate in order to prevent cost-shifting of DWR costs to remaining bundled service customers.¹⁵ The Commission also confirmed that DA customers would continue to be responsible for CTC obligations.¹⁶ Soon thereafter, the recovery of costs from DA customers would be consolidated into the CRS, consisting of DWR costs, a tail CTC, and an indifference charge.¹⁷ The indifference charge, based on the methodology of maintaining bundled service customer indifference, covered the ongoing above-market portion of utility-related generation costs related to the deregulation transition and subsequent crisis for the specified time period. This concept of bundled customer indifference would become the mainstay for imposing exit fees on departing load customers, including customers of CCAs.

AB 117 (2002) enabled CCA formation, and provided for the recovery of costs from CCA customers to prevent cost-shifting to remaining bundled customers. The costs included those

¹⁵ D.02-03-055 at p. 33.

¹⁶ D.02-04-067 at p. 11.

¹⁷ D.02-11-022 at pp. 3-4.

related to DWR's procurement during the energy crisis, IOU purchase obligations as of the date of the statute, and additional unavoidable contract costs attributable to the departing CCA customer. The unavoidable contract costs imposed on departing load customers is today known as the PCIA. AB 117 also instructed that these contract costs would only be recoverable if the costs were unavoidable and were attributable to the customer. To date, the Commission has considered all contracts entered into by IOUs as both unavoidable and attributable to the customer.

Pursuant to AB 117, the Commission adopted an initial approach of the CRS for CCAs. The Commission used the same indifference methodology adopted for DA customers.¹⁸ This methodology analyzed the liabilities that would be assumed by bundled utility ratepayers and would be incorporated in the CRS to avoid cost—shifting. The Commission emphasized its policy goals to maintain accuracy, equity and certainty for CCAs and utilities when creating CRS liability. Furthermore, the Commission noted that its complementary objective was to minimize the CRS and promote good resource planning by the utilities. The Commission also anticipated that the CRS for CCAs would terminate at some point.¹⁹

The current PCIA is based on a framework first established to facilitate competition while providing temporary protection to IOUs. Over time, the types of applicable costs have grown in magnitude from set, pre-determined categories to include an on-going list of legislative and policy preferences. As such, the current PCIA will persist for decades into the future – for LSEs that have already departed service. In addition, it is unclear whether contract

¹⁸ D.04-12-046 at p. 24.

¹⁹ D.04-12-046 at p. 27.

extensions and/or modifications are deemed "unavoidable" stranded assets subject to costrecovery throughout their lifespans.

As a result of the 2000–2001 energy crisis and subsequent legislation and Commission decisions, the scope of stranded costs have expanded to include certain energy crisis related costs and additional exit fees initially intended to maintain bundled customer indifference during restructuring. However, these policies and protocols have since been extended to allow an extensive range of cost–recovery mechanisms for IOU investments and the amount of stranded costs from non–bundled customers have become highly variable and uncertain.

The extended nature of the liabilities presents a challenge to new CCAs, these small government agencies come into existence with a significant debt burden from day one. By capping the amount of time the PCIA could persist to a set time frame (e.g. 10 years after the departure of a particular vintage), certainty for LSEs and IOUs would be increased, with fewer on-going Commission resources required. Given a ten-year time horizon, IOUs could – if properly motivated – amend and/or terminate above-market contracts with applicable clauses to reduce the on-going liability. Any remaining burdens beyond the ten-year period could be rolled into a single lump-sum amount to be paid by an LSE in year eleven.

Cap on annual PCIA amount

Summary contributed by Sonoma Clean Power

The volatility of PCIA charges, lack of forecast, and confidential treatment of underlying liabilities puts CCA customers at risk. The charges are not only volatile but significant, and represent approximately 1/3 of generation costs in PG&E territory. This creates additional challenges for CCAs seeking to make long-term procurement and budgeting decisions while protecting customers from rate-shock. Disadvantaged customers taking CCA service have been particularly affected by recent volatility and modified allocations of PCIA by customer class.

In the case of the CRS costs to be borne by DA customers, the Commission declined to adopt a levelized annual charge of the CRS. Rather, the charge would fluctuate over time.²⁰ However, the Commission did adopt a CRS cap to ensure that Direct Access would not become wholly uneconomic.²¹ The initial CRS cap was set at 2.7 cents/kWh. As the actual cost of CRS declines over time, any underpayment of CRS would be made up in future years.²² D.02–12–045 subsequently defined the allocation methodology for the DWR 2003 revenue requirement and continued the 2.7 cents/kWh CRS cap.

Treating PCIA charges in a balancing-account type fashion with a cap as was done for the CRS would eliminate upside volatility in a given year, enabling more efficient planning by CCAs. However, if the PCIA persisted above the cap for an extended period of time, this growing liability would extend the overall time frame of PCIA recovery, as any costs above a predetermined annual amount would be rolled into future years' liabilities.

²⁰ D.02-11-022 at p. 36.

²¹ D.02-11-022 at p. 115.

²² D.02-11-022 at p. 120.

Section 7. Ideas presented to replace the existing PCIA framework

Participants in the PCIA Working Group process, presented several alternative concepts to replace the current PCIA framework. These alternatives included ideas to allocate a share of the utility portfolio's attributes to the LSEs in exchange for their customers paying for the net costs of that portfolio, offer a lump-sum buyout, or the assignment of IOU contracts to LSEs. To advance the discussion of all three alternatives, the IOUs developed a high-level description of each alternative to ensure common understanding within the PCIA Working Group, and Sonoma Clean Power presented several case studies of buy-outs in comparable situations relating to departing load. Some practical considerations were also identified for all three approaches to be examined in assessing whether these alternatives are viable options to replace the current PCIA framework. The IOU presentation of alternatives and practical considerations given in the January 23, 2017 Working Group meeting is attached in Attachment E.

The ideas were contributed by individual PCIA Working Group participants and were not edited or modified by other PCIA Working Group participants. Therefore, the ideas below do not necessarily represent a consensus of the PCIA Working Group but instead reflects the views of one or more PCIA Working Group participants. Therefore, conclusions or statements made in this section should not be attributed to the entire PCIA Working Group, nor should it be assumed that all PCIA Working Group participants agree with all of the statements in this section.

Pro rata share of contracts or Portfolio Allocation Methodology (PAM) Summary contributed by Southern California Edison

The Portfolio Allocation Methodology (PAM) approach is a pro-rata allocation of the IOU's resource portfolio to the LSEs – i.e. through PAM, IOUs would allocate annually to each CCA or ESP and their customers a proportionate share of both the net costs and attributes of the IOU's portfolio, based upon vintage. Existing contracts would remain on the IOU's balance sheet, and the IOU would retain contract and resource management and payment obligations, thereby avoiding a number of the complications of selecting and assigning existing contracts. The IOUs presented PAM conceptually at the January 23, 2017 PCIA Working Group meeting, and discussed in detail with the PCIA Working Group at the February 8, 2017 meeting. The February 8, 2017 presentation is included in Attachment F.

PAM is intended to replace the "above-market" construct of the PCIA, which is based on administratively-set benchmarks, in order to ensure bundled service customer indifference.²³ Under the PAM approach, net costs are allocated to customers on a vintaged portfolio basis and the portfolio attributes are allocated to the CCAs and ESPs on a pro-rata basis. The net costs are based on the difference between forecast resource costs and offsetting CAISO energy market revenues of the IOUs portfolio of contracts in a given vintage.

Resource Costs – Offsetting Revenues = PAM Amount

The PAM Amount is calculated for each annual vintage resource portfolio, and allocated to departing load customers based on their date of departure (or vintage).

The PAM proposal then incorporates an annual true-up to reflect both actual costs and CAISO energy market revenues. The annual true-up of net costs would be completed in the ERRA Forecast proceeding using a balancing account (similar to the true-up process for bundled service customers' generation rates and delivery service customers' CAM²⁴ rates). An annual true-up was a key improvement recommended by several parties in the Working Group, which does not exist in the current PCIA framework.

A detailed list of the resources and the costs and revenues that are included in the calculation of net costs is shown in Attachment F.

²³ AB 117, D.04-12-048, and SB 350 require that bundled retail customers remain indifferent to load departure.

²⁴ CAM costs are collected through the New System Generation Charge.

Under PAM, LSEs would receive a pro-rata allocation of resource attributes from the vintaged portfolio, including Resource Adequacy (RA), Renewable Energy Credits (RECs), and any future attributes.

The IOUs propose to allocate resource attributes in the following ways:

- RECs would be allocated to LSEs based on their annual energy load share (not peak load). RECs would be forecasted and allocated each year and trued-up annually to reflect changes to actual load share and actual changes to REC generation.
- System, Local and Flexible RA credit would be allocated to LSEs based on forecast peak load share, consistent with current CAM RA allocations. RA credit would be forecasted annually and RA credits would be re-allocated based on updates to monthly peak loads.

Figure 1

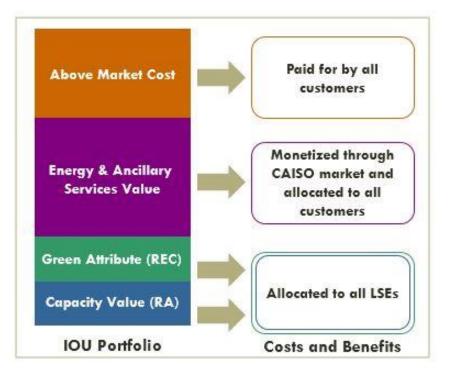


Illustration of allocation of resource portfolio costs and attributes under PAM

The IOUs described the rationale behind PAM and its potential value over the current PCIA framework. First, the proposal offers a practical alternative to replace the administratively-set benchmarks in the PCIA calculation. Participants in the PCIA Working Group have identified a number of concerns about the current PCIA benchmarks, which do not accurately reflect the current market and have proven difficult and contentious to update regularly. Second, the IOUs argued that PAM offers a more transparent alternative to the PCIA, as the calculations of the net costs under PAM do not require reliance upon an RPS benchmark that is heavily based on confidential data. Third, through an annual true-up mechanism, which is not present in the PCIA, PAM would reflect actual costs and revenue of the portfolio. Finally, the proposal meets the statutory requirement that bundled service customers remain indifferent to departing load. The IOUs also expressed their opinion that the PAM approach is scalable, and would remain effective and equitable to all customers at any level of load departure in the future.

PAM BENEFITS

- Eliminates administratively-set benchmarks
- Clear, transparent, and effective

☑ No longer based on confidential data and market estimates

- Includes a true-up to reflect actual costs and value
- Meets statutory indifference
 requirement

Attachment F includes an illustrative example presented to the PCIA Working Group on February 8, 2017.

Lump-sum buyout

Summary contributed by Sonoma Clean Power

A fixed "lump-sum buyout" would entail an LSE paying the net present value of their future net obligations to the IOU through contracts and UOG based on a particular LSE's load and vintage. LSEs have highlighted that the current PCIA is volatile, very difficult to forecast and plan around, is not calculated in a transparent manner, and requires ongoing regulatory intervention. The lump-sum buyout would alleviate the majority of these problems by calculating a one-time fee that the LSE would pay to avoid future charges. This would allow LSEs to budget for programs and procurement, while preventing rate shock. Moreover, LSEs considering formation could accurately assess and potentially finance their customer's future obligations to the incumbent IOU.

Buyouts have occurred in a variety of environments, including:

Publicly-owned utilities in California

Commission Resolutions E-3999 and E-4604 directed the investor-owned utilities to offer bilateral agreements to publicly-owned utilities (POUs) as an alternative to the Municipal Departing Load tariff to departing load customers. Between 2006-2016, PG&E and SCE entered into bilateral agreements with the following POUs: Power and Water Resource Pooling Authority (PWRPA), Merced Irrigation District, Modesto Irrigation District, Turlock Irrigation District, and the Cities of Azusa, Rancho Cucamonga, Moreno Valley, and Victorville. Only 3 of the 8 have publicly available costs: which range from a low of \$1.5M under Modesto Irrigation District's agreement to a high of \$6.9M under the Turlock Irrigation District's agreement in 2016.

D.09-08-015 concluded that the PG&E/PWRPA agreement fully satisfied the departing load obligations of PWRPA's customers, and that PG&E has no right to seek further payment or pursue any claim against PWRPA's customers for charges under PG&E's departing load tariff. Thus, the Commission has previously approved an agreement that resolves past, present, and future non-bypassable charge (NBC) obligations by payment of amounts that may differ from tariffed charges, that relieves an IOU of its obligations to bill or collect NBCs, and that releases

the departing load customers of a POU from liability for the payment of NBCs. (D.10-11-011 at 15-16.)

Corporate customers

MGM Resorts in Nevada left bundled service form Nevada Power Company in 2015 for a lump-sum of \$87M. MGM represents 4.86% of the utilities annual sales with 59 accounts at 19 different locations. Another firm, Switch, was denied the ability to exit by the Nevada PUC on the grounds that it violated the principle of indifference by failing to allocate a share of legislated energy policies into the exit calculation. Nevada, unlike California, is not decoupled, thought the utility may recoup lost revenues and administrative costs to run demand side management programs. Like California, Nevada has an aggressive RPS (25% by 2025), additional renewable procurement required by legislation, and requires Commission approval for new generation. In the MGM buyout, the Nevada PUC directed Nevada Power Company (NPC) to perform production cost simulations to show the total costs with, and without, MGM. The PUC directed NPC to include resources required by legislation procured while MGM was a customer, but to exclude future compliance obligations and "placeholder resources" not seeking specific approval. In addition, the Nevada PUC directed NPC to include O&M savings resulting from reduced operating due to MGM's departure. The net present value of all costs and savings were calculated based on NPC's cost of capital. It was calculated over a 6 year period to allow for two IRP cycles and to allow for QF contracts to drop off. See Nevada PUC docket No. 15-05017 for MGM Application, Testimony, and Staff response.

IOUs have noted that a buy-out option as a bilateral agreement is currently an option. However, to ensure indifference and transparency, an established methodology that can be overseen and audited is critical. This will prevent any perceived or real lack of fairness in bilateral agreements between IOUs and various LSEs. To reduce burden on all customers, any reductions in outstanding liabilities should first be pursued. To that end, contracts with clauses acknowledging Commission jurisdiction and/or assignment and termination provisions should be evaluated by a neutral third party to identify opportunities to reduce on-going above market

costs. After the amount and duration of contracts is reduced through contract provisions, the remaining contracts could be liquidated by a third party instructed - or financially incented - to generate the maximum amount of value. Once liabilities have been limited and liquidated, the net present value of any future net costs would be used to calculate an LSE's buy-out price.

Contract assignment

Summary contributed by Sonoma Clean Power

One potential option that was discussed was a mutually aggregable assignment of certain contracts from an IOU to an LSE could be undertaken. IOUs would have to seek counterparty consent for assignment of the contract to a new entity (e.g. from the IOU to a CCA). Given that neither counterparties nor IOUs have an existing incentive to modify their existing contracts, this could pose a challenge without some sort of regulatory modification. In addition, the IOUs and LSEs would have to agree upon which contract(s) and at what terms the assignment would be made. As individual contracts have unique characteristics in terms of generation profile, REC production, RA value, long-term nature, etc. these transactions would be relatively illiquid and subject to negotiation. Contracts could be selected based on how these characteristics match a given LSE's needs. However, IOUs would be challenged to treat all LSEs equally given the irregular timing of departure and varied characteristics in the underlying liabilities. Finally, larger contracts may exceed the appetite of any existing CCAs, reducing the viable pool of contracts to select from. However, granting an individual contract to an LSE would provide for a high level of certainty and control of the underlying asset.

Section 8. Conclusions and next steps

Pursuant to the direction given in D.16-09-044, SCP and SCE facilitated a six-month PCIA Working Group for the purpose of convening interested stakeholders to discuss issues with the PCIA framework related to transparency, certainty and data access. D.16-09-044 directed the Working Group to provide recommendations to the Commission within six months of the decision in the form of petitions for modification or a petition for rulemaking to improve PCIA transparency, certainty and data access.

The PCIA Working Group facilitators held five monthly Working Group meetings to convene a total of 32 organizations as participants, including utilities, CCA parties and representatives from entities considering CCA formation, ESPs and DA customer representatives, ORA, and various other interested stakeholders. The co-lead facilitators of the PCIA Working Group attempted successfully to engage interested parties in constructive discussions of issues related to PCIA transparency, certainty and data access in an open, collaborative forum. The forum allowed for valuable information sharing among the parties in order to build common understanding of the PCIA and the various concerns and issues that have been raised about the PCIA framework. As an example, in response to concerns raised about access to IOU data relevant to the PCIA, much effort was spent with the PCIA Working Group to share non-confidential information with CCA and ESP parties to facilitate their development of their own PCIA forecast. In addition there was robust discussion around allowing employees of publicly-owned LSEs, under an NDA, to have enhanced access to PCIArelated data.

Throughout the six-month process, participants discussed a wide range of PCIA issues and potential solutions which included ideas to address broader issues with the PCIA

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framework and several proposals for a replacement to the PCIA in the future. Discussions about these ideas were constructive and efforts were made to describe and identify practical considerations related to many of these ideas. While the PCIA Working Group participants were unable to come to a consensus on many of these ideas that have been summarized in this report, the facilitators have attempted to provide an accurate description of these ideas and the key questions and practical considerations that were discussed so that they may be assessed further in other forums.

The PCIA Working Group has built a consensus to develop and file a Petition for Modification in D.06-07-030 with a specific proposal that recommends a uniform format for ERRA work papers prepared by the IOUs. The intent of this change is to correct inconsistencies in the way that the three IOUs prepare the ERRA Forecast proceeding work papers, providing greater consistency in the PCIA calculations and making these papers a more helpful source of information for parties to review IOU information and potentially develop their own PCIA forecasts.

Appendix

Attachment A: Presentations from PCIA Working Group Meeting #1, October 27, 2016 Attachment B: Presentations from PCIA Working Group Meeting #2, November 17, 2016 Attachment C: Presentations from PCIA Working Group Meeting #3, December 14, 2016 Attachment D: Website List with Public Information for Electric Generation Resources Attachment E: Presentations from PCIA Working Group Meeting #4, January 23, 2017 Attachment F: Presentations from PCIA Working Group Meeting #5, February 8, 2017

Attachment 3

CalCCA bill tracking by EGRS/NPA 3/9/2017

Climate Change/GHG

AB 151 (Burke D) California Global Warming Solutions Act of 2006: market-based compliance mechanisms: scoping plan: report.

Current Text: Amended: 3/2/2017 Text Introduced: 1/11/2017 Last Amend: 3/2/2017 Status: 3/6/2017-Re-referred to Com. on NAT. RES. Location: 3/2/2017-A. NAT. RES.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Enrollod	Votood	Chaptered
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Summary: Would require the State Air Resources Board to report to the appropriate policy and fiscal committees of the Legislature to receive input, guidance, and assistance before adopting guidelines and regulations implementing the scoping plan and a regulation ensuring statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030. This bill contains other related provisions and other existing laws.

Notes 1: Possible vehicle for cap and trade reauthorization; sponsored by the mod dems that want more oversight of ARB

AB 378 (Garcia, Cristina D) California Global Warming Solutions Act of 2006: regulations.

Current Text: Introduced: 2/9/2017 Text Introduced: 2/9/2017

Status: 2/21/2017-Referred to Com. on NAT. RES.

Location: 2/21/2017-A. NAT. RES.

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Summary: Would require the State Air Resources Board to consider and account for the social costs of the emissions and greenhouse gases when adopting those rules and regulations. The bill would authorize the state board to adopt or subsequently revise new regulations that establish a market-based compliance mechanism, applicable from January 1, 2021, to December 31, 2030, to complement direct emissions reduction measures in ensuring that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030.

<u>AB 398</u> (<u>Garcia, Eduardo</u> D) Greenhouse Gas Reduction Fund: report.

Current Text: Introduced: 2/9/2017 Text

Introduced: 2/9/2017

Status: 2/21/2017-Referred to Com. on NAT. RES.

Location: 2/21/2017-A. NAT. RES.

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Summary: Current law requires the Department of Finance to annually submit a report to the appropriate committees of the Legislature on the status of the projects funded with moneys from the Greenhouse Gas Reduction Fund. This bill would require the department to include additional information in its annual report to the Legislature, including, among other things, the greenhouse gas emissions reductions attributable to each project and the geographic location, industry sector, and number of employees of the business entities, as defined, receiving moneys from the fund.

<u>AB 523</u> (<u>Reyes</u> D) Electric Program Investment Charge: allocation.

Current Text: Introduced: 2/13/2017 <u>Text</u> **Introduced:** 2/13/2017 **Status:** 2/27/2017-Referred to Com. on U. & E.

Location: 2/27/2017-A. U. & E.

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Summary: Would require the Energy Commission to allocate at least 25% of the moneys in the Electric Program Investment Charge Fund for technology demonstration and deployment at sites located in disadvantaged communities, as defined. The bill would require the Energy Commission to allocate at least 10% of the moneys in the fund for technology demonstration and deployment at sites located in,

or benefiting, low-income communities, as defined. The bill would require the Energy Commission to give preference for funding to clean energy projects under the EPIC program that benefit residents of low-income or disadvantaged communities.

<u>AB 1187</u> (Garcia, Eduardo D) Crowdsourcing and Citizen Science Act of 2017.

Current Text: Introduced: 2/17/2017 Text Introduced: 2/17/2017 Status: 2/19/2017-From printer. May be heard in committee March 21. Location: 2/17/2017-A. PRINT

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Summary: Would establish the Crowdsourcing and Citizen Science Act of 2017, which would authorize the Secretary for Environmental Protection and the heads of the various boards, offices, and departments within the California Environmental Protection Agency to use crowdsourcing and citizen science approaches to conduct activities designed to advance the mission of the California Environmental Protection Agency. This bill would impose specified duties with regard to crowdsourcing and citizen science projects, including promoting these projects.

AB 1405 (Mullin D) Electricity: Clean Peak Energy Standard.

Current Text: Introduced: 2/17/2017 Text

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

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Summary: Would require the Public Utilities Commission to ensure that an unspecified percentage of the energy delivered to ratepayers during the peakload time period by load-serving entities is derived from eligible renewable resources or energy storage systems. Because a violation of an order or direction of the commission would be a crime, this bill would impose a state-mandated local program.

Notes 1: Geof has flagged preliminary concerns. Bill limits our procurement authority. Bill will have major opposition.

CPUC Reform

<u>SB 273</u> (<u>Hill</u> D) Public Utilities Commission: gas corporations: electrical corporations: safety.

Current Text: Introduced: 2/9/2017 Text

Introduced: 2/9/2017

Status: 2/23/2017-Referred to Com. on E., U. & C.

Location: 2/23/2017-S. E. U., & C.

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Calendar: 3/21/2017 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would require the Public Utilities Commission to adopt a commissionwide gas corporation and electrical corporation safety program that includes specified elements and would authorize the commission to adopt an organizationwide safety program for other public utilities and specified nonutilities that are also subject to the commission's regulatory jurisdiction. The bill would require gas corporations and electrical corporations to have effective programs to continually identify safety hazards and to analyze, assess, and mitigate or eliminate safety risks.

Distributed Generation

Current Text: Introduced:	2/17/2017 Text				
Introduced: 2/17/2017					
Status: 2/19/2017-From pr	inter. May be heard in co	nmittee	March 21.		
Location: 2/17/2017-A. PR	INT				
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that produce direct current electricity, as specified, by a city, county, city and county, or charter city from exceeding the estimated reasonable cost of providing the service for which the fee is charged, which cannot exceed \$500 plus \$15 per kilowatt for each kilowatt above 15kW for residential permits and, for commercial permits, \$1,000 for systems up to 50kW plus \$7 per kW for each kW between 51kW and 250kW, plus \$5 per kW for each kW above 250kW. Current law authorizes permit fees that exceed these charges if, as part of a written finding and adopted resolution or ordinance, the city, county, city and county, or charter city provides substantial evidence, as specified, of the reasonable cost to issue the permit. This bill would extend the applicability of the above-described limit on fees to all solar energy systems and would remove the repeal date, thus continuing these provisions in effect indefinitely

<u>AB 1552</u> (Quirk-Silva D) Electricity: distributed generation.

Current Text: Introduced: 2/17/2017 Text

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

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Summary: Would, by July 1, 2018, to the extent authorized by federal law, require the state's 3 largest electrical corporations to stop assessing utility-imposed nonbypassable charges against customers using clean distributed generation resources, as defined, for electricity generated and consumed on-site and instead require those customers to pay all applicable fees based only on electricity purchased from the electrical corporation that is delivered over the electrical grid.

Notes 1: IOUs and Labor will oppose. Understand this has cost shifting implications on CCAs too, but do we want to be out in front on this fight?

<u>SB 71</u> (<u>Wiener</u> D) Electricity: solar energy systems.

Current Text: Amended: 3/1/2017 Text **Introduced:** 1/9/2017

Last Amend: 3/1/2017

Status: 3/8/2017-Re-referred to Coms. on E., U. & C., T. & H., and APPR.

Location: 3/8/2017-S. E. U., & C.

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Summary: Current regulations on building standards require certain residential and nonresidential buildings to have a solar zone, as defined, on the roof of the building that is designated and reserved for solar electric or solar thermal systems and that meets certain specifications relating to minimum area, orientation, and shading, among other things. This bill would require a solar electric or solar thermal system to be installed in the solar zone of those residential and nonresidential buildings on which construction commences on or after January 1, 2018, during that construction.

<u>SB 242</u> (Skinner D) Property Assessed Clean Energy program.

Current Text: Introduced: 2/6/2017 Text Introduced: 2/6/2017

Status: 2/16/2017-Referred to Com. on RLS.

Location: 2/6/2017-S. RLS.

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Summary: Would state that it is the intent of the Legislature, in order to ensure that PACE programs continue to effectively meet their public purposes, to enact legislation to enhance the requirements, guidelines, and procedures to which PACE programs administered by 3rd parties must conform.

Electric Vehicles

<u>AB 33</u>	(Quirk D) Greenhouse gases from transportation: reduction: fees and rebates on new vehicle purchases.
	Current Text: Introduced: 12/5/2016 Text
	Introduced: 12/5/2016
	Status: 12/6/2016-From printer. May be heard in committee January 5.
	Location: 12/5/2016-A. PRINT
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Summary: Would state the intent of the Legislature to enact legislation to reduce net emissions from greenhouse gases from transportation by imposing fees and granting rebates on sales of new automobiles and light trucks.

<u>AB 1082</u> (<u>Burke</u> D) Transportation electrification: electric vehicle charging infrastructure: schools.

Current Text: Introduced: 2/16/2017 Text Introduced: 2/16/2017

Status: 2/17/2017-From printer. May be heard in committee March 19. **Location:** 2/16/2017-A. PRINT

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Summary: Would require an electrical corporation file with the PUC, by July 30, 2018, a program proposal for the installation of vehicle charging stations at school facilities. The bill would require the PUC to review and approve, or modify and approve, the program proposal filed by the electrical corporation by December 31, 2018. The bill would authorize the use of these charging stations by faculty, students, and parents before, during, and after school hours at those times that the school facilities are operated for purposes of providing education or school-related activities, and by others present for those activities.

Notes 1: Right now the bill only grants electrical corporations to build these charging stations. Language isn't neutral to third-party or other LSE. Do we want to oppose or let other groups, ie Chargepoint lead the oppose effort?

Energy Efficiency

<u>AB 803</u> (Quirk D) Energy: low-income energy-efficiency programs.

Current Text: Introduced: 2/15/2017 Text

Introduced: 2/15/2017

Status: 3/2/2017-Referred to Com. on U. & E.

Location: 3/2/2017-A. U. & E.

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Summary: Current law requires the Public Utilities Commission to establish programs to assist lowincome electric and gas customers, including the California Alternate Rates for Energy or CARE program. Existing law requires the commission, not less often than every 3rd year, to conduct an assessment of the needs of low-income electricity and gas ratepayers. Current law requires the assessment, in part, to consider whether existing programs adequately address low-income electricity and gas customers' energy expenditures, hardship, language needs, and economic burdens. This bill would require the commission to conduct the assessment not less often than every 5th year, instead of every 3rd year.

<u>AB 1088</u> (Eggman D) Multiunit residential housing: energy programs.

Current Text: Introduced: 2/17/2017 Text Introduced: 2/17/2017 Status: 2/19/2017-From printer. May be heard in committee March 21. Location: 2/17/2017-A. PRINT

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Summary: Would require the Energy Commission to set a statewide goal by 2030 to scale upgrades and reduce energy burdens for the multiunit residential market, taking into consideration the state's requirements for reducing emissions of greenhouse gases in disadvantaged communities and the climate equity, doubling of energy efficiency, and increased use of renewable energy resources requirements set forth in the Clean Energy and Pollution Reduction Act of 2015.

<u>AB 1431</u> (<u>Arambula</u> D) Energy efficiency: renewable energy resources.

Current Text: Introduced: 2/17/2017 Text

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

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Summary: Would require the Energy Commission, PUC, Department of Community Services and Development, State Department of Social Services, energy utilities, and 3rd-party administrators, as

defined, to collaborate with community partnerships to develop and implement comprehensive and coordinated outreach, education, and delivery of all their programs to promote energy efficiency, including weatherization, or to promote utilization of renewable energy resources, or provide rate assistance that are targeted toward low-income consumers and disadvantaged communities.

<u>SB 370</u> (<u>Hertzberg</u> D) Energy efficiency.

Current Text: Introduced: 2/14/2017 Text Introduced: 2/14/2017 Status: 2/23/2017-Referred to Com. on E., U. & C. Location: 2/23/2017-S. E. U., & C.

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Calendar: 3/21/2017 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Current law requires the PUC, by September 1, 2016, to authorize electrical corporations and gas corporations to provide financial incentives, rebates, technical assistance, and support to their customers to increase the energy efficiency of existing buildings, as specified. This bill would require the PUC to authorize electrical corporations and gas corporations to also provide those services to their customers to increase the energy efficiency of industrial facilities and agricultural equipment.

Energy Storage

<u>AB 546</u> (<u>Chiu</u> D) Land use: local ordinances: energy systems.

Current Text: Introduced: 2/14/2017 Text

Introduced: 2/14/2017

Status: 2/27/2017-Referred to Coms. on L. GOV. and U. & E.

Location: 2/27/2017-A. L. GOV.

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Summary: Would, on or before September 30, 2018, for a city, county, or city and county with a population of 200,000 or more residents, or January 31, 2019, for a city, county, or city and county with a population of less than 200,000 residents, require the city, county, or city and county to make all documentation and forms associated with the permitting of advanced energy storage, as defined, available on a publicly accessible Internet Web site, as specified.

AB 1030 (Ting D) Energy storage systems.

Current Text: Introduced: 2/16/2017 <u>Text</u> **Introduced:** 2/16/2017

Status: 3/6/2017-Referred to Com. on U. & E.

Location: 3/6/2017-A. U. & E.

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Summary: Would require the PUC to establish a program to incentivize residential and commercial customers to adopt energy storage systems. Because a violation of any order, decision, rule, direction, demand, or requirement of the PUC implementing these requirements would be a crime, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Notes 1: Need to watch to make sure storage isn't mandated on T&D side of the meter or if he plans to make CCAs part of the programing, undermining local governance.

<u>SB 356</u> (<u>Skinner</u> D) Energy storage systems.

Current Text: Introduced: 2/14/2017 Text Introduced: 2/14/2017 Status: 2/23/2017-Referred to Com. on RLS. Location: 2/14/2017-S. RLS.

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Summary: Under current law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Current law requires the commission to open a proceeding to determine appropriate targets, if any, for each load-serving entity, as defined, to procure viable and cost-effective energy storage systems to be achieved by December 31, 2015, and December 31, 2020. This bill would make a nonsubstantive change in legislative findings and declarations adopted

Page 5/12

with the above-described energy storage system requirements.

SB 700 (Wiener D) Energy storage.

 Current Text: Introduced: 2/17/2017
 Text

 Introduced: 2/17/2017
 Status: 2/21/2017-From printer. May be acted upon on or after March 23.

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Summary: Would state the intent of the Legislature to enact legislation to foster growth of the energy storage market.

Enforcement

<u>SB 549</u> (Bradford D) Public utilities: reports: moneys for maintenance and safety.

Current Text: Introduced: 2/16/2017 Text Introduced: 2/16/2017

Status: 3/2/2017-Referred to Com. on E., U. & C.

Location: 3/2/2017-S. E. U., & C.

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Calendar: 3/21/2017 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would require an electrical or gas corporation to report to the Public Utilities Commission, within 60 days, when moneys authorized by the commission for maintenance or safety are reprioritized for other purposes. The bill would require the commission to include the report in the docket of an appropriate proceeding and serve the report pursuant to the service list of that proceeding.

EV Infrastructure

AB 1239 (Holden D) Building standards: electric vehicle charging infrastructure.

Current Text: Introduced: 2/17/2017 Text

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

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Summary: The California Building Standards Law law requires the Department of Housing and Community Development to propose mandatory building standards for the installation of future electric vehicle charging infrastructure for parking spaces in multifamily dwellings. That law also requires the department and the California Building Standards Commission to use specified provisions of the California Green Building Standards Code as a starting point for those mandatory building standards. This bill would instead require the department and the commission to adopt mandatory building standards that include specified mandatory provisions.

Governance

<u>AB 375</u> (<u>Chau</u> D) Public utilities: local publicly owned utilities: release of customer information.

Current Text: Introduced: 2/9/2017 Text Introduced: 2/9/2017

Status: 2/21/2017-Referred to Coms. on P. & C.P. and C. & C.

Location: 2/21/2017-A. P. & C.P.

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Calendar: 3/14/2017 1:30 p.m. - State Capitol, Room 126 ASSEMBLY PRIVACY AND CONSUMER PROTECTION, CHAU, Chair

Summary: Current law prohibits the California Public Records Act from being construed to require the

disclosure of certain information concerning utility customers of local agencies, but provides for the disclosure of some of that information, specifically the name, utility usage data, and home address of a utility customer, upon court order or the request of a law enforcement agency relative to an ongoing investigation. This bill would instead provide for the disclosure of that information to a law enforcement agency only in response to a warrant issued pursuant to specified criminal procedures.

<u>AB 759</u> (<u>Dahle</u> R) Electricity: electrical cooperatives: integrated resource plan.

Current Text: Introduced: 2/15/2017 Text Introduced: 2/15/2017 Status: 3/2/2017-Referred to Com. on U. & E. Location: 3/2/2017-A. U. & E.

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Summary: Current law requires each load-serving entity to prepare and file an integrated resource plan consistent with certain requirements on a time schedule directed by the commission and subject to Public Utilities Commission review. This bill would provide that, for a load-serving entity that is electrical cooperative, the above requirements only apply if the electrical cooperative has an annual electrical demand exceeding 700 gigawatthours, as determined on a 3-year average commencing January 1, 2013.

Notes 1: Still a spot bill/place holder bill: Dahle unsure if he will pursue a bill on the issue but CalCCA had positive meeting with him.

<u>SB 618</u> (<u>Bradford</u> D) Load-serving entities: integrated resource plans.

Current Text: Introduced: 2/17/2017 Text Introduced: 2/17/2017 Status: 3/2/2017-Referred to Coms. on E., U. & C. and EQ.

Location: 3/2/2017-S. E. U., & C.

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Calendar: 4/4/2017 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would require that the integrated resource plan filed by a load-serving entity be reviewed and approved by the Public Utilities Commission. The bill would require that the plans of all load-serving entities contribute to a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner and meets the specified emissions limits for greenhouse gases in proportion to each load-serving entity's load share so that there is no cost shifting among load-serving entities. The bill would declare that these revisions are declaratory of existing law.

Notes 1: CalCCA OPPOSES. Met with author: they say this bill is only codifying current law as they believe the PUC already has the authority to approve our IRPs.

Green Tariff

AB 1573 (Bloom D) Green Tariff Shared Renewables Program.

Current Text: Introduced: 2/17/2017 <u>Text</u> **Introduced:** 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

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Summary: Current law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The Green Tariff Shared Renewables Program requires a participating utility, defined as being an electrical corporation with 100,000 or more customers in California, to file with the commission an application requesting approval of a tariff to implement a program enabling ratepayers to participate in electrical generation facilities that use eligible renewable energy resources, consistent with certain legislative findings and statements of intent. This bill would make a nonsubstantive change in the legislative findings and statements of intent.

Notes 1: Author is asking for our feedback and to make sure we are okay. CalCCA needs to develop a policy on Green Tariff Programs.

<u>AB 1145</u> (Quirk D) Compensation of utilities for relocation costs.

Current Text: Introduced: 2/17/2017 Text Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

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Summary: Would, unless otherwise prohibited by law or expressly governed by a contract in force as of January 1, 2018, require the state or a local government to reimburse a utility for the reasonable relocation costs incurred by the utility to relocate its facilities as a result of a construction project financed from any voter-approved bond act of the state or local government, respectively. The bill would require a utility claiming reimbursement to submit a verified itemized claim to the state or a local government for reimbursement of relocation costs within 180 days after each calendar quarter in which the utility incurs the relocation costs.

Miscellaneous

AB 457 (Cunningham R) Saline water conversion: Diablo Canyon Nuclear Plant.

Current Text: Introduced: 2/13/2017 Text Introduced: 2/13/2017 Status: 2/14/2017-From printer. May be heard in committee March 16. Location: 2/13/2017-A. PRINT

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf. Enrolled	Votood	Chaptored
1st House	2nd House	Conc.	veloed	Chaptered

Summary: Would declare the intent of the Legislature to enact subsequent legislation that would require a study of the feasibility of repurposing for local use water produced by the water desalination facility at the Diablo Canyon Nuclear Plant in the County of San Luis Obispo.

Public Safety

<u>SB 513</u> (<u>Bradford</u> D) Assault and battery of a public utility worker.

Current Text: Introduced: 2/16/2017 Text **Introduced:** 2/16/2017 **Status:** 3/8/2017-Set for hearing March 28. **Location:** 3/2/2017-S. PUB. S.

Desk Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Envolled	Votood	Chantarad
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Calendar: 3/28/2017 9:30 a.m. - Room 3191 SENATE PUBLIC SAFETY, SKINNER, Chair **Summary:** Would make assault of a utility worker, as defined, engaged in the performance of essential service, and the person committing the offense knows or reasonably should know that the victim is a utility worker engaged in the performance of essential service, punishable by a fine not exceeding \$2,000, or by imprisonment in the county jail not exceeding one year, or by both the fine and imprisonment. This bill contains other related provisions and other existing laws.

PUC governance

AB 649 (Dahle R) Community choice aggregators. Current Text: Introduced: 2/14/2017 Text Introduced: 2/14/2017

Status: 2/15/2017-From printer. May be heard in committee March 17.

Location: 2/14/2017-A. PRINT

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Summary: Current law requires the governing body of a community choice aggregator to adopt a policy that expressly prohibits the dissemination by the community choice aggregator of any statement relating to the community choice aggregator's rates or terms and conditions of service that is untrue or

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misleading, and that is known, or that, by the exercise of reasonable care, should be known to be untrue or misleading. This bill would make a nonsubstantive change to the language requiring that the governing body of a community choice aggregator adopt a policy expressly prohibiting dissemination of false information relative to the community choice aggregator's rates or terms and conditions of service.

Notes 1: Spot Bill: Have discussed with the author and he doesn't have plans to pursue at this moment, though wants to be prepared to protect his customers from cost shifting and rate increases.

<u>AB 672</u> (<u>Jones-Sawyer</u> D) Utility services.

Current Text: Introduced: 2/15/2017 Text **Introduced:** 2/15/2017 **Status:** 3/2/2017-Referred to Com. on JUD. **Location:** 3/2/2017-A. JUD.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf. Enrolled	Votood	Chaptored
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Calendar: 3/21/2017 9 a.m. - State Capitol, Room 447 ASSEMBLY JUDICIARY, STONE, Chair **Summary:** Current law authorizes an electrical, gas, or water corporation, or any electrical, gas, or water system operated by a public agency, to bring a civil action for damages against any person who commits, authorizes, solicits, aids, abets, or attempts, among other things, the diversion of utility services by any means whatsoever. Current law authorizes the utility to recover as damages 3 times the amount of actual damages, plus the cost of the suit and reasonable attorney's fees, in any civil action brought pursuant to these provisions. This bill, instead, would authorize the prevailing party to recover actual damages, plus the costs of the suit and reasonable attorney's fees.

Notes 1: Bill is sponsored by the CA Bar Association and meant to address issues they have been having with SMUD. Author asked if we would be interested in supporting?

Rates

<u>AB 726</u> (<u>Holden</u> D) Electricity: tiered rates: notification of usage.

Current Text: Introduced: 2/15/2017 Text **Introduced:** 2/15/2017 **Status:** 3/2/2017-Referred to Com. on U. & E. **Location:** 3/2/2017-A. U. & E.

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Summary: Would require an electrical corporation to notify a residential customer in a reasonably expeditious manner when the customer's usage of electricity will cause the customer to be charged for additional electricity consumption at a higher tiered rate during a billing cycle. This bill contains other related provisions and other existing laws.

Notes 1: Could impact CCAs if we are required to notify the customer? Please review.

<u>AB 1291</u> (<u>Patterson</u> R) Electricity: rates: baseline quality.

Current Text: Introduced: 2/17/2017 Text Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Enrollod	Votood	Chaptorod
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Summary: Current law requires every electrical corporation to file a schedule of rates and charges providing baseline rates that apply to the first or lowest block, which is the baseline quantity, of an increasing block rate structure. Under its existing authority, the commission has established electricity baseline quantities for the summer and winter seasons for the Pacific Gas and Electric Company. The bill would require the commission to establish the electricity baseline quantities for the Pacific Gas and Electric Company, as specified.

Renewable Portfolio Standard

AB 79 (Levine D) Electrical generation: hourly greenhouse gas emissions: electricity from unspecified sources.

Current Text: Amended: 3/6/2017 Text

Introduced: 1/4/2017 Last Amend: 3/6/2017 Status: 3/7/2017-Re-referred to Com. on U. & E. Location: 3/6/2017-A. U. & E.

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Calendar: 3/15/2017 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND COMMERCE, HOLDEN, Chair

Summary: Would require, by January 1, 2020, the State Air Resources Board, in consultation with the Independent System Operator, to adopt a methodology for the calculation of hourly emissions of greenhouse gases associated with electricity from unspecified sources, a term defined in current law but revised for this purpose, purchased within California balancing authority areas, as defined, and for electricity imported into California from other subregions of the Western Electricity Coordinating Council. The bill would require California balancing authorities to assist the State Air Resources Board by providing all relevant data needed for purposes of developing the methodology and calculating the hourly emissions of greenhouse gases.

Notes 1: Friendly author with CCAs in his district. Trying to address unspecified power issues and perhaps coal coming into CA from other states. Does this conflict with AB 1110 and CEC power source disclosure rulemakings?

<u>AB 655</u> (<u>O'Donnell</u> D) California Renewables Portfolio Standard Program.

Current Text: Introduced: 2/14/2017 Text Introduced: 2/14/2017

Status: 2/15/2017-From printer. May be heard in committee March 17.

Location: 2/14/2017-A. PRINT

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Summary: The California Renewables Portfolio Standard Program requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatthours sold to their retail end-use customers achieves 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. This bill would make nonsubstantive revisions to a definition applicable to the program.

Notes 1: Understand this is a spot bill to allow for biogas within the RPS.

<u>AB 920</u> (<u>Aguiar-Curry</u> D) California Renewables Portfolio Standard Program.

Current Text: Introduced: 2/16/2017 Text

Introduced: 2/16/2017

Status: 2/17/2017-From printer. May be heard in committee March 19.

Location: 2/16/2017-A. PRINT

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Summary: The California Renewables Portfolio Standard Program requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. This bill would make nonsubstantive changes to the program's legislative findings and declarations.

Notes 1: Rumored to be a spot bill for biomass and geothermal carve out within the RPS.

<u>SB 366</u> (<u>Leyva</u> D) Electrical corporations: workforce development: Green Tariff Shared Renewables Program.

Current Text: Introduced: 2/14/2017 Text Introduced: 2/14/2017 Status: 2/23/2017-Referred to Com. on E., U. & C.

Location: 2/23/2017-S. E. U., & C.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Enrollod	Votood	Chaptorod
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Calendar: 4/4/2017 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would require the PUC, in consultation with the Labor and Workforce Development Agency, to establish rules by January 1, 2019, requiring an electrical corporation to establish training programs that will cultivate quality workforce development, and that will provide recruitment, job opportunities, and job retention strategies for residents living in disadvantaged communities. The bill would require that the training program include those training opportunities that the PUC determines to be prudent

and reasonable for persons that construct, operate, or maintain distributed generation resources that interconnect to the electrical corporation's electrical grid.

Notes 1: Where is CalCCA on Green Tariff Programs?

<u>SB 584</u> (<u>De León</u> D) California Renewables Portfolio Standard Program.

Current Text: Introduced: 2/17/2017 <u>Text</u> **Introduced:** 2/17/2017 **Status:** 3/2/2017-Referred to Com. on RLS. **Location:** 2/17/2017-S. RLS.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Enrollod	Votood	Chaptered
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Summary: The California Renewables Portfolio Standard Program additionally requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. The Legislature has separately declared that its intent in implementing the program is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030. This bill would revise those legislative findings and declarations to state that the goal of the program is to achieve that 50% target by December 31, 2025, and for all electricity sold at retail to be generated by eligible renewable energy resources by December 31, 2045.

Notes 1: Author still unclear where he wants to go with this bill, could include clean peaking standard etc.

Transmission

<u>AB 914</u> (<u>Mullin</u> D) Transmission planning: energy storage and demand response.

Current Text: Introduced: 2/16/2017 Text

Introduced: 2/16/2017

Status: 3/2/2017-Referred to Com. on U. & E.

Location: 3/2/2017-A. U. & E.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Enrollod	Votood	Chaptorod
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Summary: Would require the Public Utilities Commission, in its participation in the ISO's transmission planning process, to promote the consideration of the use of energy storage systems and demand response as means to address the state's transmission needs before the use of transmission wires.

<u>SB 520</u> (<u>Mitchell</u> D) Electricity: intervenor funding.

Current Text: Introduced: 2/16/2017 Text Introduced: 2/16/2017

Status: 3/2/2017-Referred to Com. on E., U. & C.

Location: 3/2/2017-S. E. U., & C.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Enrolled	Vetoed	Chaptered
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Calendar: 4/4/2017 9 a.m. - Room 3191 SENATE ENERGY, UTILITIES AND COMMUNICATIONS, HUESO, Chair

Summary: Would establish a mechanism to provide compensation for reasonable advocate's fees, reasonable expert witness fees, and other reasonable costs of participation in processes of the Independent System Operator (ISO), proceedings of the Federal Energy Regulatory Commission (FERC) that effect California's environment and consumers, and certain proceedings at the State Energy Resources Conservation and Development Commission (Energy Commission).

<u>SB 692</u> (<u>Allen</u> D) Transmission: access charge.

Current Text: Introduced: 2/17/2017 Text

Introduced: 2/17/2017

Status: 2/21/2017-From printer. May be acted upon on or after March 23.

Location: 2/17/2017-S. RLS.

Desk Policy Fiscal Floor	Desk Policy Fiscal Floor	Conf.	Envolled	Vataad	Chantored
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Summary: Would require the ISO to adopt transmission energy downflow, as specified, as the billing determinant for the transmission access charge throughout its service territory. The bill would require the ISO to apply the transmission energy downflow billing determinant for all voltage categories of transmission facilities. The bill would require the ISO to continue to use the volumetric per kilowatthour

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basis in determining the transmission energy downflow billing determinant until stakeholders receive notice and are provided with an opportunity to comment on alternatives.

Notes 1: Bill will have massive opposition including IOUs, POUs, Labor and ISO. Bill will result in cost shifting for CCAs as well. Allen is a friendly author we can work with.

Total Measures: 42 Total Tracking Forms: 42

Attachment 4

California Community Choice Association

Board Officers Barbara Hale, CleanPowerSF President

Geof Syphers, Sonoma Clean Power Vice President

Dawn Weisz, MCE Secretary

Tom Habashi, Silicon Valley Clean Energy Treasurer

Joseph Moon, Apple Valley Choice Energy

Jason Caudle, Lancaster Choice Energy

Jan Pepper, Peninsula Clean Energy

Matthew Marshall, Redwood Coast Energy Authority

Affiliate Members

Central Coast Power (Santa Barbara, San Louis Obispo, and Ventura County) City of Corona City of Hermosa Beach City of San Jose County of Los Angeles County of Placer Valley Clean Energy (City of Davis and Yolo County)

California Community Choice Association

1125 Tamalpais Ave San Rafael, CA 94901

(415) 464-6689 info@cal-cca.org www.cal-cca.org March 1, 2017

The Honorable Ben Hueso, Chair Senate Energy, Utilities & Communications Committee State Capitol, Room 4035 Sacramento, CA 95814

Re: SB 618 (Bradford)—OPPOSE

Dear Senator Hueso,

The California Community Choice Association (CalCCA) writes to oppose SB 618 (Bradford), because it is unnecessary and contrary to the legislative and regulatory framework governing local control of Community Choice Aggregators (CCAs). The California Public Utilities Commission (CPUC) is already charged with certifying the resource plan of each CCA to ensure that it meets State law requirements.

CCAs have a mission to provide reliable, clean and affordable power while addressing the local needs of their communities. CalCCA's membership consists of 7 preoperational and 8 CCA members operating in more than 10 coastal and inland counties currently serving a peak load of 1917 MW and growing.

CCAs are local, non-profit agencies that are formed to respond to and invest in the needs of their communities. They are established by local governments to advance local policy priorities including procuring GHG-free renewable energy beyond the renewable portfolio standard, providing ratepayers with energy choice, providing less expensive energy and creating local programs for energy efficiency, storage and distributed generation, all while exercising local control over energy procurement. CCAs are governed and operated by boards consisting entirely of local elected officials who are directly accountable to their ratepayers/voters. Members of the community and public are active in this process and often show up to participate in city council meetings to hold accountable those ultimately responsible for the CCA.

In contrast, Investor Owned Utilities (IOUs) are for-profit corporations with a legal obligation to maximize profits for their shareholders. CPUC and CEC regulators exist, in part, to balance this motivation with the public interest. The CPUC must regulate IOUs to provide a degree of consumer protection including in the context of resource planning compliance with the RPS.

The CCAs were proud to support SB 350 (DeLeon, Clean Energy and Pollution Reduction Act of 2015), as it shared our mission of procuring more in-state renewable resources, while encouraging energy efficiency programs for our customers. SB 350 requires CCAs to participate in the same renewable portfolio standard program, subject to the same terms and conditions as an investor owned utility (IOU). In addition, all CCAs must submit an Integrated Resource Plan (IRP)

with the CPUC demonstrating that the CCA will meet regulatory mandates related to RPS, Greenhouse Gas reductions and Resource Adequacy. These plans are thoughtfully and substantively deliberated upon then approved by our own public governing boards in an open process.

Given CCAs are locally governed electricity providers without profit motive, SB 350 did not require CPUC approval of CCA IRPs. Rather, CCAs are required to submit these plans to the CPUC for certification. This ensures that CCAs meet the requirements of state law. Thus, like the California Energy Commission in the case of publicly owned utilities, the CPUC is already charged with ensuring that CCAs meet their statutory obligations.

SB 618 vests the CPUC with authority to approve or disapprove a CCA's IRP beyond assuring compliance with the requirements of state law. This unduly interferes with the ability of CCAs to locally control electricity procurement, subject to state mandates applicable to all load serving entities.

Finally, SB 350 became effective law on January 1, 2015, only 14 months ago. The CPUC is still in the process of implementing the CCA IRP process as directed in SB 350 and approved by the Senate. Thus, nothing has occurred since the passage of SB 350 that would warrant a change to the CCA IRP process established in SB 350. The Legislature should allow the CCA IRP process it created in SB 350 to operate before determining whether changes are needed.

For the above reasons, CalCCA must respectfully oppose SB 618 and asks that you not support the bill when it comes before your committee.

Sincerely,

Barbara Hale President CalCCA

Cc: Members of the Senate Energy, Utilities & Communications Committee Jay Dickinson, Consultant, Senate Energy, Utilities & Communications Committee Nidia Bautista, Consultant, Senate Energy, Utilities & Communications Committee Kerry Yoshida, Republican Consultant, Senate Energy, Utilities & Communications Committee