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MCE Comments on Draft Green Book

Additional submitted attachment is included below.

Local Communities Call for Collaboration: Reliability, Climate Change, and Affordability Through a Time of Transition

MCE COMMENTS ON DRAFT GREEN BOOK

6.11.2018

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I. Introduction

Marin Clean Energy (MCE), a Community Choice Aggregator (CCA), supports the monumental strides California has made in transforming the electricity sector to provide reliable and clean service while keeping rates affordable. Many actors, including the legislature, regulators, and other stakeholders, have worked in concert to achieve this progress.

CCAs play a vital role in this transformation by offering an affordable choice to customers, exceeding state requirements for renewable electricity, and engaging in dialogue about issues that affect the electricity market. The CCA model complements the regulated utility model by introducing a diversity of approaches that incorporate local considerations and accountability. This diversity should be embraced in an expanded dialogue to solve issues facing the state's electricity market.

II. Diversification is Not Deregulation

A local government electricity provider, bound by government regulations without a profit motive, can provide customers with an alternative to a profit-driven monopoly corporation. Deregulation is antithetical to the CCA model, which is subject to various regulations and policy directives established by federal, state, and local governments. Since its founding, MCE has aimed to provide workforce benefits and cleaner electricity products to its local communities. MCE's operations demonstrate that incorporating local needs introduces new goals and mandates that are supplementary to California's consumer protection and decarbonization mandates.

The CCA enabling statute was passed after PG&E filed for bankruptcy during the energy crisis, as an alternative model run by local government on behalf of entire communities.[1] CCAs are regulated first and foremost by their local governing board, which consist of elected officials that are held accountable to their constituents. Many aspects of CCAs are also regulated by the California Public Utilities Commission (CPUC), the California Energy Commission (CEC), and the California Air Resources Board (CARB). As Load Serving Entities (LSEs), CCAs schedule power into the California Independent System Operator (CAISO) and are subject to the same key market rules and regulations as the utilities.[2]

Today, CCAs provide the following benefits:

- competitive rates, even when including utility exit fees;
- cleaner electricity than utilities;
- the ability to identify and respond to local needs;[3]
- reliable service through local governance and decision-making, within the bounds of statewide requirements; and
- healthy pressure on the utilities through market competition to decrease their costs.

MCE appreciates the efforts of the CPUC in preparing the draft white paper and facilitating a dialogue around customer choice, and looks forward to engaging in dialogue with decision makers and stakeholders. MCE shares the same goals expressed in the white paper that California's electricity market must ensure affordability, decarbonization, and reliability. However, the high-level discussion in the draft does not provide an accurate lens for building towards those goals. Instead, the draft white paper provides a problem statement that assumes customer choice places those goals in jeopardy.

The draft white paper claims that California is "deregulating" the electricity market and calls for a plan in response.[4] As mentioned above, CCAs are regulated in many of the same ways that utilities are and have additional obligations

1 Richard Halstead, *Legislation that made Marin Clean Energy possible emerged from chaos of deregulation*, Marin Independent Journal, May 5, 2010. Available at http://www.marinij.com/article/zz/20100505/NEWS/100509739.
2 Appendix I lists a sample of the compliance requirements required of CCAs.
3 *See generally* Comments on CPUC Customer Choice Workshop, Lorenzo Kristov, Ph.D., October 31, 2017.
4 Draft Green Book, CPUC, May 2018, at p. iii.

for transparency, accountability, and local priorities. The CPUC may be concerned that oversight is shifting to local elected officials as customers depart utility service for CCA service. ***This shift is not deregulation. Instead it is diversification and decentralization, which strengthens the electricity market.*** The formation of publicly owned utilities (POUs) and CCAs has demonstrated that local governments can provide high levels of service and low electricity rates. California's electricity market does not require a few large entities to meet the goals of affordability, decarbonization, and reliability.

A. Diversification: Driving State Goals

California is rapidly achieving its renewable goals thanks to early investments by utilities and more recently from substantial contributions by CCAs. The utilities have largely met the state requirements for renewable electricity through long-term contracts. As customers depart utilities for CCA service, the utilities' load decreases, and those long-term renewable contracts have increasingly become larger portions of their portfolios. This means the utilities may not need to purchase more renewable electricity unless demand increases (e.g. from growing electric vehicle use or electrification in buildings). Meanwhile CCAs are purchasing renewable electricity to exceed the state requirements for those same customers that departed utility service. ***This procurement by CCAs is the leading driver for new steel-in-the-ground, renewable development in California.*** The diversity in procurement approaches, and in particular the actions of CCAs, is driving California toward cleaner electricity.

B. Essential Responsibilities: Regulating Monopoly Utilities and Promoting Collaboration

As customers depart utility service for CCA service, some oversight shifts from the CPUC to local elected officials. However, the CPUC still serves an essential role in protecting all customers, including CCA customers who have departed utility generation service yet still receive transmission and distribution (T&D) from the utilities. The CPUC should continue to ensure that for-profit monopoly utilities charge just and reasonable rates in the provision of safe, affordable, and reliable service. As the draft white paper states, the utilities will retain monopoly status for T&D service.[5] State law also grants the utilities a monopoly in meter data management and billing service to customers, regardless of the presence of a CCA. The CPUC will continue to regulate the actions of monopoly utilities to ensure California's electricity market is a level playing field and that all customers are protected.

There is a growing need to address issues through robust communication and collaboration between all entities engaging with California's electricity sector. CCAs engage with the Legislature, CPUC, CEC, CAISO, and CARB in their efforts to address statewide issues. CCAs embrace new solutions to problems, such as the need for more flexible capacity and the economic challenges facing existing generation resources. CCAs agree that new resources must be used to achieve reliability while also achieving state climate goals. ***Customer choice should not be made a scapegoat for these issues but should be embraced as a partner in solving them.*** MCE is optimistic that the customer choice project will lead to a more comprehensive, collaborative, and durable dialogue.

III. The Enduring Role of the IOUs

CCAs were authorized to provide customers a choice for their electricity generation service. This empowers customers and creates incentives for providers to meet customer needs at stable and competitive rates. Utilities may have a continued role in providing electricity generation service to customers to preserve the benefits offered by customer choice.

As described in the draft white paper, the utilities must continue to be responsible for the safe and reliable operation of the T&D system.[6] The utilities will continue to finance large T&D investments through T&D rates as they do today.

5 Draft Green Book at p. 25.
6 Draft Green Book at p. 25.

The white paper mentions a concern that utility revenues are declining as a result of CCA load departure, and this may impact utility T&D operations.[7] However, CCA formation has no impact on revenue from the profit-generating T&D side of the utility business,[8] as CCA customers continue to pay the utilities for T&D service. Since utilities will continue their monopoly role in operating the T&D system, there are no legally permitted impacts to the utility business model related to declining revenues.

Utilities should continue work to provide more data and appropriate incentives to private entities and CCAs to help support grid operations. These efforts are underway in the Commission's Distributed Resources Planning (DRP) proceeding[9] and Integrated Distributed Energy Resources (IDER) proceeding.[10] These efforts are critical to ensure that the T&D functions of the grid are relatively low-cost. As CCAs and private entities are adding resources to the grid, such as storage or energy efficiency, the planning should be guided by grid needs and benefits. The data and incentives from the utilities should help channel this activity to minimize the need for investment in the T&D grid.

The white paper raises the issue of safety controls and protocols in times of crisis, claiming they are more difficult to fund and coordinate with greater customer choice.[11] The utilities, in cooperation with first responders, typically lead emergency response efforts. Utilities should continue to serve this role as the T&D operator and collect funding for it through T&D rates. CCAs are willing partners in sharing critical information with customers, such as the availability of emergency relief services. In times of market fluctuations, such as a hot day with little wind resulting in increased air conditioning use and decreased wind generation, CCAs and utilities alike respond in real time to market signals provided by the CAISO. All LSEs have a shared interest in planning to manage and avoid these costly events. CCAs welcome increased coordination with utilities and the state to respond to times of crisis.

IV. CCAs Complement a Successful Retail Market Structure

CCAs are an important part of a customer-centric electricity market. CCAs are driven by their mission to serve local communities, not by a profit motive. This is a primary reason CCAs have exceeded state customer protection and environmental goals, while maintaining competitive rates for their customers. Due to their local nature, CCAs are nimble and focused on responsiveness to their communities. These advantages have allowed MCE and other CCAs to support and exceed the state goals highlighted in the draft white paper:

1) DECARBONIZATION	MCE has always exceeded the state's minimum requirement for renewable power and currently provides 50-100% renewable power and 80-100% greenhouse gas-free power to all customers.
2) RELIABILITY	MCE has invested more than $1.6 billion to build 813 megawatts of new renewable projects in California.[12]
3) AFFORDABILITY	MCE maintains affordable rates, often lower than PG&E even when counting utility exit fees.

7 Draft Green Book at p. 19.
8 Utilities are not authorized to earn a profit on their generation service.
9 Rulemaking 14-08-013.
10 Rulemaking 14-10-003.
11 Draft Green Book at p. 19.
12 See Appendix II.

MCE supports strong oversight of statewide standards, including the renewable portfolio standard (RPS), energy storage mandate, and resource adequacy (RA). Statewide standards should be strictly enforced and change over time to accommodate state goals. MCE also supports the exploration of new state standards and the statewide enforcement of existing standards, including collaborating on the development of new standards for successful CCA implementation plans.

A. CCAs Bring Transparency to the Market

CCAs introduce new transparency to California's electricity market as local government entities. Local governments are subject to open meetings with notice requirements under the Brown Act. MCE extends invitations to its board meetings to all interested individuals, including regulatory decision makers. These meetings include discussions and decisions on management, policy, and procurement, such as:

- Power purchase agreements (PPAs), vendor contracts, and public works activities.
- Key planning documents such as MCE's integrated resources plan and energy efficiency business plan.
- New employee positions, staff compensation, and agency policies.

In addition to the Brown Act, CCAs comply with the Public Records Act and respond to requests in a timely manner. ***These regulations, which are applicable to CCAs but not private utilities, have led to more information available to the market, policy makers, and the public.***

B. CCAs Serve the Vast Majority of Eligible Customers

CCAs have strong incentives to provide excellent service as a default provider. State law makes CCAs the default provider in their service areas by establishing an opt-out model.[13] Before customer choice was introduced, the utility was the default provider. Local governments affirmatively take on that role, similar to their traditional roles providing water or sewer services, when forming or joining a CCA. But unlike water or sewer services, customers can opt-out of the CCA and return to utility electricity service. CCAs strive to serve customers with excellence, resulting in retaining over 80% of the customers in their service areas.

As identified in the draft white paper, a discussion is needed to better define the provider of last resort (POLR) for electricity service.[14] Under current rules, the utility would serve customers in the unlikely event a CCA ceases operations.[15] The costs incurred to provide service to those returning customers are borne by the CCA.[16] It may be appropriate for an alternative approach given that CCAs provide service to 80% or more of the customers in their service area. CCAs could potentially take on this role. It is worth noting that even the utilities were not able to fully serve this role during the energy crisis as the state of California through the Department of Water Resources (DWR) had to step in to purchase power. The auction and contracting models explored in white paper should be further vetted as to whether they could be applied to California. MCE looks forward to making progress in this area to ensure that risks to California ratepayers are appropriately managed.[17]

CCAs complement a successful retail market structure through choice, accountability, and transparency. CCAs provide customers a choice and utilities a competitive pressure to perform well. CCAs are mission-driven local government entities with local community control and accountability. CCAs serve customers transparently and have strong incentives to provide excellent service. MCE supports strong and meaningful regulation that underpins the CCA model and embraces an exploration of the most appropriate entity to serve as the POLR. MCE looks forward to collaborating with the state to deliver high quality electricity service in a diverse and healthy retail market.

13 California Public Utilities Code 366.2.
14 Draft Green Book at p. 19.
15 Pacific Gas and Electric Company Rule 23 Tariff, Sections S, T; Southern California Edison Company Rule 23 Tariff, Sections S, T; and San Diego Gas and Electric Company Rule 27 Tariff, Sections S, T.
16 California Public Utilities Code 394.25(e); Decision 18-05-022.
17 This may be added to the scope of the CCA Rulemaking 03-10-003.

V. The Evolving Role of the Regulators

California currently relies on robust coordination between statewide energy agencies to achieve its goals. As the electricity market decentralizes, more coordination is needed with other governmental and regulatory agencies, including CCAs. As previously mentioned, MCE extends a standing invitation to anyone interested in attending its board meetings.[18]

Decentralization requires regulatory innovations. The CPUC has been developed around regulating a handful of for-profit utilities, and needs to expand its capacity to collaborate with other governmental entities, such as CCAs and other statewide agencies. For example, consistency in the greenhouse gas (GHG) accounting methodologies among the CARB, CEC, and CPUC is a critical issue that requires robust collaboration to provide a stable and consistent regulatory environment for the electricity market.

A. Setting and Enforcing Standards, Not Centralizing Procurement Decisions

The CPUC should continue to enforce statewide standards. While the governing boards of CCAs have the statutory responsibility to make procurement decisions, CCAs are also bound by statewide standards. ***The draft white paper suggests a centralized procurement process may help ensure reliability requirements are met.[19] However, this would undermine the ability of CCAs to reflect local customer protection and environmental priorities, and to innovate through procurement decisions.*** The state does not need to establish a centralized procurement model to ensure state goals are achieved. MCE supports strong statewide standards and welcomes dialogue to ensure there are appropriate enforcement mechanisms.

Statewide standards and marketplaces work together to provide a strong electricity market. The resource adequacy (RA) requirement applies to all retail electricity suppliers, is enforced at the CPUC and implemented through the CAISO. This requirement helps to ensure that there is sufficient capacity available on a year-ahead and month-ahead basis and is met through bilateral contracts. The contracts allow the CAISO to call upon these resources if needed to provide their generating capacity to the grid. Similar standards met through planning processes such as the integrated resources planning (IRP) process or through reporting and contracting mechanisms can meet reliability needs without requiring a centralized procurement process.

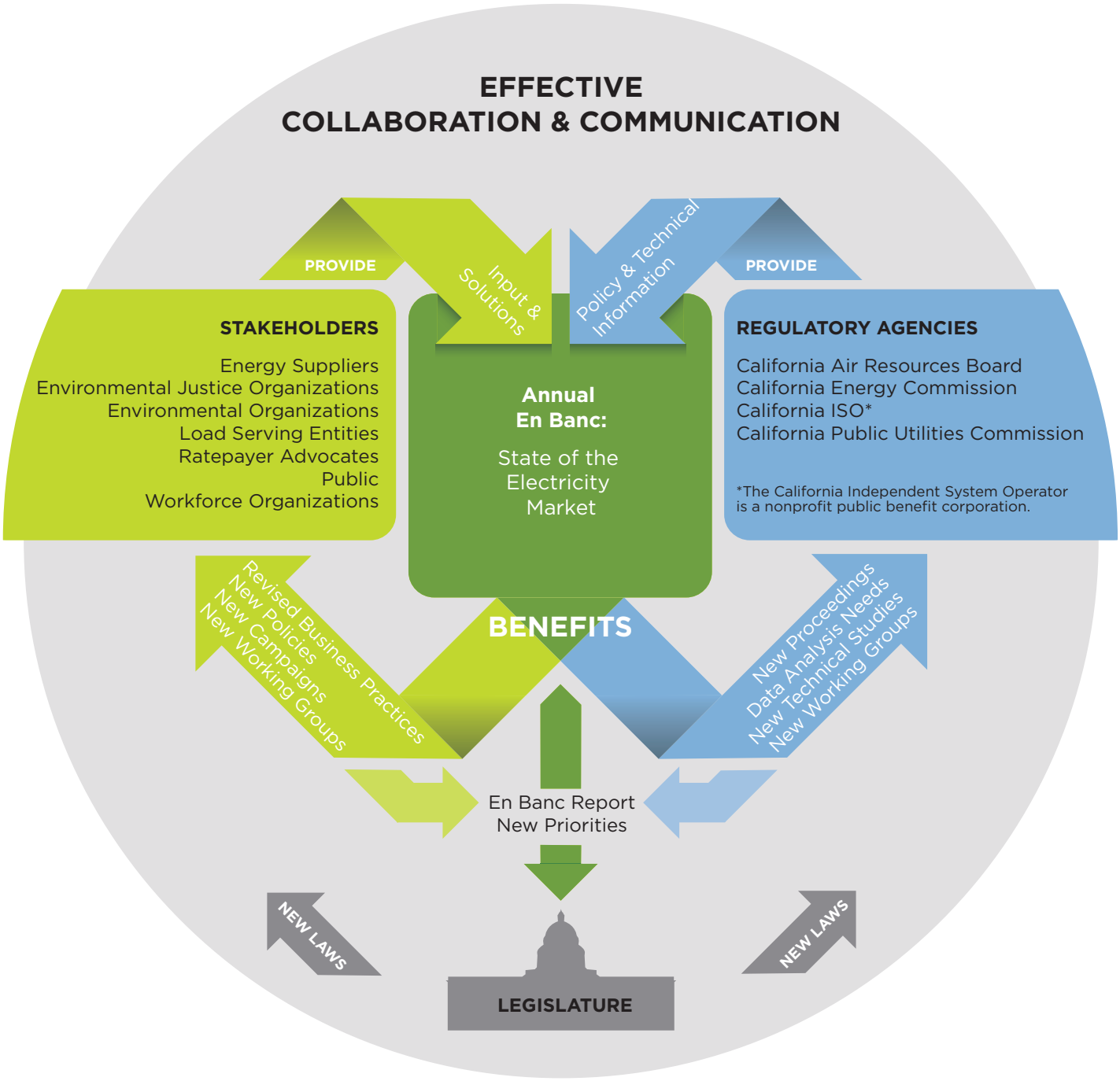
B. Facilitating a Collaborative Dialogue

The CPUC should expand and strengthen the dialogue between regulators, stakeholders, and the legislature on issues facing the electricity market. The customer choice project has brought together stakeholders on an ad hoc basis to explore issues. MCE proposes to take this process one step further and establish an annual en banc on the State of the Electricity Market.

This en banc should be informed through ongoing stakeholder dialogue, perhaps through quarterly meetings, to define the issues and identify any potential data and analysis that are needed in advance of the annual meeting. The en banc should include input from all relevant stakeholders and regulatory agencies and should culminate in an en banc report with input from stakeholders before the report becomes final.

The en banc would be flexible enough to incorporate issues facing the retail and wholesale markets. It would allow exploration of issues ranging from customer choice to reliability to regionalization. The State of the Electricity Market en banc is an important step forward in improving the dialogue between regulators, stakeholders, and the legislature.

18 Future and archived meeting information is available at https://www.mcecleanenergy.org/meeting-archive.
19 Draft Green Book at p. 57.



C. Informing and Protecting Customers

MCE appreciates the CPUC's interest in ensuring customers are informed about their energy choices including the rates and content of their electricity options to avoid becoming unwitting participants.[20] Currently, CCAs are legally required to provide multiple opt-out notices to all new customers to inform them about CCA service and provide them with information to opt-out. Additionally, each CCA provides annual notices, including a price comparison of utility rates and a power content label with its sources of electricity. MCE supports the CPUC's proposal to compile these notices and post the information on a state-administered neutral website to increase customer awareness.

The draft white paper notes that the CPUC currently has authority over customer complaints with utilities but not with CCAs.[21] There may be a role for the CPUC to serve as a pathway for customer complaints related to CCA billing

20 Draft Green Book at p. 55, 59.
21 Draft Green Book at p. 57.

disputes. While it is up to CCAs' governing boards to approve ways to adjudicate those disputes, the CPUC could complement the process by giving customers an avenue for making complaints. The CPUC can channel them to the relevant CCA board for resolution. This provides customers with additional avenues for raising complaints and provides the CPUC insight into customer complaints related to CCA service.

It is important for the CPUC to ensure customer protection for all customers. At present, the CPUC oversees mechanisms to protect utility customers from costs associated with CCA customers moving into or out of utility service. The Power Charge Indifference Adjustment (PCIA) is designed to compensate utilities for contracts they signed on behalf of customers before those customers departed utility service. The PCIA is intended to ensure CCA customers cover the loss utilities would face if they sold this excess power. If a CCA ceases operations, and customers return to utility service and incur costs for utilities, the CPUC recently approved a decision that would require CCAs to post cash, a letter of credit, or a surety bond to cover those costs.[22] These are important mechanisms to preserve the principle of customer indifference, which requires no cost-shifting between utility and CCA customers.

The obligation to protect customers also extends to CCA customers, who are still utility customers for T&D service. The CPUC should vigilantly guard against utility efforts to assign inappropriate or unnecessary costs to CCA customers. This can arise through non-bypassable charges (NBCs) to cover costs incurred through utility activity. MCE supports many of the existing NBCs including the DWR Bond costs, the nuclear decommissioning costs, and the public purpose program charges. However, the utilities have proposed additional NBCs that are inappropriate, such as the Clean Energy Charge to subsidize replacement power for PG&E customers in the Diablo Canyon closure proceeding.[23] Such costs can also arise from a utility proposing to recover generation-related costs through T&D rates, effectively subsidizing their generation rates at the expense of all customers (including CCA customers). These proposals are relatively common and CCAs regularly engage to thwart such efforts.

There is a new area of growing concern that the transition of resources from utilities may result in unnecessary costs being created by utilities and borne by CCA customers. As customers depart, the utility has excess resources under contract. Utilities should not simply hold these resources indefinitely, as they may be useful to serve those same departed customers. This is particularly prevalent for local and system reliability. ***A utility hoarding these resources will lead to double procurement by the CCA and overinvestment and oversupply of resources in California.***

The CPUC indicates 25% of electricity generation will be provided by non-utilities providers by the end of 2018,[24] growing to as much as 85% by the middle of the 2020s.[25] If the utilities are permitted to control a large portion of finite and critical resources, there is a risk of market manipulation, which was a significant factor in the energy crisis.

There are four high-level steps that will help address this issue:

1) Utilities need to adequately forecast departing load and take steps to adjust their portfolios. This is happening to some degree now.

2) The CPUC should work to provide processes and rules that allow utilities to modify their portfolio to account for departing load.

3) The CPUC should audit utility portfolios on a bi-annual basis to ensure that resources under contract are appropriate for the size of the utility load.

4) The CPUC should monitor the transition of resources from utilities for signs of market manipulation stemming from features such as pricing or timing of sales.

22 This is in reference to the re-entry fee and financial security requirement required of CCAs under California Public Utilities Code Section 394.25(e) that was addressed in the most recent decision in Rulemaking 03-10-003, Decision 18-05-022.
23 Application 16-08-006.
24 Draft Green Book at p. 4.
25 Consumer and Retail Choice, the Role of the Utility, and an Evolving Regulatory Framework: Staff White Paper, CPUC, May 2017, at p. 3.

While there is a need for CPUC oversight to avoid market manipulation as utilities sell off resources, MCE recognizes this is not a simple task and requires a balance between bundled customer benefit and unbundled customer burden. ***The CPUC should work to protect all customers by ensuring the costs associated with the transition of resources are reasonable.***

D. Protecting Competitive Neutrality and CCAs as Customers

The CPUC has an important role in preserving competitive neutrality between utilities and CCAs. In addition to the issues discussed in the immediate section above, the CPUC is responsible for implementing a Code of Conduct between utilities and CCAs.[26] This provides protections against anti-competitive practices by utilities and prevents a utility funding anti-CCA lobbying with ratepayer funds.

Another element related to competitive neutrality is the fact that CCAs are themselves customers of the utilities. CCAs are required to pay utilities to provide billing services and manage meter data. The CPUC has taken action on multiple occasions to mediate and in some cases order resolution of billing or data issues. The CPUC should continue in this role to enable adequate data sharing and arbitrate disputes related to services utilities provide to CCAs.

E. Cultivating Innovation

The CPUC has made significant advances to support innovation in the electricity market, and should continue to champion innovation guided by the principle of grid neutrality. While the utilities should remain the operators of the T&D grid, they should also ensure that investments made by the private market, ratepayers, or CCAs can help support the grid. This means providing data and incentives that tie resources like energy storage to grid benefits. It also means reducing barriers to interconnection. The CPUC should continue its important work on these issues, and CCAs are willing partners.

The CPUC's energy-related programs also benefit from innovation. The CPUC's recent decision on energy efficiency applications[27] is an excellent example. In that decision, the CPUC authorized MCE to serve as a program administrator with a comprehensive set of offerings alongside utilities and other local government administrators. The CPUC also required the utilities to outsource the design of 60% of programs by 2020 to bring in new ideas from the private market. A diversity of approaches brings innovation. This trend is growing in energy efficiency but needs to be accelerated and expanded to other areas such as electric vehicle programs. The CPUC should ensure that energy-related programs continue to be funded in a manner that allows fair competition and access to funds among utilities and CCAs.

F. Advancing Equity

CCAs have a strong interest in advancing equity and envision the CPUC as a partner. The CCA status as a local government agency and requirement to serve residential customers create structural drivers to focus on long-term price stability and consistent service to customers. Many CCAs serve low-income and disadvantaged communities within their service area. As a result, MCE and CCAs generally focus on bringing cleaner power to everyone, at rates that are often below the incumbent utilities. This empowers customers who may not otherwise be able to install solar panels or own an electric vehicle to reduce their carbon footprint and address climate change without paying a premium.

CCAs also help advance policy and on-the-ground solutions related to social equity and environmental justice. MCE's workforce practices include observing local hire requirements and career development opportunities for formerly incarcerated individuals. The CPUC has supported MCE's efforts to serve income-qualified customers through the Low-Income Families and Tenants (LIFT) energy efficiency pilot program. This program seeks to serve a hidden community of customers and identify barriers to participation in low-income energy efficiency programs.

26 Senate Bill 790 (2011) required a Code of Conduct. The CPUC established the Code of Conduct in Decision 12-12-036.
27 Decision 18-05-041 in Application 17-01-013 et al.

The CPUC also recently adopted MCE's policy recommendation to allow disadvantaged communities to meet the geographic criterion of the definition of hard-to-reach customer, which improves program delivery to those customers particularly in major metropolitan areas.[28]

MCE supports universal availability of equity programs such as the California Alternate Rates for Energy (CARE) discount. It is appropriate for all customers to support certain policy objectives such as the CARE discount to ensure a minimum set of programs are available to ratepayers throughout California. Supplemental programs may be funded by individual load serving entities through generation revenue such as MCE's low-income solar rebate program. The CPUC should continue to support universal equity programs and include CCAs in their delivery.

G. Recommendation: CPUC Charts the Path to the Future

CCAs are active participants in many of the proceedings related to the state goals mentioned in the draft white paper. The chart below provides an overview of CCA participation in those proceedings, and proposes additional issues that can be addressed at the Commission to increase collaboration and encourage electricity market innovation and transformation.

SAFEGUARD A RELIABLE ELECTRICITY SYSTEM	Resource Adequacy (R. 17-09-020) Integrated Resources Planning (R. 16-02-007)
PROVIDE AFFORDABLE ELECTRICITY AND PROTECT CONSUMERS	Power Charge Indifference Adjustment Alternatives (R. 17-06-026) CCA Rulemaking Docket (R. 03-10-003) Residential Rate Reform (R. 12-06-013) Rate Design Window (A. 17-12-011 et. al.)
ACHIEVE CALIFORNIA'S DECARBONIZATION GOALS	Integrated Resources Planning (R. 16-02-007) Renewable Portfolio Standard (R. 15-02-020) Energy Efficiency Business Plan (A.17-01-013, et. al.) Light Duty Transportation Electrification (A.15-02-009)

SAFEGUARD A RELIABLE ELECTRICITY SYSTEM

VISION

Ensure that all load serving entities are working in collaboration to provide safe and reliable electricity services to California ratepayers.

KEY OBJECTIVES

A. Responsibilities and costs for reliability resources are fairly allocated.
B. Load migration is regularly updated to inform system and local reliability needs.

EXISTING PROCEEDINGS RELATED TO RELIABILITY

Resource Adequacy 2018 (R. 17-09-020) proceeding contemplates the following:

1. RA program reforms to maintain reliability and reduce costly backstop procurement.
2. Multi-year RA requirements.
3. Refinements to rules and requirements for local area RA, Flexible RA, backstop procurement costs.

Integrated Resources Planning (R. 16-02-007) implements the following elements related to reliability:

1. LSEs are directed to provide IRPs that demonstrate consideration of reliability costs and procurement.
2. Determine system-wide renewable integration needs and identify paths to procure for those needs.

OTHER ACTIONS TO CONSIDER

A. Fair allocation of responsibilities and costs of emergency planning and response.
B. The role of the Provider of Last Resort in a transitioning marketplace, as well as post-transition to be considered in R. 03-10-003.

28 These are a sample of MCE's equity initiatives, Appendix III has additional information.

PROVIDE AFFORDABLE ELECTRICITY AND PROTECT CONSUMERS

VISION

Ensure customers, regardless of their service providers, have access to affordable rates and high-quality customer protection.

KEY OBJECTIVES

A. Costs of maintaining steady electricity supplies are fairly allocated between bundled and unbundled customers.
B. Portfolios are carefully managed to ensure affordable rates for all customers and to ensure utilities sell excess supply back into the market.
C. Ratepayers receive accurate information about available electricity products to make informed choices.
D. Adequate measures are in place to address bill delinquency and repayment plans.

EXISTING PROCEEDINGS RELATED TO AFFORDABILITY AND RATEPAYER PROTECTION

Power Charge Indifference Adjustment Alternatives (R. 17-06-026) addresses the key elements related to ratepayer indifference:

1. Fair cost allocation of above-market costs of existing investor owned utilities' contracts.
2. Mitigate cost impact on low-income and disadvantaged customers.
3. Determine a pathway to minimize costs for ratepayers given the increasing departing load.

The CCA Rulemaking Docket (R. 03-10-003) established a bond to be posted by individual CCAs to:

1. Ensure that existing customers of an investor owned utility are protected from potential costs if large numbers of CCA customers involuntarily return to an investor owned utility.
2. Appropriately cover the administrative and incremental procurement costs incurred by the investor owned utility.

The Residential Rate Reform proceeding (R. 12-06-013) and the consolidated Rate Design Window applications (A. 17-12-011 et. al.) contemplate and implement the following:

1. Reasonable residential rate structures that incentivize load shifting to reduce the need for evening peak resources.
2. The process for enabling CCA's customers to utilize time-of-use rates.
3. The marketing, education, and outreach to CCA customers during the rate schedule transition.

OTHER ACTIONS TO CONSIDER

A. Process to provide all CCAs with settlement quality metered data to inform procurement decisions, load forecasting, and demand response programs that best meet each CCA's demand.
B. Provide each CCA with the flexibility to create rate schedules that best meet the needs of their customers, without having to mirror an existing IOU rate schedule.
C. Address policies to ensure utilities sell excess supply in the PCIA docket R. 17-06-026.

ACHIEVE CALIFORNIA'S DECARBONIZATION GOALS

VISION

Ensure that all procurement practices undertaken by LSEs will meet California's environmental policy goals and standards.

KEY OBJECTIVES

A. All load serving entities will meet the Renewable Portfolio Standard set and updated by the legislature.
B. All load serving entities will achieve the mandated greenhouse gas emissions reduction targets set by the California Air Resources Board.
C. All load serving entities will consider, evaluate, develop, and implement programs to shift or reduce demand to lessen the need for fossil fuel peaking plants.
D. All load serving entities will consider, evaluate, develop, and implement programs to increase transportation electrification.

EXISTING PROCEEDINGS RELATED TO AFFORDABILITY AND RATEPAYER PROTECTION

The Integrated Resources Planning proceeding (R. 16-02-007) directs the LSEs to achieve greenhouse gas emissions benchmarks set by the CARB, procure 50% of their portfolios from RPS-eligible resources, minimize ratepayer impacts, consider impact on disadvantaged communities, and meets renewable integration needs. In accomplishing these goals, stakeholders are engaging in the proceeding to determine:

1. A streamlined planning process that tracks LSEs' actions in achieving decarbonization and reliability goals.
2. Collaboration and coordination process between the CPUC and the CCA local governing boards that respect each other's jurisdictional authority.

All LSEs, including CCAs, continue to participate in the RPS proceeding (R. 15-02-020) to implement various elements of the RPS program, including:

1. Modifying the RPS program requirements when directed by the legislature.
2. Filing annual RPS compliance plans and reports.

Under Public Utilities Code 381.1, CCAs have the ability to elect or apply to administer Commission-approved energy efficiency programs to further reduce electricity sector GHG emissions. The most recent decision in the Energy Efficiency Business Plan proceeding (A.17-01-013, et. al.) approved MCE's proposal to expand its energy efficiency programs.

CCAs have also actively participated in various transportation electrification proceedings, as well as energy storage proceedings. While the focus has largely been on fair cost recovery to ensure that CCA customers do not pay for programs they cannot participate in or benefit from, CCAs and the IOUs can work to collaborate in these proceedings as well. For instance, MCE and Sonoma Clean Power entered into a settlement agreement with PG&E in PG&E's light duty transportation electrification application (A.15-02-009).

VI. Important Clarifications: Utilities Can Forecast and Generators Transact with CCAs

The draft white paper asserts that CCAs create uncertainties for market participants related to utility forecasts and generators selling capacity to new market entrants.[29] ***This claim of uncertainty caused by CCAs is unsupported by evidence and should be removed from the draft.***

Utilities are capable of planning for CCA load departure. Utilities conduct sophisticated forecasting and plan for more volatile factors such as weather and drought conditions. CCAs launch through a straightforward public process and have low and stable opt-out rates (typically less than 20% of customers). Utilities often closely track the progress of efforts related to CCA formation and have a history of actively opposing such efforts, which led to the passage of SB 790 (2011) and the CPUC's Code of Conduct decision D.12-12-036. The CPUC should hold the utilities accountable for adequately forecasting load and managing their portfolios.

Suppliers of capacity and electricity have learned to trust the CCA model through the strong track records and financial conditions of existing CCAs. As the first CCA, MCE made great strides in familiarizing the supplier and financial community with the CCA business model. In fact, MCE was recently assigned an investment grade credit rating by Moody's.[30] Even new CCAs launching today have robust responses to their solicitations from generators. The market has grown to understand and embrace the new opportunities presented by CCAs.

VII. Conclusion

CCAs bring an important choice to customers and a healthy diversity to California's electricity market. CCAs, as local governments, support regulation and supplement statewide requirements with local preferences. The utilities have an important and enduring role in managing the T&D grid and providing customers a choice for generation service. The CPUC has tremendous responsibilities to support state goals and protect customers, and is well situated to facilitate a dialogue and help chart the path to the future. MCE is a willing and eager partner and looks forward to the continued growing collaboration and communication on these important issues.

29 Draft Green Book at p.16.
30 Moody's assigns Baa2 issuer rating to Marin Clean Energy (CA) (MCE) ; stable outlook, May 16, 2018. Available at https://www.moodys.com/research/Moodys-assigns-Baa2-issuer-rating-to-Marin-Clean-Energy-CA--PR_904552608.

Appendix I:
Sample of Compliance Requirements

Compliance Requirements

Report	Frequency	Entity
Resource Adequacy (Load Forecast-Year Ahead)	Annual	CEC/CPUC
Resource Adequacy (Compliance Demonstration: System, Local, Flexible)	Monthly	CPUC
Resource Adequacy (Year Ahead Compliance Demonstration Local/System	Annual	CEC/CPUC
Resource Adequacy (Historical Load Data)	Annual	CEC
Resource Adequacy (Price Data Request)	As Requested	CPUC
Resource Adequacy (Load Forecast Updates)	As Needed	CEC
Flexible Capacity Needs Report	Annual	CAISO
IEPR-Demand Forecast and Resource Plans	Biennial	CEC
IEPR-Resource Plans Updates	Biennial	CEC
Power Source Disclosure	Annual	CEC
QFER 1306B	Quarterly	CEC
Officer Certification	Annual	CAISO
Annual Retail Sales Report	Annual	CARB
Wind Power Purchases-Form 1386	Quarterly	CEC

Report	Frequency	Entity
RPS Report	Annual	CPUC
RPS Closing Report	As Requested	CEC/CPUC
EIA 826	Monthly	DOE
EIA 861	Annual	DOE
WREGIS REC Retirement Report	Annual	WREGIS
AMI Data Privacy Audit	Triennial	CPUC
AMI Data Privacy Report	Annual	CPUC
Energy Storage Tier 2 Advice Letter	Biennial	CPUC
GHG Emission Performance Standard Advice Letter	Annual	CPUC

*This table intended to serve as a sample of CCA compliance obligations.

CalCCA
California Community Choice Association

Appendix II:
MCE Procurement Information

TOGETHER WE'RE BUILDING A CLEANER ENERGY FUTURE FOR CALIFORNIA | 2018

From 2010–2016, MCE customers have **eliminated more than 199,295 metric tons of greenhouse gas emissions** — the equivalent of removing 42,676 cars from the road for one year or sequestering the same amount of carbon as 234,741 acres of forest in one year.[1]

BUILDING NEW RENEWABLES

MCE and its partners have committed over $1.6 billion to build 813 MW of new renewable energy projects in California. This includes $905 million for solar, $665 million for wind, and $25 million for biogas projects. MCE was likely California's largest purchaser of renewable energy in 2016. Below is a list of MCE's new California renewable energy projects currently under contract.

	RESOURCE & CONTRACT TYPE[2]	RESOURCE PROVIDER / PROJECT NAME	LOCATION	PROJECT CAPACITY (MW)	MCE SERVICE START DATE	CONTRACT LENGTH (YEARS)
LOCAL (MCE Service Area)	Solar FIT	San Rafael Airport	San Rafael, Marin Co.	1	2012	20
	Solar PPA	Dominion / Buck Institute of Research on Aging	Novato, Marin Co.	1	2016	25
	Solar FIT	Rawson, Blum & Leon / Cost Plus Plaza	Larkspur, Marin Co.	0.265	2016	20
	Solar FIT	North Shore Solar Partners LLC / Freethy Industrial Parkway Unit #1	Richmond, Contra Costa Co.	1	2016	20
	Solar FIT	North Shore Solar Partners LLC / Freethy Industrial Parkway Unit #2	Richmond, Contra Costa Co.	1	2016	20
	Solar FIT	REP Energy / Cooley Quarry	Novato, Marin Co.	1 Local Sol[3]	2017	20
	Biogas PPA	Waste Managment / Redwood Landfill	Novato, Marin Co.	3.6	2017	20
	Solar PPA	MCE / Solar One	Richmond, Contra Costa Co.	10.5	2017	25
	Solar FIT	Hayworth-Fabian, LLC / Oakley RV & Boat Storage	Oakley, Contra Costa Co	1	2018	20
	Solar PPA	MCE / Carport Shade Structure	San Rafael, Marin Co.	0.08	2018	20
NEARBY (<100 Miles)	Biogas PPA	G2 Energy / Hay Road Landfill	Vacaville, Solano Co.	1.6	2013	18
	Biogas PPA	Genpower / Lincoln Landfill	Lincoln, Placer Co.	4.8	2013	20
	Biogas PPA	G2 Energy / Ostrom Road Landfill	Wheatland, Yuba Co.	1.9	2013	18
IN STATE (Within California)	Solar PPA	Dominion / RE Kansas Solar	Stratford, Kings Co.	20	2015	3
	Solar PPA	Dominion / Cottonwood Solar	Stratford, Kings Co.	23	2015	25
	Wind PPA[4]	EDP Renewables / Rising Tree III	Mojave, Kern Co.	99	2015	3.5
	Solar PPA	Recurrent Energy / Mustang Solar Power Project	Lemoore, Kings Co.	30	2018	15
	Solar PPA	Sempra / Great Valley Solar	Tranquillity, Fresno Co.	100	2018	25
	Solar PPA[4]	sPower / Antelope Expansion 2	Lancaster, Los Angeles Co.	105	2018	20
	Wind PPA	Terra–Gen / Voyager Wind III	Mojave, Kern Co.	42	2018	12
	Wind PPA	Terra–Gen / Los Banos Wind	Los Banos, Merced Co.	125	2018	12
	Solar PPA	First Solar / Little Bear Solar	Mendota, Fresno Co.	40 up to 160[5]	2020	20
	Solar PPA[4]	EDF Renewables / Desert Harvest	Desert Center, Riverside Co.	80	2020	20

2,800+ CALIFORNIA JOBS

MCE's renewable projects have supported more than 2,800 California jobs[6] resulting in 1.3 million union labor hours. MCE's sustainable workforce policy outlines support for local businesses, union members, training and apprenticeship programs, and support for green and sustainable businesses.

New California Renewable Energy Projects

1. Based on MCE's aggregate portfolio emission factor and the EPA's greenhouse gas equivalencies calculator at: epa.gov/energy/greenhouse-gas-equivalencies-calculator
2. FIT=Feed–In Tariff; PPA=Power Purchase Agreement
3. 100% solar energy service option produced by a local solar farm within MCE's service area.
4. Complies with CPUC's G.O. 156 Utility Supplier Diversity Program.
5. Project size will increase to 160 MW with inclusion of new MCE communities.
6. MCE uses the National Renewable Energy Laboratory's Jobs and Economic Development Impacts Model to provide consistent and reasonably accurate estimates of direct and indirect jobs involved in MCE's power contracting efforts and general operations.

FOR MORE INFORMATION:
mceCleanEnergy.org/energy–sources
info@mceCleanEnergy.org

MCE

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A LOCAL RENEWABLE PROJECT TIMELINE | MCE SOLAR ONE IN RICHMOND, CA

MCE Solar One's 10.5 MW solar system is expected to produce 22,000 megawatt–hours per year of pollution–free electricity, which is enough energy to power over 3,900 homes. The project concept was initially conceived by the Richmond community as a way to include renewable energy and solar facilities in the Chevron Modernization Project.

ENVIRONMENTAL BENEFITS

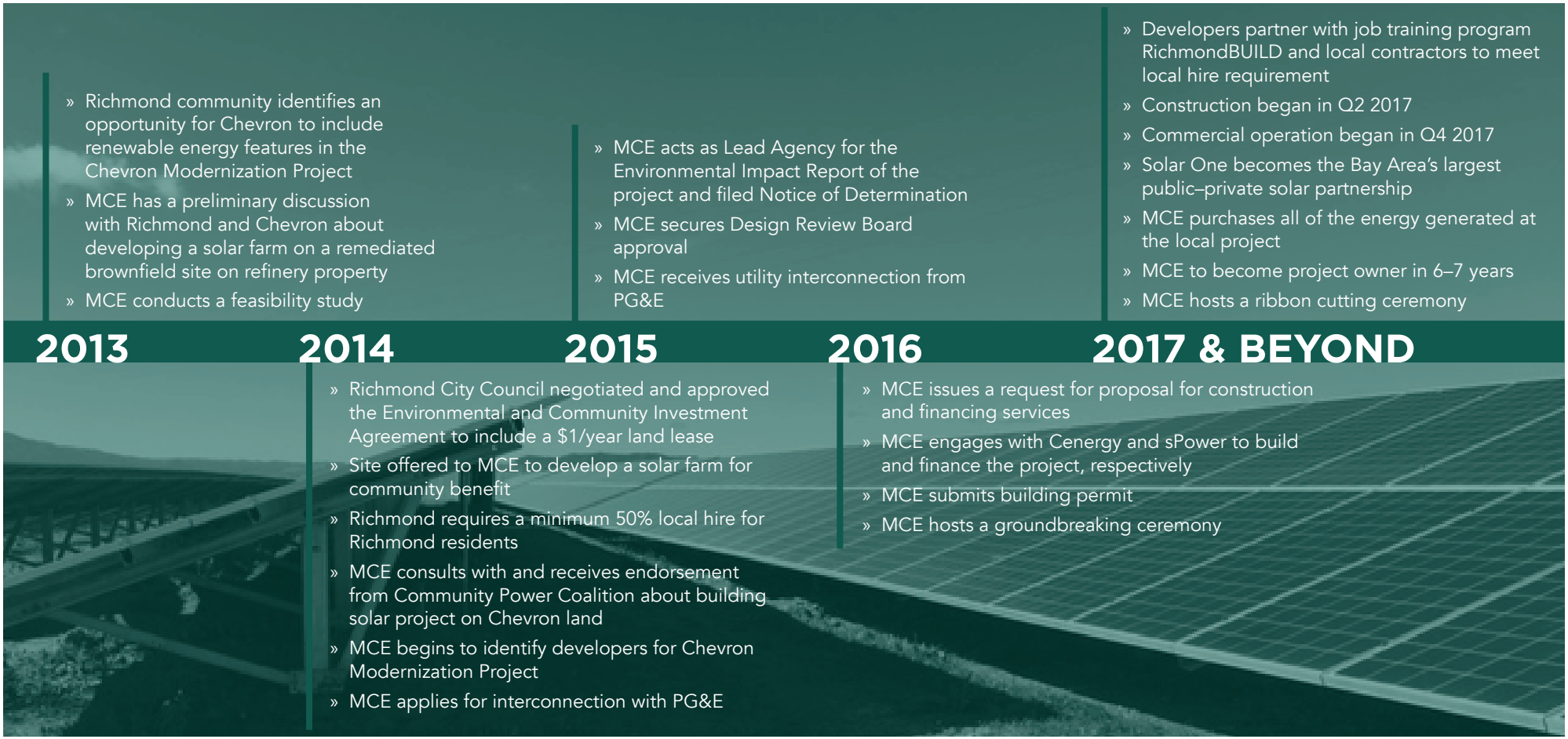
The amount of renewable electricity generated at MCE Solar One in one year is equivalent to*:

- Eliminates 3,234 metric tons of carbon dioxide in one year
- Taking more than 680 fossil–fuel cars off of the road for one year
- The carbon sequestered by 3,045 acres of forest in one year

* Based on MCE's aggregate portfolio emission factor and the EPA's greenhouse gas equivalencies calculator at: epa.gov/energy/greenhouse–gas–equivalencies–calculator

PUBLIC BENEFITS

- Repurposes 60 acres of a remediated brownfield site
- Provides clean, local, renewable energy
- Supports 341 jobs
- Partners with job–training program RichmondBUILD that helps retool local residents for construction and clean energy jobs
- Aims to maximize local economic benefits by requiring 50% local resident workforce and engaging Richmond–based contractors and suppliers



2013

- Richmond community identifies an opportunity for Chevron to include renewable energy features in the Chevron Modernization Project
- MCE has a preliminary discussion with Richmond and Chevron about developing a solar farm on a remediated brownfield site on refinery property
- MCE conducts a feasibility study

2014

- Richmond City Council negotiated and approved the Environmental and Community Investment Agreement to include a $1/year land lease
- Site offered to MCE to develop a solar farm for community benefit
- Richmond requires a minimum 50% local hire for Richmond residents
- MCE consults with and receives endorsement from Community Power Coalition about building solar project on Chevron land
- MCE begins to identify developers for Chevron Modernization Project
- MCE applies for interconnection with PG&E

2015

- MCE acts as Lead Agency for the Environmental Impact Report of the project and filed Notice of Determination
- MCE secures Design Review Board approval
- MCE receives utility interconnection from PG&E

2016

- MCE issues a request for proposal for construction and financing services
- MCE engages with Cenergy and sPower to build and finance the project, respectively
- MCE submits building permit
- MCE hosts a groundbreaking ceremony

2017 & BEYOND

- Developers partner with job training program RichmondBUILD and local contractors to meet local hire requirement
- Construction began in Q2 2017
- Commercial operation began in Q4 2017
- Solar One becomes the Bay Area's largest public–private solar partnership
- MCE purchases all of the energy generated at the local project
- MCE to become project owner in 6–7 years
- MCE hosts a ribbon cutting ceremony

Appendix III:
MCE Environmental Justice Information

Ruben Pedroza and family, MCE customer and RichmondBUILD graduate

MCE Environmental Justice

MCE provides our low–income and disadvantaged communities with a wide range of energy efficiency and renewable energy offerings. MCE's Low-Income Families and Tenants (LIFT) pilot program provides additional incentives to reach hidden communities. We also provide multilingual material to increase access and awareness of services and programs in our communities.

MCE Energy Efficiency Offerings

MCE currently administers energy efficiency programs in three key areas: multifamily, single family and small commercial. Due to CPUC requirements, MCE's current programs are limited to innovative offerings and areas not well served by other programs.

HIGHLIGHT: MCE'S MULTIFAMILY OFFERINGS

Since 2012, MCE has provided energy efficiency services to multifamily residences, which have included:

- Energy assessments
- Energy and water saving measures for tenant units
- Technical assistance

DID YOU KNOW?

In 2017...

- MCE distributed $408,000 in rebates to affordable properties by serving 760 units.

In 2017...

- MCE committed another $393,975 in rebates for affordable properties.

AS OF DECEMBER 31, 2017, MCE HAS:

ACHIEVED
2326 MWH & 97,630 THERMS
OF ENERGY SAVINGS

SAVED
16.9 MILLION
GALLONS OF WATER

AUDITED
97
MULTIFAMILY PROPERTIES

DISTRIBUTED
$933K+
IN REBATES

PROVIDED
1,733
UNITS WITH ENERGY SAVING EQUIPMENT

MCE Renewable Energy Offerings Available to Low–Income Customers

SOLAR INCENTIVES

For the 2012-2019 fiscal years, MCE allocated $345,000 toward low-income solar rebates, partnering with GRID Alternatives to offer $900 rebates to low–income customers who install solar panels. Program participants have saved an estimated $2,002,719 on their monthly utility bills.

DISCOUNTED RATE

Low–income customers are able to receive the California Alternate Rates for Energy (CARE) discounted energy rate in full with MCE. Our customers are also eligible for financial assistance from the Family Electric Rate Assistance (FERA) and Energy Savings Assistance Program (ESAP).

MORE RENEWABLES

A just transition toward a sustainable clean energy economy means ensuring that all customers, regardless of income, have access to renewable energy. MCE's Board of Directors, composed of elected officials, are accountable to their constituents, our customers. Part of MCE's mission is to provide stable, competitive rates for all community members. All MCE customers receive 50% renewable energy by default. Those who opt up to MCE's 100% renewable option pay 1¢/kWh more. Half of this premium goes toward the build out of new, local, renewable energy projects, promoting investment and green-collar jobs within our service area.



2,800+ TOTAL CALIFORNIA JOBS

MCE's commitment to our communities and the environment extends beyond supplying renewable power. We partner with local organizations and businesses to bring jobs home by investing in new, local, renewable energy development. In addition, our contracted power projects have supported more than 2,800 California jobs. MCE follows a Sustainable Workforce Policy, adopted by MCE's Board of Directors.

MCE SOLAR ONE

MCE has partnered with solar developer Cenergy Power to build what will be the largest public-private solar partnership in the Bay Area, MCE Solar One. The 60 acre, 10.5 MW ground mounted solar farm in Richmond, CA supported 341 jobs and provides power for 3,900 homes per year. This project employed approximately 50% local labor, guaranteeing local benefits through clean energy job creation. MCE Solar One provided jobs to workers from the following unions: UBC and Laborers Union (Local 152); IBEW (Local 302); IBEW (Local 1245); Laborers Union (Local 324); Operating Engineers (Local 3) and Steamfitters (Local 342). MCE contracted with job-training program RichmondBUILD to train and hire local workers to construct MCE Solar One.

MCE'S LOW–INCOME FAMILIES AND TENANTS (LIFT) PILOT PROGRAM

- Blends the LIFT pilot with MCE's existing Multifamily Energy Savings Program to maximize incentives, achieve deeper energy savings, and streamline administrative processes.
- Works closely with community-based organizations, local housing agencies, and affordable housing nonprofits to identify property owners and managers interested in completing energy efficiency upgrade projects, enabling participation from low-income residents who avoid programs based on real or perceived barriers (e.g., privacy and immigration status).
- Serves as a Single Point of Contact for property owners and managers by providing and bundling demand-side opportunities, phasing projects to incorporate additional technologies over time, connecting them to available financing programs, and assisting them in leveraging and streamlining the enrollment process for other MCE programs and income qualified resource conservation programs.
- Creates opportunities to fuel switching from natural gas combustion and propane appliances to electric heat pumps to support cleaner and more efficient energy use while resolving health and safety concerns.

MCE COMMUNITY POWER COALITION

MCE's Community Power Coalition was formed in 2014 to cultivate a deep and dynamic relationship with ratepayer advocates and community-based organizations that focus on the interests of underrepresented and historically marginalized constituencies. The mission of the Coalition focuses on:

- Expanding access to affordable renewable energy and energy efficiency programs;
- Advancing equitable, local, and sustainable workforce and economic development;
- Accelerating the transition to a cleaner and more efficient energy economy; and
- Building and developing inclusive programs and policies for all communities in MCE's service area.

Representing a wide range of interests, coalition members include Communities for a Better Environment and the Sierra Club. With its coalition partners, MCE completed its own assessment of low-income needs in 2016. The top priorities were receiving energy efficiency and solar rebates, lowering electricity rates, and promoting development of local renewables.

MCE Clean Energy
My community. My choice.

FOR MORE INFORMATION, PLEASE CONTACT:

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