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November 13, 2017

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 17-IEPR-1
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: MCE Comments on Draft 2017 IEPR Report

Marin Clean Energy (MCE) hereby submits its comments on the Draft 2017 Integrated Energy Policy Report (Draft 2017 IEPR) released by the California Energy Commission (CEC). First and foremost, MCE thanks the CEC staff for their hard work on the report. MCE also appreciates the acknowledgement of the growth of Community Choice Aggregators (CCAs) in California, as well as the changes to the electricity market spurred by CCAs.

MCE provides comments on two matters highlighted in the Draft 2017 IEPR: 1) the ability of CCAs to secure the financing needed for long-term investments, and 2) the role of CCAs in fostering the growth of Distributed Energy Resources (DERs) in California.

I. Introduction

MCE is the first operating CCA in California. As stated in the Draft 2017 IEPR, there is a rapid growth of CCAs throughout California.¹ MCE currently serves over 250,000 customers throughout the counties of Marin and Napa, the cities of Richmond, San Pablo, El Cerrito, Benicia, Walnut Creek, and Lafayette. In 2018, MCE will include the new communities of unincorporated Contra Costa County, the cities of Concord, Martinez, Oakley, Pinole, Pittsburg, and San Ramon, and the towns of Danville and Moraga. CCA customers receive generation service from their CCAs, while the incumbent utilities continue to provide distribution, transmission, billing, and metering services to these customers.

Like other CCAs, MCE was established by the local communities it serves to reduce greenhouse gas emissions. CCAs reduce greenhouse gas emissions by providing communities within its service area the choice to purchase alternative energy products to PG&E's product. MCE's locally elected Board of Directors, which has the sole authority to determine MCE's procurement and planning, has set the policy for MCE to procure 100% of its portfolio from Greenhouse Gas- (GHG) free resources by 2025.

¹ Draft 2017 IEPR at page 31.



II. CCAs Have Proven Their Ability to Secure Financing to Invest in Long Term Energy Contracts

There is some concern expressed about the ability of CCAs to secure financing needed for long-term investments in Draft 2017 IEPR.² However, operational CCAs have successfully secured long-term energy contracts. Since its launch, MCE has committed over \$1.6 billion to build 813 MW of new California renewable energy projects, including \$902 million for solar, \$665 million for wind, and \$17 million for biogas projects. MCE has executed numerous contracts that are over 10 years in length, up to 25 years.

Other CCAs have also begun to sign long term contracts as their growth continues and load forecast stabilizes. Sonoma Clean Power (SCP), for instance, has at least 6 contracts that have begun delivery and are 20 years in length. Peninsula Clean Energy (PCE), one of the CCAs launched in 2016, has secured a 20-year 200 MW solar contract to serve its customers.

Furthermore, as directed by SB 350 and California Public Utilities Commission (CPUC) Decision (D.) 17-06-026, 65 percent of the procurement of all retail sellers use to meet their Renewable Portfolio Standard (RPS) requirement must come from contracts of 10 years or more in length, beginning in 2021.³ CCAs are not exempted from this regulation, and MCE is looking forward to continue to foster the growth of renewable energy in California by securing financially viable long-term contracts. Concerns about CCAs' abilities to finance procurement projects are unfounded.

III. CCAs Are Well-Positioned to Drive Innovation and Technology Deployment

The Draft 2017 IEPR pointed out that programs funded by the Investor Owned Utilities (IOUs) have spurred the majority of the growth of DERs in California, and that the growth of CCAs is creating uncertainty for these programs.⁴

First, it should be noted that many of these DER programs, including storage and electric vehicles, are largely funded through the distribution function of the IOUs' revenue. As stated above, CCA customers continue to receive distribution, transmission, and other services after departing for CCA generation services. The IOUs continue to collect the revenue requirement for those services from CCA customers. While the growth of CCAs and departing loads create

² Draft 2017 IEPR at page 7.

³ Public Utilities Code Section 399.13(b)

⁴ Draft 2017 IEPR at page 135.



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uncertainties for the generation revenues of the IOUs, distribution function revenue is unaffected by CCAs.

Second, the DER programs of the IOUs require CPUC approval, which can create delay in implementation and reduce the IOUs' appetite to explore different technologies and business models. However, due to the regulatory authority of their locally elected Boards of Directors, the CCAs are nimble and do not require lengthy applications for pilot programs. Unlike the IOUs, CCAs are much more connected with local communities they serve, and each CCA is in a unique position to test technologies that best suit their communities' and programs' needs. MCE encourages the CEC to leverage CCAs as laboratories of innovation to develop and test the market-readiness of various DERs.

However, several barriers exist for CCAs to deploy DERs. The most significant challenge is data access. Currently, the IOUs collect, store, and control customer- and utility- centered data, and significant obstacles continue to prevent CCAs, other Load Serving Entities (LSE), and third-party providers from accessing useful data that can inform planning. The transfer of AMI data from the IOUs to the CCAs are often delayed, or in format that is not workable for settlement or analysis. Furthermore, CCAs have no insight into what DER services customers have already received from the IOUs, which could potentially result in providing duplicative services that are costly and do not result in additional environmental or economic benefits.

As public agencies that are subject to strict customer privacy regulations, CCAs should be allowed to access customer data in a streamlined manner to enable them to offer customers innovation products and services. The CEC, working along with other energy agencies, should consider data access an important element in its roadmap for integrating high levels of DERs in the electricity system. MCE looks forward to working with the CEC, as well as the CPUC and the California Independent System Operator (CAISO), in reducing and overcoming these barriers.



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IV. Conclusion

MCE appreciates the CEC for highlighting the growth of CCAs, as well as challenges and opportunities that are associated with the growth of CCAs in the Draft 2017 IEPR. MCE respectfully requests that the CEC incorporate the comments of MCE in its final 2017 IEPR, and looks forward to robust participation in the 2017 IEPR proceeding.

Sincerely,

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