BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements	)	Rulemaking 16-02-007 (Filed February 11, 2016)

REPLY COMMENTS OF THE CITY OF LANCASTER, MARIN CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AUTHORITY AND SONOMA CLEAN POWER AUTHORITY ON GREENHOUSE GAS TARGET SETTING

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March 9, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements	))))))	Rulemaking 16-02-007 (Filed February 11, 2016)

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Pursuant to instructions provided by the Energy Division of the Public Utilities Commission of the State of California ("Commission"), the City of Lancaster ("Lancaster"), Marin Clean Energy ("MCE"), Silicon Valley Clean Energy Authority ("SVCE") and Sonoma Clean Power Authority ("SCPA") (collectively, "CCA Parties") hereby submit reply comments to parties' February 21, 2017 opening comments on the Commission and California Energy Commission ("CEC") staff discussion document titled *Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets among Publicly Owned Utilities and Load Serving Entities* ("Discussion Document"). These reply comments are also informed by, and in part responsive to, discussion at the February 23, 2017 joint workshop on Greenhouse Gas ("GHG") target-setting ("Workshop").

I. General Comments

The CCA Parties thank the Commission for the opportunity to provide feedback on the important issues raised by the Discussion Document, parties' opening comments, and the Workshop. In addition to specific replies to parties' opening comments, the CCA Parties offer both general comments on the GHG target-setting process set forth in the Discussion Document and discussed at the Workshop, and specific responses to various parties' opening comments. The CCA Parties' general comments are as follows.

A. The GHG Target Setting Process Should Be As Straightforward And Efficient As Possible

As a general principle, the Commission, California Energy Commission ("CEC"), and California Air Resources Board ("CARB") (collectively "Agencies") should strive for a GHG target-setting process that is as straightforward and efficient as possible. Simplifying the GHG target-setting process will reduce the regulatory burden on Load Serving Entities ("LSEs") and publicly owned utilities ("POUs") and, ultimately, the cost to ratepayers. Developing an efficient process that avoids unnecessary regulatory burden is an issue of particular importance to Community Choice Aggregators ("CCAs"), who do not have access to the same economies of scale vis-à-vis regulatory compliance as do the large Investor-Owned Utilities ("IOUs"). Simplifying the GHG target-setting process will also directly benefit the Agencies. The SB 350 IRP effort is likely to be one of the most complex regulatory endeavors undertaken by the Agencies, and a straightforward, efficient GHG target-setting process will ensure that the Agencies will have adequate resources to focus on other aspects of the IRP process.

Senate Bill ("SB") 350 requires that CARB, in coordination with the Commission and CEC, set: 1) an electric sector GHG target; 2) individual targets for each LSE; and 3) individual targets for each POU.[1] Achieving this straightforward goal should not require an excessively complex methodology or burdensome, multi-step regulatory process.

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[1] Public Utilities Code Sections 454.52(a)(1) and 9621(b)(1).

B. The Proposed Three-Step Process May Be Overly Complex

The Agencies have proposed the following three-step process for setting GHG targets: 1) the Agencies set a GHG reduction target for the electricity sector as a whole; 2) the Agencies divide the sector-wide target between the Commission and CEC; and 3) the Commission and CEC assign entity-specific targets to LSEs and large POUs, respectively.

There is no question that SB 350 requires that the Agencies set an electric sector target and assign entity-specific targets. The CCA Parties are concerned, however, that Step 2 is not required by SB 350, and appears to add significant complexity to the process without providing any clear benefit.

Step 2 is neither required by SB 350 nor necessary to achieve the goals of SB 350. SB 350 only requires that CARB, in coordination with the Commission and CEC, adopt a sector-wide target and entity-specific targets for POUs and LSEs. Nothing in SB 350 requires that the electricity sector target be divided between POUs and LSEs. Nor is Step 2 necessary to achieve the goals of SB 350. Once the Agencies have established a sector-wide GHG target and selected a methodology for assigning entity-specific targets, POU and LSE specific targets can be assigned based on this methodology without any need to divide the targets between Agencies.

Step 2 adds significant complexity to the process by creating an additional, potentially burdensome procedural step. It is not clear that Step 2 provides clear benefit to outweigh this burden. It seems that the only reason to divide the electricity-sector target between the Commission and the CEC would be to allow the Commission and CEC to assign or modify targets for their respective reporting entities using their own, independently developed rules and methodologies. Such an approach, however, appears to be a significant departure from the requirements of SB 350, which requires that CARB, in consultation with the Commission and

CEC, set GHG targets for both LSEs and large POUs. Neither Public Utilities Code Section 454.52(a)(1) (the GHG target-setting provision for LSEs), nor Section 9621(b)(1) (the GHG target-setting provision for large POUs) requires such separate treatment.[2] As such, Step 2 is not contemplated or compelled by law. Rather, these sections contemplate a collaborative, coordinated approach to GHG target-setting by all of the Agencies for both POU and LSE targets, something that can be most efficiently accomplished without Step 2.

C. There Should Be Consistency Across All Target-Setting Methodologies

Any GHG target-setting process adopted by the Agencies should make sure that the GHG target-setting methodologies are consistent, both vertically (from one step of the process to another) and horizontally (between various categories of LSEs and POUs). The methodology used in Step 1 to set the electricity sector GHG target should be at least consistent with the methodology used in Step 3 to assign LSE-specific targets. If the Agencies pursue the proposed "three-step" approach, the methodology used in Step 2 to divide the targets between the Commission and the CEC should be the same as the methodology used in Step 3 to assign LSE and POU-specific targets. In addition, if the Agencies pursue the proposed "three-step" approach, the same methodology should be used to set GHG targets for both POUs regulated by the CEC and LSEs required to provide or file their IRPs with the Commission.

The use of a single, consistent target-setting methodology for all "steps" of the process and across the categories of LSEs and POUs complies with SB 350, and is necessary to ensure an efficient process that will fairly assign GHG targets across entities with minimal market distortions. Under SB 350, POUs, IOUs, Energy Service Providers, and CCAs are each subject to their own distinct set of IRP requirements, and are subject to differing levels of regulatory

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2 All further statutory references are to the Public Utilities Code, unless otherwise noted.

oversight. For the narrow purpose of GHG target-setting, however, all are equally subject to the same target-setting process set forth in nearly identical language at Section 454.52(a)(1)(A) and Section 9621(b)(1). Nothing in these sections provides for disparate treatment across the various types of entities or the use of different methodologies to calculate entity-specific targets.

The use of a single, consistent target-setting methodology is necessary to ensure an efficient process that avoids unnecessary regulatory burdens or market distortions. Using one methodology to develop the sector-wide target, another methodology to divide the sector target between the Commission and the CEC, another to set entity-specific targets for POUs, and yet another to set LSE-specific targets would create confusion and lead to a tremendous amount of unnecessary work. It may also inject market distortions to the extent that remarketing of energy could potentially result in different GHG counting treatment. Finally, the use of a single, consistent target-setting methodology is also necessary to ensure fair application of SB 350 targets across LSEs and POUs.

D. The GHG Target Setting Process Must Be Able To Flexibly Adapt To Change

Any GHG target-setting process adopted by the Agencies must allow GHG emissions targets to adapt to significant changes in the number and type of LSEs active in California as well as system conditions. The CCA Parties anticipate that over the next several years, the number of CCAs in California will grow significantly. In addition, other changes to the LSE and POU landscape are possible, including significant expansion of direct access, the formation of new POUs within current IOU territory, the merger or division of one or more existing LSE(s), or changes to LSE service territory. In addition, demographic, technological, hydrologic, and economic factors are likely to change the electricity demand and GHG emissions profiles of some entities' portfolios year-to-year.

The GHG target-setting process must have flexibility to adapt to such changes. This flexibility would require, at a minimum, GHG targets that are based on concrete, load-based criteria (either mass-based or, preferably, emissions intensity) that are applied equally to all entities. Variable, LSE-specific factors such as a LSE's current portfolio or historic emissions should be avoided. For example, if a new CCA forms within an IOU's service territory, it would be a simple task to assign the new CCA an emissions intensity target based on its forecast loads. It would be similarly easy to assign a new CCA a mass-based GHG target based on its forecast loads, and to reduce the relevant IOU's target by the corresponding amount. Other approaches would be much more difficult, as a new CCA would have neither a current portfolio nor an emissions history.

Flexibility also requires that a common methodology be used for setting POU and LSE targets. Such flexibility must ensure that regular GHG targets are updated to account for changes in the LSE and POU landscape, and updated so that each entity's targets account for the most recent load data.

E. The GHG Target Setting Methodology Should Not Penalize LSEs That Have Prioritized GHG-Free Procurement

Several parties have pointed out that individual LSEs have a wide range of "starting points" of GHG emissions intensity. Each LSE's existing procurement commitments, load profile, changes in customer demand due to weather or business cycles, and geographic access to renewable resources such as large-scale hydroelectric generation, are all factors that contribute to variances in GHG intensity "starting points." For instance, some LSEs may be locked in to long-term coal or natural gas commitments, while others (including some CCAs) currently have renewables-heavy portfolios and are well on their way to 100% GHG-free procurement.

The CCA Parties are sympathetic to the position of LSEs with a higher-GHG "starting point," especially those POUs that are locked in to higher-GHG portfolios for historical fuel diversification reasons. The CCA Parties support providing these LSEs with as much flexibility as is reasonable to allow them to achieve their targets, and the CCA Parties do not necessarily think that GHG target-setting should be viewed as a zero-sum game. At the same time, however, the CCA Parties are opposed to any mechanism that would: 1) reduce the GHG reduction target of an entity with a high-GHG "starting point" while shifting the burden of achieving the balance of GHG reductions to other entities with lower-GHG "starting points"; or 2) would impose higher proportional or absolute GHG reduction targets on entities with lower GHG "starting points." The Agencies should not punish entities that have prioritized reduced-GHG procurement, nor should they inadvertently reward entities with high-GHG portfolios. Fairness and sound policy require that each entity be responsible for its proportional share of the total electric sector GHG reduction requirements, calculated based on the load it serves.

II. Specific Reply Comments

A. Reply to Comments on Questions 1-4 (Electricity Sector Target-Setting)

Nearly all of the parties that submitted opening comments supported Option A – using the electric sector share of statewide 2030 emissions specified in the CARB Scoping Plan to set the electric sector GHG target for IRP purposes. The CCA Parties agree that the CARB Scoping Plan currently provides the best basis for setting the electricity sector GHG target. As noted by the Office of Ratepayer Advocates ("ORA"), the Scoping Plan best incorporates existing and ongoing efforts and new policies to achieve State goals, and appears to have a sound methodological basis.[3]

The CCA Parties agree with Pacific Gas and Electric Company ("PG&E") that GHG

[3] ORA Opening Comments at 2-3.

targets should be set as a range rather than a single value.[4] Although a single target can be helpful for planning purposes, a target range provides for flexibility that can account for market and other economic uncertainties, including transportation and building electrification and swings in load due to business cycles or extreme weather events. Using a target range will give each LSE or POU the flexibility to account for its particular "starting point," and to develop compliance pathways accordingly. The CARB Scoping Plan's range of 42 to 62 MMTCO2e appears reasonable at this point, and can be revised in future iterations of the GHG target-setting process as more information is available to address these uncertainties.

The CCA Parties strongly support the use of emissions intensity targets rather than a mass-based hard cap or non-load-based targets for all steps of the GHG target-setting process. The CARB Scoping Plan's range can feasibly be translated to an emissions intensity range. Emissions intensity targets, unlike mass-based targets, would not disrupt the existing cap-and-trade market.[5] In addition, emissions intensity targets are more easily coordinated with the pending Assembly Bill 1110, power content label requirements rulemaking, and can provide the most flexibility for adapting to changes in the LSE and POU landscape, as well as economic, technological, and demographic changes.

B. Reply to Comments on Questions 5-7 (Dividing Sector Target Between Commission and CEC)

In addition to the concern that dividing the electric sector target between the Commission and the CEC may not be a necessary or fruitful step, the CCA Parties are concerned that doing so

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[4] PG&E Opening Comments at 2-3.

[5] CCAs are not cap-and-trade market participants as non-source emitters. The CCA Parties do not endorse or oppose the cap-and-trade market, and respect CARB's jurisdiction and expertise on this matter.

may lead to procedural complexity, regulatory burden, and incompatible entity-specific targets that may distort markets. However, if the Agencies decide to go forward with the proposed three-step process, the CCA Parties agree with ORA that Option B – dividing the electric sector target based on electric load served in 2016 – is the best option. Option B is the most transparent and straightforward approach. Such a straightforward approach would allow small LSEs, including CCAs, to plan their resource procurement without needing additional financial and staff resources. In addition, Option B is based on a data source (IEPR 2015) that is consistent with the 2030 Scoping Plan, which parties' opening comments generally agree should be used to determine the electric-sector GHG target.

The CCA Parties are conditionally open to exploring Option C. As discussed above, the CCA Parties strongly support the use of a single methodology to assign GHG targets to all retail sellers of electricity – both POUs and LSEs. However, the specific "example" methodology provided in the Discussion Document raises several concerns. The CCA Parties believe that GHG targets should be set based on the load served by each entity. The example methodology is problematic because it abandons a concrete, load-based approach and instead would assign targets based on speculative forecasts of future emissions. Such forecasts require assumptions that may not be relevant to procurement practices in 2030, such as assumptions regarding natural gas. In addition, the example methodology would likely penalize entities that have taken early action to procure zero or low-carbon resources. Finally, it is not clear to the CCA Parties that the methodology would accurately assign emissions to point-source emitters versus retail providers, which could result in double-counting of emissions.

III. Conclusion

The CCA Parties thank the Energy Division for its consideration of these reply comments.

Dated: March 9, 2017

Respectfully submitted,

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2015 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast (U39E)	Application 14-05-024 (Filed May 30, 2014)

THREE DAY NOTICE OF GRANTED EX PARTE MEETING WITH THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

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March 10, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2015 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast (U39E)	Application 14-05-024 (Filed May 30, 2014)

THREE DAY NOTICE OF GRANTED EX PARTE MEETING WITH THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

Pursuant to Rule 8.3(c)(2) of the Rules of Practice and Procedure of California Public Utilities Commission ("CPUC"), the California Community Choice Association ("CalCCA") hereby gives notice that Advisors to Commissioners Peterman and Randolph and Advisors to President Picker have granted ex parte meeting requests to discuss issues related to Community Choice Aggregation on Wednesday, March 15, 2017 at the CPUC offices in San Francisco. The meeting with Commissioner Peterman's Advisors, Jennifer Kalafut and Ehren Seybert, will occur from 10:00 AM to 10:30 AM. The meeting with Commissioner Randolph's Advisor, Rachel Peterson, will occur from 11:00 AM to 11:30 AM. The meeting with President Picker's Advisor, Nick Chaset, will occur from 2:00 PM to 2:30 PM.

CalCCA will be represented by Dawn Weisz, CEO for Marin Clean Energy, Tom Habashi, CEO for Silicon Valley Clean Energy, Michael Hyams, Director for CleanPowerSF, David Burruto, Chief of Staff to Peninsula Clean Energy Board Chair; David Pine, CC Song, Regulatory Analyst for Marin Clean Energy, and Jeanne Sole, Deputy City Attorney for the City and County of San Francisco.

Respectfully submitted,

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March 10, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
Application of San Diego Gas & Electric Company (U902M) to adopt Energy Efficiency Rolling Portfolio Business Plan Pursuant to Decision 16-08-019.	Application 17-01-014 (Filed January 17, 2017)
Application of Pacific Gas and Electric Company for Approval of 2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget (U39M).	Application 17-01-015 (Filed January 17, 2017)
Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) for adoption of its Energy Efficiency Rolling Portfolio Business Plan and related relief.	Application 17-01-016 (Filed January 17, 2017)
In the Matter of the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan.	Application 17-01-017 (Filed January 17, 2017)

REPLY TO PROTESTS OF AND A RESPONSE TO THE APPLICATION OF MARIN CLEAN ENERGY FOR APPROVAL OF ITS ENERGY EFFICIENCY BUSINESS PLAN

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March 10, 2017

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In the Matter of the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan.	Application 17-01-017 (Filed January 17, 2017)

REPLY TO PROTESTS OF AND A RESPONSE TO THE APPLICATION OF MARIN CLEAN ENERGY FOR APPROVAL OF ITS ENERGY EFFICIENCY BUSINESS PLAN

I. INTRODUCTION

In accordance with Rule 2.6(e) of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, Marin Clean Energy ("MCE") submits the following reply to the protests of and a response to the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan, filed January 17, 2017 ("MCE Application").

MCE replies to the protests of Pacific Gas and Electric Company ("PG&E")[1] and Southern California Gas Company ("SoCalGas")[2] and replies to the response of Southern California Edison Company ("SCE").[3] In this reply, MCE: (1) responds to several concerns related to MCE's proposed solution to address program overlap and serve as the downstream liaison; and (2) corrects several incorrect assertions made in the protests and reply. Specifically, MCE corrects (1) the explanation of the law related to MCE's administration of gas funding; (2) the description of the framework for statewide programs; (3) an assertion that invoicing is required for gas funding; (4) the degree to which PG&E asserts MCE's proposed downstream pilots are currently underway; and (5) the need to address time-of-use ("TOU") elements in this proceeding.

II. BACKGROUND

MCE is a Commission-authorized energy efficiency ("EE") Program Administrator ("PA"). MCE filed an application with a business plan on January 17, 2017 concurrently with the investor-owned utility ("IOU") PAs. The Chief Administrative Law Judge's Ruling Consolidating Proceedings; Preliminarily Determining Category, Need for Hearings, and Assignment; and Setting Protest and Response Deadlines ("Consolidation Ruling"), filed on January 30, 2017, consolidated MCE's and the IOUs' applications into the above-captioned proceeding. The Consolidation Ruling also set March 6, 2017 as the deadline for replies to

[1] Protest of Pacific Gas and Electric Company (U 39 M) to the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan, filed March 3 2017 ("PG&E Protest").
[2] Protest of Southern California Gas Company (U 904 G) to Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan, filed March 3, 2017 ("SoCalGas Protest").
[3] Southern California Edison Company's (U 338-E) Response to Application of Marine Clean Energy's Approval of its Energy Efficiency Business Plan Proposal, filed March 3, 2017 ("SCE Response").

protests and responses to the applications.[4] The Email Ruling Partially Granting IBEW[5] Motion for Extension of Time transmitted on February 15, 2017 ("Extension Ruling") extended the date for replies to protests and responses to March 10, 2017. Thus, this reply is timely filed.

III. MCE'S DOWNSTREAM LIAISON PROPOSAL IS A SOLUTION TO THE NOVEL CHALLENGE OF OVERLAPPING PROGRAM ADMINISTRATION

CCAs are the first PAs allowed to administer programs that overlap with other PAs' programs (*i.e.* serve the same customers with the same or similar offerings). The Commission has authorized three types of program administrators: IOUs, CCAs, and RENs. RENs and CCAs were previously directed to avoid overlap with IOU programs. More recently, the Commission lifted that restriction for CCAs and allowed overlapping programs. The Commission refrained from developing policies to address overlapping programs until the factual scenario arose.[6] MCE has authority to request overlapping programs and has done so in the MCE Application.[7] MCE also provided a solution to the issue of overlapping programs: the downstream liaison approach. The Commission should adopt this solution to address the ripe issue of program overlap.

PG&E, SoCalGas, and SCE all request the Commission reject MCE's proposal to solve program overlap by serving as the downstream liaison.[8] The IOUs provide no solution to this challenge aside from maintaining the status quo, which favors their programs. In the current regulatory environment, where many Community Choice Aggregators ("CCAs") exist and also have authority to become PAs, the Commission should disregard the IOUs' calls to maintain the

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[4] Consolidated Ruling at p. 2.
[5] International Brotherhood of Electric Workers.
[6] *See* D.14-01-033 at p. 36 (recognizing overlap presents issue but declining to address it until a factual situation arose); *See also* D.15-08-010 at p. 9 (overlap may be addressed in a proceeding devoted to a MCE request for funding).
[7] MCE Application at p. 4 (discussing portfolio restrictions on CCAs that were lifted in 2014).
[8] PG&E at p. 3-6; SCE at p. 2; SoCalGas at p. 4-6.

status quo and should instead test the solution MCE has proposed in order to prepare for a more diversified energy future.

A. The Downstream Liaison Proposal is Based on the Commission's Approach to Statewide Programs

PG&E asserts MCE's proposal to receive attribution of savings achieved by other program administrators to assess cost effectiveness is an attempt to evade preparing a cost-effective portfolio.[9] However, MCE's proposal is consistent with the approach directed for each PA in the context of statewide programs.[10] MCE's proposal is not avoiding development of a cost-effective portfolio; rather, savings attribution it is precisely what is necessary to achieve a cost-effective portfolio in the context of overlapping programs.[11]

B. MCE's Downstream Liaison Proposal is Designed to Meet the Needs of Customers while Achieving State Policy Objectives

The downstream liaison structure is designed to create a framework that encourages PA collaboration instead of contention. PG&E asserts the proposal will "usurp the Commission's own authority" to regulate PG&E's programs.[12] On the contrary, MCE's limited authority under the proposal does not supplant any Commission authority. It does, however, create incentives for the PAs in MCE's service area to engage in meaningful collaboration, particularly on program outreach and in the context of duplicative programs. This is intended to avoid program duplication and customer confusion. Avoiding these challenges will help encourage customer participation in EE programs and reduce the risk of wasting money on overlapping programs. That money can instead be redirected to providing other EE services and achieving greater

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[9] PG&E Protest at p. 6-9.
[10] "Just because one entity is administering a program statewide does not mean that all of the costs and benefits of the program would be transferred to the lead administrator. Costs and benefits would still be separately tested by utility service area, on behalf of ratepayers from whom the funds were collected." D.16-08-019 at p. 55.
[11] MCE Application at p. 5-7.
[12] PG&E at p. 3.

energy savings. The Commission should adopt MCE's proposal in furtherance of collaboration among PAs.

The downstream liaison proposal also creates an environment that allows for beneficial competition among PAs. Some of the IOUs warn that the proposal is contrary to the statutory direction to consider the value of competition.[13] However, the proposal allows for competition in the marketplace of ideas and addresses several impediments to competition that exist with overlapping programs.

1. The Downstream Liaison Proposal Facilitates Competition in the Marketplace of Ideas through Innovation

Developing policies to address program overlap while supporting a diversity of PAs enables competition in the marketplace of ideas through innovation and successful program delivery. For example, many of the concepts in MCE's previously-filed business plan[14] now appear in the IOUs' business plans. These include the Single Point of Contact ("SPOC") approach, the integration of other demand-side management resources, and the emphasis on the customer experience. Allowing a diversity of PAs will generate new best practices and approaches for programs that will improve EE program delivery and lead to greater EE throughout the state.

2. The Downstream Liaison Proposal Addresses Impediments to Innovation that Result from Overlapping Programs

Unique program designs may be undermined with overlapping programs. For example, MCE is proposing a declining incentive model.[15] However, this model cannot be effectively tested when overlapping programs in the same area provide higher incentives. Customers and

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[13] PG&E Protest at p. 5; SCE Response at p. 2

[14] *See generally* A.15-10-028.

[15] MCE Application, EE Business Plan at p. 128-129.

contractors may simply migrate to those programs with higher incentives. The Commission should limit overlap to support competition through innovation in program design.

3. The Downstream Liaison Proposal Meets Statutory Requirements for Accommodating Statewide and Regional Programs

The downstream liaison proposal also accommodates the need for broader statewide or regional programs. The IOUs assert that MCE's proposal violates the statutory requirement to accommodate statewide and regional programs.[16] However, the proposal does not interfere with statewide program delivery, but only calls for coordinating outreach with MCE for the statewide downstream programs.[17] The proposal also allows regional programs to continue throughout the region. In the event MCE precluded a duplicative regional program in its service area, that program can still be offered in the rest of PG&E's service area by PG&E. At the same time, MCE will by definition still provide an equivalent program in its service area. The result is a reasonable accommodation for statewide and regional programs under the downstream liaison proposal.

C. The Downstream Liaison Proposal Presents a Limited Risk of Program Disruption

PG&E overstates the impacts of the proposal when it warns it will usurp the Commission's authority or provide MCE with a veto over PG&E programs.[18] Several limitations on the downstream proposal reduce the risk of negative impacts or program disruption. The proposal is limited to MCE's service area. The proposal does not propose to preclude any

[16] PG&E Protest at p. 5, 11; SoCalGas Protest at p. 6; SCE Response at p. 2.
[17] MCE Application, Table 1 at p. 21.
[18] PG&E Protest at p. 3-4.

statewide programs, Local Government Partnership ("LGP") programs, or (3) Regional Energy Network ("REN") programs.[19]

The proposal is also limited to overlapping programs. MCE has an interest in allowing high-functioning programs to serve its customers, and intends to allow and not preclude such programs. Additionally, providing MCE savings attribution for those programs reduces the likelihood that MCE will act to duplicate a program for the purpose of administering these programs itself. The risk that MCE may develop its own program in response to a poorly-functioning program creates an additional incentive for non-MCE programs to adequately serve MCE's customers.

The downstream liaison proposal does not necessarily increase uncertainty in the market. PG&E and SoCalGas raise concerns about market uncertainty and impacts to contracts with implementors.[20] It is important to acknowledge that there is existing regulatory uncertainty around contracts with implementors and MCE is not creating a new risk. As discussed above, the proposal is intended to create a framework that naturally leads to collaboration to avoid contention. For example, if PG&E collaborated with MCE prior to issuing solicitations for programs that would operate in MCE's service area, it would mitigate uncertainty for third parties bidding into those solicitations. This type of collaboration would be a desirable outcome of the Commission's EE policy.

The downstream liaison proposal is intended to move away from a framework of contentious competing programs that tend to create their own duplicative resources and toward a more integrated use of resources among PAs. PG&E claims MCE's approach displaces existing

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[19] MCE Application, Table 1 at p. 21.
[20] PG&E Protest at p. 6; SoCalGas Protest at p. 6.

relationships between knowledgeable account reps and customers.[21] Instead, MCE sees value in leveraging PG&E account representatives and has previously suggested the Commission encourage incentives for PG&E account representatives that support MCE programs.[22] The Commission should encourage collaboration by adopting the downstream liaison proposal to help PAs leverage existing and valuable resources.

IV. SOCALGAS AND PG&E MISSTATE THE LAW GOVERNING MCE ADMINISTRATION OF GAS FUNDING

A. MCE is Authorized by the Commission to Receive Funding for Gas Savings Programs

SoCalGas stated MCE has no right to gas funding.[23] PG&E appears to make a similar but somewhat contradictory argument by both refuting[24] and also acknowledging MCE's right to gas funding.[25] The Commission ordered PG&E to enter a contract with MCE to use gas funds to pay for MCE EE programs that have a gas savings component.[26] Therefore, MCE has a clear right, to access to gas funding for MCE's programs. SoCalGas did not cite the relevant decision and appears to conflate the issue of using gas funding to achieve gas savings with the issue of MCE having a right to receive gas funding for MCE's own programs.

As directed by the Commission, MCE currently uses gas funding to achieve gas savings in its EE programs and will continue to do so. PG&E calls for the Commission to exclude gas funding from MCE's portfolio.[27] SoCalGas expresses a concern that MCE will use electric funds

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[21] PG&E Protest at p. 11.
[22] MCE Application at p. 20.
[23] SoCalGas Protest at p. 3-4.
[24] *See* PG&E Protest at p. 12 (claiming MCE only has a right to "independently administer" electric funds).
[25] *See* PG&E Protest at p. 12 (noting MCE's ability to receive gas funding transferred from PG&E).
[26] D.14-10-046, Ordering Paragraph 26 at p. 168.
[27] PG&E Protest at p. 13.

for gas savings.[28] These concerns may have arisen due to MCE's lack of a budget presentment that provides a gas and electric split. As PG&E referenced, MCE provided that information in response to a recent PG&E data request.[29] For the sake of clarity for stakeholders, MCE provides the response in this reply (*see* Attachment A).

B. MCE is Authorized to Receive Gas Funding through a Contract Mechanism and Attribute Those Savings to its Own Programs

PG&E also misleads the Commission on the subject of the gas funding contract when it states MCE's cost-effectiveness analysis cannot involve "commingling gas savings it achieves under contract to PG&E…."[30] Both SoCalGas and PG&E say gas savings must be excluded from MCE's cost-effectiveness analysis.[31] In fact, the Commission authorized MCE to receive gas funding for MCE's own programs, to "enable MCE to pursue projects that involve gas savings…[and] receive adequate funding from PG&E to achieve gas and electric savings forecast in MCE's program implementation plan."[32] The Commission stated:

> "We do not want to be overly prescriptive here regarding how to split MCE's revenue requirement between gas and electric funds. We direct PG&E to provide a high level of deference to MCE on the terms of this contract."[33]

This contract is simply a mechanism to provide MCE with its Commission-approved gas budget for MCE's own programs. It is not referring to, as PG&E alleges, MCE delivering gas savings to PG&E. The gas savings achieved by MCE are attributed to MCE for the purposes of cost effectiveness and program accomplishments.

PG&E's assertion that MCE cannot "comingle" gas savings in its cost-effectiveness analysis is particularly concerning because it indicates PG&E may have been inappropriately

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[28] SoCalGas Protest at p. 3.
[29] PG&E Protest at p. 12.
[30] PG&E Protest at p. 7.
[31] PG&E Protest at p. 7-8; SoCalGas Protest at p. 4.
[32] D.14-10-046 at p. 119-120.
[33] D.14-10-046 at p. 119.

treating MCE's gas savings as PG&E gas savings. As the Commission has deferred establishing specific goals for CCA PAs, MCE's energy savings currently roll up to the PG&E service area for the purposes of tracking progress toward Commission mandated goals. However, PG&E is not allowed to count MCE's achievements toward it accomplishments for the purposes of justifying the Energy Savings Performance Incentive ("ESPI") award for PG&E shareholders. MCE recommends the Commission examine whether or not previous ESPI awards to PG&E have been calculated based on savings accomplishments attributed to MCE's portfolio.

V. PG&E INCORRECTLY DESCRIBES THE COMMISSION'S FRAMEWORK FOR STATEWIDE PROGRAMS

PG&E appears to misunderstand the use of the phrase "contributing administrator" in its discussion on statewide programs. PG&E states that a "contributing administrator" only receives attribution for statewide programs because they have taken the role of lead PA on other statewide programs.[34] The Commission has stated "contributing PAs" share in the attribution for statewide programs, based on actual customer participation.[35] The Commission also clarifies what it means by "contributing" when it states ESPI is "available to contributing utilities whose ratepayers fund the statewide programs…."[36] The Commission has also said that any PA can be the lead PA for a statewide program.[37] However, the Commission does not condition attribution to a contributing PA based on whether they are a lead PA for some other statewide program. PG&E's assertion is not supported by any Commission decision, including the decision cited by PG&E.

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[34] PG&E Protest at p. 9 (citing D.16-08-019 at p. 55).
[35] D.16-08-019 at p. 55.
[36] D.16-08-019 at p. 55.
[37] D.16-08-019 at p. 53.

VI. THE COMMISSION DOES NOT NEED TO REVIEW MONTHLY INVOICES TO PROVIDE OVERSIGHT FOR MCE'S GAS SPENDING

MCE requested the gas invoicing process be eliminated to avoid unnecessary administrative burdens.[38] PG&E suggests that the invoicing process is needed to enable oversight and accountability for MCE's administration of gas funds.[39] However, the Commission already provides oversight and accountability in the budget approval; reporting; and Evaluation, Measurement and Verification ("EM&V") processes. The additional invoicing process is unnecessary, creates regulatory churn, and should be eliminated.

VII. PG&E OVERSTATES THE DEGREE TO WHICH MCE'S PROPOSED DOWNSTREAM PILOTS ARE ALREADY UNDERWAY

MCE proposed four statewide downstream pilots that have the potential to provide much greater benefits than the pilots proposed by the IOUs.[40] PG&E expresses support for MCE's proposals, while suggesting that the Consolidated Workpaper Development and Deemed Savings Development proposals are duplicative of ongoing work at the California Technical Forum ("CalTF") and would not produce any incremental benefits.[41] However, the work of the CalTF is operating in parallel and independently from the Commission. MCE's seeks to formally integrate this type of work into the purview and operations of the Commission's EE programs through making it the subject of two pilots. This may be carried out under the administration of a lead PA. PG&E overstates the extent to which this proposed activity is already underway.

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[38] MCE Application at p. 25-26.
[39] PG&E Protest at p. 16.
[40] MCE Application at p. 21-23.
[41] PG&E Protest at p. 13-14

VIII. THE COMMISSION SHOULD ADDRESS THE TIME-OF-USE ELEMENTS OF PG&E'S BUSINESS PLAN IN THIS PROCEEDING

PG&E states that analysis of billing impacts from TOU rates should not be addressed in this proceeding.[42] However, PG&E put this topic at issue by including a statement in their business plan that CCA customers are not eligible for this analysis.[43] If the Commission approved PG&E's business plan in its current form, it will necessarily address analysis of billing impacts from TOU in EE programs. The Commission should direct PG&E to support CCA customers in analysis of billing impacts from TOU rates.

IX. CONCLUSION

MCE thanks Commissioner Peterman, Administrative Law Judge Fitch, and Administrative Law Judge Kao for their thoughtful consideration of this reply to protests and a response to MCE's Application.

Respectfully submitted,

/s/ Michael Callahan

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March 10, 2017

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[42] PG&E Protest at p. 17.
[43] PG&E Application, EE Business Plan 2018-2025, Chapter 2 at p. 52.

Attachment A:
Response of MCE to PG&E Data Request No. 1

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
Application of San Diego Gas & Electric Company (U902M) to adopt Energy Efficiency Rolling Portfolio Business Plan Pursuant to Decision 16-08-019.	Application 17-01-014 (Filed January 17, 2017)
Application of Pacific Gas and Electric Company for Approval of 2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget (U39M).	Application 17-01-015 (Filed January 17, 2017)
Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) for adoption of its Energy Efficiency Rolling Portfolio Business Plan and related relief.	Application 17-01-016 (Filed January 17, 2017)
In the Matter of the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan.	Application 17-01-017 (Filed January 17, 2017)

RESPONSE OF MARIN CLEAN ENERGY TO PACIFIC GAS & ELECTRIC COMPANY DATA REQUEST 1

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February 16, 2017

Marin Clean Energy
Response to Pacific Gas & Electric Company February 1, 2017 Data Request 1 in A.17-01-013 et al., In the Matter of the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan

GENERAL STATEMENT

Nothing in this response to Pacific Gas & Electric Company ("PG&E") Data Requests ("Data Requests" or "Requests") should be construed as prejudicing or waiving Marin Clean Energy's ("MCE") right to produce and provide additional documentary evidence based on information, evidence or analysis hereafter obtained or evaluated. MCE's responses are made subject to inadvertent or undiscovered errors, and are limited by records and information still in existence and or presently recollected and thus far discovered in the course of preparing this response. MCE reserves the right to update and/or supplement the responses provided herein if and when additional evidence, which is responsive to the Requests becomes available and at any time if it appears that inadvertent errors or omissions have been made.

These responses are made without intending to waive or relinquish MCE's rights to take the following actions:

1. Raise all questions regarding relevancy, materiality, privilege, admissibility as evidence for any purpose as to any documents identified or produced in response to these Requests which may arise in any subsequent proceeding, in, or at the trial of this, or any other action;

2. Object on any grounds to the use of said documents in any subsequent proceeding, in, or at the trial of this, or any other action;

3. Object on any grounds to the introduction into evidence of documents identified or produced in response to these Requests; and/or

4. Object on any grounds at any time to other requests for production or other discovery involving said documents, or the subject matter thereof.

MARIN CLEAN ENERGY

RESPONSE TO PG&E DATA REQUEST

DOCKET NO.:	Application 17-01-013 et al.	**REQUEST DATE:**	February 1, 2017
REQUEST NO.:	PG&E-MCE_001	**RESPONSE DATE:**	February 16, 2017
REQUESTER:	Matthew Lewis, PG&E (415) 973-8151 M2LD@pge.com	**RESPONDER:**	Beckie Menten

QUESTION NO. 1

For each year from 2018 to 2025, please identify: (1) the total amount of MCE's budget request; (2) the amount of electric funds requested; and (3) the amount of gas funds requested. Please complete the following chart:

	Total Budget	Electric Funds	Gas Funds
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			

CONFIDENTIAL (yes or no): No.

RESPONSE:

Marin Clean Energy ("MCE") provides the amended table below that includes the total budget, electric funds, and gas funds inclusive of evaluation, measurement, and verification ("EM&V") funds. These figures are general projections of the annual budget requests. MCE will request each year's budget in the corresponding Tier 2 annual budget advice letter as directed in D.15-10-028. MCE also notes that its business plan is a ten year plan that extends beyond 2025 and may not start in 2018, depending on the California Public Utilities Commission approval. MCE's response assumes year 1 of the business plan is 2018.

Table 1. MCE's Budget Request Including Fuel Type

	Total Budget[1]	Total EM&V	Electric Funds[1]	Electric EM&V	Gas Funds[1]	Gas EM&V
2018	$7,145,215	$296,040	$1,466,771	$60,771	$5,678,444	$235,269
2019	$10,298,525	$408,754	$3,653,084	$144,993	$6,645,441	$263,761
2020	$11,607,245	$483,635	$3,830,391	$159,600	$7,776,854	$324,035
2021	$11,607,245	$483,635	$3,830,391	$159,600	$7,776,854	$324,035
2022	$10,253,783	$427,241	$3,486,286	$145,262	$6,767,497	$281,979
2023	$10,253,783	$427,241	$3,486,286	$145,262	$6,767,497	$281,979
2024	$10,253,783	$427,241	$3,486,286	$145,262	$6,767,497	$281,979
2025	$10,130,829	$422,118	$3,444,482	$143,520	$6,686,347	$278,598

[1]Total Budget, Electric Funds, and Gas Funds include evaluation, monitoring, and verification (EM&V) budget.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements.	Rulemaking 13-09-011 (Filed September 19, 2013)

REPLY COMMENTS OF MARIN CLEAN ENERGY ON IMPLEMENTING THE COMPETITIVE NEUTRALITY COST CAUSATION PRINCIPLE

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March 15, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements.	Rulemaking 13-09-011 (Filed September 19, 2013)

REPLY COMMENTS OF MARIN CLEAN ENERGY ON IMPLEMENTING THE COMPETITIVE NEUTRALITY COST CAUSATION PRINCIPLE

Pursuant to the directions set forth in *Administrative Law Judge's Ruling Scheduling December 9, 2016 Webinar and February 22, 2017 Workshop and Requiring Filing of Proposals to Implement the Competitive Neutrality Cost Causation Principle* ("Ruling"), issued on December 2, 2016, Marin Clean Energy ("MCE"), respectfully submits the following reply comments. MCE responds to the comments of parties, filed on March 6, 2017, regarding implementation of the Competitive Neutrality Cost Causation ("Competitive Neutrality") Principle. These comments are filed in accordance with the revised scheduled established in Administrative Law Judge Hymes' e-mail ruling issued on February 24, 2017.

I. INTRODUCTION

MCE appreciates the comments submitted by parties to address implementation of the Competitive Neutrality Principle for Demand Response ("DR") programs. As MCE noted in its opening comments, efficient implementation of the Competitive Neutrality Principle will effectively reduce competitive barriers Community Choice Aggregation ("CCA") providers face in providing their own DR programs. The scope of discussion should therefore be limited to mechanisms that will equitably allocate costs so that competition between Investor-Owned Utilities ("IOUs") and CCA and Direct Access ("DA") providers remains neutral. The scope of discussion should not be expanded to include the various unrelated, jurisdictional issues advanced by the IOUs in their proposal on Competitive Neutrality Principles, filed on February 17, 2017 ("Joint Utilities Proposal").[1]

MCE generally supports the Joint DR Parties' comments, which conclude that the Joint Utilities Proposal lacks clarity on implementing parts of its proposed framework.[2] MCE disagrees with the Office of Ratepayer Advocates' ("ORA") comments that supported the portions of the Joint Utilities Proposal that would purportedly impose additional mandates on CCA DR programs. MCE looks forward to participating in the upcoming workshop to address these issues and to establish guidelines that appropriately implement the Competitive Neutrality Principle.

II. REPLY TO PARTIES' COMMENTS

A. Joint DR Parties Comments

MCE agrees with the Joint DR Parties' comments that the IOUs' proposed framework requires "further clarification and development."[3] In their comments, the Joint DR Parties raise questions for the implementation of Steps 2 through 4, including the application of certain IOU DR requirements to CCA DR programs. For example, in response to the IOUs' recommendation that some of the CCA or DA providers' DR programs must allow for non-exclusive and non-discriminatory participation by aggregators and third-party DR providers, the Joint DR Parties question whether that requirement is necessary.[4] The Joint DR Parties also question how such a requirement would be applied, for example, to a CCA provider with only one DR program that did not use a third-party provider.[5] The Joint DR Parties also indicate that the IOUs fail to provide an

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1 *See* MCE Opening Comments at 3-8.

2 The Joint DR Parties include Comverge, Inc., CPower, EnerNOC, Inc., and EnergyHub.

3 Joint DR Parties' Comments at 6.

4 See Joint DR Parties Comments at 4.

5 *See* Joint DR Parties' Comments at 4.

example of an IOU-offered program that would be similar to a CCA or DA provider program, and it is unclear how a CCA or DA providers' DR program would compare to an IOU's Capacity Bidding Program.[6] MCE agrees that the Joint Utilities Proposal requires additional review and clarification in order to determine whether any of the elements are substantiated or even necessary. As noted in its opening comments, MCE believes the Joint Utilities Proposal is overly complex and administratively burdensome and that a simplified process for implementing the requirements of the Competitive Neutrality Principle is more appropriate.

MCE also agrees with the Joint DR Parties that the proposal related to DR enabling technology incentive programs is out of scope. The Joint DR Parties believe this proposal conflicts with the Competitive Neutrality Principle since CCA programs that cannot offer technology incentives would be at a disadvantage.[7] Moreover, the Joint DR Parties note that, if a CCA provider uses enabling technology in its DR program but is not deemed similar, the IOU's program would be able to recover costs from CCA customers.[8] MCE agrees that the IOUs' proposal conflicts with the cost causation principles fundamental to competitive neutrality. MCE looks forward to working with the Joint DR Parties and the IOUs to determine a more appropriate methodology to satisfy the similarity standard.

The Joint DR Parties' comments also pose many questions of uncertainty with respect to various components of the Joint Utilities Proposal. Such questions undoubtedly flow in part from the needless complexity of the Joint Utilities Proposal and point to the infeasibility of implementing its various requirements. MCE believes that the Joint Utilities Proposal fundamentally conflicts with the Competitive Neutrality Principle and does not appropriately implement its requirements.

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6 *See* Joint DR Parties' Comments at 4.

7 *See* Joint DR Parties' Comments at 4.

8 *See* Joint DR Parties' Comments at 4.

B. ORA Comments

ORA provides general support of the Joint Utilities Proposal, including elements of the proposal that would extend IOU DR requirements to CCA and DA provider DR programs.[9] ORA also agrees with the IOUs that implementing the Competitive Neutrality Principle is a complex matter and involves major policy decisions.[10] However, as MCE discussed above and in its opening comments, many elements of the Joint Utilities Proposal are out of scope and non-compliant with the requirements of the Competitive Neutrality Principle and the Commission's previous DR decisions. As outlined in its opening comments, MCE believes that parties would be greatly benefitted by the issuance of a post-workshop ruling setting forth the schedule and scope of further activities to address and resolve outstanding matters related to the Competitive Neutrality Principle.[11]

ORA supports the assertion that certain DR-related activities, such as Electric Rule 24/32 and retail rates involved in an IOU DR program related to distribution services, should be recovered from all customers and therefore should not be subject to the Competitive Neutrality Principle.[12] MCE believes that additional review of the costs associated with implementing Rule 24/32 should be conducted and concluded before the Commission can determine that such a position is valid.

Lastly, ORA asserts that, because the State's Loading Order and Energy Action Plan uses IOU DR programs as a preferred means of meeting energy needs, any DR program offered by a CCA or DA provider must meet the same goals.[13] However, the Loading Order and the Energy Action Plan are requirements applicable only to IOUs and do not provide similar direction for CCA

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[9] *See* ORA Comments at 4.

[10] *See* ORA Comments at 5.

[11] *See* MCE Opening Comments at 10-11.

[12] *See* ORA Comments at 5.

[13] *See* ORA Comments at 5.

providers. Although CCA programs are already designed to meet many of the State's energy goals, and in fact reach beyond those goals, CCA procurement decisions are solely vested to their governing boards by statute.[14] Therefore, the Loading Order and the Energy Action Plan do not provide sufficient support for the Joint Utilities Proposal to impose IOU DR requirements on CCA and DA provider DR programs in violation of statute.

III. CONCLUSION

MCE thanks the Commission for the opportunity to provide reply comments on the Competitive Neutrality Principles, and MCE looks forward to working with other stakeholders and the Commission to finalize and implement the principles.

Dated: March 15, 2017

Respectfully submitted,

/s/ C.C. Song

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14 *See* California Public Utilities Code Section 366.2(a)(5).

CalCCA
California Community Choice Association

California Community Choice Association

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March 15, 2017

California Energy Commission
Docket Unit
Re: Docket No. 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Preliminary Scoping Questions for February 21 Workshop

California Community Choice Association ("CalCCA") hereby submits its responses to the Preliminary Scoping Questions for February 21 Workshop ("Scoping Questions"). CalCCA looks forward to working with the staff of the California Energy Commission ("CEC") to implement Assembly Bill ("AB") 1110 in a manner that increases consumers' understanding of Greenhouse Gas ("GHG") emissions associated with their electricity products.

I. Introduction

CalCCA represents the interests of California's Community Choice Aggregators ("CCAs") in the legislature and at jurisdictional regulatory agencies, including the CEC. Community choice programs are administered by local governments with a mission to provide competitive alternatives to Investor-Owned Utilities ("IOUs"). CalCCA's current members include Apple Valley Choice Energy, CleanPowerSF, Lancaster Choice Energy, MCE, Peninsula Clean Energy, Redwood Coast Energy Authority, Silicon Valley Clean Energy, and Sonoma Clean Power.

Many CCAs offer at least two electricity products: a default product that competes with the IOU's default electricity product on a rate-related basis while offering renewable energy content in excess of current procurement mandates, and a voluntary 100% renewable product with rates that reflect associated procurement costs for such power sources. As retail sellers, CCAs comply with applicable requirements of the CEC's Power Source Disclosure Program, distributing Power Content Labels ("PCLs") to help their customers understand the energy sources that are procured on their behalf. CalCCA's interest in this proceeding is to ensure that the implementation of AB 1110 results in increased customer awareness of the GHG emissions associated with electric energy use.

II. Responses to Annual Sales Questions

1) What should be the programmatic definition of "annual sales"?

CalCCA recommends remaining consistent with the existing RPS and Power Source Disclosure Program ("PSDP") process by defining "annual sales" as the sum of retail sales at customer meters, expressed in kilowatt-hours within a given reporting year.

2) What should be the programmatic definition of "electricity portfolio"?

Electricity portfolio should refer to the composite of specified and unspecified electric energy purchases that were procured for purposes of serving retail electricity loads of the reporting entity. In other words, the definition of "electricity portfolio" should remain consistent with existing PSDP regulations.

3) What should be the programmatic definition of "electricity offering?"

Electricity offering should refer to a retail service option that is available to customers of the reporting entity during the reporting year. Each electricity offering would have a unique electricity portfolio, as specified by the reporting entity in its PCL. Each electricity offering should have an independent greenhouse gas emissions factor that would be calculated and reported in the reporting entity's PCL.

III. Responses to Renewable Energy Credits Questions

1) Should retail suppliers be required to report the purchase of eligible renewable energy resources based on the year that the renewable electricity was generated or based on the year that the REC is retired, if the two years differ?

The purchase of eligible renewable energy resources should be reported based on the year the REC is retired. In implementing this process, the CEC should acknowledge that the retirement of a REC may occur after the conclusion of a reporting year. For instance, if an entity may retire a large volume of 2016 vintage RECs in early to mid-2017, such RECs may be retired to an account that was created for the 2016 reporting year. In this example, the year associated with the noted retirement account would be referenced when completing pertinent PSDP reporting activities. Such an approach would eliminate potential complications related to "portfolio" contract delivery structures that may allow supply flexibility when delivering renewable energy volumes over multi-year periods.

2) How should firmed and shaped electricity products be categorized for the power-mix percentage calculations? Specifically, should these products be categorized based on the fuel type of their REC or the fuel type of their substitute electricity?

Firmed and shaped products should be categorized based on the fuel type associated with the RECs that were purchased by the buyer of such products. Reporting based on the fuel type of substitute energy would lead to market failure, where the buyer of the REC receives no benefit, while a random recipient of the clean energy would receive a benefit she did not pay for.

3) How should greenhouse gas emissions intensities be calculated for firmed and shaped electricity products? Specifically, should the greenhouse gas emissions intensity for these products be calculated based on the emissions profile associated with the generation source of their REC or based on the emissions profile of their substitute electricity?

The GHG emissions intensities associated with firmed and shaped products should be calculated based on the emissions profile related to the purchased and retired RECs associated with such transactions. For example, CalCCA recommends that the emissions intensity of a Portfolio Content Category 2, or "PCC2," transaction, which results in the delivery of a certain quantity of unspecified electricity volumes as well as an equivalent quantity of RPS-eligible RECs, would be calculated in consideration of the generating characteristics associated with the noted REC volumes rather than unspecified electricity volumes.

4) Should unbundled RECs (PCC 3) be reflected in the power mix or disclosed separately on the Power Content Label? What factors should be considered in making this determination?

Unbundled RECs should be reflected in the PCL. ,PCC 3 volumes represent valuable renewable energy products which are also eligible for use under California's RPS program. Public Utilities Code Section 399.12(h) states that a REC "includes all renewable and environmental attributes associated with the procurement of electricity from an eligible renewable energy source." This definition would include the RECs' GHG-free attributes. Currently, unbundled RECs are reported within the fuel source that relates to the underlying renewable generating technology, and CalCCA endorses the continued use of this practice. Reporting RECs within the typically-used fuel source categories supports key purposes of the PCL, which is to disclose "accurate, reliable, and simple-to-understand information on the sources of energy" that are delivered to retail customers.

To promote disclosure of unbundled renewable energy transactions, CalCCA recommends the inclusion of a footnote within the PCL or other descriptive language provided in concert with the PCL, which would assist in customers' understanding of RECs and the portion of a portfolio covered by unbundled RECs. The recommended footnote reads as follows, "Renewable energy credits (RECs) are used to track ownership of clean energy generation from renewable resources such as wind, solar, small hydropower and biomass. Unbundled RECs are delivered separate from the electricity that was purchased on your behalf." The CEC could develop a standard for reporting the volume or percentage of unbundled RECs in CalCCA's recommended footnote.

5) How should null power be categorized for the power-mix percentage calculations? How should the greenhouse gas intensity of null power be calculated?

The emissions intensity associated with null power should be reported based on the system power emissions factor that has been established by CARB. This would promote simplicity and consistency during the reporting process.

IV. Responses to GHG Intensity Factor Data and Calculations

1) AB 1110 defines "greenhouse gas emissions intensity" as the "sum of all annual emissions of greenhouse gases associated with a generation source divided by the annual production of electricity from the generation source." Are there any reasons to consider calculating GHG emissions intensities using greenhouse gases other than those accounted for in both MRR and the EPA's Greenhouse Gas Reporting Program?

GHG emissions factors for qualifying renewable sources such as geothermal and biomass should be based on measured data for the facility as reported to CARB, unless such data are unavailable. Unspecified source energy should be reported as having the default emissions factor from CARB MRR.

2) What are the concerns, limitations, and benefits of relying on GHG emissions reported to the MRR program for the development of GHG emissions intensities for in-state and out-of-state facilities?

The CEC must consider, for example, aligning customer disclosure information with the Power Content Label. Where the CARB MRR can contribute, however, is in defining a standard default emissions factor for unspecified source energy and defining common default emissions factors for RPS-eligible sources, such as biomass and geothermal, when no direct measured emissions data are available.

3) Should GHG emissions classified as non-covered or exempt under the Cap and Trade Program be included in the PSD greenhouse gas intensity calculations?

No. If GHG emissions are classified as non-covered or exempt under Cap and Trade, it would be reasonable to exclude such emissions from PSD calculations to promote consistency amongst California's GHG reporting programs.

4) Should the PSD adopt ARB's default factor as the greenhouse gas intensity for unspecified power?

Yes. The Energy Commission should apply the ARB's default emissions factor for system/unspecified power in the PSD.

5) Energy procured through the Energy Imbalance Market (EIM) is reported under the MRR program as specified electricity. What greenhouse gas intensity factor should be assigned to electricity procured through the Energy Imbalance Market (EIM)?

The CARB MRR default unspecified emissions factor should be used.

March 16, 2017

CPUC Energy Division
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Re: Response of Marin Clean Energy and Sonoma Clean Power to Pacific Gas and Electric Company's ("PG&E") Supplemental Advice Letter 4979-E-B regarding Its Proposed Default Time-of-Use Pilot Design

Dear Energy Division:

On February 24, 2017, PG&E served its Advice Letter 4979-E-B, entitled *Supplemental: Pacific Gas and Electric Company's Proposed Default Time-of-Use Pilot Design, in Compliance with Decision 15-07-001* ("Advice Letter"). Marin Clean Energy ("MCE") and Sonoma Clean Power ("SCP") (collectively, the "CCA Parties") timely submit the following response.

The CCA Parties appreciate the opportunity to collaborate with PG&E on its Default Time-of-Use ("TOU") Pilot design to help navigate the foreseeable billing system and messaging challenges that will arise during the Pilot phase. PG&E and the Community Choice Aggregators ("CCAs") share the same goal of helping their customers seamlessly transition to full Default TOU rates as early as 2019.

The CCA Parties are generally supportive of the Advice Letter. PG&E proposes to set up a customized auxiliary website to leverage existing PG&E rate modeling functionality to support CCA customers during the Default TOU Pilot. Separately, PG&E states that it will evaluate a long-term solution to accommodate growing CCAs for the full Default TOU implementation.

The Commission should accept PG&E's proposal with some modifications below:

- If PG&E pursues more rate schedule comparisons for its bundled customers, those comparisons should also be developed for CCA customers.
- PG&E should provide more details on available long-term solutions to support CCA customers the full Default TOU implementation.
- The Commission should correct factual errors provided in the Advice Letter.

1. Comparable Rate Schedule Comparisons Should Be Provided to CCA Customers.

PG&E proposes to provide comparisons of CCAs' standard tiered rate plan (E-1) and their Default Pilot rate plan (E-TOU-C). The CCA Parties support this proposal, as long as these are the same rate comparisons available to PG&E's bundled customers. If PG&E decides to provide additional rate comparisons to its bundled customers during the Default TOU Pilot, comparisons of analogous rate schedules should also be made available to CCA customers.

PG&E is the default billing service provider for CCAs pursuant to Assembly Bill 117.[1] In particular, Public Utilities Code Section 366.2(c)(9) requires that PG&E "provide ***all*** metering, billing, collection, and customer services to retail customers that participate in [CCA] programs."[2] PG&E is also required to provide equal billing services to both bundled and unbundled customers. Therefore, if PG&E provides additional rate schedule comparisons to its bundled customers, the comparisons for similar rate schedules should also be offered to CCA customers on those rate schedules.

2. PG&E Should Provide More Details on Potential Long Term Solutions for CCA Rate Comparisons.

The CCA Parties look forward to working with PG&E to develop integrated and comprehensive solutions to allow CCA customers to utilize rate comparison tools for the full TOU default in 2019. To ensure that long term solutions are properly planned and evaluated, the Commission should direct PG&E to provide more details in its future filings for the full Default TOU. The Commission should also provide guidance that costs associated with these rate comparison tools would be recorded in the Residential Rate Reform Memorandum Account ("RRRMA").

Because PG&E plans to primarily rely on its rate comparison tools to help raise awareness of the shift from the standard tiered rate schedule to the TOU schedule, it is crucial these tools are available for CCA customers. PG&E is the only entity with all the necessary data and infrastructure to conduct the generation modeling and calculations that will inform the TOU tariff cost comparisons. PG&E's vendor, GridX, is set up to provide these calculations, including modeling CCA rate tariffs. In contrast, the CCA Parties do not have the data, expertise, or infrastructure to conduct such generation rate modeling. The CCA Parties would have to spend an exorbitant amount of time and money to develop such an infrastructure, which would be a duplicative use of resources as well as contrary to statute given PG&E's role as billing agent for bundled and unbundled customers.

Accordingly, PG&E should provide details on its development of rate comparison tools for CCA customers in its future filings for the full Default TOU in 2019, and recover associated costs through the RRRMA.

3. PG&E Provides Several Inaccurate Arguments that Require Factual Corrections.

PG&E advances several inaccurate and misleading arguments for why it would be too complicated for it to perform generation rate modeling for CCA customers during the Default TOU Pilot. Specifically, PG&E argues that it would be too complicated for it to conduct a TOU rate comparison for CCAs during the Pilot phase because doing so would require it to create an individually tailored model for each CCA that uses each CCA's "current, unique generation rate, TOU period, and other billing characteristics."[3]

[1] Assembly Bill 117 (Stats. 2002, ch. 838 (Migden).
[2] Pub. Util. Code § 366.2(c)(9).
[3] AL 4979-E-B, at 4.

PG&E's claim is inaccurate for three reasons. *First*, CCAs will not establish their own unique TOU periods, but will instead likely adopt the same TOU periods as PG&E. While CCAs are not required to implement TOU tariffs, MCE and SCP have committed to do so to minimize customer confusion and enable more accurate cost comparisons between CCA's and PG&E's rates. These objectives are most readily achieved if the CCAs adopt the same TOU periods as PG&E. *Second*, there are no "other billing characteristics" unique to each CCA that PG&E would need to consider and factor into a rate modeling TOU comparison tool. *Third*, the rate modeling process for CCAs should be virtually the same as the process PG&E will use for bundled customers. The only unique modeling component PG&E will need to consider is each CCA's generation rate, which is information PG&E already considers in calculating joint rate comparisons completed at every rate change pursuant to Rule 3 of the CCA Code of Conduct. The CCA Parties welcome the opportunity to work with PG&E to alleviate its concerns related to the alleged complexity of rate modeling for CCAs.

PG&E also contends that "[t]o ensure accuracy, such a comprehensive rate comparison tool would then also need to validate for each customer, in each CCA, that the modeled results match the billing result for that customer."[4] This alleged requirement is entirely of PG&E's own making – the CCA Parties are not requesting that PG&E establish such a validation process to check PG&E's modeling calculations for its TOU rate comparisons. In contrast, requiring CCAs to conduct rate modeling would necessitate that PG&E – as the CCAs' billing provider – verify the accuracy of the calculations used for each comparison. Thus, it would be much more efficient for PG&E to conduct generation rate modeling for all CCAs than for individual CCAs to perform such activities and provide the results to PG&E for verification.

Finally, PG&E asserts that since "each CCA calculates its own individual customer's monthly bills … the validation process for a comprehensive rate comparison solution would require new processes to be created to support close, ongoing coordination with each CCA."[5] As discussed above, PG&E's assumption that a validation process must be established is unfounded because CCAs have not requested the creation of such a verification process. Even assuming, for argument's sake, that such a validation process would need to be created, tasking CCAs with the rate modeling responsibility that PG&E is statutorily required to perform would necessitate the creation of many additional processes beyond a verification process. For example, MCE and SCP would need to establish numerous processes to receive and utilize customer usage and other data from PG&E, and would then need to return such modeling results to PG&E for its verification. It is much more efficient and cost-effective for PG&E to perform the generation rate modeling that will inform TOU rate tariff cost comparisons on behalf of the CCAs.

[4] *Id*.
[5] *Id*.

4. Conclusion

The CCA Parties appreciate the Commission and Energy Division's consideration of the CCA Parties' response to PG&E's Advice Letter 4979-E-B.

Respectfully Submitted,

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Regulatory Analyst
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/s/ Erica Torgerson
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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements And Rates Associated with its 2015 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast (U 39E)	A.14-05-024 (Filed May 30, 2014)

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S (U 338-E) NOTICE OF EX PARTE COMMUNICATION

In accordance with Rule 8.4 of the Commission's Rules of Practice and Procedure, the California Community Choice Association (CalCCA), Marin Clean Energy (MCE), the City and County of San Francisco (San Francisco), Silicon Valley Clean Energy (SVCE) and Peninsula Clean Energy (PCE) (collectively "the CCAs") respectfully file this notice of *ex parte* communication. The communication was initiated by CalCCA and occurred on Wednesday, March 15, 2017, at the San Francisco offices of the California Public Utilities Commission (Commission). The CCAs attended three in-person meetings as follows:

10 AM: John Reynolds, Jennifer Kalafut, Ehret Seybert (Advisors to Commissioner Peterman) met with Dawn Weisz, CC Song (MCE), Tom Habashi (SVCE), Michael Hyams and Jeanne Solé (San Francisco). The meeting lasted approximately 30 minutes.

11 AM: Leuwam Tesfai, Jason Houck (Advisors to Commissioner Randolph), Rachel Peterson (Chief of Staff for Commissioner Randolph met with Dawn Weisz, CC Song (MCE), Tom Habashi (SVCE), David Burruto (PCE), Michael Hyams and Jeanne Solé (San Francisco). The meeting lasted approximately 30 minutes.

2 PM: Nick Chaset (Advisor to President Picker) met with Dawn Weisz, CC Song (MCE), Tom Habashi (SVCE), David Burruto (PCE), Michael Hyams and Jeanne Solé (San Francisco). The meeting lasted approximately 60 minutes.

The CCAs also distributed written materials during the meeting which can be found in Attachment A of this Notice.

CCA participants represented CalCCA as well as their own organizations. The CCAs explained that CalCCA represents California Community Choice Aggregatros (CCAs) including eight operational members and seven affiliate members. The CCAs explained that CCAs have objectives that are consistent with and support the Commission's objectives. The CCAs noted that the Power Charge Indifference Adjustment (PCIA) Working Group directed by the Commission in Decision 16-09-044 provided a forum for good discussion but has not resulted in a consensus proposal to date. The CCAs explained that they do not support the Investor Owned Utilities (IOUs) Portfolio Allocation Mechanism (PAM); that they encourage the Commission to immediately put into place reforms to the PCIA, and that the Commission should open a proceeding to consider alternative options for achieving both bundled and unbundled ratepayer indifference.

The CCAs presented principles for non-bypassable charges (NBCs) and stressed that in addition to providing for indifference, NBCs should provide incentives to the IOUs to prudently manage their portfolio of resources such that both bundled and unbundled customers will benefit. NBCs should not adversely affect CCAs that enter into long-term contracts. The CCAs stressed the importance of rate predictability and stability and noted the difficulty of undertaking their business and in particular long-term contracts in a context where a sizable component of the rates (PCIA) is both unpredictable and volatile. The CCAs noted that they also have concerns about the Cost Allocation Mechanism (CAM), which also adversely affects CCAs that enter into long-term contracts. The CCAs also stressed the need for more transparency and the importance of having NBCs accurately reflect and convey all short and long-term value streams.

The CCAs explained that the IOU PAM proposal improperly values long term contracts in the hands of the IOUs at spot market prices and assigns contract costs to CCAs without the ability for CCAs to minimize related costs and risks, for example by exercising contract options. The CCAs noted that the IOUs' proposal would allocate benefits in a manner that results in a significant loss in value for all consumers. This is because Renewable Portfolio Standard (RPS) resources that would be valuable category 1 resources in the hands of the IOUs are allocated as less valuable category 3 resources to the CCAs and long-term predictable contracts in the hands of the IOUs are allocated to CCAs as unpredictable piecemeal resources.

The CCAs sets forth options for indifference including IOU recovery of unavoidable above market costs over time from CCA ratepayers; IOU allocation or sales to CCAs of a slice of portfolio or specific contracts in a manner that preserves their value and allows CCAs to effectively use and sell components; and alternatives for CCAs to pay for the net present value of above market costs upfront.

At the meeting with Mr. Chaset, the CCAs in addition discussed the current and future benefits of CCAs. These benefits include more aggressive movement towards innovative green resource portfolios without stranded cost guarantees from consumers, reduced risks from having more diverse players in the market, and the ability of local communities to offer additional energy supply choices.

Dated: March 17, 2017

Respectfully submitted,

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap	)))))))	Rulemaking 15-03-011 (Filed March 26, 2015)

REPLY COMMENTS OF THE CITY OF LANCASTER, MARIN CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AUTHORITY AND SONOMA CLEAN POWER ON THE PROPOSED DECISION

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March 21, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to consider policy and implementation refinements to the Energy Storage Procurement Framework and Design Program (D.13-10-040, D.14-10-045) and related Action Plan of the California Energy Storage Roadmap	)))))))	Rulemaking 15-03-011 (Filed March 26, 2015)

REPLY COMMENTS OF THE CITY OF LANCASTER, MARIN CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AUTHORITY AND SONOMA CLEAN POWER ON THE PROPOSED DECISION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California ("Commission"), the City of Lancaster ("Lancaster"), Marin Clean Energy ("MCE"), Silicon Valley Clean Energy ("SCVE") and Sonoma Clean Power Authority ("SCPA") (collectively, "CCA Parties") hereby submit reply comments on the *Proposed Decision of Commissioner Peterman on Track 2 Energy Storage Issues* ("PD"). SCPA and SCVE filed motions for party status on March 16, 2017, and were granted party status on March 17, 2017.

I. REQUESTS BY PG&E AND SDG&E TO REMOVE THE AUTOMATIC LIMITER SHOULD BE DENIED

The PD adopts an "automatic limiter" that reduces a Community Choice Aggregator's ("CCA") or Electric Service Provider's ("ESP") direct Energy Storage ("ES") procurement obligation (currently set at 1% of the CCA's or ESP's 2020 peak load) as needed to prevent the CCA/ESP from having a total ES procurement obligation that exceeds the ES procurement obligation of its distribution Investor Owned Utility ("IOU").[1] A CCA/ESP's total ES procurement obligation includes both its direct ES procurement obligation and the ES procurement it pays for through Non-Bypassable Charges ("NBC").[2]

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1 *See* PD at 65 (Ordering Paragraph 6).

2 *See* PD at 22.

In opening comments, both Pacific Gas & Electric Company ("PG&E") and San Diego Gas & Electric Company ("SDG&E") request that the Commission eliminate the automatic limiter and instead urge the Commission to reconsider the ES obligations for IOUs, CCAs, and ESPs in a later phase of this proceeding.[3] This request should be denied.

Both PG&E and SDG&E argue that that the automatic limiter should be eliminated because it "does not address the fundamental problem that the utility and CCA/ESP storage obligations created by the Commission are disparate... and need to be revised."[4] PG&E offers three additional arguments in support of this claim: 1) that "there is no basis for requiring PG&E's bundled load customers to procure energy storage resources that are equivalent to 4.8% or 6.2% of PG&E's bundled peak load" while requiring CCA/ESP customers to procure 1%; 2) that "it is not clear" that NBCs paid by CCA and ESP customers "are sufficient to address the substantial difference in obligations"; and 3) that the current targets create "inequities" because "existing CCAs are not subject to non-bypassable charges for energy storage procured after their customers departed from bundled service, [therefore an] existing CCA will have a lower level of cost allocation... than a CCA that is created in future years."[5] These arguments are entirely unsupported by the relevant law, applicable facts, and record for this proceeding.

The "fundamental problem" raised by PG&E and SDG&E simply does not exist. It is true that the IOU ES direct procurement obligation is slightly higher than the CCA/ESP 1% *direct* ES procurement obligation. However, Public Utilities Code Section 366.2(g) entitles CCAs to full credit for their *indirect* ES procurement – *i.e.*, ES procurement paid for through NBCs. PG&E's and SDG&E's claimed "fundamental problem" mischaracterizes the issue as it compares only IOU and CCA/ESP *direct* ES procurement, and ignores the ES procurement that CCA and ESP customers pay for – and are entitled to ES credit for – through NBCs.

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3 *See* PG&E Opening Comments at 5-7; SDG&E Opening Comments at 3.

4 *See* PG&E Opening Comments at 5-6; SDG&E Opening Comments at 3.

5 *See* PG&E Opening Comments at 5-7.

PG&E's argument that "there is no basis" for the different IOU and CCA/ESP ES direct procurement obligations is directly contradicted by the Commission Decision adopting the ES targets, D.13-10-040, which states:

> We agree that ESPs and CCAs should be required to purchase energy storage projects commensurate with their load share. However... we will make a simpler requirement for ESPs and CCAs for this program. We set the procurement target for ESPs and CCAs to procure energy storage commensurate with 1% of their 2020 annual peak load... We acknowledge that the target we set for CCAs and ESPs is slightly lower than the percentage target we have adopted for the IOUs. However, we believe that a lower percentage target is warranted since all customers, including those of ESPs and CCAs, will be required to pay certain non-bypassable charges that may be used by the IOUs to develop energy storage systems.[6]

PG&E's claim that it is "unclear" whether NBCs will be sufficient to address the difference between CCA/ESP and IOU ES obligations is similarly flawed. D.13-10-014 already requires that CCAs and ESPs achieve total ES procurement on par with the IOU's ES procurement targets. The IOUs have the ability to request NBC recovery for their ES procurement, and as Table 3 of the PD demonstrates, the utilities have not hesitated to do so.[7] The record clearly establishes that the real danger is that CCAs and ESPs will be subject to total ES obligations that exceed the IOU's ES obligations, not the opposite. As the PD notes, DA customers in Southern California Edison Company's ("SCE") territory are *already* subject to higher total ES obligations than SCE.[8]

PG&E's claim of "inequities" between existing and future CCAs under the current rules is as confusing as it is irrelevant. PG&E's claim appears to be based on the applicability of so-called vintages under one of the current NBCs – the Power Charge Indifference Adjustment ("PCIA"). As Table 3 of the PD recognizes, however, ES NBCs have been imposed primarily through the Cost Allocation Mechanism and distribution rates, which apply to all CCA customers, regardless of the formation date of

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6 D.13-10-040 at 46.

7 *See* PD at 23 (Table 3).

8 *See* PD at 25.

their respective CCA, not through the PCIA. In addition to not supporting its claim, PG&E has also failed to show the relevance of its claim. As such, the Commission should disregard PG&E's claim of so-called "inequities."

II. AB 2868 IMPLEMENTATION

In arguing against the automatic limiter, PG&E compares the CCA/ESP 1% direct ES procurement obligation to both PG&E's existing ES obligation (4.8% of peak load) and its ES obligation with additional Assembly Bill ("AB") 2868 ES procurement (6.2%).[9] This comparison makes the mistake of treating the current ES requirement, as authorized by AB 2514 and implemented in D.13-10-040, and the new ES requirement, up to 500 MW procurement authorization from AB 2868, as equivalent. This is simply not the case. As PG&E itself admits, AB 2514 created an ES procurement mandate, while AB 2868 gives utilities the *option* to procure up to 500 MW of additional ES resources.[10] More importantly, while AB 2514 is silent on the topic, AB 2868 imposes strict restrictions on cost allocation through NBCs, limiting cost recovery to ES investments that are "consistent with the requirements of this section and do not unreasonably limit or impair the ability of nonutility enterprise to market and deploy energy storage systems."[11] Because AB 2868 and AB 2514 are separate ES provisions that impose very different requirements/authorizations and handle cost allocation very differently, it is inappropriate to compare ESP/CCA ES targets under AB 2514 to IOU targets under both AB 2868 and AB 2514.

PG&E requests that cost allocation be considered in the AB 2868 implementation workshop. This request should be rejected. The request is clearly contrary to the Commission's stated reason for not considering the proposal by Alliance for Retail Energy Market ("AReM") and Direct Access

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9 *See* PG&E Opening Comments at 6.

10 *See* PG&E Opening Comments at 1-2.

11 *See* Pub. Util. Code § 2838.2(c)(1).

Customer Coalition ("DACC") to cap ES NBCs, namely, that cost allocation issues are outside the scope of this proceeding.[12] In addition, PG&E's request incorrectly characterizes Commission approval of NBCs for AB 2868 procurement as mandatory, and ignores AB 2868's strict limitations on cost recovery.

IV. CONCLUSION

The CCA Parties thank the Commission for its consideration of these reply comments on the PD.

Dated: March 21, 2017

Respectfully submitted,

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[12] *See* PD at 22.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON STAFF PROPOSAL RECOMMENDING A SOCIETAL COST TEST

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March 23, 2017

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON STAFF PROPOSAL RECOMMENDING A SOCIETAL COST TEST

I. INTRODUCTION

MCE appreciates the opportunity to submit comments on the *Administrative Law Judge's Ruling Taking Comment on Staff Proposal Recommending a Societal Cost Test* ("Ruling"). MCE was the first operational Community Choice Aggregator ("CCA") within California and currently provides generation services to approximately 250,000 customer accounts throughout Marin County, Napa County, and Cities of Richmond, San Pablo, Benicia, El Cerrito, Lafayette, and Walnut Creek. MCE's customers receive generation services from MCE, and receive transmission, distribution, billing and other services from Pacific Gas and Electric Company. MCE is also the only CCA currently serving as an Energy Efficiency ("EE") Program Administrator ("PA") approved by the Commission to implement EE programs supported with ratepayer funds.

MCE has actively participated in the Integrated Distributed Energy Resources ("IDER") proceeding and provided comments that are supportive of prioritizing the development of a Societal Cost Test ("SCT"). MCE supports the Staff's recommendation that the Commission should adopt a consistent SCT to appropriately value the economic and environmental impacts of Commission-approved energy programs.

II. MCE SUPPORTS COMBINING THE SCT WITH THE PROGRAM ADMINISTRATOR COST TO ACHIEVE THE STATE'S ENVIRONMENTAL AND RATEPAYER PROTECTION POLICY GOALS

MCE supports adopting a simple SCT that uses the Social Cost of Carbon ("SCC"), and measures ratepayer-funded programs based on their effectiveness in reducing climate change's damage to society. To ensure that ratepayer funds are prudently spent, MCE proposes that the SCT can be combined with the Program Administrator Cost ("PAC"). The blending of SCT and PAC will provide Commission with the ability to determine whether proposed programs will achieve the State's environmental goals and produce energy savings at reasonable costs to ratepayers.

MCE generally supports the staff's proposal to apply the SCT consistently across various ratepayer-funded programs, but recommends that the SCT be greatly simplified from the staff proposal. The Energy Division Staff recommends adopting a SCT that includes a Greenhouse Gas ("GHG") adder, air quality value, and a social discount rate.[1] The Staff further recommends that the SCT could be used alongside the Total Resource Cost ("TRC") or the PAC to determine "funding levels, conduct program evaluation, or use in any other aspect of the Commission's evaluation" of Distributed Energy Resources ("DERs").[2] However, instead of using the proposed components, MCE recommends a simple SCT that measures the effectiveness of programs based on their ability to reduce carbon emissions. This approach would simplify PAs' administrative burden while aligning these programs with California's environmental policy goals.

To reflect a program's true value to the society, MCE recommends the adopting SCC or Damage Cost Approach in the Staff Proposal.[3] The SCT should include a meaningful value for SCC, taking into consideration the costs of climate change mitigation that may be incurred if

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[1] Staff Proposal at page 1.
[2] Staff Proposal at page 1.
[3] Staff proposal at page 18.

California does not achieve its carbon goals.[4] Other non-energy societal benefits may also be included, but should be limited to those that are already incorporated into existing cost-effectiveness methodologies. By incorporating these elements in the SCT, the test will become a clear indicator that helps PAs and the Commission determine whether a program will meet the state's environmental policy goals. As recommended by the Staff, the Commission can adopt approved Air Resources Board ("ARB") methods to determine the value of SCC or damage cost.[5]

To ensure that ratepayer funds are prudently spent on programs, MCE recommends the Commission to adopt the PAC, rather than the Total Resource Cost ("TRC"). This change is intended to provide insight into whether a program's costs are less than the conventional generation resources the PA would have to procure to meet customer demand. MCE acknowledges that the Commission has traditionally employed the TRC test to determine some programs' cost-effectiveness, most notably the EE programs. Though the TRC may have been appropriate when avoided cost of generation was the primary consideration, it serves as a disincentive to more comprehensive investments by factoring in the cost to a program participant. However, these more comprehensive projects are necessary if the state is to achieve its targets for carbon mitigation.[6] [7] The PAC, unlike the TRC, does not consider the out-of-pocket expenses consumers have to make to adopt a DER. If the Commission's goal for adopting a test is to determine the reasonableness of

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[4] Health and Safety Code Section 38506 defines social cost of carbon as "an estimate of economic damages, including, but not limited to, changes in net agricultural productivity; impacts to public health; climate adaptation impacts, such as property damages from increase flood risks; and changes in energy system costs, per metric ton of greenhouse gas emission per year."

[5] Staff Proposal at pages 18-19.

[6] Programs like Energy Efficiency and Demand Response are central to carbon mitigation, and have been recommended by both the CPUC and the California Energy Commission ("CEC"). See AB 32 Scoping Plan at page 7.

[7] SB 350 seeks to double Energy Efficiency savings by 2030.

the use of ratepayer funds, the PAC is a more appropriate test because it is calculated solely based on ratepayer funds utilized by programs. As long as the program has a PAC threshold greater than 1.0, and has a high SCT threshold, the program should be approved by the Commission.

III. CONCLUSION

MCE thanks the Energy Division Staff for the Staff Proposal, and thanks Administrative Law Judge Hymes for the opportunity to provide these comments on the Workshop.

Respectfully submitted,

/s/ C.C. Song

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March 23, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060.	))))	Rulemaking 02-01-011 (Filed January 9, 2002)

JOINT UTILITIES' AND COMMUNITY CHOICE AGGREGATORS' JOINT PETITION FOR MODIFICATION OF D.06-07-030

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Dated: **April 5, 2017**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060.	))))	Rulemaking 02-01-011 (Filed January 9, 2002)

JOINT UTILITIES' AND COMMUNITY CHOICE AGGREGATORS' JOINT PETITION FOR MODIFICATION OF D.06-07-030

Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) (collectively, the Joint Utilities); and the Sonoma Clean Power Authority (SCP), Peninsula Clean Energy (PCE), Silicon Valley Clean Energy (SVCE), and Marin Clean Energy (MCE) (collectively, the joint Community Choice Aggregators or CCAs), jointly submit this Petition for Modification of Decision (D.) 06-07-030.

I.
BACKGROUND

D.06-07-030 established the Power Charge Indifference Adjustment (PCIA) for departing load customers, and determined various then-outstanding issues relating to ensuring customer "indifference." Over the ensuing decade, more and more entities providing retail generation service as "Community Choice Aggregators" (CCAs) under AB 117 have become operational, and CCAs will continue to grow rapidly in California. The PCIA has become controversial due (among other reasons) to its volatility, and because under current confidentiality rules-limitations CCA employees can only review inputs into the calculation underlying the charge that do not include market sensitive information, as defined in

California Public Utilities Code section 454.5(g) and subsequent Commission decisions implementing that statute, under the Commission's approved confidentiality procedures.[1]

In D.16-09-044, the Commission ordered SCE and SCP to lead a Working Group to discuss issues surrounding the PCIA, with a focus on attempting to find consensus measures to improve transparency (which includes access to data), and certainty. The Commission directed the parties "to present their recommendations to the commission either as petitions to modify existing decisions or a petition for a rulemaking proceeding within six months of this Decision."[2] The Joint Utilities, CCAs, certain Electric Service Providers (ESPs) and other representatives of Direct Access interests, as well as consumer, labor, and environmental groups participated in the PCIA Working Group, which included five in-person meetings in San Francisco, Oakland, San Rafael, and Rosemead. Through this Working Group process, the parties jointly determined that transparency surrounding the PCIA could be improved if the Joint Utilities utilized a common set of "workpapers" for the calculations underlying the PCIA in the Joint Utilities' respective annual Energy Resource Recovery Account (ERRA) Forecast proceedings. Specifically, over the course of several sessions the Joint Utilities listened to the other parties' requests for particular data points formatted in a particular way. The parties then collaboratively developed a standardized, user-friendly workpaper template that will more easily facilitate intervening parties' comparisons and analysis of PCIA calculations across utilities. The parties also "field-tested" the new uniform workpaper template at an in-person Working Group session, and agree that it will facilitate comparability of publicly-available data in respective PCIA calculations. Accordingly, the parties are submitting this limited[3] Petition for Modification to add the requirement that the Joint Utilities utilize

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1 The parties respectfully submit that this Petition meets the requirements of Rule 16.4(d) because it could not reasonably have been filed within a year of the original final decision. The first CCA only came into operation in 2010, substantially more than one year after the final decision was issued, and CCAs have only recently begun to serve material amounts of load. In addition, this submission complies with the Commission's direction in D.16-09-044 to file such a petition within six months of October 5, 2016. *See* D.16-09-044 at Conclusion of Law 8.

2 D.16-09-044 at p. 20.

3 Both the Joint Utilities and the CCAs reserve all of their respective rights to advocate for changes and/or a replacement to the PCIA in different forums. To comply with D.16-09-044, the parties are filing this limited petition to improve the PCIA.

the consensus common workpapers template. An example of that template (with illustrative rates) is attached hereto as Exhibit A.

II.

SPECIFIC PROPOSED LANGUAGE CHANGES TO D.06-07-030

In order to implement the proposed common workpapers requirement, the parties respectfully request that the Commission make the following changes to D.06-07-030:

Findings of Fact

28. The parties' proposal to replace the DWR power charge with a PCIA is a reasonable way to preserve the indifference concept. In order to improve the transparency of the calculation underlying the PCIA, the IOUs are directed to use a common PCIA calculation workpaper template in their respective ERRA Forecast proceedings. An example of that template is attached hereto as Appendix 7.

Conclusions of Law

10. On a prospective basis, the PCIA should be updated by each IOU through its annual ERRA filing process. The IOUs shall use the common workpaper template in their respective ERRA Forecast proceedings to demonstrate the calculations underlying the PCIA.

Respectfully submitted,

/s/ Russell A. Archer

By: Russell A. Archer (on behalf of the Joint Utilities and CCAs pursuant to Rule 1.8(d))

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April 5, 2017

Exhibit A

IOU Total Portfolio Summary

[YEAR] ERRA Forecast - [MONTH] filing

		Pre-2002 CTC-Eligible	Legacy UOG	2003	2004	2005	2006	2007	2008	2009	Vintage 2010	2011	2012	2013	2014	2015	2016	2017
1.	**Cost of Portfolio**																	
2.	CRS Eligible Portfolio Costs ($000)	419,158	880,048	-	-	54,708	85,294	72,011	203,301	562,180	284,106	324,573	64,703	291,018	165,483	177,175	970	
3.	**CRS Eligible Cumulative Portfolio Costs**	**419,158**	**1,299,207**	**1,299,207**	**1,299,207**	**1,353,915**	**1,439,209**	**1,511,220**	**1,714,520**	**2,276,700**	**2,560,806**	**2,885,379**	**2,950,081**	**3,241,100**	**3,406,582**	**3,583,757**	**3,584,727**	**3,584,727**
4.	**CRS Eligible Supply**																	
5.	CRS Eligible Supply at Meter (GWh)	6,098	8,408	-	-	501	1,157	1,314	2,179	4,000	2,738	3,157	724	1,744	1,867	2,619	20	-
6.	**CRS Eligible Cumulative GWh at Meter**	**6,098**	**14,507**	**14,507**	**14,507**	**15,008**	**16,165**	**17,478**	**19,658**	**23,658**	**26,396**	**29,553**	**30,276**	**32,020**	**33,888**	**36,507**	**36,527**	**36,527**
7.	**CRS Eligible Net Qualifying Capacity**																	
8.	CRS Eligible Net Qualifying Capacity (MW)	1,056	1,639	-	-	25	59	-	10	376	252	436	18	3,391	2,156	1,408	27	-
9.	**CRS Eligible Cumulative Net Qualifying Capacity**	**1,056**	**2,695**	**2,695**	**2,695**	**2,720**	**2,779**	**2,779**	**2,790**	**3,165**	**3,417**	**3,853**	**3,870**	**7,261**	**9,417**	**10,825**	**10,852**	**10,852**

Indifference Calculation Inputs and Sources

[YEAR] ERRA Forecast - [MONTH] filing

Line No.	Description	Source of Data	Value
1.	On Peak SP 15 Price ($/MWh)	Platt's on (Date)	
2.	Off Peak SP 15 Price ($/MWh)	Platt's on (Date)	
3.	On Peak Load Weight (%)	2015 Recorded Load - On Peak Hours	62%
4.	Off Peak Load Weight (%)	2015 Recorded Load - Off Peak Hours	38%
5.	Load Weighted Average Price ($/MWh)	Line 1 x Line 3 + Line 2 x Line 4	$33.73
6.	IOU Green Benchmark ($/MWh)	Energy Division Data (See Below)	$73.92
7.	IOU RPS Premium ($/MWh)	Line 6 - Line 5	$40.19
8.	DOE Renewable Adder ($/MWh)	Department of Energy Website -- Advice 3484-E	$16.64
9.	Weighted Average Renewable Premium ($/MWh)	68% x Line 7 + 32% x Line 8	$32.65
10.	Weighted Average Renewable Benchmark ($/MWh)	Line 9 + Line 5	$66.38
11.	Capacity Benchmark ($/kW-Year)	2015 CEC Report -- Advice 3484-E	$58.26
12.	Line Loss Adjustment Factor	Resolution E-4475	1.053
IOU Green Benchmark -- As Calculated by Energy Division			
13.	Total IOU Renewable Resource Cost ($000)	2017 ERRA Forecast - ED Info Received 10/31/16	$536,211
14.	Total IOU Renewable Resource Capacity (MW)	2017 ERRA Forecast - ED Info Received 10/31/16	823
15.	Total IOU Renewable Resource Capacity Value ($000)	Line 14 x $58.26	$47,966
16.	Revised IOU Renewable Resource Cost	Line 13 - Line 15	$488,245
17.	Total IOU Renewable Energy (MWh)	2017 ERRA Forecast - ED Info Received 10/31/16	6,605,179
18.	IOU Green Benchmark ($/MWh)	Line 16 x 1000 / Line 17	$73.92

Indifference Amount Calculation

[YEAR] ERRA Forecast - [MONTH] Filing

Line No.	Description	Equation	Unit	CTC	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Cost of Portfolio																			
1.	Total Portfolio Cost	Portfolio Summary Line 2	$000	419,158	1,299,207	1,299,207	1,299,207	1,353,915	1,439,209	1,511,220	1,714,520	2,276,700	2,560,806	2,885,379	2,950,081	3,241,100	3,406,582	3,583,757	3,584,727	3,584,727
2.	Supply At Customer Meter	Portfolio Summary Line 6	GWh	6,098	14,507	14,507	14,507	15,008	16,165	17,478	19,658	23,658	26,396	29,553	30,276	32,020	33,888	36,507	36,527	36,527
3.	Renewable Supply at Customer Meter		GWh	4,304	4,304	4,304	4,304	4,806	5,963	7,276	9,455	13,569	16,194	19,350	20,074	20,728	22,595	25,214	25,234	25,234
4.	Average Monthly Net Qualifying Capacity	Portfolio Summary Line 9	MW	1,056	2,695	2,695	2,695	2,720	2,779	2,779	2,790	3,165	3,417	3,853	3,870	7,261	9,417	10,825	10,852	10,852
5.	**Portfolio Unit Cost**	**Line 1 / Line 2**	**$/MWh**	**$68.73**	**$ 89.56**	**$89.56**	**$89.56**	**$90.21**	**$89.03**	**$86.46**	**$87.22**	**$96.23**	**$97.01**	**$97.63**	**$97.44**	**$101.22**	**$100.53**	**$98.17**	**$98.14**	**$98.14**
6.	**Market Value of Portfolio**																			
7.	**Market Value of Brown Portfolio**																			
8.	Non-Renewable Energy	Line 5 - Line 6	GWh	1,794	10,202	10,202	10,202	10,202	10,202	10,202	10,202	10,089	10,202	10,202	10,202	11,293	11,293	11,293	11,293	11,293
9.	Platt's Weighted Price (Brown Benchmark)	Input Line 5	$/MWh	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73	$ 33.73
10.	**Market Value of Brown Portfolio**	**Line 8 x Line 9**	**$000**	**$ 60,521**	**$ 344,138**	**$ 344,138**	**$ 344,138**	**$ 344,138**	**$ 344,138**	**$ 344,138**	**$ 344,137**	**$ 340,307**	**$ 344,140**	**$ 344,140**	**$ 344,140**	**$ 380,918**	**$ 380,918**	**$ 380,918**	**$ 380,918**	**$ 380,918**
11.	**Market Value of Green Portfolio**																			
12.	Renewable Energy	Line 6	GWh	4,304	4,304	4,304	4,304	4,806	5,963	7,276	9,455	13,569	16,194	19,350	20,074	20,728	22,595	25,214	25,234	25,234
13.	Weighted Average Green Benchmark	Input Line 10	$/MWh	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38	$ 66.38
14.	**Market Value of Green Portfolio**	**Line 12 x Line 13**	**$000**	**$ 285,733**	**$ 285,733**	**$ 285,733**	**$ 285,733**	**$ 319,016**	**$ 395,811**	**$ 483,008**	**$ 627,680**	**$ 900,774**	**$ 1,075,005**	**$ 1,284,549**	**$ 1,332,587**	**$ 1,375,976**	**$ 1,499,924**	**$ 1,673,795**	**$ 1,675,123**	**$ 1,675,123**
15.	**Capacity Adder**																			
16.	Average Monthly NQC	Line 7	MW	1,056	2,695	2,695	2,695	2,720	2,779	2,779	2,790	3,165	3,417	3,853	3,870	7,261	9,417	10,825	10,852	10,852
17.	Capacity Value per Resolution E-4475	Input Line 11	$/kW-Year	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26	$ 58.26
18.	**Market Value of Capacity**	**Line 16 x Line 17**	**$000**	**$ 61,534**	**$ 157,030**	**$ 157,030**	**$ 157,030**	**$ 158,471**	**$ 161,925**	**$ 161,925**	**$ 162,525**	**$ 184,405**	**$ 199,081**	**$ 224,458**	**$ 225,487**	**$ 423,042**	**$ 548,652**	**$ 630,672**	**$ 632,226**	**$ 632,226**
19.	**Portfolio Market Value**	**Line 10 + Line 14 + Line 18**	$000	**$ 407,788**	**$ 786,901**	**$ 786,901**	**$ 786,901**	**$ 821,624**	**$ 901,874**	**$ 989,071**	**$ 1,134,342**	**$ 1,425,487**	**$ 1,618,227**	**$ 1,853,147**	**$ 1,902,214**	**$ 2,179,936**	**$ 2,429,494**	**$ 2,685,385**	**$ 2,688,266**	**$ 2,688,266**
20.	**Line Loss Adjusted Portfolio Market value**	**Line 19 x 1.053**	$000	**$ 429,401**	**$ 828,607**	**$ 828,607**	**$ 828,607**	**$ 865,171**	**$ 949,673**	**$ 1,041,491**	**$ 1,194,462**	**$ 1,501,037**	**$ 1,703,993**	**$ 1,951,364**	**$ 2,003,032**	**$ 2,295,472**	**$ 2,558,257**	**$ 2,827,710**	**$ 2,830,744**	**$ 2,830,744**
21.	**Indifference Amount**																			
22.	**Portfolio Total Cost**	**Line 1**	$000	**$ 419,158**	**$ 1,299,207**	**$ 1,299,207**	**$ 1,299,207**	**$ 1,353,915**	**$ 1,439,209**	**$ 1,511,220**	**$ 1,714,520**	**$ 2,276,700**	**$ 2,560,806**	**$ 2,885,379**	**$ 2,950,081**	**$ 3,241,100**	**$ 3,406,582**	**$ 3,583,757**	**$ 3,584,727**	**$ 3,584,727**
23.	**Portfolio Unit Value**	**Line 22**	$000	**$ 429,401**	**$ 828,607**	**$ 828,607**	**$ 828,607**	**$ 865,171**	**$ 949,673**	**$ 1,041,491**	**$ 1,194,462**	**$ 1,501,037**	**$ 1,703,993**	**$ 1,951,364**	**$ 2,003,032**	**$ 2,295,472**	**$ 2,558,257**	**$ 2,827,710**	**$ 2,830,744**	**$ 2,830,744**
24.	**Total Indifference Amount (Unadjusted)**	**Line 22 - Line 23**	$000	**$ (10,243)**	**$ 470,600**	**$ 470,600**	**$ 470,600**	**$ 488,744**	**$ 489,536**	**$ 469,728**	**$ 520,058**	**$ 775,663**	**$ 856,813**	**$ 934,014**	**$ 947,049**	**$ 945,627**	**$ 848,325**	**$ 756,047**	**$ 753,983**	**$ 753,983**
25.	**DWR Revenue Requirement**		$000		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26.	**One-Time Adjustments (if applicable)**		$000		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27.	**Carry Over Negative Indifference (if applicable)**		$000		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28.	**Adjusted Indifference Amounts**	**Sum (Lines 24:27)**	$000	**$ (10,243)**	**$ 470,600**	**$ 470,600**	**$ 470,600**	**$ 488,744**	**$ 489,536**	**$ 469,728**	**$ 520,058**	**$ 775,663**	**$ 856,813**	**$ 934,014**	**$ 947,049**	**$ 945,627**	**$ 848,325**	**$ 756,047**	**$ 753,983**	**$ 753,983**

Indifference Rate Calculation

[YEAR] ERRA Forecast - [MONTH] filing

Indifference Amount Allocation to Rate Groups -- Final Indifference Amount by Vintage x Column C

Rate Group	System Retail Sales (GWh)	Top 100 Hours Allocation	CTC Indifference	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
			$ (10,243)	$ 470,600	$ 470,600	$ 470,600	$ 488,744	$ 489,536	$ 469,728	$ 520,058	$ 775,663	$ 856,813	$ 934,014	$ 947,049	$ 945,627	$ 848,325	$ 756,047	$ 753,983
Domestic	29,083	45.335%	$ (4,644)	$ 213,348	$ 213,348	$ 213,348	$ 221,574	$ 221,933	$ 212,953	$ 235,770	$ 351,649	$ 388,439	$ 423,439	$ 429,348	$ 428,704	$ 384,591	$ 342,757	$ 341,821
GS-1	4,863	6.204%	$ (635)	$ 29,197	$ 29,197	$ 29,197	$ 30,323	$ 30,372	$ 29,143	$ 32,266	$ 48,124	$ 53,159	$ 57,949	$ 58,758	$ 58,670	$ 52,633	$ 46,907	$ 46,779
TC-1	61	0.042%	$ (4)	$ 200	$ 200	$ 200	$ 207	$ 208	$ 199	$ 221	$ 329	$ 363	$ 396	$ 402	$ 401	$ 360	$ 321	$ 320
GS-2	15,176	17.975%	$ (1,841)	$ 84,591	$ 84,591	$ 84,591	$ 87,853	$ 87,995	$ 84,434	$ 93,481	$ 139,427	$ 154,014	$ 167,891	$ 170,234	$ 169,978	$ 152,488	$ 135,901	$ 135,530
TOU-GS-3	8,526	8.968%	$ (919)	$ 42,204	$ 42,204	$ 42,204	$ 43,831	$ 43,902	$ 42,126	$ 46,639	$ 69,562	$ 76,840	$ 83,763	$ 84,932	$ 84,805	$ 76,079	$ 67,803	$ 67,618
TOU-8-Sec	8,541	7.831%	$ (802)	$ 36,852	$ 36,852	$ 36,852	$ 38,273	$ 38,335	$ 36,784	$ 40,725	$ 60,741	$ 67,096	$ 73,141	$ 74,162	$ 74,051	$ 66,431	$ 59,205	$ 59,043
TOU-8-Pri	5,651	4.482%	$ (459)	$ 21,095	$ 21,095	$ 21,095	$ 21,908	$ 21,943	$ 21,056	$ 23,312	$ 34,769	$ 38,407	$ 41,867	$ 42,451	$ 42,388	$ 38,026	$ 33,890	$ 33,797
TOU-8-Sub	6,255	4.256%	$ (436)	$ 20,027	$ 20,027	$ 20,027	$ 20,800	$ 20,833	$ 19,990	$ 22,132	$ 33,010	$ 36,463	$ 39,749	$ 40,304	$ 40,243	$ 36,102	$ 32,175	$ 32,087
Small AG	1,736	1.857%	$ (190)	$ 8,741	$ 8,741	$ 8,741	$ 9,078	$ 9,093	$ 8,725	$ 9,660	$ 14,408	$ 15,915	$ 17,349	$ 17,591	$ 17,565	$ 15,758	$ 14,043	$ 14,005
Large AG	1,183	0.948%	$ (97)	$ 4,462	$ 4,462	$ 4,462	$ 4,634	$ 4,641	$ 4,453	$ 4,931	$ 7,354	$ 8,123	$ 8,855	$ 8,979	$ 8,965	$ 8,043	$ 7,168	$ 7,148
St. Lighting	746	0.001%	$ (0)	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 8	$ 9	$ 10	$ 10	$ 10	$ 9	$ 8	$ 8
Standby - Sec	241	0.195%	$ (20)	$ 920	$ 920	$ 920	$ 955	$ 957	$ 918	$ 1,016	$ 1,516	$ 1,675	$ 1,826	$ 1,851	$ 1,848	$ 1,658	$ 1,478	$ 1,474
Standby - Pri	680	0.735%	$ (75)	$ 3,461	$ 3,461	$ 3,461	$ 3,594	$ 3,600	$ 3,454	$ 3,824	$ 5,704	$ 6,301	$ 6,868	$ 6,964	$ 6,954	$ 6,238	$ 5,560	$ 5,545
Standby - Sub	1,956	1.168%	$ (120)	$ 5,497	$ 5,497	$ 5,497	$ 5,709	$ 5,718	$ 5,487	$ 6,075	$ 9,061	$ 10,009	$ 10,911	$ 11,063	$ 11,046	$ 9,910	$ 8,832	$ 8,808

Total Indifference Rate (i.e. CTC + PCIA) -- Indifference Amount by Rate Group / Column B

Rate Group			CTC Rate	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Domestic	29,083	45.335%	$ (0.00016)	$ 0.00734	$ 0.00734	$ 0.00734	$ 0.00762	$ 0.00763	$ 0.00732	$ 0.00811	$ 0.01209	$ 0.01336	$ 0.01456	$ 0.01476	$ 0.01474	$ 0.01322	$ 0.01179	$ 0.01175
GS-1	4,863	6.204%	$ (0.00013)	$ 0.00600	$ 0.00600	$ 0.00600	$ 0.00624	$ 0.00625	$ 0.00599	$ 0.00663	$ 0.00990	$ 0.01093	$ 0.01192	$ 0.01208	$ 0.01206	$ 0.01082	$ 0.00965	$ 0.00962
TC-1	61	0.042%	$ (0.00007)	$ 0.00329	$ 0.00329	$ 0.00329	$ 0.00342	$ 0.00342	$ 0.00328	$ 0.00364	$ 0.00542	$ 0.00599	$ 0.00653	$ 0.00662	$ 0.00661	$ 0.00593	$ 0.00529	$ 0.00527
GS-2	15,176	17.975%	$ (0.00012)	$ 0.00557	$ 0.00557	$ 0.00557	$ 0.00579	$ 0.00580	$ 0.00556	$ 0.00616	$ 0.00919	$ 0.01015	$ 0.01106	$ 0.01122	$ 0.01120	$ 0.01005	$ 0.00896	$ 0.00893
TOU-GS-3	8,526	8.968%	$ (0.00011)	$ 0.00495	$ 0.00495	$ 0.00495	$ 0.00514	$ 0.00515	$ 0.00494	$ 0.00547	$ 0.00816	$ 0.00901	$ 0.00982	$ 0.00996	$ 0.00995	$ 0.00892	$ 0.00795	$ 0.00793
TOU-8-Sec	8,541	7.831%	$ (0.00009)	$ 0.00431	$ 0.00431	$ 0.00431	$ 0.00448	$ 0.00449	$ 0.00431	$ 0.00477	$ 0.00711	$ 0.00786	$ 0.00856	$ 0.00868	$ 0.00867	$ 0.00778	$ 0.00693	$ 0.00691
TOU-8-Pri	5,651	4.482%	$ (0.00008)	$ 0.00373	$ 0.00373	$ 0.00373	$ 0.00388	$ 0.00388	$ 0.00373	$ 0.00412	$ 0.00615	$ 0.00680	$ 0.00741	$ 0.00751	$ 0.00750	$ 0.00673	$ 0.00600	$ 0.00598
TOU-8-Sub	6,255	4.256%	$ (0.00007)	$ 0.00320	$ 0.00320	$ 0.00320	$ 0.00333	$ 0.00333	$ 0.00320	$ 0.00354	$ 0.00528	$ 0.00583	$ 0.00635	$ 0.00644	$ 0.00643	$ 0.00577	$ 0.00514	$ 0.00513
Small AG	1,736	1.857%	$ (0.00011)	$ 0.00504	$ 0.00504	$ 0.00504	$ 0.00523	$ 0.00524	$ 0.00503	$ 0.00557	$ 0.00830	$ 0.00917	$ 0.01000	$ 0.01014	$ 0.01012	$ 0.00908	$ 0.00809	$ 0.00807
Large AG	1,183	0.948%	$ (0.00008)	$ 0.00377	$ 0.00377	$ 0.00377	$ 0.00392	$ 0.00392	$ 0.00376	$ 0.00417	$ 0.00621	$ 0.00686	$ 0.00748	$ 0.00759	$ 0.00758	$ 0.00680	$ 0.00606	$ 0.00604
St. Lighting	746	0.001%	$ (0.00000)	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001
Standby - Sec	241	0.195%	$ (0.00008)	$ 0.00381	$ 0.00381	$ 0.00381	$ 0.00396	$ 0.00397	$ 0.00381	$ 0.00421	$ 0.00629	$ 0.00694	$ 0.00757	$ 0.00767	$ 0.00766	$ 0.00687	$ 0.00613	$ 0.00611
Standby - Pri	680	0.735%	$ (0.00011)	$ 0.00509	$ 0.00509	$ 0.00509	$ 0.00528	$ 0.00529	$ 0.00508	$ 0.00562	$ 0.00839	$ 0.00926	$ 0.01010	$ 0.01024	$ 0.01022	$ 0.00917	$ 0.00817	$ 0.00815
Standby - Sub	1,956	1.168%	$ (0.00006)	$ 0.00281	$ 0.00281	$ 0.00281	$ 0.00292	$ 0.00292	$ 0.00281	$ 0.00311	$ 0.00463	$ 0.00512	$ 0.00558	$ 0.00566	$ 0.00565	$ 0.00507	$ 0.00452	$ 0.00450

CTC | **PCIA -- Total Indifference Rate - CTC Rate (Column D)**

Rate Group			CTC	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Domestic	29,083	45.335%	$ (0.00016)	$ 0.00750	$ 0.00750	$ 0.00750	$ 0.00778	$ 0.00779	$ 0.00748	$ 0.00827	$ 0.01225	$ 0.01352	$ 0.01472	$ 0.01492	$ 0.01490	$ 0.01338	$ 0.01195	$ 0.01191
GS-1	4,863	6.204%	$ (0.00013)	$ 0.00613	$ 0.00613	$ 0.00613	$ 0.00637	$ 0.00638	$ 0.00612	$ 0.00677	$ 0.01003	$ 0.01106	$ 0.01205	$ 0.01221	$ 0.01219	$ 0.01095	$ 0.00978	$ 0.00975
TC-1	61	0.042%	$ (0.00007)	$ 0.00336	$ 0.00336	$ 0.00336	$ 0.00349	$ 0.00349	$ 0.00336	$ 0.00371	$ 0.00550	$ 0.00606	$ 0.00660	$ 0.00669	$ 0.00668	$ 0.00600	$ 0.00536	$ 0.00534
GS-2	15,176	17.975%	$ (0.00012)	$ 0.00570	$ 0.00570	$ 0.00570	$ 0.00591	$ 0.00592	$ 0.00569	$ 0.00628	$ 0.00931	$ 0.01027	$ 0.01118	$ 0.01134	$ 0.01132	$ 0.01017	$ 0.00908	$ 0.00905
TOU-GS-3	8,526	8.968%	$ (0.00011)	$ 0.00506	$ 0.00506	$ 0.00506	$ 0.00525	$ 0.00526	$ 0.00505	$ 0.00558	$ 0.00827	$ 0.00912	$ 0.00993	$ 0.01007	$ 0.01005	$ 0.00903	$ 0.00806	$ 0.00804
TOU-8-Sec	8,541	7.831%	$ (0.00009)	$ 0.00441	$ 0.00441	$ 0.00441	$ 0.00458	$ 0.00458	$ 0.00440	$ 0.00486	$ 0.00721	$ 0.00795	$ 0.00866	$ 0.00878	$ 0.00876	$ 0.00787	$ 0.00703	$ 0.00701
TOU-8-Pri	5,651	4.482%	$ (0.00008)	$ 0.00381	$ 0.00381	$ 0.00381	$ 0.00396	$ 0.00396	$ 0.00381	$ 0.00421	$ 0.00623	$ 0.00688	$ 0.00749	$ 0.00759	$ 0.00758	$ 0.00681	$ 0.00608	$ 0.00606
TOU-8-Sub	6,255	4.256%	$ (0.00007)	$ 0.00327	$ 0.00327	$ 0.00327	$ 0.00339	$ 0.00340	$ 0.00327	$ 0.00361	$ 0.00535	$ 0.00590	$ 0.00642	$ 0.00651	$ 0.00650	$ 0.00584	$ 0.00521	$ 0.00520
Small AG	1,736	1.857%	$ (0.00011)	$ 0.00515	$ 0.00515	$ 0.00515	$ 0.00534	$ 0.00535	$ 0.00514	$ 0.00568	$ 0.00841	$ 0.00928	$ 0.01011	$ 0.01025	$ 0.01023	$ 0.00919	$ 0.00820	$ 0.00818
Large AG	1,183	0.948%	$ (0.00008)	$ 0.00385	$ 0.00385	$ 0.00385	$ 0.00400	$ 0.00400	$ 0.00384	$ 0.00425	$ 0.00630	$ 0.00695	$ 0.00756	$ 0.00767	$ 0.00766	$ 0.00688	$ 0.00614	$ 0.00612
St. Lighting	746	0.001%	$ -	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001	$ 0.00001
Standby - Sec	241	0.195%	$ (0.00008)	$ 0.00390	$ 0.00390	$ 0.00390	$ 0.00404	$ 0.00405	$ 0.00389	$ 0.00430	$ 0.00637	$ 0.00703	$ 0.00765	$ 0.00776	$ 0.00775	$ 0.00696	$ 0.00621	$ 0.00619
Standby - Pri	680	0.735%	$ (0.00011)	$ 0.00520	$ 0.00520	$ 0.00520	$ 0.00540	$ 0.00540	$ 0.00519	$ 0.00573	$ 0.00850	$ 0.00937	$ 0.01021	$ 0.01035	$ 0.01033	$ 0.00928	$ 0.00829	$ 0.00826
Standby - Sub	1,956	1.168%	$ (0.00006)	$ 0.00287	$ 0.00287	$ 0.00287	$ 0.00298	$ 0.00298	$ 0.00287	$ 0.00317	$ 0.00469	$ 0.00518	$ 0.00564	$ 0.00572	$ 0.00571	$ 0.00513	$ 0.00458	$ 0.00456

ERRA CRS Rates

[YEAR] ERRA Forecast - [MONTH] filing

Rate Group	DWRBC (All Vintages)	CTC (For All Vintages)	2001	2004	2009	2010	2011	2012	2013	2014	2015	2016	2017	Proposed Class Average Bundled Generation
Domestic	0.00549	(0.00016)	0.00750	0.00750	0.00750	0.00778	0.00779	0.00748	0.00827	0.01225	0.01352	0.01472	0.01492	0.07491
GS-1	0.00549	(0.00013)	0.00613	0.00613	0.00613	0.00637	0.00638	0.00612	0.00677	0.01003	0.01106	0.01205	0.01221	0.07413
TC-1	0.00549	(0.00007)	0.00336	0.00336	0.00336	0.00349	0.00349	0.00336	0.00371	0.00550	0.00606	0.00660	0.00669	0.05658
GS-2	0.00549	(0.00012)	0.00570	0.00570	0.00570	0.00591	0.00592	0.00569	0.00628	0.00931	0.01027	0.01118	0.01134	0.06717
TOU-GS-3	0.00549	(0.00011)	0.00506	0.00506	0.00506	0.00525	0.00526	0.00505	0.00558	0.00827	0.00912	0.00993	0.01007	0.06318
TOU-8-Sec	0.00549	(0.00009)	0.00441	0.00441	0.00441	0.00458	0.00458	0.00440	0.00486	0.00721	0.00795	0.00866	0.00878	0.05886
TOU-8-Pri	0.00549	(0.00008)	0.00381	0.00381	0.00381	0.00396	0.00396	0.00381	0.00421	0.00623	0.00688	0.00749	0.00759	0.05524
TOU-8-Sub	0.00549	(0.00007)	0.00327	0.00327	0.00327	0.00339	0.00340	0.00327	0.00361	0.00535	0.00590	0.00642	0.00651	0.05041
Small AG	0.00549	(0.00011)	0.00515	0.00515	0.00515	0.00534	0.00535	0.00514	0.00568	0.00841	0.00928	0.01011	0.01025	0.05941
Large AG	0.00549	(0.00008)	0.00385	0.00385	0.00385	0.00400	0.00400	0.00384	0.00425	0.00630	0.00695	0.00756	0.00767	0.05043
St. Lighting	0.00549	-	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.03917
Standby - Sec	0.00549	(0.00008)	0.00390	0.00390	0.00390	0.00404	0.00405	0.00389	0.00430	0.00637	0.00703	0.00765	0.00776	0.05917
Standby - Pri	0.00549	(0.00011)	0.00520	0.00520	0.00520	0.00540	0.00540	0.00519	0.00573	0.00850	0.00937	0.01021	0.01035	0.05612
Standby - Sub	0.00549	(0.00006)	0.00287	0.00287	0.00287	0.00298	0.00298	0.00287	0.00317	0.00469	0.00518	0.00564	0.00572	0.04891

Unbundled Rate Components

[YEAR] ERRA Forecast - [MONTH] filing

Rate Schedule By Customer Group	Transmission ($M)	Distribution ($M)	NSGC ($M)	NDC ($M)	PPPC ($M)	DWRBC ($M)	PURCF ($M)	UG ($M)	DWREC ($M)	Total Delivery ($M)	Total Generation ($M)	Total ($M)
Domestic	0.01509	0.08844	0.01032	(0.00089)	0.01718	0.00539	0.00034	0.07514	(0.00023)	0.13587	0.07491	0.21078
GS-1	0.01390	0.06624	0.00965	(0.00089)	0.00771	0.00539	0.00033	0.07435	(0.00022)	0.10233	0.07413	0.17646
TC-1	0.00847	0.09988	0.00642	(0.00089)	0.00852	0.00539	0.00033	0.05680	(0.00022)	0.12812	0.05658	0.18470
GS-2	0.01391	0.06849	0.00906	(0.00089)	0.00717	0.00539	0.00033	0.06739	(0.00022)	0.10346	0.06717	0.17063
TOU-GS-3	0.01283	0.05612	0.00865	(0.00089)	0.00656	0.00539	0.00033	0.06340	(0.00022)	0.08899	0.06318	0.15217
TOU-8-Sec	0.01140	0.04657	0.00788	(0.00089)	0.00608	0.00539	0.00033	0.05909	(0.00022)	0.07676	0.05886	0.13562
TOU-8-Pri	0.01039	0.04007	0.00708	(0.00089)	0.00553	0.00539	0.00033	0.05546	(0.00022)	0.06790	0.05524	0.12314
TOU-8-Sub	0.00861	0.00829	0.00584	(0.00089)	0.00391	0.00539	0.00033	0.05063	(0.00022)	0.03148	0.05041	0.08189
TOU-PA-2	0.00846	0.04942	0.00605	(0.00089)	0.00594	0.00539	0.00033	0.05963	(0.00022)	0.07471	0.05941	0.13412
TOU-PA-3	0.00854	0.04248	0.00548	(0.00089)	0.00504	0.00539	0.00033	0.05065	(0.00022)	0.06637	0.05043	0.11680
Street Lighting Average	0.00692	0.11332	0.00505	(0.00089)	0.00878	0.00539	0.00033	0.03939	(0.00022)	0.13890	0.03917	0.17807
TOU-8-S-S	0.01179	0.04616	0.00771	(0.00089)	0.00602	0.00539	0.00033	0.05939	(0.00022)	0.07651	0.05917	0.13568
TOU-8-S-P	0.01111	0.04646	0.00676	(0.00089)	0.00591	0.00539	0.00033	0.05634	(0.00022)	0.07507	0.05612	0.13118
TOU-8-S-T	0.00822	0.00786	0.00511	(0.00089)	0.00397	0.00539	0.00033	0.04913	(0.00022)	0.02999	0.04891	0.07890

Class Average rates include adjustment for NEM sales

April 6, 2017

CA Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

Advice Letter 23-E

Re: Identification of Metrics to Track Marin Clean Energy's Low Income Families and Tenants Pilot

Pursuant to Decision ("D.") 16-11-022, Ordering Paragraph ("OP") 147, *Decision on Large Investor-Owned Utilities' California Alternative Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications,* Marin Clean Energy ("MCE") submits Advice Letter ("AL") 23-E to identify the metrics MCE will track in implementation of its Low Income Families and Tenants ("LIFT") pilot.[1]

Effective Date: May 6, 2017

Tier Designation: Pursuant to General Order ("GO") 96-B, Energy Industry Rule 5.2, this filing has a Tier 2 designation.

Purpose

Pursuant to OP 147 of D.16-11-022, this filing provides the metrics MCE will track in implementation of its LIFT pilot.[2] This filing also advises the California Public Utilities Commission ("Commission") staff of revisions MCE made to the pilot's targets and budget to accommodate the $1.1 million reduction in MCE's proposed pilot budget ordered in D.16-11-022.[3]

[1] D.16-11-022, OP 147 at 492.

[2] *Id*.

[3] MCE originally proposed a LIFT pilot budget of $4.6 million. Testimony of Marin Clean Energy Regarding a Proposed Low-Income Energy Efficiency Pilot Program for the Program Years 2015-2017, April 27, 2015 ("MCE Testimony"), Exhibit C at 5. The Commission approved a number of MCE's LIFT pilot elements, but approved only $3.5 million of MCE's proposed $4.6 million budget. D.16-11-022, OP 147 at 492.

Background

a. MCE's LIFT Pilot

MCE proposed its LIFT pilot in April 2015.[4] The LIFT pilot program seeks to test strategies to provide energy efficiency ("EE") services, education, and energy savings incentives to low-income single family and multifamily homes unserved or underserved by the Energy Savings Assistance ("ESA") program and existing EE programs.[5]

In D.16-11-022, the Commission approved a number of MCE's proposed LIFT pilot elements. For the pilot's single family component, the Commission approved and encouraged MCE's proposed mobile, app-based tool and the Matched Energy Savings Account ("MESA").[6] For the pilot's multifamily component, the Commission approved: (1) MCE's proposed heat pump installation measure; (2) its proposal for energy education workshops; (3) the proposal to leverage MCE's general EE program; (4) MCE's use of Community Based Organizations ("CBOs") to identify and reach potential program participants; and (5) MCE's leveraging of its On-bill Repayment ("OBR") program.[7] The LIFT pilot will implement each of the foregoing program elements with the exception of the OBR program.[8]

To accommodate the LIFT pilot's lower authorized budget, MCE revised the pilot's allocated budget and targets.[9] MCE preserved the original LIFT pilot design. To address the reduction in budget, MCE accordingly decreased the targeted number of units served under the program, which results in less anticipated energy savings. MCE also reduced the single family energy savings projections per household to be more aligned with the Low Income Needs Assessment ("LINA") study, but doubled the program participant target and thus expects to achieve more energy savings than previously anticipated for that element. Table 1 below compares MCE's revised budget and savings targets with MCE's originally proposed targets.[10]

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[4] *See* MCE Testimony.

[5] MCE Testimony, Exhibit C at 8.

[6] D.16-11-022 at 388.

[7] *Id*. at 387-88.

[8] MCE intends to discontinue the OBR program as part of MCE's general EE multifamily program offerings. As such, MCE removed the OBR leveraging as an element of its LIFT pilot. MCE will file a subsequent AL to request approval for the OBR cancellation in accordance with the Commission's rules.

[9] *See* Footnote 3, above; *see also* D.16-11-022, OP 147 at 492.

[10] *See* MCE Testimony, Exhibit C at 5-6 for MCE's originally proposed budget allocation and targets.

Table 1: Revised Budget, Targets, and Savings[11]

Sector	Requested Budget	Approved Budget	kWh	Revised kWh	Therms	Revised Therms	Units	Revised Units
Multifamily	$3,770,358	$2,713,732	568,105	232,979	27,170	15,368	2,470	1,482
Single family	$846,324	$646,268	23,831	46,800	2,371	4,800	300	600
Total	$4,616,682	$3,500,000[12]	595,275	279,779	26,202	20,168	2,770	2,082

The LIFT Pilot Metrics

a. The Commission Ordered MCE to Identify Additional Metrics to Track the LIFT Pilot.

The Commission ordered MCE to file an AL to identify "a more robust set of key metrics for program tracking."[13] Specifically, the Commission sought additional metrics to track and evaluate the LIFT pilot's leveraging efforts with the general EE program and metrics to ensure that the LIFT pilot achieves energy savings and supports the health, safety, and comfort of the served communities.[14] This AL presents MCE's revised metrics to comply with the Commission's directive.

MCE followed the program performance metrics guidance in the general EE proceeding to develop the LIFT pilot metrics.[15] Specifically, MCE followed the guidance provided in Appendix 2 to D.09-09-047, which describes the conventions to develop program performance metrics[16] and the metrics framework for the Rolling Portfolio process in R.13-11-005. The resulting LIFT pilot metrics aim to capture lessons learned from the pilot's offerings for both multifamily and single family customers to inform the pilot's implementation and future programs beyond this pilot.

Attachments 1 and 2 to this AL present MCE's metrics within barriers and metrics tables. These tables are intended to (1) present a summary of the proposed program intervention strategies, (2) connect the strategies to the problem statements and market barriers that the intervention strategies are intended to resolve, and (3) articulate metrics that will track the success of the intervention strategies. The tables include metric baselines[17] and short and long-term targets to facilitate evaluation and reporting.

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[11] MCE developed these savings and targets based on its experience administering its general EE portfolio.

[12] The $3.5 million approved pilot budget includes $140,000 for Evaluation Measurement and Verification ("EM&V") funding.

[13] D.16-11-022 at 389; *see also* OP 147 at 492.

[14] D.16-11-022 at 389-90.

[15] *See id*. at 390.

[16] *See* D.09-09-047, Appendix 2.

[17] For both the single family and multifamily metrics, MCE will use Program Year 1 as the baseline. The LIFT pilot is attempting new strategies to identify and reach communities that are

b. The LIFT Pilot's Single Family Component and Metrics

i. General Description of the Single Family Elements

The LIFT pilot's single family component addresses the information and financial barriers that inhibit low-income individuals from participating in EE programs. To address these barriers, the LIFT pilot will test a mobile, app-based behavioral and information tool to facilitate participants' access to information about opportunities for low- and no-cost energy savings strategies. The pilot focuses on mobile phone technology to encourage program participation in low-income communities with access to internet-connected mobile technology, but that may lack internet access via home computers. To supplement the app-based tool, MCE will also provide education programs to inform customers of low- or no-cost energy savings strategies and financing options.

Additionally, MCE will pilot the MESA to test strategies to reduce the financial barriers to EE participation. The MESA will enable program participants to apply the accrued monetary savings from any energy savings actions taken to invest in additional energy savings opportunities. To accomplish this, MCE will match customer bill savings on a 2:1 basis. Program participants can then use the monetary savings to invest in additional energy savings measures. The MESA program is intended to reinforce energy savings activity leading to greater persistence of savings and a desire for energy-efficient products.

ii. The Single Family Metrics

MCE's metrics for the mobile, app-based tool will utilize the tool's analytics to track the efficacy and usefulness of the tool from the user's perspective. Metrics will capture: (1) the number of mobile app users; (2) the number of times individual customers interact with the app; and (3) the level of customer satisfaction with the app, which will be based on the results of a customer survey. Separately, metrics will track the MESA participation level, which includes tracking the amount of money distributed to participants through the MESA.

MCE presents its proposed LIFT pilot metrics for the single family component as Attachment 1.

c. The LIFT Pilot's Multifamily Component and Metrics

i. General Description of the Multifamily Elements

The LIFT pilot's multifamily component comprises the majority of the pilot's budget and activity.[18] The multifamily component seeks to reduce multifamily landlords' and tenants' apprehensions about EE program participation. These apprehensions result in avoidance of EE program engagement and "hidden communities" of customers. The term "hidden communities" refers to those customers that are reluctant to participate in general EE and ESA programs because

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not currently being reached, so past program years' data collections are not particularly useful for the purpose of evaluating this pilot.

[18] As presented in Table 1, above, the multifamily component comprises $2,713,732 of the pilot's $3.5 million authorized budget.

of real or perceived negative consequences. These consequences may include enforcement actions against landlords for existing health and safety code violations, landlord retaliation against tenants for exposing code violations, potential immigration enforcement actions (even though citizenship verification is not part of program delivery), and general concern about privacy infringement. By tailoring the pilot to identify and reach these hidden communities, MCE hopes to better serve those customers and achieve additional energy savings.

The multifamily component will also test outreach and education strategies to combine ESA program and other low income program offerings with energy savings opportunities from MCE's general EE program.[19] Coordinating the general EE programs with ESA will facilitate efficient and comprehensive delivery of EE services to low-income residents and property owners, particularly members of "hidden communities". MCE will leverage existing health and safety and EE programs to bring comprehensive EE upgrades to income qualified multifamily landlords and tenants. Additionally, for multifamily properties, MCE will pilot a fuel switching measure to install heat pumps where safe and cost-effective to replace unsafe combustion appliances and reduce greenhouse gas ("GHG") emissions.[20] MCE will work closely with CBOs and trusted messengers[21] to educate landlords and tenants about the benefits of pilot participation and encourage on-going participation in EE programs.

ii. The Multifamily Metrics

In addition to the energy savings targets provided in Table 1, above, MCE provides specific multifamily metrics to track the LIFT pilot's success in: (1) reducing landlord and tenant apprehensions about EE program participation; (2) identifying and reaching "hidden communities"; (3) extending existing EE programs and comprehensive EE upgrades to low-income communities; and (4) incentivizing uptake of fuel-switching opportunities where safe and cost-effective.

In general, the evaluation of the LIFT pilot will rely on pre- and post-project surveys and program tracking data. The metrics include: (1) the percentage of participating housing units that have not previously participated in EE programs because of a lack of access to health and safety resources;

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[19] The LIFT pilot program will offer all measures available to market-rate properties that are available through MCE's Multifamily Energy Savings Program. There will also be additional funding for in-unit measures and health and safety upgrades where a participant is both eligible for the LIFT pilot and other funding sources such as the Low-income Home Energy Assistance Program ("LIHEAP") and the Weatherization Assistance Program ("WAP"). MCE will also leverage other agencies' programs such as the Multifamily Affordable Solar Housing ("MASH") program and water agency programs to maximize both energy and water savings.

[20] *See* MCE Testimony, Exhibit C at 16-19.

[21] Trusted messengers include third party local organizations and community leaders that are well-known and trusted in the low-income communities MCE is focusing on with this pilot. Due to trusted messengers' status in these communities, they will help alleviate customer concerns about program participation and help target messaging to effectively reach hidden communities and drive participation.

(2) the percentage of participants that leveraged subsidies from health and safety programs because of the LIFT pilot's efforts; (3) the percentage of participants that engage with LIFT and that meet one or more of the criteria that define "hidden communities";[22] (4) the number of fuel switching heat pumps installed, including the number of heat pumps that address existing health and safety concerns; (5) the percentage of participants that receive training to facilitate ongoing maintenance of energy savings upgrades; and (6) tracking efforts to mitigate the split incentive issue, which includes tracking the number of participating tenant units that pay their own utility bills and the number of units that receive comprehensive upgrades.

Because MCE will rely heavily on CBOs to identify hidden communities, encourage ESA enrollment, and drive program participation, MCE will also track the percentage of participants that engaged in CBO education workshops and the percentage of participants that found the workshops useful.

MCE presents its LIFT pilot metrics for the multifamily component as Attachment 2.

Conclusion

Pursuant to OP 147 of D.16-11-022, MCE has provided the metrics that MCE will use to track its LIFT pilot and advises the Commission of revisions MCE made to the pilot's budget allocation and energy savings targets.

Notice

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address as above).

In addition, protests and all other correspondence regarding this AL should also be sent by letter

[22] In addition to addressing landlord and tenant concerns about health and safety violations, MCE developed metrics that will focus on identifying "hidden communities" that exist because of feared consequences that may result from sharing personal information. These metrics will track the percentage of participants that: (1) receive program information in a language other than English; (2) report past non-participation due to the abovementioned apprehensions; (3) are outside of the Cal Enviro Screen 2.0 designated disadvantaged areas; and (4) live in units with extended or multiple families.

and transmitted via facsimile or electronically to the attention of:

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There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the A.14-11-007 et al. service list. For changes to this service list, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Correspondence

For questions, please contact Michael Callahan at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan_
Michael Callahan
Regulatory Counsel
Marin Clean Energy

Nathaniel Malcolm
Regulatory Law Clerk
Marin Clean Energy

cc: Service List A.14-11-007 et al.

Attachment 1
LIFT Pilot Single Family Barriers and Metrics Table

LIFT Pilot Single Family Barriers and Metrics Table

Problem Statement	Market Barriers	Desired Effects/2-year vision	Intervention Strategies	Metrics	Metric Source	Baseline	Short Term Target (1 year)	Mid Term Target (2 years)
Many low income individuals in single-family homes have limited assets available to devote to EE.	Financial Barrier	Low income Individuals are made more aware of low or no-cost energy-saving strategies, rebates and financing available to them. Low income individuals begin to accrue savings from energy conservation actions taken.	Mobile app-based behavior program; Mobile app-based information tool about rebates and financing; Matched Energy Savings Account; Education Program	1. total number of app users 2. repeat visits by users 3. rated usefulness of app 4. number of customers signed up for MESA 5. amount of money distributed to participants 6. number of homes provided with education	1. app statistics 2. app statistics 3. user survey 4. MESA tracking database 5. MESA tracking database 6. CBO education workshop tracking database	Program Year 1	1. 150 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 250 participants 5. N/A 6. 50 homes	1. 500 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 600 participants 5. $126,000 6. 100 homes
Many low income individuals in single-family homes may lack information about low and no-cost options to save energy.	Lack of Information	Low income individuals are provided with access to information about low and no-cost options to save energy	Mobile-based behavior program; Education Program	1. total number of app users 2. repeat visits by users 3. rated usefulness of app 4. number of homes provided with education	1. app statistics 2. app statistics 3. user survey 4. CBO education workshop tracking database	Program Year 1	1. 150 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 50 homes	1. 500 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 100 homes
Many low income individuals in single-family homes may have limited access to web-based EE tools that require access to a computer with internet service.	Limited access to information	Low income individuals who do not have access to a computer with internet service are able to access EE tools via their mobile phones through an app	Mobile-based behavior program; Mobile-based information of rebates and financing	1. total number of app users 2. repeat visits by users 3. rated usefulness of app 4. number of homes provided with education	1. app statistics 2. app statistics 3. user survey 4. CBO education workshop tracking database	Program Year 1	1. 150 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 50 homes	1. 500 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 100 homes
Low income tenants are impacted by split incentives: landlords have little incentive to implement EE because they do not pay the utility bill and tenants have little incentive to invest in a property owned by someone else.	Split Incentive	Low income tenants are made aware of low or no-cost strategies for saving energy. Payback period for investments made by tenants in EE equipment is shortened by the Matched Energy Saving Account.	Mobile-based behavior program; Matched Energy Savings Account	1. total number of app users 2. repeat visits by users 3. rated usefulness of app 4. number of customers signed up for MESA 5. Amount of money distributed to participants	1. app statistics 2. app statistics 3. user survey 4. MESA tracking database 5. MESA tracking database	Program Year 1	1. 150 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 250 participants 5. N/A	1. 500 users 2. 50% use app more than once 3. 70% of users rate app as useful or very useful 4. 600 participants 5. $126,000

Attachment 2
LIFT Pilot Multifamily Barriers and Metrics Table

LIFT Pilot Multifamily Barriers and Metrics Table

Problem Statement	Market Barriers	Desired Effects/2-Year Vision	Intervention Strategies	Metrics	Baseline	Metric Source	Short-Term Target (1 Year)[1]	Mid-Term Target (2 Year)[1]
Property owners fear that an energy efficiency program will uncover existing perceived violations and lead to a building enforcement action. Tenants similarly fear triggering an enforcement action that may result in landlord retaliation.	Fear of consequences related to perceived health and safety code violations.	Properties complete comprehensive upgrades using resources from multiple programs.	1. Provide technical assistance (including access to health and safety resources) to landlords, paired with rebates for energy efficiency improvements to upgrade properties. 2. Leverage Weatherization Assistance Program (WAP) and Low-Income Home Energy Assistance Program (LIHEAP) for health and safety improvements.	1. % of participating units that have not previously participated in energy efficiency programs due to lack of access to health and safety resources. 2. % of participating units that use WAP, LIHEAP, or other program funds to address perceived health and safety problems after being referred by the LIFT program.[2]	Program Year 1	1. Post project survey[3] 2. Program tracking data[4]	1. 20% (110/550 units) 2. 15% (83/550 units)	1. 20% (186/932 units) 2. 15% (140/932 units)
The apprehension of the consequences around income verification and sharing of personal information creates a barrier to program participation even if the consequences will not actually occur.	Fear of consequences related to personal information disclosure.	Increased participation from "hidden communities" as participants are assured that it is safe to share information with the program.	1. Work with community based organizations (CBOs) and trusted messengers[5] to educate residents on the value of programs, benefits of energy efficiency, and address the concerns (particularly around citizenship) prohibiting them from participation.	1. % of units meeting one or more of the following criteria: - residents receive program information in a language other than English (will track languages). - residents are engaged by CBOs who indicate they had not previously participated in energy efficiency programs due to concerns around sharing personal information. - located outside of Cal Enviro Screen 2.0 designated disadvantaged communities. - are occupied by extended or multiple families.	Program Year 1	1. Program tracking data	1. 40% (220/550 units)	1. 40% (373/932 units)
Programs targeting tenants rather than landlords may miss an opportunity to capture site energy savings by leveraging existing energy efficiency programs.	Current low-income program design limits potential for comprehensive savings.	Program design serves both owners and tenants allowing for comprehensive upgrades.	1. Layer the LIFT incentives with MCE's Multifamily Energy Savings Program rebates and provide access to additional conservation programs (water, renewables, health and safety, EV, storage, DR).	1. % of properties completing in-unit and whole building measures. 2. % of properties leveraging additional resource conservation programs (not including health and safety).	Program Year 1	1. Program tracking data 2. Program tracking data	1. 60% (7-14 properties) 2. 30% (4-7 properties)	1. 60% (7-14 properties) 2. 30% (4-7 properties)

[1] MCE assumes it will serve 550 units in the first year of the program and 932 units in the second year, touching between 12-24 properties in total. Second year targets are not cumulative.
[2] This is dependent on continued Federal funding of the LIHEAP program.
[3] Community Based Organization (CBO) partners will conduct pre and post surveys enabling program participants (or those who don't participate) to self-report on the barriers, their demographics, and general feedback on program implementation and offerings.
[4] Program tracking data/CBO tracking data refers to the information collected and maintained by MCE and its partners to validate and prove claims of success. MCE and partners will use spreadsheets, databases, and/or a customer relationship management tool to track and report the information collected.
[5] Trusted Messengers include third party local organizations and community leaders that are well-known and trusted in the low-income communities MCE is focusing on with this pilot. Due to trusted messengers' status in these communities, they will help alleviate customer concerns about program participation and help target messaging to effectively reach hidden communities and drive participation.

LIFT Pilot Multifamily Barriers and Metrics Table, continued

Problem Statement	Market Barriers	Desired Effects/2-Year Vision	Intervention Strategies	Metrics	Baseline	Metric Source	Short-Term Target (1 Year)[1]	Mid-Term Target (2 Year)[1]
Fuel-switching measures are hard to justify as the benefits are not considered when compared to existing technology.	Upfront cost of fuel switching (including electrical upgrades)	The full potential of fuel switching measures is valued and they are installed through the program.	1. Replacing problematic natural gas heating or hot water system equipment to resolve health and safety issues and improve the efficiency of a home's heating system.	1. # of heat pumps installed. 2. % of heat pump installations at properties with known Combustion Appliance Safety (CAS) test issues.	Program Year 1	1. Program tracking data 2. Program tracking data	1. 25 heat pumps 2. 70% (18 heat pumps)	1. 75 heat pumps 2. 70% (53 heat pumps)
Lack of landlord engagement leaves landlords and property maintenance professionals unaware of the replacement schedules for equipment in their facilities or even which technologies have been installed in units.	Program design limits knowledge transfer to property owners/maintenance staff.	Property owners and/or maintenance staff are well informed about the equipment type and replacement schedules after a project is complete.	1. Leverage MCE's Multifamily Energy Savings Program to ensure maintenance and operations staff are trained on trouble shooting new equipment and have documentation identifying all newly installed equipment. 2. Develop equipment inventories and replacement plans to maximize long-term energy savings.	1. % of properties whose maintenance staff receive operation and maintenance training on new equipment. 2. % of property owners who receive comprehensive equipment inventories detailing replacement timelines for existing in-unit and common area equipment.	Program Year 1	1. Program tracking data 2. Program tracking data	1. 100% (12-24 buildings) 2. 100% (12-24 buildings)	1. 100% (12-24 buildings) 2. 100% (12-24 buildings)
Tenants' lack of understanding of energy and energy efficiency prevents them from accessing the necessary resources to achieve long-term change.	Lack of information.	Low-income tenants are provided with education and behavior programs that meet the immediate needs of the participants and facilitate and maintain long-term behavior change.	1. Partner with CBOs to design effective energy efficiency workshops that will result in meaningful change for participants.	1. # of participants attending energy efficiency workshops. 2. % of participants who rate the workshop as very useful.	Program Year 1	1. CBO tracking data 2. Participant survey	1. 20 attendees per workshop/5 workshops per year 2. 80% (16 attendees)	1. 20 attendees per workshop/10 workshops per year 2. 80% (16 attendees)
Renters are typically responsible for paying their own utility bill, disincentivizing owners from paying for in-unit upgrades. This issue is exacerbated in low-income properties where property owners have limited ability to pass the cost of upgrades on to tenants in the form of higher rent.	Split-incentive issue.	Comprehensive in-unit energy efficiency improvements are valued and desired by owners.	1. Layer the LIFT incentives with MCE's Multifamily Energy Savings Program to provide up to an additional $1,200 per unit over normal incentive levels.	1. % of units where the tenants pay the utility bill. 2. % of units receiving comprehensive upgrades.[6]	Program Year 1	1. Program tracking data 2. Program tracking data	1. 60% (330/550 units) 2. 30% (165/550 units)	1. 60% (560/932 units) 2. 30% (280/932 units)

[6] Comprehensive upgrades refers to projects with multiple measures that have different end uses.

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY LSE (Attach additional pages as needed)

Company name/CPUC Utility No. Marin Clean Energy

Utility type:	Contact Person for questions and approval letters: Michael Callahan
☑ ELC ☐ GAS	Phone #: (415) 464-6045
☐ PLC ☐ HEAT ☐ WATER	E-mail: mcallahan@mcecleanenergy.org

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: MCE 23-E

Subject of AL: Identification of Metrics to Track Marin Clean Energy's Low Income Families and Tenants Pilot

Tier Designation: ☐ 1 ☑ 2 ☐ 3

Keywords (choose from CPUC listing): Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision: D.16-11-022, OP 147

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL ______________________________

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ____________________

Resolution Required? ☐ Yes ☑ No

Requested effective date: May 6, 2017 No. of tariff sheets: 0

Estimated system annual revenue effect: (%): n/a

Estimated system average rate effect (%): n/a

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: n/a

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets: none

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division	Utility Info (including e-mail)
Attention: Tariff Unit	**Marin Clean Energy**
505 Van Ness Ave.	**Michael Callahan, Regulatory Counsel**
San Francisco, CA 94102	**1125 Tamalpais Ave. San Rafael, CA 94901**
EDTariffUnit@cpuc.ca.gov	mcallahan@mcecleanenergy.org

[1] Discuss in AL if more space is needed.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

REPLY COMMENTS OF MARIN CLEAN ENERGY
ON STAFF PROPOSAL RECOMMENDING A SOCIETAL COST TEST

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April 6, 2017

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I. Introduction 1

II. Ms. Christ-Janer's Comments Contain Factual Errors and Are Largely Out of Scope 1

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON STAFF PROPOSAL RECOMMENDING A SOCIETAL COST TEST

I. INTRODUCTION

MCE appreciates the opportunity to submit reply comments on the *Administrative Law Judge's Ruling Taking Comment on Staff Proposal Recommending a Societal Cost Test* ("Ruling"). MCE's reply comments are intended to clarify several factual errors raised by Ms. Christ-Janer about Community Choice Aggregators ("CCAs"). These factual errors should not be taken into consideration as the staff develops the methodology and application of the Societal Cost Test ("SCT").

II. MS. CHRIST-JANER'S COMMENTS CONTAIN FACTUAL ERRORS AND ARE LARGELY OUT OF SCOPE

Ms. Christ-Janer's comments do not directly address the focus of the Ruling to evaluate the staff's proposal on SCT as it would be applied to Commission-approved programs.[1] Instead, Ms. Christ-Janer has largely focused her effort on how Distributed Energy Resources ("DERs") should be regulated and valued in a market where there are competing Load Serving Entities ("LSEs"), such as CCAs and Investor Owned Utilities ("IOUs"). These discussions are littered

[1] Ruling at page 1.

with false assumptions, and are not within the scope of the current phase of the proceeding. The Commission should therefore not assign any weight to her comments.

First, the SCT is intended to explicitly value the environmental benefits of Commission-approved programs, and ensure that these programs will help achieve California's environmental policy goals.[2] Ms. Christ-Janer's proposal to account for programs that are not within the Commission's jurisdiction in the SCT is therefore out of scope of this proceeding,[3] since the SCT is not intended to value the environmental benefits of programs that are not funded by ratepayers. The Commission also does not have the ability to apply the SCT to non-Commission funded programs.

Second, the assumption that the Commission does not set ratepayer costs for CCAs is overly broad,[4] and does not account for CCAs' statutory ability to apply to administer Commission-approved programs.[5] If CCAs decide to administer Commission-approved programs, CCAs will then avail those programs to Commission jurisdiction. In which case, the Commission would apply the SCT to evaluate programs administered by CCAs as they would to IOU-administered programs.

Lastly, Ms. Christ-Janer's comments seem to be advocating for a way to create a revenue stream for the IOUs in order to incentivize the IOUs to deploy DERs.[6] This issue has already been addressed in Decision ("D.") 16-12-036, where the Commission encouraged the IOUs to select up

[2] Staff Proposal at page 2.
[3] Comments of Christ-Janer at pages 4-5.
[4] Comments of Christ-Janer at page 6.
[5] Public Utilities Code Section 381.1.
[6] Comments of Christ-Janer at page 9.

to three additional projects to test the utility incentive mechanism.[7] Raising this issue again in the context of SCT is both irrelevant and out of the current scope of the proceeding.

The focus of the Ruling is to evaluate the staff proposal for SCT and to put forth an SCT that will help Commission-approved programs achieve California's environmental policy goals. The current phase of this proceeding is not the venue to evaluate different electricity business models that exist in California. Ms. Christ-Janer's comments distract from the primary purpose of the Ruling, and should not be accorded any weight.

III. CONCLUSION

MCE thanks Administrative Law Judge Hymes for the opportunity to provide these reply comments.

Respectfully submitted,

/s/ C.C. Song

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April 6, 2017

[7] D.16-12-036 at page 2.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON INTERM GREENHOUSE GAS ADDER

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April 17, 2017

Table of Contents

I. Introduction **1**

II. Response of MCE **1**

1. Question 2: The Staff Proposal recommends the use of a straight line function to the marginal abatement cost, as indicated by Energy Division's preliminary Integrated Resource Plan model results, rather than the annual values produced by the same model. Explain why you do or do not support this recommendation. 1

III. Conclusion **2**

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003 (Filed October 2, 2014)

COMMENTS OF MARIN CLEAN ENERGY
ON INTERM GREENHOUSE GAS ADDER

I. INTRODUCTION

MCE appreciates the opportunity to submit comments on the *Administrative Law Judge's Ruling Requesting Comment on an Interim Greenhouse Gas Adder* ("Ruling"). MCE has actively participated in the Integrated Distributed Energy Resources ("IDER") proceeding and provided comments that are supportive of prioritizing the development of a Societal Cost Test ("SCT").

While MCE supports the Commission's efforts to appropriately value the economic and environmental impacts of Commission-approved energy programs, the SCT should be simplified to measure the effectiveness of programs based on their ability to reduce carbon emissions. However, if a Greenhouse Gas ("GHG") Adder is to be adopted in the SCT, the Commission should provide clarity on how the GHG Adder would be applied to calculate annual and cumulative GHG saving impacts.

II. RESPONSE OF MCE

1. **Question 2: The Staff Proposal recommends the use of a straight line function to the marginal abatement cost, as indicated by Energy Division's preliminary Integrated Resource Plan model results, rather than the annual**

values produced by the same model. Explain why you do or do not support this recommendation.

Before taking a position, MCE asks the Commission and the staff to provide more clarity on the application of the GHG Adder. It is unclear whether the cumulative GHG saving impacts of a measure would be quantified using the GHG Adder, or if the Adder is only intended to reflect the annual value based on the year the measure was installed.

For example, an LED lightbulb installed in 2017 would continue to provide GHG benefits relative to the technology it is replacing or displacing for the expected life of the bulb, which is 10 years. In this instance, the LED lightbulb installation could potentially receive a GHG Adder value of $0, based on the installation year value. But if the GHG impacts over the life of the bulb are quantified and incorporated into the cost effectiveness analysis, the LED lightbulb installation would receive a different value based on the cumulative savings.

MCE supports a GHG Adder that reflects the full avoided cost of carbon,[1] and the Commission needs to clarify if cumulative GHG impacts of a measure are valued according to the life cycle of the measure.

III. CONCLUSION

MCE thanks the Energy Division Staff for developing the interim GHG Adder proposal, and thanks Administrative Law Judge Hymes for the opportunity to provide these comments.

Respectfully submitted,

/s/ C.C. Song

C.C. Song

[1] Energy Division Staff proposal, page 17.

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April 17, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.	)))))))	R.14-10-010 (Filed October 16, 2014)

REPLY COMMENTS OF SONOMA CLEAN POWER AUTHORITY, CITY OF LANCASTER, SILICON VALLEY CLEAN ENERGY AUTHORITY, AND MARIN CLEAN ENERGY ON FINAL PHASE 3 PROPOSALS

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Dated: March 24, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.	)))))))	R.14-10-010 (Filed October 16, 2014)

REPLY COMMENTS OF SONOMA CLEAN POWER AUTHORITY, CITY OF LANCASTER, SILICON VALLEY CLEAN ENERGY AUTHORITY, AND MARIN CLEAN ENERGY ON FINAL PHASE 3 PROPOSALS

Pursuant to the September 13, 2016 Assigned Commission and Administrative Law Judge's Phase 3 Scoping Memo and Ruling ("Phase 3 Scoping Memo"), as modified by the September 15, 2016 Administrative Law Judge's Email Ruling Correcting Schedule ("ALJ Ruling"), Sonoma Clean Power Authority, the city of Lancaster, Silicon Valley Clean Energy Authority, and Marin Clean Energy (collectively, "CCA Parties") hereby provide these reply comments to the final Phase 3 proposal opening comments provided by other parties on March 10, 2017.

I. REPLY COMMENTS

A. AReM Correctly Highlights the Ability of Existing Load Forecasts to Already Provide Updates on Load Migration

In their opening comments, the Alliance for Retail Energy Markets ("AReM") states that Pacific Gas and Electric Company ("PG&E") has not made any compelling explanation of the need for additional load forecasts to address load migration.[1] AReM requests that PG&E first explain how the current rules are inadequate and how PG&E's proposed additional load

[1] AReM at 6.

forecasting requirements will create improvements that outweigh the compliance burden of new rules.[2] The CCA Parties agree with AReM that additional load forecasting requirements are unnecessary. The current reporting framework already allows for load forecast updates throughout the year, including on a monthly basis and in the August timeframe requested by PG&E.[3]

Further, in opening comments, the CCA Parties detailed an additional reporting schedule for load information PG&E already agreed to as part of the Energy Resource Recovery Account ("ERRA") proceeding.[4] This ERRA schedule provides data-sharing coordination and collaboration between PG&E and CCAs throughout the year.[5] Under this schedule, PG&E submits a request for energy sales, peak demand, and customer forecasts on January 1. On February 1, PG&E and each CCA exchange this forecast information, and work together through March 1 to resolve any differences in advance of the initial June ERRA forecast filing. After the June ERRA forecast filing, PG&E submits another request on August 1 for updated information. PG&E and each CCA then exchange updated forecasts on September 1 ahead of a November ERRA forecast update. This ERRA reporting schedule, as well as the existing reporting noted by AReM, provides PG&E with repeatedly updated forecast information to address load migration data needs.

B. TURN's Concern with the ELCC's Impact on Renewable Resources Merits Examination and Corrective Measures by the Commission

The Utility Reform Network ("TURN") describes challenges with the proposed Effective Load Carrying Capacity ("ELCC") methodologies, including that the existing measurement of

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2 *Id.* at 6-7.
3 *See id.* (for description of updates).
4 CCA Parties at 4-5.

wind and solar resources against a “perfect capacity” does not treat wind and solar resources equivalently to other resources.[6] TURN and the California Large Energy Consumers Association (“CLECA”) note that perfect capacity has a zero forced outage rate and other unrealistic operating parameters.[7] Since the Energy Division’s proposal would only apply these resulting reductions in Qualifying Capacity (“QC”) to wind and solar, renewable resources face a disproportionate impact when compared against other resources. For example, CLECA suggests that the effective ELCC of fossil fuel resources is also reduced due to forced outages and scheduled maintenance.[8] To account for this disparate treatment among resources, CLECA and TURN suggest increasing the ELCC values for wind and solar by an appropriate fossil fuel plant outage factor.[9]

The CCA Parties are also concerned with the ELCC’s impact on renewable resources, and recommend that the Commission ensure that wind and solar do not receive any disparate treatment and unnecessary reduction in QC values. Preventing unnecessary impacts on renewables by the ELCC is consistent with Senate Bill 2 (1X), which states a clear policy of the State of California and intent of the Legislature to “increase the amount of electricity generated from eligible renewable energy resources per year.”[10] As CLECA states, the change from the exceedance methodology will already result in substantial reduction in QC values.[11] Incorporating unrealistic measures that result in additional reductions, such as measuring renewable resources against a perfect capacity, can negatively impact the efficacy of the ELCC,

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5 *See id.* (for schedule).

6 *See* TURN at 5.

7 CLECA at 9-10; TURN at 5.

8 CLECA at 10.

9 CLECA at 9-10; TURN at 5-6.

10 Cal. Pub. Util. Code § 399.20(a).

cause transitional instability, and result in unnecessary cost increases. For example, TURN and ORA note the cost increases due to ELCC implementation, and impact on existing contract portfolios.[12] Several parties, such as SCE and PG&E, have also proposed a transition period to increase stability and certainty in a move from the exceedance methodology.[13] The CCA Parties encourage the Commission to examine these proposed corrective measures and prevent any unnecessary impact which would de-value renewable resources.

C. Shell and ORA State that the Energy Division is Already Monitoring Forward Contracting, Which Supports a Finding that Multi-Year RA Reporting and Procurement Requirements are Not Needed

As highlighted by Shell Energy North America ("Shell"), the Energy Division already has plans in place to monitor forward contracting practices though periodic data requests – including a request issued on March 1, 2017.[14] These requests have, among other things, contributed to the December 2016 Assessment of Capacity Under Contract ("Assessment") and the Joint Reliability Plan Track One Staff Report issued in October 2014. The Office of Ratepayer Advocates ("ORA") notes that there is no indication that there is insufficient procurement in the near future, referencing the Energy Division's findings and conclusion that the level of future procurement remains similar to a previous satisfactory assessment in 2014.[15] Also, San Diego Gas and Electric Company ("SDG&E") states that the forward contracting information is available in existing Load Serving Entity compliance reports, and thus additional reporting is unnecessary and burdensome.[16] The CCA Parties agree with these statements. As

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11 CLECA at 13.
12 ORA at 18; TURN at 3.
13 PG&E at 4-5; SCE at 4.
14 Shell at 2-3.
15 ORA at 1.
16 SDG&E at 5-6.

described in the CCA Parties' opening comments, the Energy Division's present assessment of forward contracting and monitoring of this data supports a finding that multi-year RA reporting and procurement requirements are not needed.[17] A multi-year RA requirement would also create anti-competitive dynamics, since CCAs are not guaranteed cost recovery for the cost of RA capacity.[18] The CCA Parties recommend that this competitive impact be addressed prior to the adoption of any multi-year RA procurement targets or requirements.

II. CONCLUSION

The CCA Parties thank the Commission for the opportunity to provide these reply comments in this proceeding.

Dated: March 24, 2017

Respectfully submitted,

/s/ Hilary Staver

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17 CCA Parties at 2-4.

18 *Id.*

May 4, 2017

CA Public Utilities Commission
Energy Division
Attention: Energy Efficiency Branch
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

<u>Advice Letter 24-E</u>

Re: Request for Approval to Close Multifamily and Commercial On-Bill Repayment Program and Shift Funds to MCE's Multifamily Energy Efficiency Program and Commercial Energy Efficiency Program

In compliance with the California Public Utilities Commission's ("Commission") Decision ("D.") 09-09-047, Ordering Paragraph ("OP") 43, filed September 24, 2009 and the Energy Efficiency Policy Manual,[1] Marin Clean Energy ("MCE") submits this filing to request permission to close the Multifamily and Commercial On-Bill Repayment ("OBR") Program and shift remaining funds to MCE's Multifamily Energy Efficiency Program ("Multifamily Program") and Commercial Energy Efficiency Program ("Commercial Program").

<u>Effective Date:</u> June 3, 2017

<u>Tier Designation:</u> Tier 2

Pursuant to General Order 96-B, Energy Industry Rule 5.2 this advice letter is submitted with a Tier 2 designation.

<u>Purpose</u>

The purpose of this advice filing is to seek approval to close MCE's Multifamily and Commercial OBR Program and shift remaining funds to MCE's Multifamily Program and Commercial Program.

<u>Background</u>

MCE's OBR Program is designed to provide low-cost financing to improve the energy efficiency of multifamily and commercial buildings. The program is facing three significant challenges: (1) low participation; (2) misalignment between OBR terms and energy efficiency program design; and (3) competition from newer loans with more competitive terms and interest.

[1] Version 5, July 2013, Section II.7 at p. 13, available at http://www.cpuc.ca.gov/NR/rdonlyres/7E3A4773-6D35-4D21-A7A2-9895C1E04A01/0/EEPolicyManualV5forPDF.pdf.

MCE's Multifamily and Commercial Programs provide assessments and rebates. Program participation projections and the project pipeline exceed the current 2017 budget. Shifting funds from the OBR Program to the Energy Efficiency Programs will enable MCE to better serve customer demand in its Multifamily and Commercial Programs.

Closing MCE's Multifamily and Commercial OBR Program

MCE's Multifamily and Commercial OBR Program is intended to eliminate the barrier of high up-front costs for substantial energy efficiency upgrades. The program has yielded a low participation rate: no loans have been issued since its launch in 2013. The low participation is likely due to two factors. First, there is misalignment between OBR terms (minimum $10,000 project size) and average energy efficiency project size (about $3,000 for the small commercial program). For MCE's multifamily customers, the security requirements of the program may serve as a barrier for affordable housing properties, which have been the most interested in the financing option thus far.[2] Second, newer financing programs have emerged with more competitive interest rates.

Other programs are available to serve the commercial and multifamily customer segments with energy efficiency financing to eliminate the barrier of up-front costs. For example, commercial customers can access statewide financing pilots, including PG&E's interest-free on-bill financing program, and small commercial customers can access microfinancing loans through organizations like Mission Asset Fund. Multifamily customers can access financing tax credits offered by the California Tax Credit Allocation Committee ("TCAC"), private loans, and internal capital from their property management firm. Both commercial and certain multifamily customers can access Property Assessed Clean Energy ("PACE") Programs. MCE has worked to support a robust PACE program, and will continue to refer its commercial and multifamily customers to other appropriate financing options.

Shifting Funds to MCE's Multifamily and Commercial Programs

MCE's Multifamily and Commercial Programs have a robust pipeline for 2017 and MCE anticipates a need for additional incentive and direct implementation funding; therefore, MCE requests to shift remaining funds from the Multifamily and Commercial OBR program into its Multifamily and Commercial Programs.

In 2017, MCE expanded its Commercial Program to serve MCE's full service area. With this expansion, as well as targeted campaigns co-led with local governments such as the City of Richmond, participation projections and the project pipeline exceed MCE's 2017 Commercial Program budget. Shifting funds from the Multifamily and Commercial OBR Program to the Multifamily and Commercial Programs will enable MCE to better serve customer demand.
MCE requests a fund shift from the Multifamily and Commercial OBR Program budget to the Multifamily and Commercial Programs. The OBR Program was originally approved in 2012 as

[2] MCE's OBR program requires a Uniform Commercial Code 1 ("UCC1") fixture filing.

one of three financing pilots.[3] The Multifamily and Commercial OBR Program has $547,500 designated for a loan loss reserve ("LLR") account to buy down interest rates for loans issued under the program. The LLR carries over year to year as committed funds.

MCE requests to shift the $547,500 in available LLR funds from MCE's OBR program to MCE's Multifamily and Commercial Programs. These funds are anticipated to cover the unmet need for electric savings for projects in 2017. The remaining Financing Program budget will be used to support PACE activities and service an outstanding Single Family OBR loan.

Table 1: Proposed Fund Shift of LLR to Multifamily and Commercial Programs ($)

Program	2017 Budget	Shift Out	Shift In	New Budget
Multifamily Energy Efficiency	667,555		273,750	941,305
Commercial Energy Efficiency	658,711		273,750	932,461
Financing	574,531	(547,500)		27,031
Total	**1,900,797**	**(547,500)**	**547,500**	**1,900,797**

Notice

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

[3] D.12-11-015 at 49-50.

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There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

MCE is serving copies of this advice filing to the relevant parties shown on the R.13-11-005 service list. For changes to this service list, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Correspondence

For questions, please contact Michael Callahan at (415) 464-6045 or by electronic mail at mcallahan@mceCleanEnergy.org.

/s/ Michael Callahan

Michael Callahan
Regulatory Counsel
MARIN CLEAN ENERGY

cc: Service List R.13-11-005

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY LSE (Attach additional pages as needed)	
Marin Clean Energy	
Utility type: ☑ ELC ☐ GAS ☐ PLC ☐ HEAT ☐ WATER	Michael Callahan Phone #: 415-464-6045 E-mail: mcallahan@mceCleanEnergy.org
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL): 24-E

Subject of AL: Request for Approval to Close Multifamily and Commercial On-Bill Repayment Program and Shift Funds to MCE's Multifamily Energy Efficiency Program and Commercial Energy Efficiency Program

Tier Designation: ☐ 1 ☑ 2 ☐ 3

Keywords (choose from CPUC listing):

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ____________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL ___________________________

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ___________________

Resolution Required? ☐ Yes ☑ No

Requested effective date: June 3, 2017 No. of tariff sheets:

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets:

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division	**Utility Info (including e-mail)**
Attention: Tariff Unit	**Marin Clean Energy**
505 Van Ness Ave.,	**Michael Callahan, Regulatory Counsel**
San Francisco, CA 94102	**(415) 464-6045**
EDTariffUnit@cpuc.ca.gov	**mcallahan@mceCleanEnergy.org**

[1] Discuss in AL if more space is needed.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Portions of AB 117 Concerning Community Choice Aggregation.	)))))	Rulemaking 03-10-003 (Filed October 2, 2003)

POST-WORKSHOP COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION CITY OF LANCASTER, CITY AND COUNTY OF SAN FRANCISCO, MARIN CLEAN ENERGY, PENINSULA CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AUTHORITY AND SONOMA CLEAN POWER AUTHORITY

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Attorneys for City of Lancaster and
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April 24, 2017

And on behalf of the CCA Parties
(as defined below)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Implement Portions of AB 117 Concerning Community Choice Aggregation.	)))))	Rulemaking 03-10-003 (Filed October 2, 2003)

POST-WORKSHOP COMMENTS OF
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
CITY OF LANCASTER, CITY AND COUNTY OF SAN FRANCISCO,
MARIN CLEAN ENERGY, PENINSULA CLEAN ENERGY,
SILICON VALLEY CLEAN ENERGY AUTHORITY
AND SONOMA CLEAN POWER AUTHORITY

Pursuant to the schedule set forth in the *Fourth Amended Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge,* dated March 1, 2017 ("Scoping Memo") and instructions provided in the *Administrative Law Judge's Ruling Requesting Post-Workshop Comments,* dated April 7, 2017 ("Post-Workshop Ruling"), the California Community Choice Association ("CalCCA"), City of Lancaster, City and County of San Francisco ("CCSF"), Marin Clean Energy ("MCE"), Peninsula Clean Energy ("PCE"), Silicon Valley Clean Energy Authority ("SVCE") and Sonoma Clean Power Authority ("SCPA") (collectively, "CCA Parties") submit comments on matters pertaining to the establishment of a permanent methodology and process to implement the requirements of Public Utilities Code Section 394.25(e) with respect to customers of Community Choice Aggregators ("CCAs") that are involuntarily returned to service provided by the investor-owned utilities ("IOUs").[1]

[1] Pursuant to Rule 1.8(d) of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedures, CalCCA, CCSF, MCE, PCE, and SCPA authorize the undersigned counsel to submit this document on their behalf. All further statutory references shall be to the Public Utilities Code, unless otherwise noted.

I. INTRODUCTION

A. The CCA Parties Commend The Energy Division For Organizing And Facilitating A Helpful And Insightful Workshop

The CCA Parties thank the Commission's Energy Division for organizing and facilitating an extremely helpful and productive workshop on April 5, 2017 ("Workshop"). In most respects, the Workshop fulfilled expectations discussed during the prehearing conference ("PHC").[2] The Workshop allowed for the presentation of ideas and views, and for robust discussion and debate about key principles associated with the CCA Bond.[3] Energy Division and Legal Division representatives were active participants in the Workshop, guiding discussions, challenging viewpoints and encouraging collaboration. As a result of discussions at the Workshop, the CCA Parties are exploring new concepts and ideas, while also examining existing rules and tariff provisions that might mitigate or affect the CCA Bond.

B. The Workshop Revealed What Appears To Be A Widening Difference Between Approaches

In one respect, the Workshop did not fulfill an expectation expressed at the PHC, namely, to narrow outstanding issues and make progress in reaching a stipulation on key CCA Bond principles.[4] In fact, the Workshop revealed what appears to be a growing difference between the IOUs and CCAs on how to structure the CCA Bond. On one end, the CCA Parties at the workshop discussed and explored ways to develop an appropriate bond methodology in view of the public nature, operations, and governance of CCAs. CCAs are made up of public agencies, entities that reliably provide many functions that are integral to business and life throughout the

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2 *See* Reporter's Transcript ("RT") at 127-129.

3 The CCA Parties adopt the assigned Administrative Law Judge's ("ALJ") term "bond" to refer, for brevity, as a shorthand expression for bond, insurance or other financial security required by Section 394.25(e) ("CCA Bond"). (*See* Post-Workshop Ruling at 2.)

4 *See, e.g.,* RT at 129.

state. The CCA Bond methodology must be appropriate to such entities. On the other end, the IOUs appear to be proposing CCA Bond principles that are far more onerous even than the standards applied to Electric Service Providers ("ESPs") by the Commission. For all the reasons stated by the CCA Parties in their PHC statement and discussed at the Workshop, CCAs are markedly different than ESPs in organizational form, risk profile, stability, and transparency – in ways that significantly mitigate the potential for cost-shifting to IOU customers due to mass involuntary returns of CCA customers. Yet, notwithstanding these differences and the long string of Commission precedent and principles, the IOUs seem bent on mischaracterizing CCAs as incapable of protecting their customers against volatility in market prices and of otherwise managing credit and solvency risks.[5]

C. The CCA Parties' Comments Are Necessarily Limited, Preliminary And (In Certain Respects) Exploratory

As noted in the Scoping Memo, CCA Bond proposals are not due until July 7, 2017. The CCA Parties appreciate the desire by the Commission to have detailed answers and responses to key questions related to the CCA Bond, as enumerated in the Post-Workshop Ruling. However, the early stage of this effort necessarily limits the specificity and detail that can be provided in response to certain questions. As such, responses provided below by the CCA Parties ought to be considered by the Commission in the collaborative, exploratory manner in which they are offered.

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[5] *See generally* Southern California Edison Company ("SCE") Workshop Presentation at 7.

II. COMMENTS IN RESPONSE TO THE POST-WORKSHOP RULING

1. Each topic identified in the workshop agenda published on the Commission's web site.

Panel 1 Purpose of the bond and reentry fees

a. Definition of "involuntary return" vs "voluntary return"

The CCA Parties appreciated the free-flowing discussion that occurred at the Workshop on the nature and occasions for "involuntary returns" vis-à-vis "voluntary returns." Most of the discussion centered on characterizing a "voluntary return" as a return to IOU service by a CCA customer based on the election by the customer to return to IOU service. Under current IOU tariffs, a CCA customer desiring to return to IOU service after automatic enrollment in a CCA, or after having made a positive election to be a CCA customer must provide six-months advance notice to the IOU of the customer's desire to return.[6] As noted in numerous Commission decisions, the purpose of the six-month period is to provide a sufficient amount of time for the IOUs to accommodate the returning load without cost-shifting to IOU customers.[7] Customers may also elect to return to IOU service sooner than six months but must then take service under Transitional Bundled Service ("TBS") commodity pricing terms, as specified in relevant IOU tariffs.[8] Voluntary returns are not covered by the CCA Bond requirement of Section 394.25(e) by the section's plain terms.

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6 *See, e.g.*, PG&E Electric Rule 23; Section L.1 and L.2.

7 *See, e.g.,* D.11-12-018 at 50 (referencing D.03-05-034) ["The Commission in D.03-05-034 found that a six-month advance notice to return to bundled service was a necessary added precaution to give the IOUs sufficient time to adjust their procurement to accommodate the change in load."]).

8 *See, e.g.*, PG&E Rule 23; Section L.3.c.

Discussion at the Workshop generally characterized an "involuntary return" to be a mass return of CCA customers to IOU service as a result of termination of a CCA's operating agreement under provisions of the IOU tariffs. Such an involuntary return is the result of one of three scenarios: (1) voluntary termination of CCA service by the CCA pursuant to Rule 23;[9] (2) involuntary termination of relationship between the CCA and IOU as a result of specific exigent circumstances upon an order of the Commission authorizing the IOU to return CCA customers to IOU service;[10] or (3) IOU termination of a CCA's Service Agreement for violation of the Service Agreement or Rule 23 where the CCA has failed to cure the alleged violation within 30 days and the Commission has authorized termination.

In the context of direct access ("DA") customers, the Commission has defined an "involuntary return" and a "voluntary return" as follows:

> We define an involuntary return of a DA customer to service from an IOU as when the IOU has initiated the [Direct Access Service Request] process to return a customer to IOU bundled service due to any of the following events:
>
> a. The Commission has revoked the ESP registration.
> b. The ESP-IOU Agreement has been terminated.
> c. The ESP or its authorized CAISO Scheduling Coordinator (SC) has defaulted on its CAISO SC obligations, such that the ESP is no longer has an appropriately authorized CAISO SC.
>
> An involuntary return of a DA customer to IOU bundled service has not occurred as a result of the following events:
>
> a. A customer's contract with an ESP has expired.
> b. An ESP discontinues service to a customer due to that customer's default under their service agreement with the ESP.[11]

The Commission should consider whether these same definitions are appropriate in the CCA Bond context.

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9 *See, e.g.,* PG&E Rule 23; Section S.

10 *See, e.g.,* PG&E Rule 23; Section T.

11 D.11-12-018 at 90-91.

b. Current methods for determining the re-entry fees

- **What are the current re-entry fees for each IOU?**
- **How are the re-entry fees calculated?**
- **To the extent there are significant differences in the re-entry fees in different IOU territories, what accounts for those differences?**

Based on review of relevant IOU tariffs, the re-entry fees for each IOU are shown below in the following table:

Event	Who Pays	Fee	PG&E	SCE	SDG&E
Customer Requests Return – voluntary return	Customer	Re-entry	$4.24	$1.30	$1.12
CCA returns customer – failure to pay CCA or violates other terms of contract	CCA	CCASR Fee	$0.79	$0.98	$1.12
Voluntary Dissolution of CCA	CCA	Fee	$4,475	$3,041 + $0.13/acct	Time + materials
Involuntary Dissolution of CCA	CCA	Time and materials			

As noted in the CCA Parties' PHC Statement, it is particularly unusual that there is such a wide difference in the re-entry fee for PG&E as compared to the re-entry fee for the other IOUs. Although the currently listed re-entry fee for SCE is $1.30 per account, the proposed re-entry fee for SCE is actually much less: $0.50 per account.[12] This represents a difference of nearly 800 percent ($0.50 per account [SCE] vs. $4.24 per account [PG&E]). For CCAs in PG&E's service area, the re-entry fee, alone, can exceed $1 million. The CCA Parties look forward to working further with the Commission and the IOUs to better understand the reasons for the disparate level of fees shown.

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12 *See* Proposed Settlement in SCE's General Rate Case (A.16-09-001), dated January 19, 2017.

c. What costs should the bond cover?

Based on the language of Section 394.25(e), the "reentry free" covered by any CCA Bond should only cover those IOU costs that are "necessary to avoid imposing costs on other customers of the electrical corporation…" In its examination of issues related to the ESP bond methodology, the Commission found that procurement-related costs associated with large customers should NOT be included within the definition of a "reentry fee."[13] The Commission should also investigate differences among classes of customers in the development of the CCA Bond.

At the Workshop, the IOUs stated that there would be "additional" undefined administrative costs above and beyond the amount of the re-entry fee that the IOUs would incur to accommodate a mass involuntary return of CCA customers all at the same time. The example provided was the need to process returns that are not on the customer's regular monthly billing cycle. Again, the IOUs' assumption behind these potential additional costs assume a meltdown of a CCA with virtually no advance warning and no opportunity for an orderly unwinding of a CCA's business or the orderly transfer of customers from the CCA's Scheduling Coordinator to the IOU. Any proposals to estimate potential additional administrative costs for inclusion in the CCA bond amount must be based on a realistic and rational assessment of the most likely scenarios for CCA termination rather than the least likely and most extreme event.

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[13] *See* D.11-12-018 at 67-68; emphasis in the original ("We do NOT define the procurement costs to serve large commercial and industrial involuntarily returned DA customers as a reentry fee under § 394.25(e), provided that such returning customers bear full responsibility for such procurement costs through payment of a TBS rate. By paying the TBS rate, such returning DA customers avoid shifting costs to utility bundled customers, and therefore, there is no need for a reentry fee to cover large commercial and industrial procurement costs in order to satisfy Section 394.25(e). Defining the reentry fee for large commercial and industrial customers in this way prevents shifting costs to bundled customers.").

d. Potential alternative methods for determining the amount of a bond

At the workshop, the IOUs proposed an alternative method for determining the amount of the CCA Bond.[14] This alternative method is significantly more onerous than the Commission approved ESP bond methodology. . The IOUs' proposed alternative method has the following attributes:

Duration:	Based on a minimum of one year.
Incremental Procurement Costs:	A "risk-based" forecast of the IOU's procurement costs under stressed conditions.
Regular Updates of the CCA Bond amount:	At the Workshop, the IOUs proposed that that CCA Bond amount be updated "monthly."

The Commission has previously rejected several elements of the IOUs' proposal as unreasonable. In the context of the ESP bond methodology, the Commission addressed the IOUs' proposal to base the bond on a duration of one year, stating that "[w]e conclude that the PG&E/SCE proposed timeframe of one year for calculating incremental costs is excessive."[15] In this regard, the Commission also observed that one year is the outer bounds of full integration for mass returns of CCA customers, and this presumption should not be conclusive.[16] The Commission ultimately concluded that "an eight-month period reasonably covers the likely risk exposure for incremental procurement costs for the affected involuntary returned customers. By requiring the ESP to cover the risk of incremental procurement costs for an eight-month period, the IOUs and its bundled service customers are protected as required by Section 394.25(e) without unduly burdening the small DA customers."[17]

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14 *See* SCE Workshop Presentation at 4-6.

15 D.11-12-018 at 83.

16 D.11-12-018 at 83.

17 D.13-01-021 at 23.

With respect to a "risk-based" forecast, the Commission has not been persuaded thus far that the IOUs' past risk-based proposals are appropriate for bond methodology calculations, observing that these risk-based methods have been used to manage rate level risk for the IOUs' procurement for bundled customers – a risk unrelated to what would be experienced in reintegrating returning CCA customers.[18]

Finally, with respect to monthly adjustments of the bond amount, the Commission has previously (and repeatedly) rejected the IOUs' monthly update proposal, noting that more frequent updating than twice per year "could prove to be administratively burdensome without offsetting benefits in terms of increased accuracy or timeliness."[19]

Panel 2 Discussion of financial security instruments, including letters of credit, surety bonds, insurance

At the Workshop, the IOU representatives indicated that surety bonds would not be considered by the IOUs as an acceptable form of financial security. The CCA Parties are interested in further exploring the basis for the IOUs' disfavor of surety bonds and the limitation that this restriction might place on CCAs. In the ESP bond proceeding, SCE likewise proposed that financial security instruments be limited to letters of credit or cash deposits,[20] however, the Commission eventually concluded that "[a]cceptable instruments include surety bonds, letters of credit, cash deposits or third party guarantees with a credit worthy entity."[21] The CCA parties see no reason to limit the forms of security instruments previously deemed acceptable by the

---

18 *See* D.11-12-018 at 83. The Commission later adopted a simplified calculation that eliminated stressed market factors and related confidence interval calculations, noting that "[s]implifying the calculation in this manner reduces controversy and uncertainty as to the appropriate ESP financial security and reentry fee amounts." (D.13-01-021 at 21.)

19 D.13-01-021 at 25.

20 *See* D.11-12-018 at 73.

21 D.11-12-018 at 75.

Commission. In fact, CCAs are less risky entities even than ESPs and should have broader choices.

Panel 3 CCA perspective on risk mitigation

- **a. Status of CCAs as public agencies subject to laws and regulations applicable to the prudent operation of government entities**
- **b. Overview of CCA operations and management by governing boards through public meetings, including, approval of contracts and budgets, rate-setting processes, and risk management policies**
- **c. Credit practice and policies, CCA provisions to secure contracts, term of contracts and if there is fixed price involved**
- d. **Legal obligations of CCAs for RA, RPS, PCIA, etc. that provide risk mitigation**

The CCA Parties commend to the Commission's further consideration the Workshop presentation material submitted by the CCA Parties ("CCA Workshop Presentation").[22] The CCA Presentation sets forth various reasons why the structure, nature and processes associated with CCAs inherently provide factors that mitigate against risk associated with the CCA Bond. Without fully restating these factors, several attributes are worthy of additional consideration.

CCAs are made up of public agencies, entities that exist to provide various public utility and other essential services within their jurisdictions. These not-for-profit public agencies formed to provide public benefits are fundamentally different from the other entities the Commission regulates. Simply put, CCAs do not exist to make a profit on sales of energy, but instead CCAs exist to advance their local jurisdictions' respective climate change, economic development, and rate stability goals in partnership with the State, and above all, are committed to advancing and protecting the health, safety, and well-being of the residents and businesses in

[22] A copy of the CCA Workshop Presentation is attached hereto.

their communities.[23] In addition, an important impetus behind CCA formation has been the idea of local control over power supply and power suppliers. CCAs are unburdened by any fiduciary duty to generate profit for shareholders at the potential expense of these goals. The formation process associated with a CCA typically takes many years and requires the support of numerous stakeholders within the proposed CCA. For example, PCE encompasses San Mateo County and all twenty-one cities within the county. Each jurisdiction had to undertake due diligence in considering whether to join PCE prior to affirmatively voting to join. This process ensures that the decision to form a CCA in the first place is taken in a careful and measured fashion.

Each of the currently operating CCAs is either a municipal enterprise or a joint powers authority. Both forms of CCAs are subject to numerous State laws designed to ensure oversight and transparency in their decision-making. For example, CCA's are governed by boards consisting of elected or appointed officials, which are ultimately subject to voter control. CCAs are also subject to open meetings laws[24] and public records laws,[25] which ensure open and transparent decision-making. Each of these unique features promotes transparency of decision-making and oversight of CCA activities by the members of each CCA board and the public. The Commission has recognized that these state level requirements promote accountability by CCAs.[26]

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[23] *See, e.g., Joint Exercise of Powers Agreement Relating to and Creating the Peninsula Clean Energy Authority of San Mateo County*, Section C(a) (purpose of the Agreement includes reducing greenhouse gas ("GHG") emissions related to the use of power in San Mateo County).

[24] *See* Cal. Gov. Code § 54950, *et. seq*.

[25] *See* Cal. Gov. Code § 6250, *et. seq*.

[26] *See, e.g.,* D.05-12-041 at 10-11 ("CCAs[] are subject to numerous laws that will have the effect of protecting CCA customers and promoting accountability by CCAs... a CCA must conduct public hearings, operate within a budget and disclose most types of information to members of the public. To the extent that a CCA fails to consider the interests of its customers –

CCA business and financial processes also ensure stability and accountability. Like the IOUs, CCAs engage in annual rate setting, annual budgeting, and maintain robust accounting and financial controls. Energy contracting, and scheduling and settlements management are also performed on an ongoing basis. CCAs also engage or are planning to engage in regular integrated resource planning, which will provide long-term insight into their procurement activities. In addition to these levels of management and oversight, CCAs are also subject to rules and regulations that have the clear effect of mitigating risk, including resource adequacy ("RA") requirements, renewables portfolio standard ("RPS") requirements, including long-term contracting requirements, power source disclosure requirements, and numerous Commission decisions and rules, such as Rule 23 (CCA). CCAs are also subject to regulation by the ISO with respect to Scheduling Coordinator and market participant requirements (*e.g.*, minimum capital requirements, market participant risk management policies, procedures and controls, and annual officer attestations). Each layer of oversight and compliance significantly reduces the risk that a CCA will be mismanaged to the point that it needs to return significant numbers of customers to an IOU in an unplanned fashion.

In light of these factors, the CCA Parties believe characterizations by the IOUs of CCA risk profiles are grossly inaccurate and misrepresent the true nature of CCAs' financial and resource stability. As summarized in the SCE Presentation and openly voiced by the IOUs during the Workshop, the IOUs and Commission will apparently have no idea if the CCAs' respective portfolios are hedged and well-managed because the CCAs have been so recalcitrant and difficult about giving procurement information to the Commission. Therefore, according to

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who are local citizens – there is recourse in subsequent elections, the courts and before local government agencies.")

the IOUs it must be assumed that the CCAs are buying on the spot market for the vast majority of their procurement. Thus, when market prices increase, even for a few days, the CCAs will instantaneously and simultaneously suffer unmanageable liquidity problems, become insolvent overnight, and either all of the CCAs will simultaneously return their customers to the IOUs within a matter of days of the market price increase, or the IOUs will have to run to the Commission for an emergency order to take over CCA service.[27]

Again, this characterization is unfair and grossly inaccurate, and runs contrary to ascertainable information through publicly available documents. The track record of existing CCAs – which have seen sometimes wide fluctuations in market prices – demonstrates an ability to not only hedge against risk, but to consistently maintain rate stability and retain their customers. This is so even when a CCA's rates have risen above the incumbent IOU's rates – a scenario that might otherwise suggest that CCA customers would flee CCA service and thereby create financial instability.

CCAs are public agencies served by well-qualified staff subject to oversight by their boards with open decision-making processes, all the while overseen by rules established by the Commission, California Energy Commission, California Air Resources Board, Federal Energy Regulatory Commission and the ISO. The CCA Parties do not find it credible to assume under any scenario that CCA will immediately terminate service in violation of notice and other requirements of Rule 23 and state laws governing public notice and processes for public agency decision-making. PG&E's expert witness recently testified that he did not find this a credible

[27] *See, e.g.,* SCE Workshop Presentation at 7.

future scenario either, testifying that PG&E's future load forecasts do not anticipate any CCA load returning to bundled service.[28]

In the case of a CCA decision to voluntarily wind down its operations, one-year notice must be provided to the Commission and to the relevant IOU.[29] While Rule 23 contemplates involuntary termination of CCA service either in an exigent, emergency situation or due to failure of a CCA to cure an issue that does not arise to the level of an emergency, the CCA Parties do not believe either scenario is reasonably plausible. CCAs have operated successfully and professionally in California with no evidence of malfeasance or mismanagement.

Panel 4 What are potential scenarios of involuntary customer returns that create a risk of cost-shifting under Section 394.25(e) and which would be mitigated by the CCA bond?

As discussed in the response to Question 1 (Panel 3), above, the IOUs' proposal for the CCA Bond is based on the assumption that CCAs are so poorly managed and so exposed to market prices that even a short–term (less than one month) increase in market prices will cause the instantaneous and simultaneous bankruptcy of CCAs and an associated mass return of CCA customers. The IOUs also apparently assume that CCAs would not increase their retail rates to cover increased costs. Both assumptions are faulty and not based in fact. As discussed at the Workshop, the more likely scenario is that CCAs would raise their rates to cover increased costs and CCA customers may choose to return to IOU service if the CCA rates were no longer attractive. If a CCA's customer base were to decrease to the point where continued operation

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28 *See* RT Vol. 3 in PG&E A.16-08-006 (Diablo Canyon) at 380:28 – 381:5 ("Q: So for the purposes of these forecasts that are used here in Table 2-3, does PG&E anticipate any load returning to PG&E from the CCAs? A No. This is not assumed that there is load returning from the CCAs.").

29 *See, e.g.*, PG&E Rule 23; Section S.1.

was no longer economically viable, the CCA could voluntarily cease operations in accordance with the IOU Tariffs. However, it is probable that IOU rates would also increase with market prices, making mass voluntary returns of CCA customers less likely. Moreover, if market prices were higher than the IOUs' generation costs, the Indifference Amount paid by CCA customers would be reduced, which would have a downward effect on the CCA customers' *total* generation rates. In any event, it should not be assumed that volatility in market prices would trigger the need for the CCA Bond.

2. The elements that should be included in the calculation of any bond, insurance, or other financial security (hereafter, for brevity, "bond") posted by a community choice aggregator (CCA). Please include detailed explanations and examples for each element.

The CCA Parties believe that the Commission should include various cost savings or mitigating elements in the calculation of the CCA Bond. These negative or mitigating elements are essential and should be given significant attention by the Commission.

For the ESP Bond, the Commission permits "the financial security amount to be calculated by netting any negative procurement costs against incremental administrative costs…."[30] This practice should continue, particularly in light of the fact that historically the IOUs' incremental procurement costs have been predominantly negative.[31]

At the Workshop, discussion occurred on other offsetting or mitigating elements that may warrant consideration as part of the CCA Bond. The CCA Parties are interested in further exploring these and other mitigating elements. For these comments, the CCA Parties simply note that the CCA Bond determination should meaningfully weigh at least three other mitigating

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30 D.13-01-021 at 31.

31 In this regard, the CCA Parties appreciate Question 11 in the Post-Workshop Ruling that is intended to furnish information on this topic.

elements: (1) Scheduling Coordinator responsibilities under the ISO Tariff, (2) CCA customer payments held by the IOUs as exclusive billing agents for the CCAs, and (3) the hedging value of resources associated with CCA customer payments of the Power Charge Indifference Amount ("PCIA") (and associated Competition Transition Charge ("CTC"), collectively "Indifference Amount"). In addition, as discussed at the Workshop and in response to Question 6, below, the CCA Bond determination must also incorporate factors reflecting the likelihood that a CCA would become financially insolvent and involuntarily terminate operations without prior notice.

(1) Scheduling Coordinator Responsibilities

One matter that was actively discussed and questioned at the Workshop, is ISO Tariff requirements for returning a CCA's customers to an IOU for purposes of determining cost responsibility. The IOUs' presentation suggests that the burden on an IOU will be "immediate" if a CCA terminates service.[32] This suggestion is dubious, at best. The CCA Parties are further investigating the ISO rules, but it appears that the rules are structured so that the immediate financial burden of this unlikely event is borne by the CCA or the CCA's Scheduling Coordinator, not the IOU. This question requires further exploration but may be a significant mitigating factor that should be taken into consideration in determining the CCA Bond.

(2) Mitigating Effect of CCA Customer Payments Held by the IOU

Under the originating CCA law (Assembly Bill 117), the IOUs were statutorily defined as the exclusive billing service provider for CCAs.[33] This means that all payments from CCA

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32 *See, e.g.,* SCE Workshop Presentation at 7 (describing a situation in which a CCA is not sufficiently hedged and therefore "immediately terminates service and returns customers to IOU").

33 *See* Pub. Util. Code § 366.2(c)(9) (The incumbent IOU shall "provide all metering, billing, collection, and customer services to retail customers that participate in [CCA] programs.").

customers to CCAs run through the IOUs. This differs from the IOUs relationship to ESPs, which do not rely on the IOUs to process and provide customers payments. These payments reflect the entirety of procurement costs, not just *incremental* procurement costs, and therefore will undoubtedly reflect a significant sum of money, presumably tens or perhaps hundreds of millions of dollars depending on the amount of time that these payments are held and the billing/payment cycle.

The relevance of these payments to the CCA Bond determination is direct and significant. Simply stated, these payments reflect a significant hedge against the risk that an IOU's customers will bear costs associated with a mass, involuntary return of CCA customers. This correlation is specified in the IOUs' CCA rules, which expressly state that "[the IOU] has the right to withhold and offset CCA customer payment remittance to the CCA until all such charges [associated with a mass, involuntary return of CCA customers] are paid by the CCA."[34]

The CCA Parties are interested in exploring with the Commission the process associated the IOUs' respective billing/payment cycle. Again, depending on the timing associated with issuing bills and then receiving payments, the IOUs could, at any given time, hold and retain tens or hundreds of millions of dollars. This fact should certainly be considered as the Commission sets a CCA Bond methodology.

(3) Mitigating Effect of the Indifference Amount

In evaluating re-entry costs and any CCA Bond, the Commission must consider the mitigating effect associated with Indifference Amount payments made by CCA Customers. This requirement is unique to CCA programs and is set forth in Section 366.2(c)(13), which reads in pertinent part as follows: "Any reentry fees to be imposed after the opt-out period specified in

[34] *See, e.g.,* SCE Rule 23; Section T.2.

this paragraph, shall be approved by the commission and shall reflect the cost of reentry. The commission shall exclude any amounts previously determined and paid pursuant to subdivisions (d), (e), and (f) [Indifference Amount] from the cost of reentry." This legislative directive is not self-executing, and requires interpretation by the Commission as to how to properly implement the provision. If nothing else, however, this legislative directive means that re-entry fees, and any associated CCA Bond, must in some way be reduced by or reflective of Indifference Amount payments.

The relevance of Indifference Amount payments to the CCA Bond determination may require further explanation. The IOUs have stated that re-entry fees and the CCA Bond should include "*incremental procurement costs* to serve the involuntarily returned load."[35] In calculating incremental procurement costs, the IOUs have used the *entirety* of the CCAs' load and applied the *full* TBS rate to this load.[36] In other words, the IOUs have assumed that, upon a mass involuntary return of CCA customers, the cost-shift to IOU customers can only be avoided by fully purchasing from the spot market to serve these customers. This assumption is unfair, and flatly ignores the reality that, by their ongoing payment of the Indifference Fee over the years, CCA customers have contributed to and paid for a portion of the IOU's resource portfolio. It would be unfair, and contrary to Section 366.2(c)(13) and Commission precedent if the IOUs were allowed to accept Indifference Fee payments when the IOUs' portfolio was "above-market"

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35 *See, e.g.,* SCE Workshop Presentation at 4-5.

36 Prior to the Workshop, several CCAs propounded data requests on the IOUs, seeking to observe how the IOUs would apply the ESP bond methodology to CCA load. If requested by the Energy Division, these CCAs will provide the IOUs' responses to the Energy Division.

and then accept additional re-entry payments that ignore the reality that the IOU's portfolio are now "below-market."[37] This would epitomize the "heads I win, tails you lose" construct.

Simply stated, in calculating the CCA Bond the Commission must consider Indifference Fee payments. One way to do this is to define "incremental" procurement costs as excluding procurement costs for that part of the CCA's load that has been paying Indifference Amounts. For this part of the CCA's load, past Indifference Amount payments and current payment of the IOU's system-average rate should ensure that no cost-shifting to the IOU's customer occurs. The CCA Parties are interested in further exploring these ideas with the Commission and the IOUs.

The CCA Parties are exploring other mitigating factors that have the effect of significantly dampening, if not completely eliminating, any realistic and material risk of cost-shifting.

3. If you are prepared to propose one now, a method that should be used in the calculation of the bond. A sample calculation must be included.

As noted above, the CCA Parties are not prepared at this point to propose a definitive method that should be used in the calculation of the CCA Bond. The CCA Parties are gathering additional information, collaborating and will advance a proposal in testimony to be submitted on July 7, 2017.[38] That said, as noted above, if the Commission uses the ESP bond methodology

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[37] *See, e.g.,* D.08-09-012 at 48 [quoting from D.07-05-005 at 18-19] ("By allowing for negative indifference amounts to be netted against future positive amounts, the goal of bundled customer indifference is preserved. *** The indifference charge is intended to capture the applicable above-market procurement costs. *** Therefore, in order to maintain indifference, both positive and negative indifference effects must still be tracked, with the negative amounts offsetting positive amounts.").

[38] *See* Scoping Memo at 7.

as a starting point for the CCA Bond, it should include appropriate and necessary adjustments and additional mitigating elements.

4. The criteria for determining the frequency with which any bond should be updated or refreshed, including any proposal for a particular frequency.

In general, the CCA Parties believe that the frequency established for the ESP bond methodology (once every six months)[39] may be an appropriate basis for the CCA Bond. Certainly, the frequency should not be more, as suggested by the IOUs (monthly).

5. The elements that should be included in an evaluation of the risk of a CCA's termination of operations.

The CCA Parties appreciate the Commission's consideration of this question and related issues associated with the stability of CCAs and the relatively low risk that a CCA would cease operations in a manner that would result in the risk of unmitigated costs being imposed on bundled customers. The CCA Parties believe that it is reasonable and appropriate for the Commission to consider various non-dollar factors as it determines the appropriate structure and amount of the CCA Bond. As the Commission has previously stated, the Commission's consideration of "policy ramifications" and other non-dollar factors is an appropriate exercise of the Commission's authority and discretion in interpreting Section 394.25(e).[40] As such, in its consideration of how to apply Section 394.25(e) to CCAs the Commission should consider policy determinations affecting CCAs and the viability of CCA programs. While this was true

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[39] *See* D.13-01-021 at 25.

[40] *See generally* D.14-07-028 (rehearing order of D.11-12-018). Among other things, the Commission observed that "[t]he plain language of section 394.25(e) gives the Commission the discretion to determine what constitutes a reentry fee under that statute. *** [T]he Commission is entitled to great deference in its interpretation of the Public Utilities Code *** [T]he [C]ommission's interpretation of the Public Utilities Code should not be disturbed unless it fails to bear a reasonable relation to statutory purposes and language…." (D.14-07-028 at 2-3.)

with respect to ESPs and the DA program,[41] it is doubly applicable and relevant to CCA programs, which are imbued with key policy preferences and priorities.[42] In short, the CCA Parties believe that it is critical for the Commission to weigh and harmonize policy preferences regarding the viability of CCA programs with the Commission's pure mathematical and administrative calculation of the CCA Bond.

More specifically, it is relevant and appropriate for the Commission to consider whether rote application of the CCA Bond might affect the viability of CCA programs, thereby being at cross-purposes with the State's policy of promoting the development of CCA programs. As discussed at the Workshop, although a CCA would not pay the full face-value of the CCA bond for a letter of credit or other financial instrument, the face value of the letter of credit could impact a CCA's access to credit. Thus, a high CCA Bond amount may create a liquidity issue for a CCA irrespective of any other factor. That is, if market prices increase, and the CCA Bond amount increases substantially, a perfectly healthy CCA with a 100% hedged portfolio may be forced into a liquidity problem due solely to the amount of the CCA Bond it is required to post. In this example, the CCA Bond would create the very problem it was designed to guard against.

The CCA Bond must take into account the relatively low risk of a CCA ceasing operations in a manner that would result in the risk of cost-shifting to bundled customers.[43] As noted in the Workshop, incremental procurement costs are a factor only if an unexpected

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41 *See* D.14-07-028 at 6 (note 6) (referencing D.11-12-018 at 103-104 (Finding of Facts 38 and 39).

42 *See, e.g.,* D.04-12-046 at 3 (emphasis added) ("The state Legislature has expressed the state's policy to permit *and promote* CCAs by enacting AB 117…."). *See also* D.10-05-050 at 13 (emphasis added) "Certainly, Section 336.2(c)(9) evidences a substantial governmental interest in *encouraging the development* of CCA programs and allowing customer choice to participate in them.").

43 *See* CCA Parties PHC Statement at 4-5.

termination of CCA operations occurs when spot market prices are higher than IOU procurement costs and there is insufficient time for the IOU to adjust its procurement. While the IOUs concede that spot prices exceeded IOU procurement costs for brief periods of time nearly 10 years ago, this scenario demonstrates that it is not common. From a statistical viewpoint, evaluating the risk of a termination of CCA operations during an event of unusually high market prices involves the probability of a mass involuntary return of CCA customers multiplied by the probability that spot market prices are higher than IOU procurement costs during this involuntary return period. Practically speaking, if this situation were to persist, the effect would reduce the Indifference Amount and would therefore have a downward effect on CCA customers' *overall* generation rates, thus mitigating the risk of a termination of operations by the CCA.[44]

6. The method, if any, for adjusting any bond for the level of risk of the likelihood of an individual CCA's termination of operations.

This question raises a key distinction with respect to CCAs vis-à-vis ESPs, and is relevant to the Commission's consideration of the CCA Bond. The CCA Parties are interested in further exploring this matter and providing the Commission additional information. As a general matter, and as stated in the CCA Parties' PHC Statement, "public entities cannot declare bankruptcy and disappear overnight."[45] The Commission has previously found that CCAs are "subject to numerous laws that will have the effect of protecting CCA customers and promoting accountability by CCAs [including the fact that] a CCA must conduct public hearings, operate

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[44] Furthermore, unusually high market prices might temporarily result in a "negative" Indifference Amount, which under the current Commissioner rules would be a benefit to the IOUs customers, and is one of the reasons that Indifference Amounts should be a meaningful part of the CCA Bond calculus. (*See, e.g.,* D.08-09-012 at 41 ["If the total portfolio costs are lower than market costs resulting in a negative indifference amount, the customers' departure is economic."].)

[45] CCA Parties PHC Statement at 4.

within a budget and disclose most types of information to members of the public."[46] As such, the public and the IOUs will have significant advance notice of factors that may be contributing to dangerous and unexpected levels of risk. Additional factors could include the longevity of a CCA and its track record of procurement management.

7. How, if at all, should the number of customers of a CCA be taken into account in determining any bond for a CCA?

In general, the ESP bond methodology approach for determining the incremental administrative costs associated with involuntarily returning customers may be a useful starting point for the CCA Bond. However, as discussed at the Workshop, the Commission have not conducted any studies to determine whether there might be cost savings as the result of a "mass" return of CCA customers, and therefore it may turn out that the use of tariffed re-entry fees as a proxy overestimates incremental administrative costs.

8. How, if at all, could the risk of a mass involuntary return of CCA customers to IOU service potentially be "pooled" among CCAs within a particular IOU service territory? Please address legal, financial, and practical aspects of a possible pooling arrangement.

The CCA Parties appreciated the free-flowing discussion that occurred at the Workshop. This discussion has spurred the CCA Parties to consider a number of thoughts, ideas and concepts, which were previously unexamined. However, the CCA Parties are not prepared to respond to this question at this time. A risk pool among the CCAs requires careful consideration by the CCAs as a group on the feasibility of such an approach and would require a legal agreement between the CCAs that sets the terms and conditions of participation in the pool prior to any decision by the Commission requiring such a mechanism.

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46 D.05-12-041 at 10-11.

9. Should any particular type of financial instrument or insurance arrangement be required for the bond? Provide detailed reasons for any particular choice, including any practical considerations about using each type of financial instrument or insurance arrangement.

As a general matter, the CCA Parties believe that at a minimum, the financial instruments available to ESPs should also be available to CCAs in satisfying the CCA Bond requirements. The Commission should also give consideration to newly formed CCAs' respective ability to obtain financial instruments at a reasonable cost given their lack of a financial track record in order to avoid adopting requirements that affirmatively discourage CCA formation. This outcome would be at direct odds with state policy, which encourages the formation of CCA programs.[47]

10. What, if any, additional reporting requirements for CCAs could be instituted to help demonstrate the prudence of a CCA's hedging strategy and management practices, and provide evidence of mitigating the risk of an involuntary return of CCA customers to IOU service?

At the Workshop, participants discussed whether submission of additional information on CCA procurement would be a means of addressing some of the assumptions underlying the risk of a mass involuntary transfer of CCA customers. In particular, the IOU representatives noted they periodically provide confidential reports to the Energy Division staff, including a report describing *To Expiration Value at Risk* (TeVaR). The CCAs are exploring the idea of how similar reporting by CCAs of their procurement and hedging activities could provide the Commission staff with relevant information for the CCA Bond. The CCA Parties hope to develop this idea further as part of their proposal submittal on July 7, 2017.

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[47] *See* note 42, above (which cites Commission decisions interpreting AB 117 and SB 790 as establishing State policy in support of CCA programs).

While additional reporting might prove to be helpful, it is important to note that, since CCAs are public agencies, many documents relating to a CCA's operations, procurement, and finances are publicly available, and are often the subjects of extensive public examination and scrutiny as part of the board-review process. For example, agenda material for the MCE Board of Directors meeting for January 19, 2017, include a report on procurement activity which lists approved contracts and a detailed report and recommendation on updated delegations of authorities for power procurement.[48] Moreover, MCE has a website containing key documents, which houses financial statements and reports on power procurement.[49] Of particular note, MCE has an integrated resource plan which is updated annually through a public process, with detailed information on MCE's power procurement and related matters.[50]

One final comment is relevant to this question. Each CCA is required by SB 350 to prepare and submit statutorily defined "Integrated Resource Plans" to the Commission.[51] These plans will be substantial in content and will provide significant information on the health of CCA portfolios and procurement management.

11. Information requested from IOUs only:

a. **For each of the years 2006-2016, each IOU should provide both its actual system wide procurement margin and its desired system-wide procurement margin; and**

b. **For each of the years 1999-2016, on a quarterly basis, each IOU should provide its system average rate and the corresponding period's average market rate for electricity procurement. Provide publicly available**

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48 https://www.mcecleanenergy.org/wp-content/uploads/2017/03/1.19.17-Board-Packet.pdf

49 https://www.mcecleanenergy.org/key-documents/

50 https://www.mcecleanenergy.org/wp-content/uploads/2016/01/Marin-Clean-Energy-2015-Integrated-Resource-Plan_FINAL-BOARD-APPROVED.pdf

51 *See* various documents and proposals filed in the Commission's IRP proceeding (R.16-02-007).

sources for the market rate; if none are available, please identify any confidential sources used.

The CCA Parties look forward to reviewing information provided by the IOUs.

12. Any other issues relevant to the issues addressed in the workshop that are not covered by the questions above.

Not at this time. The CCA Parties are considering whether there are further issues that warrant consideration, and the CCA Parties will bring forward any relevant issue that they discover as part of party proposals, which are to be submitted on July 5, 2017.

III. CONCLUSION

The CCA Parties thank the assigned ALJ and Commission staff for their consideration of these comments.

Dated: April 24, 2017

Respectfully submitted,

/s/ Scott Blaising

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And on behalf of the CCA Parties

Attachment

CCA Parties Workshop Presentation

CCA Perspective on Risk Mitigation

CCA BOND WORKSHOP

R.03-10-003
April 5, 2017

CCA Formation

- Municipalities
  - City of Lancaster
  - City and County of San Francisco
- Joint Powers Authorities – Govt. Code Sec. 6500 et. seq.
  - Marin Clean Energy
  - Peninsula Clean Energy
  - Silicon Valley Clean Energy Authority
  - Sonoma Clean Power Authority
- All are not for profit entities that exist for the benefit of their customers.

CCA Governance

- Governing Boards – Elected or Appointed Officials
- Open Meetings Laws, Gov't. Code Sec. 54950, et. seq.
- Public Records Act, Gov't. Code Sec. 6250, et. seq.
- JPA Agreements ensure financial strength
- Risk management, rate setting, budget and procurement policies and procedures subject to board oversight

Rate Setting Processes

- Transparent and periodic rate setting processes
- Rates set to cover costs and build financial reserves
- Local limits on uses of funds
  - Income retained by JPAs (e.g. MCE)

CPUC D.05-12-041

"Entities of local government, such as CCAs, are subject to numerous laws that will have the effect of protecting CCA customers and promoting accountability by CCAs. Under existing law, a CCA must conduct public hearings, operate within a budget and disclose most types of information to members of the public. To the extent that a CCA fails to consider the interests of its customers -- who are local citizens — there is recourse in subsequent elections, the courts and before local government agencies." At 10-11.

Competitive Rates and Programs

- Sophisticated hedging strategies – all procure forward on a 36 to 60 month horizon; CCAs have obtained long-term PPAs
- Successful track record
  - MCE has offered competitive rates for 7 years
  - New CCAs low opt out rates
- Without NBCs to protect them, CCAs must and have designed their programs to provide the services sought by customers at affordable prices
- Creditworthiness
  - Abundant Responses to RFOs
  - Increasing access to bank financing
  - On-going CCAs – Establish a Track Record

CCA Business and Financial Processes and Plans

- Annual Rate Setting
- Annual Budgeting
- Integrating Resource Planning
- Energy Market Monitoring and Exposure Management (Hedging)
- Accounting and Financial Controls
- Energy Contracting
- Scheduling and Settlements Management

CCA Legal/Regulatory Requirements

- Resource Adequacy
  - Established after the electricity crisis, the RA program at the CPUC and CAISO ensures resources ARE available to serve customers on a year-ahead basis
- RPS, including long-term contracting requirements
  - Requires 65% of renewable procurement to come in the form of long-term contracts - Cal. Pub. Util. Code 399.13(b)
- CAISO Scheduling Coordinator and Market Participant requirements
  - *e.g.* Minimum capital requirements; Market Participant Risk Management policies, procedures and controls; annual Officer Attestations
- SB 350 Integrated Resource Plans
- Power Source Disclosure Program

Managing Risks

- CAISO rules require CCAs to procure adequate capacity for upcoming year by October 1 of prior year
- Long term resource planning and adherence to risk management programs limit CCA exposure to market price volatility
- CCAs can adjust rates through the public rate-setting process to keep revenues adequate to cover costs
- MCE experience shows that customers tend stick with local or cleaner energy programs through moderate rate increases

CCA Dissolution

- Any CCA dissolution – however unlikely – would be a lengthy public process:
  - CCA customers returning to bundled service subject to notice requirements and Transitional Bundled Rates in IOU Tariffs
  - Any CCA Dissolution Requires Approval of the Local Authorities
    - Public notice and public meetings in accordance with Brown Act
    - JPAs – May Require Vote of Member Agencies

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	Rulemaking 12-06-013 (Filed June 21, 2012)

COMMENTS OF CITY OF LANCASTER, MARIN CLEAN ENERGY, PENINSULA CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AUTHORITY AND SONOMA CLEAN POWER AUTHORITY ON THE ADMINISTRATIVE LAW JUDGES' RULING REGARDING STATEWIDE MARKETING, EDUCATION, AND OUTREACH

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April 25, 2017

And on behalf of the CCA Parties
(as defined below)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	)))))))	Rulemaking 12-06-013 (Filed June 21, 2012)

COMMENTS OF CITY OF LANCASTER, MARIN CLEAN ENERGY, PENINSULA CLEAN ENERGY, SILICON VALLEY CLEAN ENERGY AUTHORITY AND SONOMA CLEAN POWER AUTHORITY ON THE ADMINISTRATIVE LAW JUDGES' RULING REGARDING STATEWIDE MARKETING, EDUCATION, AND OUTREACH

Pursuant to the *Administrative Law Judges' Ruling Seeking Comment On Statewide Marketing, Education, And Outreach On Residential Rate Reform,* dated April 14, 2017 ("ME&O Ruling"), as modified by *E-mail Ruling*, dated April 24, 2017, which granted a one-day extension to provide comments, the City of Lancaster, Marin Clean Energy ("MCE"), Peninsula Clean Energy ("PCE"), Silicon Valley Clean Energy Authority ("SVCEA") and Sonoma Clean Power Authority ("SCPA") (collectively, "CCA Parties"), submit the following comments regarding implementation of a statewide marketing, education, and outreach ("ME&O") approach for the rollout of time-of-use ("TOU") rates to residential customers.[1]

I. INTRODUCTION

At the outset, the CCA Parties wish to commend the assigned Administrative Law Judges ("ALJs") for identifying the key issues that must be resolved in order to accelerate

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[1] Pursuant to Rule 1.8(d) of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedures, MCE, PCE, and SCPA authorize the undersigned counsel to submit this document on their behalf.

implementation of a statewide ME&O approach for the rollout of residential TOU rates. Since Community Choice Aggregation ("CCA") programs are rapidly expanding as a service model across the state, the CCA Parties seek to ensure that CCA programs and CCA customer interests are afforded due consideration in all discussions regarding the development of statewide ME&O programs associated with the rollout of residential TOU rates.

II. COMMENTS IN RESPONSE TO THE ME&O RULING

The ME&O Ruling invited parties to comment and respond to a list of questions, such as: "What additional information would be useful for evaluating the budget for statewide rate reform ME&O?" and "Are there any other recommendations on how best to move forward with statewide rate reform ME&O?"[2] As explained in further detail below, CCA programs are rapidly expanding in popularity and prevalence in California. Therefore, the CCA Parties ask that the ALJs take the following points under consideration.

A. The CCA Parties Generally Support The Proposal Set Forth In The ME&O Ruling

The CCA Parties acknowledge the practicality and utility of expanding the role of DDB to include statewide ME&O and customer engagement efforts related to rate reform. MCE, in particular, has had favorable interaction with DDB as an Energy Efficiency Program Administrator. MCE believes that stakeholders and ratepayers would benefit from having a singular ME&O implementer to seamlessly coordinate various energy campaigns. Therefore, the CCA Parties support expanding the scope of DDB's work for the Commission to include statewide rate reform ME&O strategy. While the CCA Parties would prefer that DDB contract directly with the Commission, the CCA Parties are not opposed to having DDB contract with the IOUs, so long as the Commission maintains active involvement and authority to direct work

2 ME&O Ruling at 8.

activities.

Set forth below are various matters that the CCA Parties believe should be considered for inclusion in the scope of DDB's work. In particular, the CCA Parties ask that DDB's work include focused attention to the challenges and solutions associated with a statewide ME&O strategy that includes messages for IOU and CCA customers. As further described below, the rapid expansion of CCA programs, with potentially different rate structures, presents unique challenges to ME&O efforts. The CCA Parties offer additional comments below on the question in the ME&O Ruling pertaining to how best to move forward with statewide rate reform ME&O strategy, and related matters.

B. CCA Providers Should Be Included in the Development of Statewide ME&O Messaging

The electric service landscape is changing significantly, with more and more communities electing to implement CCA programs. A recent *Notice of Ex Parte Communication* submitted jointly by the investor-owned utilities ("IOUs") stated:

> "The Joint Utilities described the increasing number of communities that are considering [CCA]. The Joint Utilities explained that the timeframe from CCA exploration to implementation is shrinking and communities like the City of San Diego and Los Angeles County represent a significant share of their respective [IOU] total load. In aggregate, potential load departure from the Joint Utilities' bundled service procurement could be up to approximately 80 percent of total retail load."[3]

CCA customers are charged rates under a two-prong construct: (1) for generation services, CCA customers are charged rates set by the CCA; and (2) for distribution and other services, CCA customers are charged rates applied by the incumbent utility and approved by the Commission. This construct, where not all residential rates are set by the Commission, creates

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[3] *See Southern California Edison Company's (U 338-E) Notice of Ex Parte Communication*, dated March 16, 2017 and filed in A.16-05-001.

the potential for significant confusion in conjunction with the rollout of default TOU rates.

Given the recognition that CCA providers are expected to serve a majority of the load in California in the foreseeable future, any statewide ME&O campaign should solicit and incorporate input from CCA representatives and the CCA community to ensure that shared customers are fairly and appropriately informed regarding the rollout of residential TOU rates. Unless properly informed, confusion may arise among CCA customers. CCA customers need to understand that the rollout of residential TOU rates impacts both their generation rates, set by their CCA, as well as their distribution rates, set by their IOU.

C. Clear and Consistent Messaging is Imperative to Avoiding Customer Confusion

CCA boards are tasked with determining the rate structure for CCA programs. While most CCA programs will choose to default to TOU rates that mirror the IOUs' rates, others may not. Regardless of whether a CCA adopts TOU rates though, CCA customers will be impacted by messaging associated with the rollout of TOU rates. Therefore, in order to avoid customer confusion, clear and consistent messages regarding the two-prong rate structure should be provided to customers.

One messaging method that can help to minimize customer confusion is to provide clear rate comparisons. Such comparisons can only be provided by the incumbent IOUs, which are statutorily defined under Assembly Bill 117 (2002) as the exclusive billing service provider.[4] CCA providers do not have the expertise or infrastructure to conduct generation rate modeling, nor is it their responsibility to do so. Therefore, the Commission should require the IOUs to provide TOU bill comparisons not only to bundled customers but also to CCA customers.

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[4] *See* Pub. Util. Code § 366.2(c)(9) (The incumbent IOU shall "provide all metering, billing, collection, and customer services to retail customers that participate in [CCA] programs.").

Moreover, this bill comparison must be comparable in form and substance; any rate comparison provided to a bundled customer should also be provided to a shared CCA customer. CCA Providers stand ready to assist and provide necessary information to the IOUs to effectuate TOU bill comparison, but direction is needed from the Commission to ensure that such comparisons are implemented in a timely and comparable manner.

D. Statewide TOU ME&O Costs Should Not Be Allocated Solely to Distribution Charges

The budget of TOU ME&O efforts should be allocated in a manner that reflects the fact that TOU rates are almost exclusively related to generation costs. It is not fair, nor is it reasonable, to allocate the entirety of TOU ME&O costs to the distribution function. The costs of statewide TOU ME&O efforts should be at least partially included in generation rates.

CCA providers compete with the IOUs in the provision of generation services, and therefore anti-competitive cross-subsidization occurs when costs attributable to the generation function are assigned to the distribution function. Currently, it appears that the IOUs are proposing to include all residential rate costs solely in distribution rates. This approach would result in inequitable cost-shifting to CCA customers. Senate Bill ("SB") 790 (a CCA-centric bill) was adopted in 2011 with the intent, among other things, of addressing and correcting cross-subsidization that can occur when the IOUs exercise their inherent market power.[5] The CCA Parties are concerned that the issue of proper cost allocation between the generation and distribution function associated with the rollout of default TOU rates is not being given proper attention, and therefore the potential to cross-subsidize the IOUs' competitive generation

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[5] *See, e.g.,* SB 790 § 2(c) ("Electrical corporations have inherent market power derived from, among other things, … the potential to cross-subsidize competitive generation services.") *See also* SB 790 §2(h) ("It is therefore necessary to establish a code of conduct, associated rules, and enforcement procedures, applicable to electrical corporations in order to … protect against cross-subsidization by ratepayers.").

services may continue to exist. This issue ought to be appropriately addressed in this rulemaking, or specifically identified as an issue that will be addressed when the IOUs formally seek cost recovery of residential TOU rates.

III. CONCLUSION

Given the current and expected prominence of CCA programs in California in the coming years, the impact of ME&O efforts on CCA customers should be given due consideration in the context of statewide ME&O efforts. The CCA Parties thank the Commission for the opportunity to provide these comments.

Dated: April 25, 2017

Respectfully submitted,

/s/ Scott Blaising

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And on behalf of the CCA Parties

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.	)))))))	R.14-10-010 (Filed October 16, 2014)

COMMENTS OF SONOMA CLEAN POWER AUTHORITY, CITY OF LANCASTER, SILICON VALLEY CLEAN ENERGY AUTHORITY, AND MARIN CLEAN ENERGY ON THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR'S FINAL LOCAL CAPACITY TECHNICAL ANALYSIS AND FLEXIBLE CAPACITY NEEDS ASSESSMENT FOR 2018

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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.	)))))))	R.14-10-010 (Filed October 16, 2014)

COMMENTS OF SONOMA CLEAN POWER AUTHORITY, CITY OF LANCASTER, SILICON VALLEY CLEAN ENERGY AUTHORITY, AND MARIN CLEAN ENERGY ON THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR'S FINAL LOCAL CAPACITY TECHNICAL ANALYSIS AND FLEXIBLE CAPACITY NEEDS ASSESSMENT FOR 2018

Pursuant to the September 13, 2016 *Assigned Commission and Administrative Law Judge's Phase 3 Scoping Memo and* Ruling, as modified by the September 15, 2016 *Administrative Law Judge's Email Ruling Correcting Schedule*, and April 13, 2017 *Administrative Law Judge's Email Ruling Concerning Comments on LCR and FCR Studies*, Sonoma Clean Power Authority, the city of Lancaster, Silicon Valley Clean Energy Authority, and Marin Clean Energy (collectively, "CCA Parties") hereby provide these comments on the Final Local Capacity Technical Analysis and Flexible Capacity Needs Assessment for 2018 (collectively, "Final Studies") provided by the California Independent System Operator Corporation ("CAISO") on May 1, 2016.

I. COMMENTS

A. The Final Studies' Discussion of Commission Allocation Raises the Issue of Implementation and Obligation Timing

In the Final Flexible Capacity Needs Assessment for 2018, the CAISO raises the issue of Commission-jurisdictional Load Serving Entity ("LSE") contributions, and provides several tables and figures summarizing Commission allocations.[1] The Local Capacity Study also notes that the local results are provided to the Commission for consideration in its 2018 RA program.[2] As part of the Commission's review and consideration of the CAISO's Final Studies, the CCA Parties urge the Commission to consider the timing of obligations stemming from the Final Studies. Presently, the CCA parties submit load forecasts to the Commission on April 21, and do not receive Resource Adequacy obligations until the end of July at the earliest.[3] This delay of over three months complicates LSE procurement and impacts procurement planning and certainty. The CCA Parties recommend that the Commission provide obligations in mid-June as means to improve LSE procurement planning.

Providing obligations in mid-June would also benefit the Commission's revised obligations process. After the Commission provides obligations to LSEs at the end of July, LSEs provide the Commission with revised forecasts in mid-August, leading to the Commission's release of revised obligations in mid-September.[4] Sometimes the initial LSE obligation calculations are not correct, and an expanded timeframe for review and correction of the calculations would enable accurate revised obligations, supporting the reliability goals expressed in the CAISO's Final Studies.[5]

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1 Flexible Needs Assessment at 19-22.
2 Local Capacity Study at 1.
3 *See* 2017 Final RA Guide at 3 (for July 31, 2016 obligation date).
4 *Id.*
5 *See* Local Capacity Study at 7 (for CAISO reliability obligations).

II. CONCLUSION

The CCA Parties thank the Commission for the opportunity to provide these comments on the Final Studies in this proceeding.

Dated: May 5, 2017 Respectfully submitted,

/s/ Hilary Staver

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May 3, 2017

CA Public Utilities Commission
Energy Division
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Reply to Protest of MCE Advice Letter 23-E

Re: Pacific Gas and Electric Company's Protest to MCE's Advice Letter Identifying Metrics to Track Marin Clean Energy's Low Income Families and Tenants Pilot

Dear Energy Division Tariff Unit:

Marin Clean Energy ("MCE") hereby replies to the April 26, 2017 protest of Pacific Gas and Electric Company ("PG&E") to MCE's Advice Letter 23-E ("Protest"). MCE intends to file a supplemental advice letter providing additional details that will resolve the issues raised in PG&E's Protest.

/s/ Michael Callahan_
Michael Callahan
Regulatory Counsel

cc: Service List A.14-11-007 et al.