



INFORMATIONAL HEARING

Proposition 16, “New Two-Thirds Vote Requirement for Local Public Electricity Providers”

**California Public Utilities
Commission**
March 17, 2010





Proposition 16: “New Two-thirds Vote Requirement For Local Public Electricity Providers”

“The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure”:

- Requires local governments to obtain the approval of two-thirds of the voters before providing electricity to new customers or expanding such service to new territories if any public funds or bonds are involved.
- **Requires same two-thirds vote to provide electricity through a community choice program if any public funds or bonds are involved.**
- Requires the vote to be in the jurisdiction of the local government and any new territory to be served.
- Provides exceptions to the voting requirements for a limited number of identified projects.





What is “Community Choice Aggregation”?

- **In 2002 the Legislature passed AB 117, adding Section 366.2, among others, to the Public Utilities Code**
 - (1) Customers shall be entitled to aggregate their electric loads as members of their local community with community choice aggregators.
 - (2) Customers may aggregate their loads through a public process with community choice aggregators, if each customer is given an opportunity to opt out of their community's aggregation program.
 - (3) If a customer opts out of a community choice aggregator's program, or has no community choice program available, that customer shall have the right to continue to be served by the existing electrical corporation or its successor in interest.
- **AB 117 instructed the CPUC to take certain actions to implement the CCA statute**





What Steps has the Commission Taken to Implement AB 117?

OCTOBER 2003: Rulemaking 03-10-003 Opened in Response to AB 117

The Commission noted that **“AB 117 does not define any [direct] role for the Commission in creating a CCA or authorizing its activities. However, AB 117 establishes three preconditions to the initiation of community choice aggregation programs”**:

- ✓ The Commission must adopt a **“cost-recovery mechanism”** so that the investor owned utility is able to recoup certain costs associated with state power purchase contracts;
 - ✓ The Commission must submit a report to the State Legislature **“certifying compliance”** with provisions relating to the cost-recovery mechanism; and
- ✓ **The Commission must adopt “rules for implementing community choice aggregation.”**





As Mandated by AB 117, the Commission has:

In July 2003, issued Decision 03-07-034

- Interim Opinion implementing provisions of AB 117 relating to energy efficiency program fund disbursements

In December 2004, issued Decision 04-12-046

- Adopted initial CCA implementation policies
- Adopted CCA Cost Responsibility Surcharge

In December 2005, issued Decision 05-12-041

- Adopted final CCA implementation policies, especially the necessary **“rules for implementing community choice aggregation.”**
- Adopted a standardized CCA Tariff for IOUs





Some CCA-related Matters are Still Pending Before The Commission

- ***Final methodology for calculating amount of the CCA bond required by AB 117***
 - ALJ is considering a June 2009 Settlement filed by IOUs and certain CCA interests
- ***Draft Energy Division Resolution (April 8 Agenda)***
 - revises “opt-out” tariff language and clarifies rules regarding certain IOU activities vis-a-vis CCAs
- ***City and County of San Francisco Petition to Modify Decision 05-12-041***
 - Filed January, 2010





CCA Implementation Activities To Date

- **San Joaquin Valley Power Authority**
 - April 30, 2007: CPUC certified its implementation plan
 - June 2009: SJVPA Board temporarily suspended implementation activities
- **Marin Clean Energy**
 - February 2, 2010: CPUC certified its implementation plan
 - Phase 1 operations to begin early June, 2010
- **City and County of San Francisco**
 - March 3, 2010: filed its implementation plan with CPUC
 - Energy Division staff currently reviewing the plan





Questions?

