CCA 101: Policy and Governance
Dawn Weisz, MCE Chief Executive Officer
Presentation Overview

• Growth of CCA
• Core Policy Issues
• Exit Fees and Non-Bypassable Charges
• Future of California’s Energy Policies
Growth of CCA in California
Core Policy Issues
Core Policy Focus for MCE

- **Fair Competition**: Create a Level Playing Field
- **Cost Allocation**: Prevent Cross-Subsidization
- **Jurisdiction**: Ensure Local Governance
Fair Competition: SB 790 (2012)

**Key Concepts**

**Prevent Cross-Subsidization**
- Ensure exit fees are fair
- Prohibits cost shifting from unbundled to bundled customers

**Ensure Local Governance**
- CCA is “solely responsible” for generation procurement

**Create a Fair Playing Field**
- Code of Conduct
- Expedited Complaint Process
- Commission to facilitate the development of CCA
- CCAs are able to compete with IOUs on innovative programs and technologies
IOUs artificially inflate distribution rates and deflate generation rates by shifting generation costs into distribution costs.
CCA Local Governance

Strategic Planning and Policies

Procurement
- Long Term Planning
- Power Purchases
- Feed-In Tariff Program

Rates
- Net Energy Metering

Projects and Programs (EE)
CPUC Regulatory Oversight

Standards
- Renewables Portfolio Standard (RPS)
- Resource Adequacy (RA)
- Emissions Performance Standard (EPS)
- Energy Storage (ES)

Competitive Issues
- Exit Fees and NBCs
- Code of Conduct

Efficiency Funding

SmartMeter Data

Implementation Issues with IOUs
<table>
<thead>
<tr>
<th>Report</th>
<th>Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officer Certification</td>
<td>CEC</td>
</tr>
<tr>
<td>Annual Retail Sales Report (CARB MRR)</td>
<td>CEC</td>
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<tr>
<td>Wind Power Purchases-Form 1386</td>
<td>CEC</td>
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<td>IEPR-Demand Forecast</td>
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<td>IEPR-Resource Plans Update</td>
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<td>Power Source Disclosure</td>
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<td>QFER 1306B</td>
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<tr>
<td>Resource Adequacy (Historical Load Data-Previous Year)</td>
<td>CEC</td>
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<td>Resource Adequacy (Load Forecast Update)</td>
<td>CEC</td>
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<tr>
<td>Resource Adequacy (Load Forecast-Year Ahead)</td>
<td>CEC/CPUC</td>
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<tr>
<td>RPS Closing Report</td>
<td>CEC/CPUC</td>
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<td>Resource Adequacy (Compliance Demonstration: System, Local, Flexible)</td>
<td>CPUC</td>
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<tr>
<td>Resource Adequacy (Year Ahead Compliance Demonstration Local/System--Follows April Forecast)</td>
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<td>RPS Report</td>
<td>CPUC</td>
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<tr>
<td>EIA 826</td>
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<td>EIA 861</td>
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<td>WREGIS REC Retirement Report</td>
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<td>CPUC</td>
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<td>AMI Data Privacy Report</td>
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<td>Energy Storage Tier 2 Advice Letter</td>
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<td>GHG Emission Performance Standard Advice Letter</td>
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<tr>
<td>Resource Adequacy (Price Data Request)</td>
<td>CPUC</td>
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*This table intended to server as a sample of CCA compliance obligations. Please check with your Legal Counsel to confirm the compliance and reporting obligations of your specific agency.*
CPUC Proceeding Process

1. FOUNDATION
   » application / rulemaking
   » protest / response
   » reply to protest / response

2. POLICY
   » scoping memo
   » comments / reply
   » workshops

3. FACT
   » testimony
   » rebuttal testimony
   » hearings

4. LAW
   » briefs
   » reply briefs
   » oral arguments

5. PROPOSED DECISION
   » comments / reply
   » revised proposed decision
     [» alternate proposed decision]

6. FINAL DECISION

7. IMPLEMENTATION AND/OR APPEAL
Exit Fees & Non-Bypassable Charges (NBCs)
NBCs

Fair Competition
Create a Level Playing Field

Cost Allocation
Prevent Cross-Subsidization

Jurisdiction
Ensure Local Governance

NBCs
Exit Fees

PCIA

Power Charge Indifference Adjustment (PCIA)

Allocation of above market cost of electricity purchased on a customer's behalf prior to their departure from bundled service
### PCIA on a Typical MCE Residential Bill

<table>
<thead>
<tr>
<th>Example Monthly Electric Charges*</th>
<th>PG&amp;E Electric Delivery</th>
<th>MCE Light Green</th>
<th>MCE Deep Green</th>
<th>PG&amp;E Solar Choice</th>
<th>MCE Local Sol</th>
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<tbody>
<tr>
<td></td>
<td>30% Renewable</td>
<td>50% Renewable</td>
<td>100% Renewable</td>
<td>100% Renewable</td>
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<tr>
<td>PG&amp;E Electric Delivery</td>
<td>$54.25</td>
<td>$54.25</td>
<td>$54.25</td>
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<tr>
<td>Electric Generation</td>
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<tr>
<td>Average Total Cost</td>
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<td>$97.76</td>
<td>$102.21</td>
<td>$109.64</td>
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</table>

*Based on a typical usage of 445 kWh at current PG&E rates and MCE rates under the Res-1/E-1 rate schedule. Actual differences may vary depending on usage, rate schedule, and other factors. Estimate provided is an average of seasonal rates.
PCIA Trends Since 2012

PCIA Rate (¢/kWh)

PCIA 2012 Vintage - Rate Changes from 2012 to 2016 Forecast (¢/kWh)
PCIA Impacts on MCE Customers

2014
$13 M

2015
$18 M

2016
$43 M

2017
$66.5 M expected

Some steps forward on vintaging for CCA customers
Problems with the PCIA

1. The calculation of the PCIA is **not transparent**

2. The PCIA should only recover **unavoidable costs**

3. PCIA cost recovery lasts **too long**

4. The PCIA rates are **too volatile**

5. There is a **lack of flexibility** regarding how CCAs can repay the PCIA

Themes for PCIA Reform

- Transparency of Information
- Accountability for IOUs
- Just & Reasonable Rates
Future of California’s Energy Policy
Spot Power Prices
Western US (1998-2013)
The Future of California’s Energy Policy

Themes:

• Aggressive Energy Goals
• Retail Market Structure
• Role of the Regulators
• Cost Allocation & Exit Fees
• Regionalization
Regionalization

CAISO Net Load --- 2012 through 2020
MCE Regulatory Priorities to Address California’s Changing Energy Landscape

- Collaborating with CalCCA
- Integrated Resource Plan
- Cost Allocation & Exit Fees
  - PCIA OIR
- Energy Efficiency Programs
2017 Legislation

- SB 618 (Bradford)
- Potential CCA Freeze
- AB 726/AB 813 (Holden)
- SB 100 (De León)
- And six others
Thank You!

dweisz@mceCleanEnergy.org
mceCleanEnergy.org