

# California CCE Expansion and Regulatory Update

March 2, 2016

# CCA Development/Expansion



<b>Alameda County</b>	Moving ahead; technical study underway with plans for the item to go back to the BOS in June for funding and implementation phase approvals. Targeting spring or summer 2017 launch.
<b>Humboldt County (Redwood Coast Energy Authority)</b>	Received four bids for managed service. Selection process underway. Considering a spring 2017 launch
<b>City of San Jose</b>	CCA item passed out of committee; Council to consider next steps on March 1 with potential for managed service model RFP out in the fall.
<b>Silicon Valley Clean Energy - Santa Clara County and cities</b>	11 cities and the county have passed CCA resos and ordinances thus far. One remaining city upcoming. March 31 deadline. RFQ out for interim director position; deadline is March 7th.
<b>Peninsula Clean Energy - San Mateo County</b>	All 20 cities passed ordinance and JPA resolution -- unanimous votes! Next: Banking partner(s), Executive Search, Data Management RFP. October 2016 launch
<b>Lake County</b>	Issued RFP for full range of CCA development and program operation services February 1. Responses due March 11, 2016
<b>City of Davis/Yolo County</b>	Technical analysis complete; Item to return to City Council on March 8th
<b>Santa Barbara, Ventura, SLO Counties</b>	Advisory Committee underway; 2 bids for technical study under review
<b>Contra Costa County</b>	County considering a technical study to either form their own program, join MCE, or consider joining forces with Alameda. 16 cities agreed to release load data. MCE has set deadline of March 31 for new cities or the county to join them.
<b>Monterey Bay Tri-Counties (Santa Cruz, Monterey, San Benito)</b>	Tech study out this week. Return to Santa Cruz County BOS in March/April for Phase II authorization. Public outreach soon underway.

## PCIA: Quick Review...

The cost recovery surcharge (or exit fee) that all CCA customers must pay to the utility to cover stranded costs.

PCIA is set annually and assessed monthly as a /kwh fee.

Even though PCIA is a separate charge on the bill, it should be accounted for in CCA ratemaking.

It can make it very difficult for a CCA to compete on price

# Problems with the PCIA

## Themes for PCIA Reform:

- Transparency of Information
- Accountability for IOUs
- Reasonable & Just Rates

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

# Recommendations for PCIA Reform

1. Increase transparency and revise CPUC confidentiality rules
2. Ensure proper forecasting for CCA departing load occurs
3. Audit contracts so that *only* unavoidable costs are put into the PCIA
4. Limit stranded cost recovery for all resource types to 10 years
5. Revise the Market Price Benchmark (MPB) to consider 5-years of natural gas prices to dampen its volatility
6. Provide a Menu of Options for repayment including fixed valuation

## Next Up...



CPUC workshop on **Tuesday, March 8th**, 10:00 am - 3 pm  
in San Francisco

Very orchestrated; only 15 minutes for public comment at  
the end. But good opportunity to learn and assess

MCE and SCP are designated speakers for CCA

**A Successful Outcome:** Acknowledgement that PCIA  
needs reform and a commitment to including it in a formal  
proceeding this year

# The Workshop's Scope and Limitations



## **March 8 workshop.....**

- Does not create a decision-making record
- Does not provide enough time to explore any issue in depth
- Is a forum to scope issues and procedural strategies
- May be a forum to develop common understandings

## **After the workshop.....**

- ✓ Seek immediate formal proceeding for decision prior to 2017 utility PCIA changes
- ✓ Seek immediate independent audit – the devil *is* in the details
- ✓ Evidentiary hearings → disputed material facts
- ✓ Clarify that the utilities – not the parties – have the burden to demonstrate the reasonableness of their rates
- ✓ Inquiry should apply to involve all utilities
- ✓ Parties should have an opportunity to propose scope of inquiry after the workshop