DAC GT / CS-GT Programs

CCA IOU Coordination Workshop

MCE

EAST BAY COMMUNITY ENERGY

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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?

Capacity Allocation

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

Capacity Allocation

Example: CCA 1 expands, CCA 3 is newly created

Original capacity allocation based on 100 MW cap

Entity	% allocation	MW
IOU	50%	50
CCA 1	30%	30
CCA 2	20%	20
Total	100%	100 MW

Procurement by 1/1/21
20
20
20
60 MW

New capacity allocation based on 40 MW cap

Entity	% allocation	MW
IOU	40%	16
CCA 1	35%	14
CCA 2	15%	6
CCA 3	10%	4
Total	100%	40 MW

Total New Capacity
36
34
26
4
100 MW

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.

CCA Expansion Impact on Existing IOU Projects

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 can be re-assigned?

ERRA Review Process

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?

Consideration of CCA Programs under ERRA

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?

Customer Billing Roles

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:**

Mr. Smith's actual electric bill as CCA customers

Line item	LSE	Cost
Gen	CCA	$20
Delivery	IOU	$30
		$50

Mr. Smith's electric bill as if he were a bundled IOU customer

Line item	LSE	Cost
Gen	IOU	$30
Delivery	IOU	$30
		$60

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)

- **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)

Thank You

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