PIONEER COMMUNITY ENERGY

COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

July 31, 2017

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CHAPTER 1 – Introduction

Pioneer Community Energy ("Pioneer") is a public agency located within Placer County (the "County"), formed for the purpose of implementing a community choice aggregation program ("CCA")[1], which is referred to herein as the "CCA Program". Member Agencies of Pioneer include five (5) municipalities located within the County as well as the unincorporated areas of the County itself (together, the "Members" or "Member Agencies"), which have elected to allow Pioneer to provide electric generation service within their respective jurisdictions. Currently, the following Member Agencies comprise Pioneer:

- City of Auburn
- City of Colfax
- City of Lincoln
- Town of Loomis
- City of Rocklin
- County of Placer (unincorporated areas)

This Implementation Plan and Statement of Intent ("Implementation Plan") describes Pioneer's plans to implement a voluntary CCA program for electric customers within the jurisdictional boundaries of its Member Agencies that currently take bundled electric service from Pacific Gas and Electric Company ("PG&E"). The CCA Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution system. The planned customer enrollment start date for the CCA Program is January 1, 2018. All current PG&E customers within Pioneer's service area, excepting those non-residential customers currently taking service under Direct Access ("DA") service arrangements, will receive information describing the CCA Program and will have multiple opportunities to choose to remain full requirement ("bundled") customers of PG&E, in which case they will not be enrolled. Thus, participation in the CCA Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated schedule later described in Chapter 5, unless they affirmatively elect to opt-out, or are receiving service under a DA arrangement at the time of CCA Program customer enrollment.

Implementation of the CCA Program will enable customers within Pioneer's service area to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), the Community Choice Aggregation Law. Pioneer's primary objectives in implementing this Program are to provide cost competitive electric services; promote economic development within the County; utilize and develop local renewable energy sources; promote energy efficiency and demand

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[1] Community choice aggregation programs are also referred to as Community Choice Energy programs, or "CCE," as an alternative identifying term for the CCA service model.

reduction programs; and sustain long-term rate stability for residents and businesses through the administration of a locally controlled Program.

To ensure successful operation of the Program, Pioneer will solicit energy suppliers and marketers through competitive processes and will negotiate with one or more qualified suppliers throughout the summer and fall of 2017. Final selection of the CCA Program's initial energy supplier(s) will be made by Pioneer following administration of the aforementioned solicitation processes and related contract negotiations. Information regarding the anticipated solicitation process for the CCA Program's initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code ("Code") provides the relevant legal authority for Pioneer to become a CCA and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the CCA Program. The CPUC also has responsibility for registering Pioneer as a CCA and ensuring compliance with basic consumer protection rules. The Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility following CCA Program service commencement.

On July 31, 2017, Pioneer, at a duly noticed public hearing, considered and adopted this Implementation Plan, through Resolution No. 2017–5 (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism. Finally, each of Pioneer's Members has adopted an ordinance to implement a CCA program through its participation in Pioneer, and each of the Members has adopted a resolution permitting Pioneer to provide service within its jurisdiction.[2] With each of these milestones having been accomplished, Pioneer submits this Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this Implementation Plan and resolution of any outstanding issues, Pioneer will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides Pioneer's statement of intent for implementing a CCA program that includes all of the following:

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[2] Copies of individual ordinances adopted by Pioneer's Members are included within Appendix A. Note: Members adopted the ordinance before Pioneer changed its name from Sierra Valley Energy Authority as indicated in Chapter 3.

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: Startup Plan & Funding
Chapter 5: Program Rollout
Chapter 6: Load Forecast & Resource Plan
Chapter 7: Financial Plan
Chapter 8: Rate setting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination
Appendix A: Pioneer Resolution No. 2016-05 (Adopting Implementation Plan)
Appendix B: Pioneer Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

CHAPTER 2 – Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in the spring of 2015, the County began investigating formation of a CCA Program, and a technical feasibility study was completed in January of 2016. A compilation of the feasibility study findings was released in a report entitled Placer County Community Choice Energy Financial Analysis and Due Diligence Report in October of 2016. After nearly two years of collaborative work by representatives from the County and its cities and towns, independent consultants, local experts and stakeholders, the decision was made to utilize a joint powers authority for purposes of implementing the CCA Program. An existing joint powers agreement between the County and the City of Colfax, the Sierra Valley Energy Authority, was amended in February 2017 to allow the implement of a CCA Program within the unincorporated area of Placer County and within the cities of Rocklin, Lincoln, Auburn, Colfax and the Town of Loomis, subject to each municipality taking action to become a voting member of the Sierra Valley Energy Authority. On July 17, 2017, the Sierra Valley Energy Authority Board adopted Resolution No. 2017-3 (a copy of which is included as part of Appendix C) changing the name of the Sierra Valley Energy Authority to Pioneer Community Energy. The current Pioneer membership was fully constituted in June 2017. Subsequently, Pioneer released a draft Implementation Plan, which described the planned organization, governance and operation of the CCA Program. Following consideration of comments related to the draft document, a final Implementation Plan was prepared and duly adopted by Pioneer's Board of Directors ("Board").

The CCA Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the Member Agencies. Pioneer plans to offer choices to eligible customers through creation of innovative energy programs designed to promote economic development and employment within the County, maximize use of local renewable energy resources, and benefit all customers, including low income and other traditionally underserved customer segments.

Process of Aggregation

Before they are enrolled in the CCA Program, prospective CCA Program customers will receive two written notices in the mail from Pioneer that will provide information needed to understand the CCA Program's terms and conditions of service and explain how customers can opt-out of the CCA Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date, no later than thirty days following the date of automatic enrollment, subject to the CCA Program enrollment plan described in Chapter 5. The initial enrollment notices will be provided to customers in November 2017. Initial enrollment notices will be provided to subsequent customers consistent with statutory requirements and based on schedule(s) determined by Pioneer. These notices will be sent to customers twice within 60 days of automatic enrollment.

Customers enrolled in the CCA Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by Pioneer as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the CCA Program without penalty and return to the distribution utility (PG&E). CCA Program customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by CCA Program, but will not otherwise be subject to any penalty for leaving the CCA Program. Customers that have not opted-out thirty days after the fourth enrollment notice will be deemed to have elected to become a participant in the CCA Program and to have agreed to the CCA Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

CCA Program customers will pay the generation charges set by Pioneer, and will no longer pay costs associated with generation service provided by PG&E. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

Pioneer's rate setting policies, as described in Chapter 7, establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). Pioneer will establish rates sufficient to recover all costs related to operation of the Program. All rates will be adopted at a public meeting by action of Pioneer's Board.

Initial CCA Program rates will be established following approval of Pioneer's inaugural CCA Program Budget, reflecting costs from the CCA Program's energy supplier(s). Additional information regarding Pioneer's rate policies and procedures is provided in Chapter 7. Information regarding final CCA Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once Pioneer gives definitive notice to PG&E that it will commence service, CCA Program customers will generally not be responsible for costs associated with PG&E' future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the PG&E's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA Program and DA customers.[3]

Environmental Impacts

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by renewable and other carbon neutral resources. The resource plan includes procurement of renewable energy sufficient to meet California's prevailing renewable energy procurement mandate for all enrolled customers. At a future time, Pioneer may also offer a 100 percent local renewable supply option which CCA Program customers may participate in on a voluntarily basis. To the extent that customers choose to participate in a future CCA Program 100 percent local renewable energy option, the renewable content of the CCA Program's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, Pioneer may consider independent development of new renewable generation resources with a focus on local renewable generation.

Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of CCA Program implementation. CCA Program customers will continue to pay the "Electric Public Purpose Programs" (public benefit) surcharges to the distribution utility, which will continue to fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the CCA Program, as described in Chapter 6, will follow Pioneer's successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of Pioneer-administered energy efficiency programs. Thus, the CCA Program has the potential for increased local investment of public benefit surcharges, energy savings (with corresponding cost savings) and a further reduction in emissions due to expanded energy efficiency programs.

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[3] For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in PG&E's tariffs as separate rates/charges paid by all customers (with limited exceptions).

CHAPTER 3 – Organizational Structure

This chapter provides an overview of the organizational structure of Pioneer and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of Pioneer are outlined and discussed below.

Organizational Overview

In September 2015, the Sierra Valley Energy Authority formed its initial Board of Directors to serve as its Governing Board. As noted above, the Sierra Valley Energy Authority Board subsequently changed the name of the JPA to Pioneer Community Energy. The Board is responsible for establishing CCA Program policies and objectives and overseeing Pioneer's operation. On July 26, 2016, the Board appointed an Executive Director to manage the operation of Pioneer in accordance with policies adopted by the Board. When Pioneer receives CPUC certification, the Executive Director will proceed to appoint staff and contractors to manage Pioneer's activities. These activities generally include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), supply acquisition (energy planning and procurement, contract negotiation and system development) and legal and regulatory representation.

Governance

The CCA Program will be governed by Pioneer's Board, which shall include two members from the County Board of Supervisors and one appointed designee from each of the other Members. Pioneer Community Energy (originally named Sierra Valley Energy Authority) is a joint powers authority created in September 2015 under California law for the purposes of implementing a Property Assessed Clean Energy Program (PACE Program). The CCA's Joint Powers Authority Agreement ("JPA Agreement") was subsequently amended on February 22, 2017 for the purpose of allowing the CCA to implement a CCA Program. The Membership of Pioneer includes five (5) municipalities located within the County as well as the unincorporated area of the County itself, each of which have elected to allow Pioneer to provide electric generation service within their respective jurisdictions. Pioneer is the CCA entity that will register with the CPUC, and it is responsible for implementing and managing the program pursuant to Pioneer's JPA Agreement. Pioneer's Board is comprised of elected representatives from each of the Members appointed in accordance with the JPA agreement. The CCA Program will be operated under the direction of an Executive Director appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the Executive Director, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has elected a Chairman and Vice Chairman. In the future, the Board may establish committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. Pioneer may also form various standing and ad hoc committees, as appropriate, which will have responsibility for evaluating various issues that may affect Pioneer and its customers and would provide analytical support and recommendations to the Board in these regards.

Management

The Executive Director has management responsibilities over the functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government & Regulatory Affairs as well as Pioneer's General Counsel. In serving Pioneer, the Executive Director may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed by third-party contractors.

Major functions of Pioneer that will be managed by the Executive Director are summarized below.

Administration

Pioneer's Executive Director will be responsible for managing the organization's human resources and administrative functions and will coordinate with the Board, as necessary, with regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of requisite office space and various other issues. The Executive Director may accomplish these responsibilities by any combination of staff and outside consultants or vendors, as approved by the Pioneer Board.

Finance

The Executive Director is also responsible for managing the financial affairs of Pioneer, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging financing and credit facilities as necessary; and other financial tools. The financial function also includes administration of banking and credit relationships, cash management of deposits and disbursements in accordance with the credit policies of CCA monitoring of revenues and expenditures, in accordance with budget and finance policies of Pioneer.

Revenues derived from rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. Pioneer will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or programs for hard-to-reach, disadvantaged or other policy established purpose, provided that the overall revenue requirement is achieved.

Pioneer may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than is currently available.

Pioneer's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the CCA Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, Pioneer will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

Marketing & Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. Pioneer will conduct program marketing to raise consumer awareness of the CCA Program and to establish the Pioneer "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the CCA Program. Communications will also be directed at key policy-makers at the state and local level, community, business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance Pioneer's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of its community. Pioneer will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the CCA Program, and maintains a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks related customer payments. Activities include the electronic exchange of usage, billing, and payment data between the distribution utility and Pioneer, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service with the distribution utility), and administration of customer receipts in accordance with credit policies of Pioneer.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. Pioneer will initially contract with a third party, who has demonstrated the necessary experience and administers an appropriate customer information system to perform the previously noted customer account and billing services functions.

Power Resources & Energy Programs

Pioneer must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives, and all applicable legislative and/or regulatory mandates. Pioneer's long term resource plans (addressing the 10-20 year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. Pioneer may develop and administer complementary energy programs that may be offered to CCA Program customers, including locally sourced renewable energy pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of Pioneer.

Pioneer will develop and periodically update an Integrated Resource Plan (IRP) that meets program supply objectives and balances cost, risk and environmental considerations. The IRP will also conform to all applicable requirements imposed by the State of California. Integrated resource planning efforts of Pioneer will make use of demand side energy efficiency, distributed generation and demand response programs, as well as, traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. IRPs will be updated and adopted by Pioneer on an annual basis.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers of the CCA Program. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets, and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop load forecasts for long-term resource planning and for short-term electricity purchases and sales needed to maintain a balance between hourly electricity resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

Pioneer will initially contract with one or more experienced and financially sound, third party energy services providers to perform most of the electric supply operations for the CCA Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

Local Energy Programs

A key focus of the CCA Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow respective financial feasibility and due diligence analysis and the identification of requisite funding sources.

Pioneer will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-resources. Pioneer will attempt to consolidate existing demand side programs into this organization and leverage the Program structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC application process for third party administration of energy efficiency programs, and the use of funds collected through the existing public benefits surcharges paid by CCA customers.

Governmental & Regulatory Affairs, including General Counsel

The CCA Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, Resource Adequacy (RA), compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that will impact Pioneer, its Members and customers. Pioneer will maintain an active role at the CPUC, the California Energy Commission (CEC), the California Independent System Operator ("CAISO"), and the California legislature and, as necessary, the Federal Energy Regulatory Commission (FERC).

Under the direction of its General Counsel, Pioneer may retain outside legal services, as necessary, to administer Pioneer regulatory and legislative matters including, but not limited to power supply contract review, and overall legal support related to activities of the CCA Program.

CHAPTER 4 – Startup Plan & Funding

This Chapter presents Pioneer's plans for the start-up period, including necessary expenses and capital outlays. As described in the Chapter 3, Pioneer may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial Program startup activities include the following:

- Approve a Preliminary and Final Program Budget
- Establish credit, issue debt and post collateral
- Execute activities to support on-going operations such as facilities leases and information technology services
- Hire staff and/or contractors to initiate and manage Program implementation and operations
    - CAISO scheduling coordinator
    - Customer data management
    - Legislative and regulatory legal support
- Conduct load forecasting
- Identify and enter into contracts with qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
- Complete financial management and reporting activities
- Develop rate schedules and adopt rates
- Define and execute communications and outreach plan
    - Customer research/information gathering
    - Media campaign
    - Key customer/stakeholder outreach
    - Informational materials and customer notices
    - Customer call center
- Post CCA bond with CPUC as required by Public Utilities Code Section 394.25 (e) and complete requisite registration requirements
- Enter into service contract with PG&E and pay utility service initiation, notification and switching fees
- Perform customer notifications, opt-out and transfers

Other costs related to starting up the CCA Program will be the responsibility of certain CCA Program contractors (and are assumed to be included in any fees/charges imposed by such contractors). These may include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

Staffing and Contract Services

Personnel in the form of Pioneer staff or contractors will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. During the startup period, minimal personnel requirements will include an Executive Director, a General Counsel, and other personnel needed to support regulatory, procurement, finance, and communications activities.

For budgetary purposes, five full-time equivalents (staff or contracted professional services) will support the above listed activities during the initial start-up period. Following this period, staff and/or contractors will be added, as needed, to support full on-going operations, with an anticipated full staffing level of eighteen full-time equivalents (staff or contracted services). The rollout of additional value-added services (e.g., efficiency projects) and local generation projects and programs will require more staff as needed for those activities.

Capital Requirements

Start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on Pioneer's anticipated start-up activities and start-up schedule, a total need of $40 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides additional detail regarding Pioneer's expected capital requirements and general Program finances.

Pioneer's initial capital requirement covers expected staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves are also reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by Pioneer's power supplier(s)); 2) requisite deposit with the CAISO prior to commencing market operations; 3) CCA bond (posted with the CPUC); and 4) PG&E service fee deposit.

Operating revenues from sales of electricity will be remitted to Pioneer beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30 day payment/collections cycle. Pioneer will need working capital to support electricity procurement and costs related to program management, which is included in Pioneer's initial $40 million capital requirement.

Financing Plan

Pioneer's initial capital will be obtained by the sale of bonds issued by Pioneer and purchased by the County Treasurer. It is anticipated that two debt issuances will be made: a revolving credit line for operating purposes of $10 million maximum, and a revolving credit line of $30 million maximum to provide collateral and other support for Pioneer's power purchases. The funding for expenditures up to the time when Pioneer issues debt has been provided by a $1.4 million appropriation from the County, which will be repaid from the operating line of credit. Pioneer will recover the principal and interest costs associated with the start-up funding via retail generation rates charged to CCA Program customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first several years of operations.

CHAPTER 5 – Program Enrollment

Pioneer will roll out its service offering to customers in a single phase that includes all municipal, non-residential (commercial/industrial/agricultural) and residential accounts.

This approach provides Pioneer with the ability to initiate its CCA Program with sufficient economic scale with an expected customer base of approximately 84,000 accounts, post customer opt-out. In addition to the generally applicable rollout, certain customers that receive service on unique tariffs, such as the net energy metering program that includes an annual true-up, may be enrolled on a different schedule, so as to minimize the customer impacts associated with the transition to CCA Program service.

The CCA Program is targeted to begin on or about January 1, 2018, subject to a decision to proceed by the Pioneer Board. Pioneer anticipates serving approximately 84,000 accounts comprised of all of the electric accounts within the territory of its Members. The total annual energy sales for these accounts are estimated to be 1,143 GWh. These accounts consist of:

- small, medium and large commercial and industrial customers,
- agricultural pumping,
- street lighting and local government facilities (county, cities, school and special district accounts), and
- residential accounts.

To the extent that additional customers require enrollment after the completion of initial rollout, Pioneer will evaluate a subsequent phase of CCA Program enrollment.

Pioneer may also evaluate phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

CHAPTER 6 - Load Forecast & Resource Plan

Introduction

This Chapter describes the planned mix of electric resources that will meet the energy demands of CCA Program customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key polices are as follows:

- Pioneer will benefit the area's economy through investment in local infrastructure, projects and energy programs. Pioneer will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- Pioneer will seek to increase use of local renewable and low carbon emitting energy resources.
- Pioneer will apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer a generation tariff that meets or exceeds California's prevailing renewable energy procurement mandate with an emphasis on local renewable generation. In the future, Pioneer may consider a second generation tariff, offered to CCA Program customers on a voluntary basis, which consists of 100% local renewable generation.
- To the extent that Pioneer is successful in applying for administration of public benefit funds to support locally administered efficiency programs, it will do so with the goal of reducing net electricity purchases within the region.
- Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff and incentives for power purchases from local renewable and low carbon emitting energy sources.

Pioneer will comply with regulatory rules applicable to California load serving entities. Pioneer will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. Pioneer will adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions in the CAISO system, caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve Pioneer's customers, even if there were a need for the CCA Program to cease operations and return customers to PG&E. In addition, Pioneer will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 50 percent by 2030). The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to Pioneer's status as a California Load Serving Entity (LSE), Pioneer's resource plan includes a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include local and non-local renewable generation assets owned and/or controlled by Pioneer.

Once the CCA Program demonstrates it can operate successfully, Pioneer may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by Pioneer or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of Pioneer's electricity requirements on a cost-of-service basis. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement could be more cost-effective than purchasing renewable energy from third party developers, which would allow the CCA Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions would be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, Pioneer may consider partnering with an experienced public power developer and could enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the CCA Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be considered by Pioneer especially as it works to achieve increasing levels of local renewable energy supply to its customers.

Pioneer's resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, Pioneer will actively pursue, promote and ultimately administer a variety of customer-focused energy efficiency programs that can cost-effectively displace supply-side resources.

Pioneer's indicative resource plan for the years 2018 through 2027 is summarized in the following table. Note that CCA Program projections reflect a portfolio mix of renewable energy that would be compliant with California's currently effective RPS procurement requirements with all other supply coming in the form of conventional resources, large hydroelectric resources, or CAISO system power.

Pioneer Community Energy
Proposed Resource Plan
(GWh)
2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pioneer CE Demand (GWh)										
Retail Demand	-1,136	-1,147	-1,159	-1,170	-1,182	-1,194	-1,206	-1,218	-1,230	-1,242
Distributed Generation	0	0	4	5	6	7	8	10	12	14
Energy Efficiency	0	1	1	2	2	3	4	6	8	11
Losses and UFE	-68	-69	-70	-70	-71	-72	-72	-73	-74	-75
Total Demand	-1,204	-1,215	-1,223	-1,234	-1,244	-1,255	-1,265	-1,275	-1,283	-1,291
Pioneer CE Supply (GWh)										
Renewable Resources	329	352	375	398	422	446	470	495	521	547
Conventional Supply	874	863	848	836	823	809	795	780	763	745
Total Supply	1,204	1,215	1,223	1,234	1,244	1,255	1,265	1,275	1,283	1,291
Energy Open Position (GWh)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Supply Requirements

The starting point for Pioneer's resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program's "load profile". The electric sales forecast and load profile will be affected by Pioneer's plan to introduce the CCA Program to customers in a single phase and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. Pioneer's rollout plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the CCA Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. Pioneer anticipates an overall customer participation rate of approximately 85 percent of PG&E bundled service customers, based on reported opt-out rates for recently implemented CCA programs. It is assumed that customers taking DA service from a competitive electricity provider will continue to remain with their current supplier and will, therefore, not be enrolled during CCA Program customer rollout process, later described in Chapter 5. DA customers are not, however, prevented from voluntarily enrolling in the CCA Program following CCA Program service commencement.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that Pioneer will offer rate tariffs that will address the interests of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as Pioneer's public outreach and market research efforts continue to develop.

Customer Forecast

Once enrollment of customers begins they will be switched over to service by Pioneer on their regularly scheduled meter read date over an approximate thirty-day period. Approximately 2,800 service accounts per day will be switched over during the first month of service.

Pioneer assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (1.0% annual growth) over the noted planning horizon. While the successful operating track record of California CCA programs continues to grow, there is a relatively short history with regard to CCA operations, which makes it fairly difficult to anticipate the actual levels of long-term customer participation within the CCA Program. Pioneer believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Placer County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by Pioneer for each of the next ten years is shown in the following table:

Pioneer Community Energy
Retail Service Accounts (End of Year)
2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pioneer CE Customers										
Residential	49,316	49,809	50,307	50,810	51,318	51,831	52,349	52,873	53,402	53,936
Small Commercial	8,791	8,879	8,968	9,058	9,148	9,240	9,332	9,426	9,520	9,615
Medium Commercial	1,710	1,727	1,744	1,761	1,779	1,797	1,815	1,833	1,851	1,870
Large Commercial	8,740	8,827	8,916	9,005	9,095	9,186	9,278	9,370	9,464	9,559
Industrial	14,385	14,528	14,674	14,820	14,969	15,118	15,270	15,422	15,576	15,732
Street and Lighting	473	478	482	487	492	497	502	507	512	517
Agricultural & Pumping	870	879	888	897	906	915	924	933	943	952
Total	84,284	85,127	85,978	86,838	87,707	88,584	89,469	90,364	91,268	92,180

Sales Forecast

Pioneer's forecast of GWh sales reflects the rollout and customer enrollment schedule shown above. Annual energy requirements are shown below.

Pioneer Community Energy
Retail Service Accounts (End of Year)
2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pioneer CE Customers										
Residential	49,316	49,809	50,307	50,810	51,318	51,831	52,349	52,873	53,402	53,936
Small Commercial	8,791	8,879	8,968	9,058	9,148	9,240	9,332	9,426	9,520	9,615
Medium Commercial	1,710	1,727	1,744	1,761	1,779	1,797	1,815	1,833	1,851	1,870
Large Commercial	8,740	8,827	8,916	9,005	9,095	9,186	9,278	9,370	9,464	9,559
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Street and Lighting	473	478	482	487	492	497	502	507	512	517
Agricultural & Pumping	870	879	888	897	906	915	924	933	943	952
Total	84,284	85,127	85,978	86,838	87,707	88,584	89,469	90,364	91,268	92,180

Capacity Requirements

The CPUC's resource adequacy standards applicable to the CCA Program require a demonstration one year in advance that Pioneer has secured physical capacity for 90 percent of its projected peak loads for each of the five summer months, May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, Pioneer must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of Pioneer's capacity requirements must be procured, from the Greater Bay area as defined by the CAISO, and another portion must be procured from local reliability areas outside the Greater Bay Area. Pioneer would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on Pioneer's forecasted peak load. Pioneer must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

Pioneer is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO's flexible resource adequacy framework.

The estimated forward resource adequacy requirements for 2018 through 2020 are shown in the following tables[4]:

[4] The figures shown above are estimates. Pioneer's resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism (CAM). These adjustments are addressed through the CPUC's resource adequacy compliance process.

Pioneer Community Energy
Forward Capacity and Reserve Requirements
(MW)
2018 - 2020

Month	2018	2019	2020
January	178	179	181
February	168	170	171
March	148	150	151
April	141	142	144
May	158	159	161
June	233	236	238
July	235	238	240
August	232	235	237
September	191	193	195
October	147	149	150
November	147	149	150
December	155	156	158

Pioneer's plan ensures that sufficient reserves will be procured to meet its peak load at all times. Pioneer's projected annual capacity requirements are shown in the following table:

Pioneer Community Energy
Capacity Requirements
(MW)
2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pioneer CE Demand (MW)										
Retail Demand	235	238	240	242	245	247	250	252	255	257
Distributed Generation	0	0	-1	-1	-1	-2	-2	-2	-3	-3
Energy Efficiency	0	0	0	0	-1	-1	-1	-1	-2	-2
Losses and UFE	14	14	14	14	15	15	15	15	15	15
Total Net Peak Demand	249	252	253	255	257	260	262	263	265	267
Reserve Requirement	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	37	38	38	38	39	39	39	40	40	40
Capacity Requirement Including Reserve	**287**	**289**	**291**	**294**	**296**	**299**	**301**	**303**	**305**	**307**

Local capacity requirements are a function of the PG&E area resource adequacy requirements and Pioneer's projected peak demand. Pioneer will need to work with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of Pioneer's annual local capacity requirement for the ten-year planning period ranges from approximately 106 MW to 116 MW as shown in the following table:

Pioneer Community Energy
Local Capacity Requirements
(MW)
2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pioneer CE Peak (MW)	287	290	292	295	298	301	304	307	310	314
Local Capacity Requirement (% of Peak)	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%
Greater Bay Area Share of Local Capacity Requirement (%)	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%
Other PG&E Areas Share of Local Capacity Requirement (%)	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%
Pioneer Local Capacity Requirement Greater Bay Area (MW)	44	44	45	45	46	46	47	47	48	48
Pioneer Local Capacity Requirement Other PG&E (MW)	62	63	63	64	65	65	66	66	67	68
Pioneer Local Capacity Requirement (Total MW)	106	107	108	109	110	111	113	114	115	116

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

Pioneer will coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to Pioneer prior to CCA Program enrollment. For system resource adequacy requirements, Pioneer will make month-ahead showings for each month that Pioneer plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. Pioneer will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA program provider, Pioneer will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining Pioneer's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to CCA programs.

California's RPS program is currently undergoing reform. On October 7, 2015, Governor Brown signed Senate Bill 350 ("SB 350"; De Leon and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increased California's RPS procurement target from 33 percent by 2020 to 50 percent by 2030, amongst other clean-energy initiatives. Many details related to SB 350 implementation will be developed over time with oversight by designated regulatory agencies.

However, it is reasonable to assume that interim annual renewable energy procurement targets will be imposed on CCAs and other retail electricity sellers to facilitate progress towards the 50 percent procurement mandate. For planning purposes, Pioneer has assumed straight-line annual increases (1.7 percent per year) to the RPS procurement target beginning in 2021, as the state advances on the 50 percent RPS. Pioneer will also adopt an integrated resource plan in compliance with SB 350 – Pioneer understands that various details related to this planning requirement have yet to be developed, and Pioneer intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, Pioneer will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

Pioneer's Renewables Portfolio Standards Requirement

Pioneer's annual RPS procurement requirements, as specified under California's RPS program, are shown in the table below.

Pioneer Community Energy
RPS Requirements
(MWh)
2018 - 2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Pioneer CE Demand (MWh)										
Retail Demand	1,135,588	1,146,996	1,158,519	1,170,104	1,181,805	1,193,623	1,205,560	1,217,615	1,229,791	1,242,089
Annual RPS Procurement Target (MWh)	329,321	355,569	34,756	409,536	425,450	453,577	482,224	511,398	541,108	571,361
% of Current Year Sales*	29%	31%	3%	35%	36%	38%	40%	42%	44%	46%

*Note: Specific details related to SB 350 implementation have yet to be identified by the States designated regulatory agencies. For purposes of this table, Pioneer assumed a straight-line increase from California's 33 percent RPS procurement mandate in 2020 to California's new, 50 percent RPS procurement mandate in 2030.

Purchased Power

Power purchased from power marketers, public agencies, generators, and/or utilities will be a significant source of supply during the first several years of CCA Program operation. Pioneer will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including Pioneer's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the CCA Program.

Renewable Resources

Pioneer will initially secure necessary renewable power supply from its third party electric supplier(s). Pioneer may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by Pioneer. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by Pioneer, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the CPUC's RPS rules and any additional guidelines ultimately adopted by Pioneer. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of Pioneer's load zone, as defined by the CAISO.

Energy Efficiency

Pioneer's energy efficiency goals will reflect a strong commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E's programs. To promote the achievement of this goal, Pioneer plans to complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by CCA Program customers. To the extent that Pioneer is successful in this application process, receiving funding to administer additional energy efficiency programs within the region, it will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace Pioneer's need for traditional electric procurement activities. Additional details related to Pioneer's energy efficiency plan will be developed once initial CCA Program enrollment is complete. .

With regard to Pioneer's anticipated energy efficiency savings, a reasonable baseline assumption (for efficiency savings related to the demand-side portion of the CCA Program's resource plan) appears to be steady growth towards 0.5 percent of Pioneer's projected energy sales by 2024. For example, the National Action Plan for Energy Efficiency states among its key findings "consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales."[5] The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs that an energy efficiency goal of one percent, as a percentage of energy sales, is a reasonable level to target.[6] These savings would be in addition to the savings achieved by PG&E administered programs. Achieving this goal would mean at least a doubling of energy savings relative to the status quo (without the program administered by Pioneer). It is assumed that energy efficiency programs of Pioneer will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is typically achieved.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., Pioneer), reducing the amount of generation capacity that must

[5] National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

[6] Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. This resource plan anticipates that Pioneer's demand response programs would partially offset its local capacity requirements beginning in 2020.

PG&E offers several demand response programs to its customers, and Pioneer intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by Pioneer. Pioneer may also adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in Pioneer's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. Pioneer may utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with Pioneer's policies and the state's Energy Action Plan, clean distributed generation is a component of the integrated resource plan. Pioneer will work to promote deployment of photovoltaic (PV) systems within Pioneer's service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. Pioneer also plans to implement a net energy metering program and a program to purchase energy from local generation sources to promote local investment in distributed generation.

There are clear economic and environmental benefits and strong customer interest in distributed PV systems. To support such systems, Pioneer may provide direct financial incentives from revenues funded by customer rates to further support use of solar power and/or other renewable resources within the local area. With regard to the CCA Program's prospective net energy metering program, it is anticipated that Pioneer would eventually adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to Pioneer. Such a program would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including PG&E. However, Pioneer may choose to offer enhanced compensation structures, relative to those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within Placer County. To the extent that incentives offered by Pioneer improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer enrollment period of the CCA Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in generation projects, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

Pioneer's cash flow analysis estimates the level of capital that will be required during the startup and rollout period. The analysis focuses on the CCA Program's monthly costs and revenues and specifically accounts for the rollout of the CCA Program to customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the CCA Program implementation schedule described herein, and assumes that Pioneer charges a standard, electricity tariff similar to the generation rates of PG&E for each customer class. More detail on CCA Program rates can be found in Chapter 8.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for Pioneer to move through the CCA startup and implementation periods. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by Pioneer, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the rollout period. The estimated financing requirements for the startup and implementation period, including working capital needs associated with customer enrollments, was determined to be $7 million. Working capital requirements peak soon after enrollment of all customers.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move Pioneer through full CCA implementation, a summary pro forma analysis that evaluates the financial performance of the CCA program during the enrollment period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same. Cash provided by financing activities are not shown in the pro forma analysis, although payments for debt service are included as a cost item.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA Program startup and implementation and enrollment addresses projected CCA Program operations for the period beginning January 2018 through December 2027. [7] Pioneer has also included a summary of Program reserves, which are expected to accrue over this same period of time.

[7] Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

Pioneer Community Energy
Summary of CCA Program Startup and Operations
(January 2018 through December 2027)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
I. Revenues from Operations ($)										
Electric Sales Revenue	$ 75,098,474	$ 72,837,267	$ 75,222,706	$ 78,448,858	$ 81,811,887	$ 85,317,551	$ 88,971,847	$ 92,781,026	$ 96,751,597	$ 100,890,342
Less Uncollectable Accounts	$ 375,492	$ 364,186	$ 376,114	$ 392,244	$ 409,059	$ 426,588	$ 444,859	$ 463,905	$ 483,758	$ 504,452
Total Revenues	$ 74,722,981	$ 72,473,080	$ 74,846,592	$ 78,056,614	$ 81,402,828	$ 84,890,963	$ 88,526,988	$ 92,317,121	$ 96,267,839	$ 100,385,890
II. Cost of Operations ($)										
(A) Operations and Administrative (O&A)										
Staffing and Professional Services	$ 3,302,319	$ 3,380,777	$ 3,465,296	$ 3,551,929	$ 3,640,727	$ 3,731,745	$ 3,825,039	$ 3,920,665	$ 4,018,681	$ 4,119,148
Marketing	$ 502,853	$ 515,424	$ 515,424	$ 528,310	$ 541,518	$ 555,056	$ 568,932	$ 583,155	$ 597,734	$ 612,677
Data Management Services	$ 606,847	$ 1,225,831	$ 1,238,089	$ 1,281,732	$ 1,326,913	$ 1,373,687	$ 1,422,109	$ 1,472,238	$ 1,524,135	$ 1,577,860
PG&E Fees (Including Billing)	$ 533,726	$ 552,565	$ 572,069	$ 592,235	$ 613,111	$ 634,723	$ 657,097	$ 680,260	$ 704,239	$ 729,064
Other Administrative and General	$ 605,079	$ 589,114	$ 603,842	$ 618,938	$ 634,412	$ 650,272	$ 666,529	$ 683,192	$ 700,272	$ 717,779
Total O&A	$ 5,550,824	$ 6,263,712	$ 6,394,721	$ 6,573,143	$ 6,756,680	$ 6,945,482	$ 7,139,706	$ 7,339,510	$ 7,545,061	$ 7,756,528
(B) Cost of Energy	$ 57,429,414	$ 59,965,961	$ 62,614,785	$ 65,377,917	$ 68,263,236	$ 71,276,152	$ 74,422,314	$ 77,707,620	$ 81,138,233	$ 84,720,586
(C) Operating Reserve	$ 3,162,041	$ 3,066,832	$ 3,167,272	$ 3,303,110	$ 3,444,711	$ 3,592,318	$ 3,746,183	$ 3,906,570	$ 4,073,751	$ 4,248,014
(D) Total Cost and Operating Reserve	$ 66,142,279	$ 69,296,505	$ 72,176,778	$ 75,254,170	$ 78,464,627	$ 81,813,952	$ 85,308,202	$ 88,953,700	$ 92,757,046	$ 96,725,129
Pioneer CCA Program Surplus/(Deficit)	$ 8,580,703	$ 3,176,575	$ 2,669,814	$ 2,802,444	$ 2,938,201	$ 3,077,011	$ 3,218,786	$ 3,363,420	$ 3,510,793	$ 3,660,761

Pioneer Community Energy
Reserves Summary
(January 2018 through December 2027)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
I. Reserve Additions										
(A) Operating Reserve Contribution	$ 3,162,041	$ 3,066,832	$ 3,167,272	$ 3,303,110	$ 3,444,711	$ 3,592,318	$ 3,746,183	$ 3,906,570	$ 4,073,751	$ 4,248,014
(B) CCA Program Surplus / (Deficit)	$ 8,580,703	$ 3,176,575	$ 2,669,814	$ 2,802,444	$ 2,938,201	$ 3,077,011	$ 3,218,786	$ 3,363,420	$ 3,510,793	$ 3,660,761
(B) Cash From Financing	$ 27,602,667	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Reserve Additions	$ 39,345,410	$ 6,243,408	$ 5,837,086	$ 6,105,554	$ 6,382,912	$ 6,669,329	$ 6,964,969	$ 7,269,990	$ 7,584,544	$ 7,908,775
II. Reserve Subtractions										
(A) Debt Service on Startup Funds	$ 883,285	$ 2,123,947	$ 2,123,947	$ 2,123,947	$ 2,174,553	$ 2,174,553	$ 2,174,553	$ 2,174,553	$ 2,174,553	$ 2,174,553
(B) Funds Retained for Energy Programs	$ -	$ 500,000	$ 725,000	$ 1,051,250	$ 1,524,313	$ 2,210,253	$ 3,204,867	$ 4,647,057	$ 6,738,233	$ 9,770,438
Subtotal Reserve Subtractions	$ 883,285	$ 2,623,947	$ 2,848,947	$ 3,175,197	$ 3,698,866	$ 4,384,807	$ 5,379,420	$ 6,821,611	$ 8,912,786	$ 11,944,991
III. Balance of Pioneer Reserves	$ 38,462,125	$ 42,081,586	$ 45,069,724	$ 48,000,081	$ 50,684,127	$ 52,968,649	$ 54,554,197	$ 55,002,576	$ 53,674,334	$ 49,638,118

The annual surpluses serve to build Pioneer's net financial position and credit profile and to provide operating reserves for Pioneer in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to fund local economic development, customer programs, electric infrastructure projects, to increase local renewable and/or GHG-free resources within the CCA Program's resource mix, and other energy related purposes.

CCA Program Financings

It is anticipated that one or more financings will be necessary to support CCA Program implementation. Subsequent capital requirements will be self-funded from Pioneer's accrued financial reserves. The anticipated financing approach is described below.

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the CCA Program are $40 million. This amount is dependent upon the electric load served by Pioneer, actual energy prices, payment terms established with the third-party supplier, and program rates. This figure would be refined during the startup period as these variables become known. Once the CCA Program is up and running, these costs would be recovered from customers through retail rates.

This financing will be primarily secured via debt issued by Pioneer, which would allow Pioneer to draw cash as required. Initially, two debt issuances are planned. The first is an operating line of credit of up to $10 million that will be used for financing of program operations and for general liquidity. The second is a revolving line of credit of up to $30 million that will be used to provide financial backing for power purchases. Initial financing is expected to be arranged no later than the third quarter of 2017. Other short term debt may be issued as necessary, based on operational needs as these evolve over time.

Project Financing

Pioneer may consider project financings for generation resources, likely local wind, solar, biomass, hydro-electric and/or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful CCA Program operation and after appropriate project opportunities are identified and subjected to appropriate financial, economic and environmental review. Pioneer’s ability to directly finance projects will likely require a track record of successful program operations demonstrating strong underlying credit to support the financing. In the event that such financing occurs, funds would include any short-term financing for the project development costs, and would likely extend over a 20- to 30-year term. The security for such bonds would primarily be based on the future revenue stream accruing from sales to the retail customers of Pioneer.

CHAPTER 8 – Rate Setting, Program Terms and Conditions

Introduction

This Chapter describes the initial policies proposed for Pioneer in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting CCA Program rates. CCA Program rates are ultimately approved by Pioneer's Board. The Pioneer Board would retain authority to modify program policies from time to time at its discretion.

Rate Policies

Pioneer will establish rates sufficient to recover all costs related to operation of the CCA Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Pioneer Board. As a general policy, rates will be uniform for all similarly situated customers enrolled in the CCA Program throughout the service area of Pioneer.

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff, including a proportionate quantity of renewable energy in excess of California's prevailing renewable energy procurement mandate;
- Potential future 100 percent local renewable option with tariff reflecting associated cost;
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The primary goal is to offer competitive rates for electric services that Pioneer would provide to participating customers. For participants in Pioneer's standard Tariff, the goal would be for CCA Program rates to be initially up to five percent below similar generation rates offered by PG&E, subject to actual energy product pricing and decisions of Pioneer's Board. For voluntary participants in any future CCA Program 100 percent local renewable energy Tariff, the goal would be to offer the lowest possible customer rates with an incremental monthly cost premium reflective of the actual cost of additional renewable energy supply required to serve such customers. Based on current estimates, the anticipated cost premium for a 100 percent local renewable supply option would be 5 to 10 percent relative to the standard CCA Program tariff.

Competitive rates will be critical to attracting and retaining key customers. In order for Pioneer to be successful, the combination of price and value must be perceived as superior when compared to the bundled utility service alternative. As planned, the value provided by the CCA Program will include a community focus, local investment and control, enhanced energy efficiency and customer programs, and higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility.

As previously discussed, the CCA Program will increase renewable energy supply to program customers, relative to the incumbent utility. The standard Tariff for CCA Program customers will increase renewable energy supply while maintaining generation rates that are generally comparable to PG&E's. The initial renewable energy content provided under the CCA Program standard Tariff will exceed California's prevailing renewable energy procurement mandate, and Pioneer will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. Pioneer may in the future also offer its customers a voluntary 100% local renewable energy Tariff, which will supply participating customers with 100 percent local renewable energy at rates that reflect CCA's cost for procuring related energy supplies.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

Rate Stability

Pioneer will offer stable rates by hedging its supply costs over multiple time horizons and by including renewable energy supplies that exhibit stable costs. Rate stability considerations may prevent CCA Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and may result in differences from the general rate-related targets initially established for the CCA Program. Pioneer will attempt to maintain general rate parity with PG&E to ensure that CCA Program rates are not drastically different from the competitive alternative.

Equity among Customer Classes

CCA Program initial rates will be set up to 5% below similar rates offered by PG&E. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by Pioneer.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction, but will also result in fewer billing inquiries to the CCA Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

CCA Program rates must collect sufficient revenue from participating customers to fully fund Pioneer's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of costs of the CCA Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in Pioneer's rate stabilization fund may be used from time to time to augment operating revenues.

Rate Design

Pioneer will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the CCA Program.

Custom Pricing Options

Pioneer may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. Pioneer may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from Pioneer. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net metering tariff (NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. The objective is that Pioneer's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. Pioneer plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by Pioneer.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial program rates will be adopted by Pioneer following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, Pioneer will prepare an annual budget and corresponding customer rates. Any proposed rate adjustment will be considered and adopted by the Board of Directors after a public hearing with ample time given to affected customers to provide comment on the proposed rate changes.

After proposing a rate adjustment, Pioneer will furnish affected customers with a notice of its intent to adjust rates, either by mailing such notices postage prepaid to affected customers, by including such notices as an insert to the regular bill for charges transmitted to affected customers, or by including a related message directly on the customer's monthly electricity bill (on the page addressing Pioneer charges). The notice will provide a summary of the proposed rate adjustment and will include a link to the CCA Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment, and the contact information for Pioneer to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time, and place of any hearing on the proposed adjustment, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the CCA Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the CCA Board from time to time.

By adopting this Implementation Plan, Pioneer will have approved the customer rights and responsibilities policies contained herein to be effective at CCA Program initiation. Pioneer retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the CCA Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. Pioneer will likely use its own mailing service for requisite enrollment notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying Pioneer using the CCA Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to the CCA Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after CCA Program service commences. Opt-out requests made on or before the sixtieth day following start of CCA Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by Pioneer during the time the customer took service from the CCA Program, but will otherwise not be subject to any penalty or transfer fee from Pioneer.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the CCA Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing Pioneer's privacy policy regarding customer usage information. Pioneer will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would aid in resource planning by providing additional control over the CCA Program's customer base.

Termination Fee

Customers that are automatically enrolled in the CCA Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee, which Pioneer reserves the right to impose, if deemed necessary. Customers that relocate within Pioneer's service territory would have CCA service continued at their new address. If a customer relocating to an address within Pioneer's service territory elected to cancel CCA service, the Termination Fee could be applied. Program customers that move out of Pioneer's service territory would not be subject to the Termination Fee. If deemed applicable by Pioneer, PG&E would collect the Termination Fee from returning customers as part of Pioneer's final bill to the customer.

For illustrative purposes, Pioneer Termination Fee could vary by customer class as set forth in the table below, subject to a final determination by Pioneer.

Pioneer CCA Program: Illustrative Schedule of Fees for Service Termination*

Customer Class	**Fee**
Residential	$5
Non-Residential	$25

*Note that Pioneer has yet to adopt a Schedule of Fees for Service Termination. The fees reflected in this table are representative of similar charges adopted by California's operating CCA programs.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by Pioneer subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by PG&E and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality

Pioneer will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within CPUC Decision 12-08-045. Pioneer will maintain the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct business of Pioneer or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable Pioneer to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. Pioneer will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at Pioneer's discretion.

Responsibility for Payment

Customers will be obligated to pay CCA Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, Pioneer will not be able to direct that electricity service be shut off for failure to pay CCA Program bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Under certain circumstances, CCA Program customers may be required to post a deposit equal to the estimated charges for two months of CCA Program service prior to obtaining service from the CCA Program. A deposit would be required for an applicant who previously had been a customer of PG&E or Pioneer and whose electric service has been discontinued by PG&E or Pioneer during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment[8]. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

[8] A customer whose service is discontinued by Pioneer is returned to PG&E generation service.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes Pioneer's initial procurement policies and the key third party service agreements by which Pioneer will obtain operational services for the CCA Program. By adopting this Implementation Plan, Pioneer will have approved the general procurement policies contained herein to be effective at Program initiation. Pioneer retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

Pioneer will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that Pioneer will generally utilize Competitive Procurement methods for services but may also utilize Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

Pioneer will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at Pioneer's discretion. Authority for terminating agreements will generally mirror the authority for entering into such agreements.

Key Contracts

Electric Supply Contract

Pioneer will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet CCA customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. Pioneer may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. Pioneer would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

Although Pioneer will register as a Scheduling Coordinator with CAISO, Pioneer will utilize the Northern California Power Agency ("NCPA") as its certified Scheduling Coordinator Agent on a day-to-day basis to schedule loads and resources to meet CCA Program customer demand. NCPA is a joint powers agency formed by member public entities under the laws of the State of California to provide cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers. The membership consists of eleven cities with publiclyowned electric utility distribution systems, one port authority, a transit authority, one public utility district, and one associate member. NCPA's purposes are for purchasing, generating, transmitting, and selling electrical energy and for providing other related services to its members as each may require. NCPA provides a portion of certain of its members' power needs and certain of its members also self-provide and/or purchase power and transmission from other public and private sources.

NCPA has been operating in California's energy markets since 1968 and provides power management services to its members and other entities. These services include the following:

- Electricity Scheduling and Dispatch
- Planning and Portfolio Management
- Meter Data Management
- Settlement Review, Validation and Reconciliation
- Resource Development, Integration and Operations
- Risk Management and Analysis
- Reporting and Data Management
- Generation Facility Management and Operations

NCPA will be responsible for day-to-day energy supply operations of the CCA Program and for managing the predominant supply risks for the term of the contract. NCPA will work with Pioneer management to develop resource plans, engage in wholesale electricity procurement, and manage the electric supply portfolio in accordance with applicable risk management policies and procedures. It is anticipated that Pioneer will purchase a diverse portfolio of energy from a variety of electric suppliers. NCPA will be responsible for ensuring Pioneer's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or federal regulators, if applicable.

As this point in time, Pioneer has not yet commenced the requisite competitive solicitation process to identify its initial energy supplier(s). However, Pioneer anticipates executing initial electric supply contracts in mid to late 2017.

Data Management Contract

Calpine Energy Solutions will provide data management services for the CCA Program, including the retail customer services of billing and other customer account services (electronic data interchange or (EDI) with PG&E, billing, remittance processing, and account management). Calpine Energy Solutions offers meter data management, billing and customer care services to CCA programs. Calpine Energy Solutions is one of the largest Electric Service Providers both in California and throughout the United States, and currently provides data management services for all active CCA programs in California.

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives Pioneer greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue. Any third party contracted for data management would also be required to adhere to Pioneer's customer confidentiality policies as described earlier in this Chapter and to provide adequate assurances that appropriate data security measures are in place.

Electric Supply Procurement Process

In the third quarter of 2017, Pioneer plans to solicit proposals for electricity (conventional and renewable) and capacity needed for the commencement of service. Contract negotiations will commence immediately following proposal evaluation. It is anticipated that initial supply contracts will be in place within the July to September 2017 timeframe. Subsequently, procurement of electric supply will be conducted on an ongoing basis. Pioneer intends to negotiate master power purchase and sale agreements with several power suppliers, enabling transactions as needed in the management of the CCA Program supply portfolio.

CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of CCA Program termination. By adopting the original Implementation Plan, Pioneer will have approved the general termination process contained herein to be effective at CCA Program initiation. In the unexpected event that Pioneer would terminate the CCA Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. Pioneer retains authority to modify program policies from time to time at its discretion.

Termination by Pioneer

Pioneer will offer services for the long term with no planned CCA Program termination date. In the unanticipated event that Pioneer decides to terminate the CCA Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to Pioneer consistent with the terms set forth in the JPA Agreement. Following such notice, Pioneer's Board would vote on CCA Program termination subject to voting provisions as described in the JPA Agreement. In the event that Pioneer affirmatively votes to proceed with JPA termination, Pioneer would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and Pioneer would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

Pioneer will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (Community Choice Aggregation Service Requests or CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. Pioneer will post financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

CHAPTER 12 – Appendices

Appendix A: Pioneer Resolution No. 2017-5 (Adopting Implementation Plan)

Appendix B: Sierra Valley Energy Authority Joint Powers Agreement

Appendix C: Sierra Valley Energy Authority Resolution No. 2017-3 (changing name to Pioneer Community Energy)