Glossary of Terminology and Key Acronyms

KEY LEGISLATION

AB 32 – Assembly Bill 32, the Global Warming Solutions Act of 2006 | AB 32 is an environmental law in California that established a timetable to bring California into near compliance with the provisions of the Kyoto Protocol.

AB 117 – Assembly Bill 117, Foundational Legislation for Community Choice Aggregation | AB 117 is the California legislation passed in 2002 that enabled community choice aggregation, authored by then Assemblywoman Carole Migden.

SB 790 – Senate Bill 790, Charles McGlashan Community Choice Aggregation Act | SB 790, authored by state Senator Mark Leno, was passed in 2012. This bill instituted a code of conduct, associated rules, and enforcement procedures for IOUs regarding how they interact with CCAs. This bill also clarified a CCA’s equal right to participating in ratepayer–funded energy efficiency programs.

SB 350 – Senate Bill 350, Clean Energy and Pollution Reduction Act of 2015 | SB 350 established California’s 2030 greenhouse gas reduction target of 40% below 1990 levels. It sets 2030 targets for energy efficiency and renewable electricity, along with other actions aimed at reducing emissions across the energy and transportation sectors as a step towards the 2050 goals of reducing emissions to 80% below 1990 levels.

TERMINOLOGY

Bundled Customers | Bundled customers receive both their electricity generation and distribution services from the same entity. If a customer “opts out” of MCE service, they would be a bundled customer of PG&E.

Unbundled Customers | Unbundled customers receive their electricity generation and distribution services from separate entities. Customers of MCE are considered unbundled customers because they purchase their electricity generation services from MCE and their electricity distribution services from PG&E.

Tiered Rates | A rate structure in which the retail price of electricity increases incrementally as a customer reaches certain thresholds (or ‘tiers’) of total monthly usage. In other words, at ‘Tier 1’ (up to XXX kWh/month), a customer pays $0.0X/kWh; while at ‘Tier 2’ usage (above XXX kWh/month) a customer pays $0.XX/kWh.

KEY ACRONYMS

CAISO – California Independent System Operator | The CAISO maintains reliability and accessibility to the California transmission grid, and is sometimes referred to as the “air traffic controller” of the grid. The CAISO manages, but does not own, the transmission system, and oversees grid maintenance.

CalCCA – California Community Choice Association | CalCCA is a trade association consisting of the currently operating CCAs around the state of California. Other groups that are considering CCA or in the process of launching can join as affiliate members.

CAM – Cost Allocation Mechanism | CAM is a mechanism for passing through Resource Adequacy costs of generation resources – generally new resources brought online by an investor–owned utility (IOU) such as PG&E – to customers that do not receive generation service from the IOU. The generation facility is supposed to fulfill a system or local area reliability need.

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**KEY ACRONYMS** (continued)

**CAP – Climate Action Plan** | CAPs are produced by municipalities to help aid in reduction of greenhouse gas emissions within their jurisdiction. They document greenhouse gas emission inventories, strategies for meeting reduction targets, community goals and municipal goals, and other sustainability metrics. These documents are often updated yearly but can be updated less so. Some communities may not have a CAP.

**CARB – California Air Resources Board** | CARB is the State’s agency established by California’s Legislature in 1967 to: 1) attain and maintain healthy air quality; 2) conduct research to determine the causes of and solutions to air pollution; and 3) address the issue of motor vehicles emissions. Today CARB is tasked with implementing the State’s efforts to reduce and track the reduction of greenhouse gases (GHGs) emitted statewide, by overseeing the AB 32 Scoping Plan and managing major GHG–related programs like Cap–and–Trade and the Low Carbon Fuel Standard. CARB with guidance from the Governor and Legislature controls how revenues from these programs are spent to further the State’s GHG reducing efforts.

**CARE – California Alternate Rates for Energy** | CARE is a program that allows low–income energy customers to receive a 30–35 percent discount on their electric and natural gas bills. Customers may be eligible for CARE if they are enrolled in public assistance programs such as Food Stamps and Temporary Assistance for Needy Families (TANF). There are no changes to the CARE discount for CCA customers.

**CCA – Community Choice Aggregation** | CCA refers to the statutory authority of cities and counties to procure energy on behalf of electricity customers within their jurisdictions. In other words, CCA allows cities and counties to aggregate the buying power of individual electricity customers within their borders to secure an alternative energy supply. MCE is the first operational CCA in California. Other operational CCAs in California include Sonoma Clean Power (SCP) and Lancaster Choice Energy (LCE).

**CCE – Community Choice Energy** | CCE is used interchangeable with CCA by the public and other entities.

**CEC – California Energy Commission** | The CEC is California’s primary energy policy and planning agency. It has responsibility for activities that include forecasting future energy needs, promoting energy efficiency through appliance and building standards, and supporting renewable energy technologies.

**C&I – Commercial and Industrial** | C&I customers have different rates and programs available to them than residential customers. C&I customers can vary widely from industrial users to small businesses.

**CPUC – California Public Utilities Commission** | The CPUC, also simply called “the Commission,” is the entity that regulates privately–owned utilities in the state of California, including electric power, telecommunications, railway, for–hire passenger carriers, natural gas and water companies. The CPUC has limited jurisdiction over CCAs.

**DA – Direct Access** | DA is an option that allows eligible customers to purchase their electricity directly from competitive generation providers. There are legislatively mandated caps on DA that have gradually increased since the energy crisis. Large energy users in particular seek the cost certainty associated with being on DA service.

**DER – Distributed Energy Resource** | DER is a relatively new term that refers to a broad number of energy resource types (roof–top solar, fuel cells, energy storage, demand response, electric vehicles, energy efficiency controls, etc.) that are deployed along the distribution grid level. DERs can be controlled in aggregate to behave like localized generation resources there by increasing local grid reliability while meeting the constraints of broader grid reliability needs.

**DG – Distributed Generation** | DG refers to small, modular power sources sited at the point of power consumption. One example of residential distributed generation is an array of solar panels installed on a home’s roof.

**DGEMS – Distributed Generation Enabled Microgrid Services** | This is a PG&E proposal to implement new distributed energy resources in order to reduce impacts of Power Safety Shutoff (PSPS) events.

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DR – Demand Response | DR is a way of controlling customers’ electricity demand through either voluntary or obligatory programs via either manual or automated control systems. While there are many different flavors of DR designed to attain distinct types of benefits, DR is generally intended to shift electricity demand to better align with the real–time electricity supply.

DSM – Demand–Side Management | Methods used to manage and shift demand for energy, most often to times of the day when the cost of energy is less. DSM activities include energy efficiency programs, electricity load shifting activities and devices, and fuel substitutions.

EE – Energy Efficiency | EE is a way of managing and restraining the growth in energy consumption. It refers to using less energy to provide the same service. For example: In the summer, efficient windows keep the heat out so that the air conditioner runs less often which helps save electricity.

ESAP – Energy Savings Assistance Program | The Energy Savings Assistance Program provides no–cost weatherization services to low–income households who meet the California Alternate Rates for Energy (CARE) income guidelines. Some of the services provided include attic insulation, energy efficient refrigerators, energy efficient furnaces, and weather stripping.

ESP – Electricity Service Provider | ESPs are non–utility entities that offer Direct Access (DA) electric service to customers within the service territory of an electric utility. CCAs are not considered ESPs. However, ESPs, CCAs and investor–owned utilities (IOUs) are all considered load–serving entities (LSEs).

FERA – Family Electric Rate Assistance | FERA is a monthly bill discount program that is eligible to customers who income qualify and have three or more individuals living in their household.

FIT – Feed–In Tariff | FITs are long–term, standard–offer contracts offered by electricity retailers to small–scale renewable developers for the procurement of renewable energy. MCE currently offers a FIT program that enjoys a high level of participation and encourages local development of renewable energy.

GHG – Greenhouse Gas | GHGs are gases in Earth’s atmosphere that prevent heat from escaping into space. The burning of fossil fuels, such as coal and oil, and deforestation has caused the concentrations of GHGs to increase significantly in the Earth’s atmosphere. This increase in GHGs is the driving force behind climate change.

IDSM – Integrated Demand–Side Management | IDSM is still being defined by the CPUC but is generally used to refer to coordination among customer–side energy technologies and services. The technologies are often found behind a customer’s meter and may be related to distributed generation, energy efficiency, electric vehicles, energy storage, and other areas. The services include demand response programs, specialized rate structures, and education programs. IDSM is viewed as a way to reduce the negative impact of organizational silos among utilities and regulators and to improve customer understanding of available options.

IOU – Investor Owned Utility | IOU refers to an electric utility provider that is a private company, owned by shareholders. The three IOUs in California are Pacific Gas and Electric (PG&E), Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E). Historically, IOUs in California have operated as ‘regulated monopolies’ overseen by the California Public Utilities Commission (CPUC). Approximately 4/5 of California’s electricity customers are served by one of the State’s three IOUs. The other 20% of customers are served by Publicly Owned Utilities (POUs, also known as Municipal Utility Districts, or MUDs), which are local government–run utilities, such as the Sacramento Municipal Utility District (SMUD) or Palo Alto Utilities. Please refer to ‘MUD’ and ‘POU’ below.

ITC – Investor Tax Credit | The ITC tax credit offers incentives for developers to create more solar resources stimulating local economic and job growth while increasing renewable resources.

LFGTE – Landfill Gas To Energy | LFGTE is the process of creating energy from the burning of landfill gas. This process reduces emissions by using the methane produced in landfills to create electricity supply instead of being flared.
LIHEAP – Low Income Home Energy Assistance Program  |  LIHEAP is a federally-funded program which will pay a customer’s energy bill once per year if they’re facing shut off, and provide home weatherization services. Preference for home weatherization is given to those with infants and toddlers under 3 years of age. Customers must be qualified to participate based on income and number of household occupants.

LSE – Load-Serving Entity  |  LSEs are a categorization term that refers to investor-owned utilities (IOUs), electric service providers (ESPs), and CCAs, all of which offer generation service in the IOU’s service territory. POUs are excluded from this categorization.

MUD – Municipal Utility District  |  MUDs are public agencies where a local government serves its own customers with bundled electricity. For example, Sacramento Municipal Utility District (SMUD) serves its customers with power and controls both the lines and the generation. This is different from IOUs which are owner occupied and from CCAs which don’t own the infrastructure.

NBC – Non-Bypassable Charge  |  NBCs are line item charges that all distribution customers (both Bundled and Unbundled) must pay. Types of NBCs include the Power Charge Indifference Adjustment (PCIA), though only unbundled customers pay the PCIA. The Public Purpose Program (PPP) charge is also a NBC.

NEM – Net Energy Metering  |  NEM is a rate category for customers with on-site energy generation (e.g., rooftop solar), in which the amount a customer pays each month is the ‘net’ amount between what they generate and what they use. NEM allows a customer to be credited when their renewable generation system generates more power than is used on-site. The customer continues to pay for electricity when more power is used on-site than the system produces.

OBF – On Bill Financing  |  OBF is a financing mechanism in which repayment is integrated into a customer’s utility bill.

OBR – On Bill Repayment  |  OBR is a mechanism for loan repayment in which the loan payments are integrated into a customer’s utility bill. MCE’s OBR program is closed to new customers.

OIR – Order Instituting Rulemaking  |  Legislative tool that allows the CPUC to thoroughly investigate a specific issue and the items related to it. This process generally allows the commission to review legislative concerns with input from stakeholders at a more detailed level.

PACE – Property Assessed Clean Energy  |  PACE is a way of financing energy efficiency upgrades or renewable energy installations for buildings. In areas with PACE legislation in place municipal governments offer a specific bond to investors and then loan the money to consumers and businesses to put towards an energy retrofit. The loans are repaid over the assigned terms (typically 15 to 20 years) via an annual assessment on their property tax bill. One of the most notable characteristics of PACE programs is that the loan is attached to the property rather than an individual.

PAM – Portfolio Allocation Mechanism  |  PAM is a mechanism for passing through long-term contract costs of generation resources. The proposal would have replaced the PCIA but is currently not under consideration at the CPUC.

PCIA – Power Charge Indifference Adjustment  |  The PCIA is an “exit fee” that is intended to protect bundled utility customers from paying the “stranded costs” associated with the IOU previously procuring energy on behalf of the customer now being served by a CCA. When customers leave bundled service to purchase electricity from an alternative supplier, such as MCE, the IOU, which had previously contracted for wholesale energy generation to serve these customers, is able to charge these departing customers the cost of that power.

PDP – Peak Day Pricing  |  PDP is a demand response option for commercial customers in PG&E bundled service. This DR program is not available to MCE customers. Other DR programs are available if customers choose MCE and are no longer eligible for PDP but it is the responsibility of the customer to find a new program.
KEY ACRONYMS (continued)

POLR – Provider Of Last Resort | The POLR is referenced in the event that a CCA, MUD or POU should fail. The IOUs are the POLR making PG&E the POLR for MCE service area.

POU – Publicly Owned Utility | POUs (aka Municipal Utility Districts or ‘MUDs’) are local, publicly owned electric utilities administered by a board of publicly appointed representatives or democratically elected leaders (similar to a CCA). POUs are not within the jurisdiction of the California Public Utilities Commission (CPUC), and are thus subject to different regulation and enforcement than investor–owned utilities (IOUs), electricity service providers (ESPs) and CCAs. Please see ‘MUD’ above.

PPA – Power Purchase Agreement | This is the method through which MCE procures wholesale electricity. These agreements are signed with electric generators in California and the Pacific Northwest to ensure enough energy is purchased on MCE’s behalf to meet state requirements for procurement.

PPP – Public Purpose Program | PPP charges are NBCs collected from all bundled and unbundled customers in order to fund programs such as discounts for low-income customers on the CARE rate and energy efficiency programs.

PSPS – Public Safety Power Shutoff | PSPS events occur during fire season when PG&E or other IOUs intentionally shut down power via transmission lines in order to reduce the risk of fire in a high–risk time period usually indicated by dry conditions with high winds. These may last several hours or many days depending on the severity of the event. PG&E is required to check all lines that were shut off before restarting power to ensure safety.

PTC – Production Tax Credit | The PTC is a tax credit available to make production of new wind resources cost–effective for developers to promote job and economic growth.

PV – Photovoltaic | PV is solar electric generation by conversion of light into electrons. The most commonly known form of solar electric power is roof panels on homes.

RA – Resource Adequacy | RA refers to a statewide mandate for all load–serving entities (LSEs) to procure a certain quantity of electricity resources that will ensure the safe and reliable operation of the grid in real time, over the course of the calendar year (115%). RA also provides incentives for the siting and construction of new resources needed for reliability in the future.

RFP, RFO or RFI – Request For Proposals, Offers or Information | RFPs and RFOs are open market opportunities for contracts with MCE. As a public agency when MCE looks for new project proposals, contract proposals or energy contract offers, we go into the open market for solicitation. Contractors, developers and generators will submit offers or proposals depending on what the contracts are for and MCE will select candidates to enter into contracts with based on a number of criteria. RFIs are simply a request for information from the market and do not result in a contract.

RPS – Renewable Portfolio Standard | The RPS was created in 2002 under Senate Bill 1078 and most recently modified by SB (1X) 2 (2011). A RPS is a requirement that all Load–Serving Entities (LSEs) maintain a minimum percentage of renewable electricity resources within their broader generation supply portfolio. The present RPS requires all of California’s LSEs to have no less than 33% renewable generation content by 2020. Recently Governor Brown has challenged the State to aspire to a 50% RPS requirement by 2030. The Legislature and the CPUC are exploring means to adopting a higher RPS mandate.

T&C – Terms and Conditions | All electric services and programs have terms and conditions. By California state law when customers enroll in MCE services they must receive a copy of the T&Cs within an allocated time period after start of service.

T&D – Transmission and Distribution | Roughly half of the electric bill consists of T&D charges from PG&E. MCE does not control T&D and has no influence on how these charges are determined. Sometimes “T&D” is used as shorthand for the PG&E portion of an MCE customer’s bill.

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KEY ACRONYMS (continued)

TOU – Time–Of–Use pricing | An electric rate schedule in which energy costs vary depending on the time of usage. For example, customers may pay more for energy used during ‘peak’ usage hours, or during the morning and/or evening when intermittent resources (such as solar energy) are less available.

ZNE – Zero Net Energy | A building is ZNE if the amount of energy provided by on–site renewable energy sources is equal to the amount of energy used by the building.

MCE ACRONYMS

AERN – Advanced Energy Rebuild Napa | MCE customer program providing electrification incentives to customers in Napa that had red tagged homes in the 2018 and 2019 fires.

AIR – Agricultural and Industrial Resource program | MCE energy efficiency program for agricultural and industrial customers.

IRP – Integrated Resource Plan | MCE’s IRP is a procurement plan that is submitted to the CPUC on a yearly basis. It includes contracts, goals, updates on enrollment, procurement and development, information about our service area, emissions information, financial information, and program information.

LIFT – Low–Income Families and Tenants | LIFT is a pilot program run by the customer programs team that focuses on providing energy efficiency services to underserved communities. This is defined as customers who do not have access to traditional services due to inability to meet program requirements for a variety of reasons.