

# CCA Terms Glossary

Valley Clean Energy Alliance



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## Energy Basics

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**Investor Owned Utility (IOU)** – The incumbent energy provider. If customers opt out of CCA service, they will be provided energy by the IOU. While served by the CCA, they will continue to receive bills, as well as transmission and distribution service, from the IOU.

**Kilowatt-hour (kWh)** – A unit of energy used to bill utility customers. Revenue is primarily based on sales of kWh.

**Kilowatt (kW)** – A unit of power, used to quantify the rate of energy transfer. For large agricultural and commercial users, there is a demand charge based on the peak kW used over a specified time period.

**Megawatt-hour (MWh)** – One-thousand kWh

**Megawatt (MW)** – One-thousand kW

## Wholesale Energy Services

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**Renewable Portfolio Standard (RPS)** – The RPS program requires investor-owned utilities (IOUs), publicly owned utilities, electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources to 50% of total procurement by 2030.

**Renewable Energy Certificates (RECs)** – Tradable commodities that represent proof that 1 megawatt-hour (MWh) of electricity was generated from an eligible renewable source. Eligible resources are defined in the Cal. Pub. Res. Code § 25741 as facilities using and of the following technologies

- Biomass, Solar Thermal, Photovoltaic, Wind, Geothermal, Fuel cells using renewable fuels, Hydroelectric under 30 MW, Digester gas, Municipal solid waste conversion, Landfill gas, Ocean wave, Ocean thermal, Tidal current

**Product Content Category (PCC)** – Categories of RECs based on the bundling of renewable attributes with power deliveries. RPS statutes require certain minimums of PCC1 and PCC2 deliveries. Commonly referred to as “buckets.”

- Product Content Category 1 (PCC-1) – A renewable resource located within the state of California or, a renewable resource that is directly delivered to California without energy substitution from another resource. For the minimum RPS quantities, a portfolio has to contain at least 75% of PCC-1 resources.

- **Product Content Category 2 (PCC-2)** – A renewable resource that is out-of-state and delivering to California, where the Renewable Energy Credits are paired with a substitute energy resource imported into the state. A load serving entity cannot use more than 25% of PCC-2 resources for meeting its minimum RPS obligations.
- **Product Content Category 3 (PCC-3)** – A Renewable Energy Certificate (REC) (evidence of ownership of the renewable attributes) from a resource, delivered without the energy component. This is commonly called a “tradable REC” or “unbundled REC.” Because PCC-3 transaction is only for the Renewable Energy Certificate itself, it is can be contracted for after-the-fact.

**Clean Energy** – Energy that is low carbon, but does not meet the RPS qualifications. Typically, this is large hydropower from out of state.

**Capacity** – The amount of generation available to serve load, typically measured in megawatts (MW).

**Resource Adequacy (RA)** – To ensure load-serving entities have enough power contracted to meet peak demand, the CPUC requires CCAs to make annual and monthly filings demonstrating they have procured specified percentages of capacity commitments. There are separate requirements for system, local, and flexible RA. The RA program is established in PU Code § 380.

**NP-15** – A locational node for energy defined by CAISO. This is the benchmark price for energy delivered to Northern California. The benchmark price is for brown power, without renewable or clean components.

**LDAP** – A locational node for energy defined by CAISO. VCEA load will settle at this locational price

**Integrated Resource Plan (IRP)** – A filing required by the CPUC that outlines a CCA’s long-term load forecast and planned procurement strategy.

## Finance

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**Power Margin** – Revenue less Commodity costs. This represents the CCA’s gross margin before operating expenses and interest expenses.

**Operating Income** – Revenue less Commodity Costs and Operating costs. This represents the CCA’s margin before interest expenses.

**Net Income** – Total earnings for the year. Also known as Change in Net Position.

**Debt Service Coverage Ratio (DSCR)** – The amount of cash flow available to meet annual interest and principal payments on debt. Lenders may specify in covenants that a CCA meet a specified ratio.

**DSCR Reserve** – A reserve account required by a lender that must be funded to a specified percentage of annual Debt Service payments.

**Power Purchase Reserve** – A reserve account required by the power purchaser to secure power procured on behalf of the CCA.

**Operating Reserve** – Liquid, unrestricted assets that the CCA can use to support its operations in the event volatility in revenues or expenses.

## Rate Setting

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**Power Charge Indifference Adjustment (PCIA)** – An exit fee calculated by the local IOU. It is designed to recover the above market cost of long-term power purchased on behalf of customers who later departed the IOU to be served by a CCA. The calculation methodology is set by the CPUC, and the amount is calculated annually, with vintages set for each year of customer departures. CCA customers pay this fee, so CCAs will typically set their rates lower to offset the impact of PCIA.

**Franchise Fee** – A tax collected from CCA customers. CCAs will typically set their rates lower to offset the impact of the Franchise Fee.

**Utility Users Tax (UUT)** – Local taxes collected from all utility customers. Both CCA customers and IOU customers are charged the same amount, so it is not generally factored into the rate-setting process. It shows up on the generation portion of the bill, but is calculated by the IOU.

**Energy Resource Recovery Account (ERRA)** – A balancing account IOUs record and track energy procurement costs (fuel and purchased power). ERRA tracks the difference between the utilities' authorized revenue recovered in customer rates and the actual cost of power. IOUs annually provide a forecast filing and a compliance filing to set generation rates in the ERRA process. In addition, if the ERRA reaches certain triggers, the IOU may change rates outside of the regular times.

## Call Center and Data Management

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**Customer Relationship Management (CRM)** – A technology that stores information on all interactions with the CCA's customers. This includes, among other things, a record of their previous interactions with the CCA, demographic information, and categorization by market segmentation.

**Customer Service Representative (CSR)** – Customer service representatives interact with customers on behalf of the CCA. They provide information about products and services, take orders, and respond to customer complaints.

**Interactive Voice Response (IVR)** – A technology that allows customer calls to be routed using prerecorded messages, voice recognition, and the use of touch-tone input. The IVR will send outage and billing questions to the local IOU, answer basic inquiries with automated responses, and send the remainder of calls to CSRs in the appropriate queue.

**Average Speed of Answer (ASA)** – A measure of call center responsiveness. This metric represents the average amount of time it takes for a call to be answered. It measures from when a customer exits the IVR queue until a live agent is connected.

**Average Handle Time (AHT)** – A measure of call center efficiency. This metric represents the average duration of one transaction, typically measured from the initiation of the call and includes hold time, talk time and any related tasks the follow the transaction (typically called after call work or ACW).

**Abandon Rate** – The percentage of inbound phone calls made to a call center that are abandoned when in queue before speaking to an agent. The calculation is abandoned calls divided by total inbound calls.

**Calls Answered** – The total number of calls answered from a queue. This is used to determine the staffing needed to manage the call volume workload.

**Calls Offered** – The total number of calls offered to a queue. This is used to determine the staffing needed to manage the call volume workload.

**Electronic Data Interchange (EDI)** – A set of files and file formats used by the IOU to send and receive billing, usage, payment, and customer data.

**Settlement Quality Meter Data (SQMD)** – Data from electric meters send by the IOU to the CCA can be of varying quality levels, depending on what types of exceptions have been processed. SQMD is the data that is used to settle energy costs with the CAISO.

## Regulatory

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**California Public Utilities Commission (CPUC)** – Primary regulator for electric utilities in the state of California. While the CPUC does not regulate CCA's pricing, they do enforce various operational requirements placed on them by the legislature. These include the Renewable Portfolio Standard, Energy Storage mandates, Resource Adequacy (RA) requirements, public goods charge energy efficiency funding, and rate

comparison disclosures. In addition, there are numerous proceedings at the CPUC that can directly or indirectly affect CCA's, such as IOU procurement and rate setting proceedings, and establishment of exit fee calculations.

**California Independent System Operator (CAISO)** – The CAISO operates the power grid throughout most of the state. CCAs will settle power transactions in CAISO, and must remain in compliance with all market rules and requirements.

**California Energy Commission (CEC)** – The CEC collects data (e.g. sales, distributed generation) from all load-serving entities for forecasting and setting state energy policy. The CEC also implements California's Power Content Disclosure requirements, and CCAs must report to the CEC in compliance with those requirements annually.

**California Air Resources Board (CARB)** – The CARB manages greenhouse gas reporting and operates California's Cap and Trade Program. CCAs must comply with all GHG requirements as directed by CARB.



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