DAC GT/CS-GT Programs

CCA IOU Coordination Workshop
Topics

- Capacity Allocations
- CCA Expansion Impact on Existing IOU Projects
- Consideration of CCA Programs under the ERRA Review Process
- Customer Billing Roles and Coordination
Capacity Allocation

Directive:
- Resolution E-4999 established capacity allocations for IOUs and CCAs based on the proportional share of residential customers in DACs that IOUs and CCAs serve (data from April and May 2019)

Issue:
- What happens to CCA and IOU capacity allocations if a CCA expands, decreases or launches?
Potential Solution:

- Every other year (beginning with review of programs on 1/1/2021), remaining capacity under the programs is assessed
  - Remaining capacity: MW allocation per IOU service territory minus already procured capacity

- Then, capacity allocation calculation per E-4999 is updated based on updated customers numbers, including new and expanded CCAs, using the remaining capacity as the program cap
Example: CCA 1 expands, CCA 3 is newly created

Original capacity allocation based on 100 MW cap

<table>
<thead>
<tr>
<th>Entity</th>
<th>% allocation</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOU</td>
<td>50%</td>
<td>50</td>
</tr>
<tr>
<td>CCA 1</td>
<td>30%</td>
<td>30</td>
</tr>
<tr>
<td>CCA 2</td>
<td>20%</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100 MW</td>
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</table>

New capacity allocation based on 40 MW cap

<table>
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<tr>
<th>Entity</th>
<th>% allocation</th>
<th>MW</th>
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<tbody>
<tr>
<td>IOU</td>
<td>40%</td>
<td>16</td>
</tr>
<tr>
<td>CCA 1</td>
<td>35%</td>
<td>14</td>
</tr>
<tr>
<td>CCA 2</td>
<td>15%</td>
<td>6</td>
</tr>
<tr>
<td>CCA 3</td>
<td>10%</td>
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<tr>
<td>Total</td>
<td>100%</td>
<td>40 MW</td>
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This re-allocation of capacity would be repeated every two years or until program capacity is exhausted for the respective IOU territory.
CCA Expansion Impact on Existing IOU Projects

Directive:
• AB 117 from 2002 established that all customers shall be served through the CCA program if no negative declaration is made by the customer (aka “opt-out”)

Issue:
• If a CCA expands or is established, customers who have been previously enrolled under a CS-GT project under IOU service are now defaulted to receiving CCA generation service, leaving the IOU CS-GT project at risk.
Potential Solutions:

1. CCAs opt to “assume” the CS-GT project upon mutual agreement between CCA and IOU.
   
   • **Discussion:** Legal or regulatory challenges? Can contracts be re-assigned?
Directive on ERRA Review:

- D.18-06-027 (p.54): PG&E, SCE, and SDG&E shall (...) create DAC-Green Tariff balancing accounts. The companies will track all costs related to the implementation and operation of the DAC-Green Tariff program in these balancing accounts. These balancing accounts will be reviewed in each company’s future ERRA proceedings (same for CS-GT on p.88)
Budget Review Process

• **Budget Directives per E-4999 (p.26-29):**

  • IOUs submit annual program budget estimates via a Tier 1 AL by February 1st of every year, including a forecast of next year’s costs and a true-up of last year’s costs
    • **Consider a joint Budget Advice Letter for all PAs in each IOUs service territory (CCAs and IOU)**

  • Program budgets must include:
    1. Delta from the OAT generation charge
    2. 20% bill discount
    3. Admin costs
    4. ME&O costs
Consideration of CCA Programs under ERRA

**Issue:**

- How do CCAs participate in the ERRA review process?
  - Budget forecasting
  - Reporting of actual program expenses
  - True-up of program expenses in the following year

- Cost-recovery mechanisms for CCAs for different budget line-items; i.e. how do CCAs get access to program budget?
Proposed Solution - ERRA Forecast & ERRA Compliance

- IOU and all CCAs in its service territory submit joint annual program budget via a Tier 1 AL by February 1st of every year (actual costs for previous PY and forecasted costs for upcoming PY).

- IOUs include the budget forecasts of all DAC PAs located in their service territory in their ERRA forecast (due June each year) and ERRA compliance review (due Feb each year).

- Once ERRA forecast is approved, IOUs transfer the forecasted budget amount to CCAs on a quarterly basis.
  - Discussion: What if ERRA forecast is not approved before program year begins?
Customer Billing Roles

Directive:

• D.18-06-027 (p.74): Utilities should use the same methodology to calculate the 20% discount as they use to calculate the CARE/FERA discount

Issue:

• How will the 20% discount on the total electric bill be tracked?
• How will billing responsibilities be divided between the IOUs and CCAs?
• What are the cost recovery mechanisms for the 20% discount?
Proposed Solution:

- The 20% discount provided to CCA customers will be recovered per the same mechanisms as established for the CARE discount
  - The 20% discount is CALCULATED by the IOUs on the electric portion of the bill as if the customer were an IOU bundled customer
  - The 20% discount is RECOVERED through the distribution portion of the bill
  - With collaboration and support from CCAs, IOUs would be responsible for forecasting, reporting actuals, and calculating true-up for the 20% discount for ALL participating customers, including the ones participating in CCA DAC GT and CS-GT programs.
Customer Billing Roles

- **Scenario:** Mr. Smith is a CCA customer on the E-1 CARE rate schedule

- **Bill calculation:**
  - **Cost recovery:**
    - Mr. Smith pays PG&E $24
    - PG&E pays CCA $20 for generation costs
    - PG&E receives cost recovery from CARE ($20) and DAC-GT ($6)

<table>
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<th>Line item</th>
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<tr>
<td>Delivery</td>
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- **CARE discount** is calculated off of the bundled rate (30% of $60 = $20 CARE discount)
  - **CARE Bill (OAT): $30** ($50 - $20)

- **DAC discount** is calculated off of the E-1 CARE bill (OAT) (20% of $30 = $6 DAC discount)
  - **Final CARE/DAC bill: $24** ($30 - $6)
Thank You

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