

Regulatory Filings Packet

February 05 – March 08



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

Order Instituting Rulemaking to Review,
Revise, and Consider Alternatives to the
Power Charge Indifference Adjustment.

R.17-06-026
(Filed June 29, 2017)

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
REPLY COMMENTS ON ASSIGNED COMMISSIONER'S AMENDED
SCOPING MEMO AND RULING**

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February 5, 2021

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Pursuant to the *Assigned Commissioner's Amended Scoping Memo and Ruling* filed December 16, 2020 (Amended Scoping Memo), the California Community Choice Association¹ (CalCCA) submits the following reply comments. The Amended Scoping Memo provided that: “[r]eply comments may be filed and served no later than February 5, 2021.” In sum:

- No party opposes eliminating the Power Charge Indifference Adjustment (“PCIA”) cap and trigger;
- Adopting the utilities suggestion for a Q1 implementation date will create more time for parties and the Commission to ensure rates are accurate, just and reasonable. Appendix A to these comments includes a model post-November Update schedule for the Commission’s consideration;
- Improvements to the representation of the brown power benchmark component of the indifference calculation should be coupled with other changes to increase the accuracy of the forecast and reduce the volatility of the true-up;

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

- Modifications to PG&E's, and *especially* SDG&E's, ERRA trigger framework to offset bundled customer balances should be made, provided more details are given; and
- The development of a renewable energy credit ("REC") tracking framework makes sense but will require substantial record development prior to adoption and implementation.

I. ELIMINATE THE PCIA CAP/TRIGGER

In a rare display of unanimity, all commenting parties agree that the PCIA cap/trigger should go. Commenters supporting elimination of the PCIA cap/trigger include the originator of the proposal (The Utility Reform Network), the mechanism's ostensible beneficiaries (unbundled customers), Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E) (collectively, IOUs), CalAdvocates, and the Coalition of Utility Employees (CUE). The parties' rationales for eliminating the PCIA cap/trigger vary, several of which CalCCA would dispute;² all commenters agree, however, that the PCIA cap/trigger has failed its fundamental purposes of reducing PCIA volatility and planning uncertainty.

Based on this widely shared conclusion, the Commission should eliminate the cap/trigger mechanism as soon as practicable. Operationally, the mechanism has been eliminated for 2021 in the SCE and PG&E service territories. The recent decisions in their Energy Resource and Recovery Account (ERRA) forecast proceedings effectively removed the cap for 2021, thereby preventing under-recovery in the PCIA Undercollection Balancing Accounts (PUBA) and the

² *E.g.*, CalCCA takes issue with CUE's collateral attack on D.18-10-019's creation of the PCIA cap/trigger.

need for a 2021 trigger.³ Consequently, only a formal decision eliminating the mechanism is needed going forward.

An additional step is required in the SDG&E service territory. The SDG&E ERRRA decision applied the cap for 2021, leaving the possibility of an undercollection accumulation in 2021.⁴ As a result, eliminating the cap/trigger will take another year to fully implement. The Commission can still mitigate volatility in 2021, however, by directing that the 2021 undercollection be rolled forward to amortization in the next ERRRA forecast proceeding. Indeed, this measure is consistent with the Stipulation submitted by CalCCA and SDG&E in the utility's recent expedited application to address the triggering of its PCIA Undercollection Balancing Account (CAPBA).⁵

II. MODIFY DEADLINES OR REQUIREMENTS OF ERRRA AND PCIA RELATED SUBMITTALS TO INCREASE TIME FOR PARTIES TO REVIEW PCIA DATA AND TO FACILITATE TIMELY IMPLEMENTATION OF DECISIONS IN THE ERRRA PROCEEDINGS

The IOUs state they “are open to exploring potentially moving the target ERRRA implementation date, and the complete Consolidated January 1 rate change, back slightly (e.g., to a date within Q1).”⁶ CalCCA agrees that pushing back the rate change date has merit. As the IOUs note, a Q1 rate change will maintain the ability for the November Update to use data from the critical late summer months and increase the accuracy of the true-up, bringing December actuals into the PABA balance via the implementation advice letters that will set PCIA rates.

³ See D.20-12-038 at 18-19 (PG&E ERRRA Decision); D.20-12-035 (SCE ERRRA Decision) Finding of Fact 37 at 65.

⁴ See D.20-12-028 at 10.

⁵ A.20-07-009, *Joint Comments of San Diego Community Power, Clean Energy Alliance, Solana Energy Alliance, and the California Community Choice Association on the Proposed Decision*, Appendix B, *Joint Stipulation of SDG&E and CCA Parties*, ¶5.

⁶ R.17-06-026, *Joint Response of Southern California Edison Company (U 338-E), San Diego Gas & Electric Company (U 902 E) and Pacific Gas and Electric Company (U 39 E) to Assigned Commissioner's Amended Scoping Memo and Ruling*, at 15 (Jan. 22, 2021) (IOU comments).

Critically, moving the ERRA implementation date will also give the Commission *and parties* adequate time to review, analyze workpapers, conduct discovery on, and draft comments addressing the November update – a recurring shortcoming in the current schedule discussed in detail in CalCCA’s opening comments.⁷ Not surprisingly, the IOUs do not share this concern and propose giving all of the additional time – nearly two months – to the Commission’s internal processes. They assert in opening comments that “one week to review the Update . . . should be sufficient given that the Update is formulaic in nature and the information included should not raise any policy or substance issues.” The IOUs then propose “to provide the Commission,” but not parties, additional time to respond to the November update.

The IOUs’ comments willfully ignore the experiences of the past several years to the contrary. In the past three years of ERRA proceedings, for example, the Commission has issued important decisions affecting PCIA calculations or bundled generation rates between the time of an Application and the November Update and required interpretation and implementation. PG&E’s 2018 November Update presented for the first time the implementation of D.18-10-019, implementation of a brown power true-up that would be contested for months after the November update, the issue of vintage-specific billing determinants, use of a new common PCIA template implemented for the first time, the question of how to adjust balancing accounts for ERRA overcollections (an issue that is part of this revised scope of comments), and adjustments to tax savings caused by the Tax Cuts and Jobs Act.⁸

⁷ R.17-06-026, California Community Choice Association’s Comments on Assigned Commissioner’s Amended Scoping Memo and Ruling, at 17-19 (CalCCA comments).

⁸ A.18-06-001, *Comments on Update to Pacific Gas and Electric Company’s Prepared Testimony of East Bay Community Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Silicon Valley Clean Energy And Sonoma Clean Power*, at 11-30 (Nov. 19, 2019).

Similarly, the 2019 November Update presented for the first time implementation issues related to D.19-10-001, including issues surrounding the calculation of Retained RPS that PG&E has tried to litigate four times (and has suggested it be addressed a fifth time as part of the expanded scope in this case).⁹ Finally, the 2020 November update presented for the first time the critical issue of which load forecast's billing determinants should be used to set SDG&E's bundled generation rates¹⁰ and the inclusion of advice letters implementing CCA Green Tariff Shared Renewables programs, among others.¹¹

Unless the Commission declares a moratorium on bundled generation rate or PCIA-related decisions between the months of June and November, the November update will continue to be anything but formulaic in nature. The real change the utilities should have identified is that few parties paid attention to the November Update prior to the past few years. However, the CCAs' close scrutiny of these proceedings, and the November update in particular, will not change any time soon.

Accordingly, additional time for parties to respond to the November update is necessary. Such additional time also would reduce the need for the shortened discovery timelines suggested in CalCCA's opening comments.¹² To advance that conversation, CalCCA proposes in Appendix A, a model post-November update schedule based on a March 1 effective date that could be adopted by the Commission as a general guide to be followed as closely as possible in future ERRA forecast proceedings.

⁹ A.19-06-001, *Comments of the Joint Community Choice Aggregators*, at 8-19 (Dec. 6, 2019).

¹⁰ A.20-04-014, *Joint Comments of California Community Choice Association, San Diego Community Power and Clean Energy Alliance to San Diego Gas & Electric Company's (U 902 E) November Update To Application*, at 5 (Nov. 18, 2020).

¹¹ A.20-07-002, *Opening Comments of the Joint Community Choice Aggregators*, at 1-8 (Nov. 20, 2020).

¹² CalCCA comments, at 22.

III. OTHER IOU PROPOSALS

The IOUs propose several “other procedural or information sharing related modifications the Commission should consider to support more efficient implementation of PCIA issues within ERRA proceedings.”¹³ The IOUs identify three specific proposals: “(1) improving the representation of the brown power benchmark component of the indifference calculation; (2) changes to PG&E’s and SDG&E’s ERRA trigger framework to consider offsetting bundled customer balances; and (3) a renewable energy credit (“REC”) tracking framework.”

A. Use of Generation Profile Rather than Load Profile for Forecasting Generation Value

The IOUs contend that “[u]se of historical bundled load data as a proxy to reflect the supply portfolio is increasingly inaccurate. . . . [T]he IOUs have experienced and will continue to experience increased load departures, meriting reconsideration of whether a dwindling bundled load portfolio is an acceptable proxy of the supply portfolio.”¹⁴ CalCCA agrees this issue merits further examination.

There is a related issue that should be considered in tandem in order to ensure that utility forecasts are as accurate as possible, reducing the degree to which true-ups cause swings in PCIA rates. It centers on how well the monthly Platts on peak/off-peak periods align with periods of high and low CAISO market prices. CalCCA observes that published market price forecasts such as Platts generally define the on-peak period as spanning the daytime period from hour ending 7 to 22. The potential mismatch between that definition of on- and off-peak periods and the hourly shape of prices in the CAISO market will mute the impact of changing the generation profile alone, as the IOUs suggest, because changing just the profile still leaves many hours

¹³ IOU comments, at 17.

¹⁴ IOU comments, at 17.

where generation during periods of low CAISO market prices would be multiplied by Platts on-peak prices, and vice-versa. This issue should be addressed to more closely align the PCIA forecast with the actual results that flow through the PABA for later true-up.

B. Offsetting Bundled Customer ERRA and PABA Balances

ERRA trigger filings have become an annual event. However, the balances that give rise to the ERRA trigger filings may be offset by balances in the PABA. This is because the same mechanisms that lead to one lead to the other. For example, a forecasting “miss” on energy prices that leads to an overcollection through the ERRA will lead to an undercollection in the PABA.

In practice, in PG&E’s service territory, the offsetting nature of ERRA and PABA balances has led to ERRA trigger balances being applied to the following year’s ERRA forecast.¹⁵ While PG&E found ways to address this issue (and SCE avoided the issues altogether), SDG&E appears to have simply ignored the issue to date, creating the potential for numerous ERRA trigger filings in the same year.¹⁶ CalCCA supports a streamlining of this process, and associated reduction in administrative burden, but more detail is needed on exactly how this streamlining would be done before the Commission can approve it.

In a related vein, CalCCA notes that its members currently lack sufficient information from the IOUs to gauge where ERRA and PABA balances are trending. The suggestion in the IOUs’ comments that parties can “get an indication of the balance” is overstated at best.¹⁷ The

¹⁵ IOU Comments, at 18-19.

¹⁶ A.20-12-007, Exh. SDGE-3 at 4-5, Table 1 (showing that SDG&E’s recent ERRA Trigger filing, from December 2020, is likely to be followed by another trigger in Spring. In the referenced table, subtracting out a \$124M beginning balance, which would be recovered as part of the current ERRA trigger proceeding (A.20-12-007), leaves a \$62M balance for March of 2021, which already exceeds SDG&E’s 5% trigger threshold for 2021 of \$37M).

¹⁷ IOU comments, at 14.

only balance information IOUs make public are monthly top-line balance levels that have already been booked. These summary level historical balances provide zero indication of the fundamentals causing the balances or the direction in which the balances might head in the future. The utilities also provide the balances on a lagged basis using data that are a month old by the time they are reported. CalCCA renews its request in its Opening Comments for more detailed balance information for its reviewing representatives and for consistent treatment of confidential information between IOUs.¹⁸

C. Renewable Energy Credit Tracking

The IOUs “support developing a framework to clarify requirements associated with the use of banked RECs to ensure bundled customers are not double charged if pre-2019 banked RECs are used for compliance, such as occurred in PG&E’s 2020 ERRR Forecast.”¹⁹ The IOUs mischaracterize what happened in PG&E’s 2020 ERRR Forecast; there was no “double charge” of bundled customers. In D.20-02-047, the Commission simply prevented PG&E from converting banked RECs into unsold RECs.²⁰ Following that decision, bundled customers retained, and still retain, the banked RECs at issue for their future use.

That said, a tracking mechanism for RECs is in everyone’s interest to avoid future disputes about whether a REC belongs to bundled or unbundled customers. CalCCA recommends a workshop to explore these and the other issues discussed above.

¹⁸ CalCCA comments, at 19-24.

¹⁹ IOU comments, at 19.

²⁰ D.20-02-047 at 13-16.

IV. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the proposals specified herein in addition to those raised in CalCCA's opening comments and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Evelyn Kahl".

Evelyn Kahl
General Counsel to the
California Community Choice Association

February 5, 2021

Appendix A

CalCCA Proposed Post-November Update Procedural Schedule Based on March 1 Rate Effective Date

Event	PG&E's 2021 Forecast (A.20-07- 002)	PG&E 2020 Forecast (A.19-06-001)	New Implementation Date
November Update to Prepared Testimony Served	November 9, 2020	November 8, 2019	November 1 (as suggested in CalCCA's Opening Comments)
November Update Comments	November 20, 2020 (11 days)	December 6, 2019 (28 days)	December 1 (PG&E) (30 days) Thursday before Thanksgiving (SDG&E and SCE) (23 days, e.g.)
November Update Reply Comments			December 1 (SDG&E and SCE) (8 days)
Proposed Decision	December 4, 2020 (14 days)	January 24, 2020 (49 days)	First or second week of January (30-40 days)
Comments on Proposed Decision	December 11, 2020 (7 days)	February 13, 2020 (20 days)	Plus 20 days
Reply Comments on Proposed Decision	December 14, 2020 (3 days)	February 18, 2020 (5 days)	Plus 5 days
Final Commission Decision	December 17, 2020 (3 days)	February 27, 2020 (9 days)	Early February (1-2 weeks)
Effective Date of Implementation Advice Letter	January 1, 2020 (15 days)	May 1, 2020 (64 days)	March 1 (2-3 weeks)

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

Order Instituting Rulemaking Concerning
Energy Efficiency Rolling Portfolios, Policies,
Programs, Evaluation, and Related Issues

Rulemaking 13-11-005
Filed November 14, 2013

**MARIN CLEAN ENERGY 2021 ENERGY EFFICIENCY ANNUAL BUDGET
ADVICE LETTER WORKSHOP REPORT**

February 9, 2021

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

Order Instituting Rulemaking Concerning
Energy Efficiency Rolling Portfolios, Policies,
Programs, Evaluation, and Related Issues

Rulemaking 13-11-005
Filed November 14, 2013

**MARIN CLEAN ENERGY 2021 ANNUAL BUDGET
ADVICE LETTER WORKSHOP REPORT**

Pursuant to the California Public Utilities Commission's (CPUC or Commission) December 15, 2020, Disposition Letter regarding MCE's 2021 Energy Efficiency (EE) Annual Budget Advice Letter (ABAL) and decision D.18-05-041, MCE hereby submits its 2021 ABAL Workshop Report. The report summarizes the ABAL workshop held on January 25, 2021. The report explains why MCE's 2021 ABAL did not meet the Commission's approval criteria. It also summarizes MCE's budget development process, including a description of how MCE determines program funding amounts, portfolio cost-effectiveness targets, and why programs with high Total Resource Cost (TRC) values did not receive additional budget to drive cost-effective savings. Pursuant to the Disposition Letter, the report also discusses MCE's forecast for the Commercial Upgrade Program in additional detail. Finally, the report describes cost-effectiveness challenges, including, but not limited to, Covid-19 impacts, as well as strategies to improve cost-effectiveness moving forwards.

The ABAL workshop report is provided as Attachment A. The ABAL workshop presentation is included as Attachment B. MCE is looking forward to receiving stakeholder feedback on MCE's 2021 ABAL workshop report.

Respectfully submitted,

/s/ Jana Kopyciok-Lande

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February 9, 2021

ATTACHMENT A



MCE 2021 Energy Efficiency Annual Budget Advice Letter Workshop Report

February 09, 2021

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Background

On September 1, 2020, MCE filed its Energy Efficiency (EE) Annual Budget Advice Letter (ABAL) as MCE Advice Letter (AL) 45-E, as required by D.15-10-028 and D.18-05-041. On October 1, 2020, the Public Advocates Office (PAO) and the Small Business Utility Advocates (SBUA) each filed a protest to the AL. On October 8, 2020 MCE filed a response to PAO's and SBUA's protests of the AL. On December 15, 2020 the Commission's Energy Division (ED) issued a Disposition Letter regarding MCE's 2021 ABAL. ED rejected MCE's 2021 ABAL for failing to meet the savings targets as established in the 2019 "true-up" ABAL but approved MCE's 2021 budget request to administer EE programs.

Pursuant to D.18-05-041, EE Program Administrators (PAs) are directed to host a workshop explaining why they failed to meet the ABAL approval criteria after staff's rejection of its ABAL.¹ On January 5, 2021, MCE issued the "Notice of MCE's 2021 ABAL Webinar Workshop" to the service list of the EE rulemaking R.13-11-005 and subsequently held its 2021 EE ABAL Workshop via Zoom webinar on January 25, 2021.

This report summarizes MCE's 2021 EE ABAL workshop. The report also includes a list of attendees and a summary of stakeholder comments and questions from the ABAL workshop.

Workshop Summary

On January 25, 2021, MCE held its 2021 ABAL workshop via Zoom webinar. The workshop was attended virtually by stakeholders. MCE presented an overview of MCE's 2021 portfolio, an explanation of why MCE's 2021 ABAL failed to meet the ABAL approval criteria, its budget and savings development process, COVID-19 impacts, and cost-effectiveness challenges and strategies. MCE also provided an opportunity for stakeholder input and responded to stakeholders' questions. A summary of the workshop presentation on each topic is provided below.

ABAL Approval Criteria Not Met

In the 2021 ABAL, MCE did not forecast to meet its 2021 demand and therms savings targets. The two primary reasons for this are:

- The *Assigned Commissioner and Administrative Law Judges' Amended Scoping Ruling Addressing Impacts of COVID-19* (COVID-19 Ruling) acknowledged that PAs face significant challenges in running EE programs in 2020 and asked PAs to include "accurate and good faith estimate of energy efficiency costs and benefits, as well as budgets, that are necessary to address the current goals and strategies"² in their 2021 ABAL. Based on this guidance, MCE put forth its best estimate of 2021 savings potential based on the then-current impacts of Covid-19 on its portfolio.
- Unlike the Investor-Owned Utilities (IOUs), RENs and CCAs do not have their energy savings goals updated every two years through the Potential and Goals (P&G) study.

¹ See D.18-05-041 at 135.

² See "Assigned Commissioner and Administrative Law Judges' Amended Scoping Ruling Addressing Impacts of COVID-19" from July 2020 at 8.

Instead, RENs' and CCAs' ABAL filings are evaluated based on savings goals established in the 2019 "true-up" ABAL for the entire rolling portfolio period. These savings forecasts from 2019 do not reflect changed market conditions and cannot be realistically achieved over the remaining portfolio period. For these reasons, non-IOU PAs should be able to update savings goals biennially like the IOUs.

Budget and Savings Development Process

MCE developed its 2021 portfolio through an iterative, bottoms-up process that involves coordination between MCE staff, implementers, and technical consultants. There are four primary components to the ABAL process. Each component is analyzed at least three (3) times before determining the final portfolio budget and savings.

- Reviewing MCE's staffing and portfolio-wide expenses;
- Bottoms up savings and cost-effectiveness forecasts by program (including draft budgets);
- Savings and cost-effectiveness forecast at the portfolio-level; and
- Budget allocations by program.

Additionally, MCE presented how it determines funding amounts and cost-effectiveness targets for its programs and why programs with high TRC didn't receive additional budget allocations. While MCE seeks to optimize its programs' budget, savings, and cost-effectiveness, there are limitations such as service area demographics, COVID-19 impacts, and other EE policy objectives.

Commercial Upgrade Program Forecast

In response to the protest from SBUA, MCE provided additional details on its forecast for the Commercial Upgrade Program, including a program overview, participation by customer segment to date, its 2021 savings forecast, and a description of the expansion to include the Commercial Marketplace program.

One area of concern from SBUA was potential equity issues between customer types. MCE provided more granular data on small, medium, and large customers that have participated in the Commercial Upgrade Program and outlined its goals for small businesses moving forwards.

COVID-19 Impacts

MCE presented on COVID-19 impacts for each sector to date. In summary, COVID-19 impacts vary by sector and customer segment. Specific details are outlined in the presentation.

Cost-Effectiveness Challenges and Strategies

MCE described its challenges in meeting cost-effectiveness thresholds, including (1) COVID-19; (2) structural challenges in the implementation of EE programs; (3) lack of transparency and inclusion of small, non-IOU PAs in EE processes; (4) continued program ramp-up; and (5) data access issues. MCE provided additional details of its program ramp-up timeline since its business

plan was approved in mid-2018, and described lessons learned throughout the ramp-up period. MCE has launched five (5) new EE programs since 2018.

MCE's strategies to continue to improve cost-effectiveness are mostly focused on adopting new and cost-effective program strategies, including normalized-metered energy consumption (NMEC), Strategic Energy Management (SEM) and Behavioral programs. Additionally, MCE is steering its portfolio towards performance-based contracts based on avoided costs benefits, as well as a diversification of its EE services and implementation partners. Finally, MCE initiated a residential EM&V study and improved coordination and data sharing with PG&E.

Stakeholder Comments and Questions

At the conclusion of the presentation, MCE sought questions from workshop participants. Below is a list of questions received and MCE's responses.

Question: What budget category does the Demand Flexibility Marketplace program fall under?

It falls under Commercial.

Question: Can you elaborate on the difference between paying on benefits and paying on savings?

Benefits vary based on hour of the day. By paying on benefits, it optimizes cost effectiveness of a project in a couple of different ways. Steering aggregators to customers with valuable load shapes and steering aggregators to measures that are most effective during the high avoided cost times.

Question: On the budget and savings development process slide, why are the staffing costs driving the design of the portfolio?

The graphic could be a little clearer. MCE is not optimizing for staffing and portfolio-wide expenses first, but we do start with quantifying them because they tend to be fixed costs that don't vary much depending on the particular design of our portfolio. Then, we move into balancing budgets and savings for individual programs to get to our final portfolio design.

Question: What is the budget for the Commercial Marketplace subprogram?

It is about \$1.5M, which is a conservative budget request at this stage. We will look to expand in the coming years. The total Commercial budget is around \$3M.

Question: How will the rejection of MCE's 2021 ABAL impact 2021 programs and implementation?

Although MCE's ABAL was rejected, our budget request was approved, and we can still administer energy efficiency programs as proposed in our ABAL.

Question: For the new population NMEC sub-program, can you share feedback on the implementation plan process?

MCE went through the stakeholder process outlined in the business plan decision for new implementation plans. We didn't get much feedback at the implementation plan webinar workshop but have received lots of interest and positive feedback through other channels.

Question: Is the public goods charge included in ABAL budget forecast?

Yes, our portfolio is ratepayer-funded. MCE does have other programs that are not ratepayer funded, but we did not present on them today.

Stakeholder Attendance

There were 29 attendees via Zoom Conference.

Last Name	First Name	Email
Kopcyiok-Lande	Jana	jkopcyiok-lande@mcecleanenergy.org
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Next Steps

Pursuant to D.18-05-041, parties may file comments on MCE 2021 EE ABAL workshop report within 20 days. MCE will review stakeholders' feedback and incorporate them into its portfolio planning and implementation process as appropriate.

ATTACHMENT B



MCE 2021 ABAL Workshop
January 25, 2021

2021 ABAL Workshop Agenda

1. MCE Background and 2021 Portfolio Overview
2. ABAL Approval Criteria Not Met
3. Budget and Savings Development Process
4. Commercial Upgrade Program Forecast
5. COVID-19 Impacts
6. Cost-Effectiveness Challenges & Strategies
7. Stakeholder Input
8. Next Steps

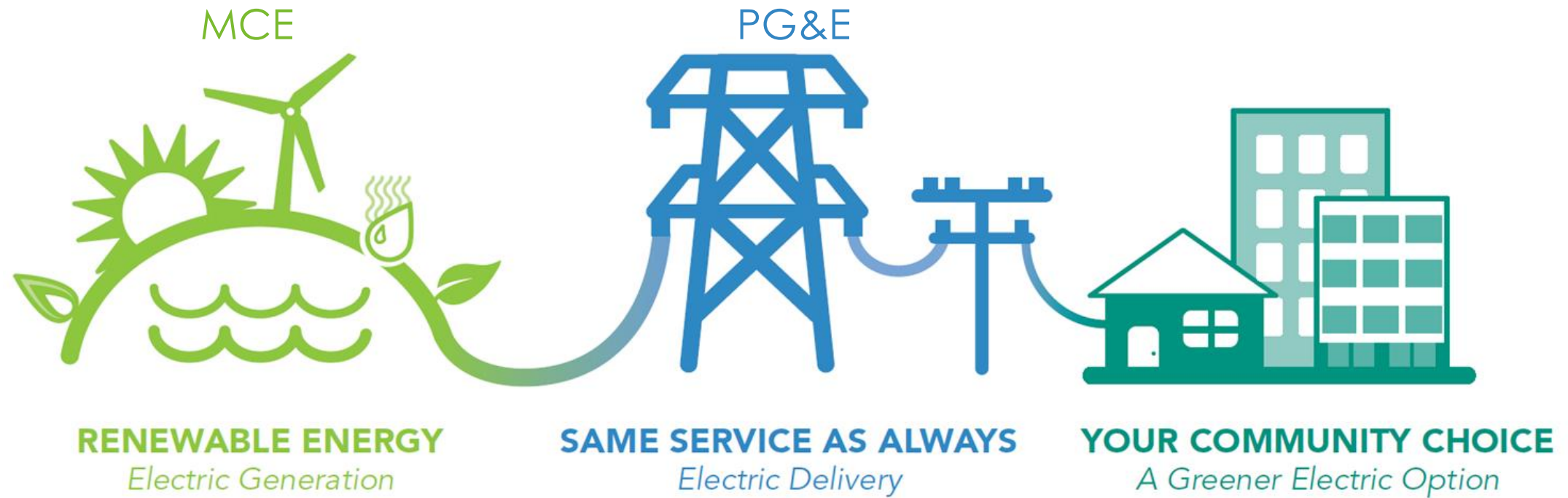
MCE Background and Portfolio Overview

MCE How it Works

Local Government

Investor-Owned Utility

Customer



MCE Service Area

36 Member Communities

Marin County
+ 11 cities and towns

Solano County
+ 2 cities

Napa County
+ 5 cities and towns

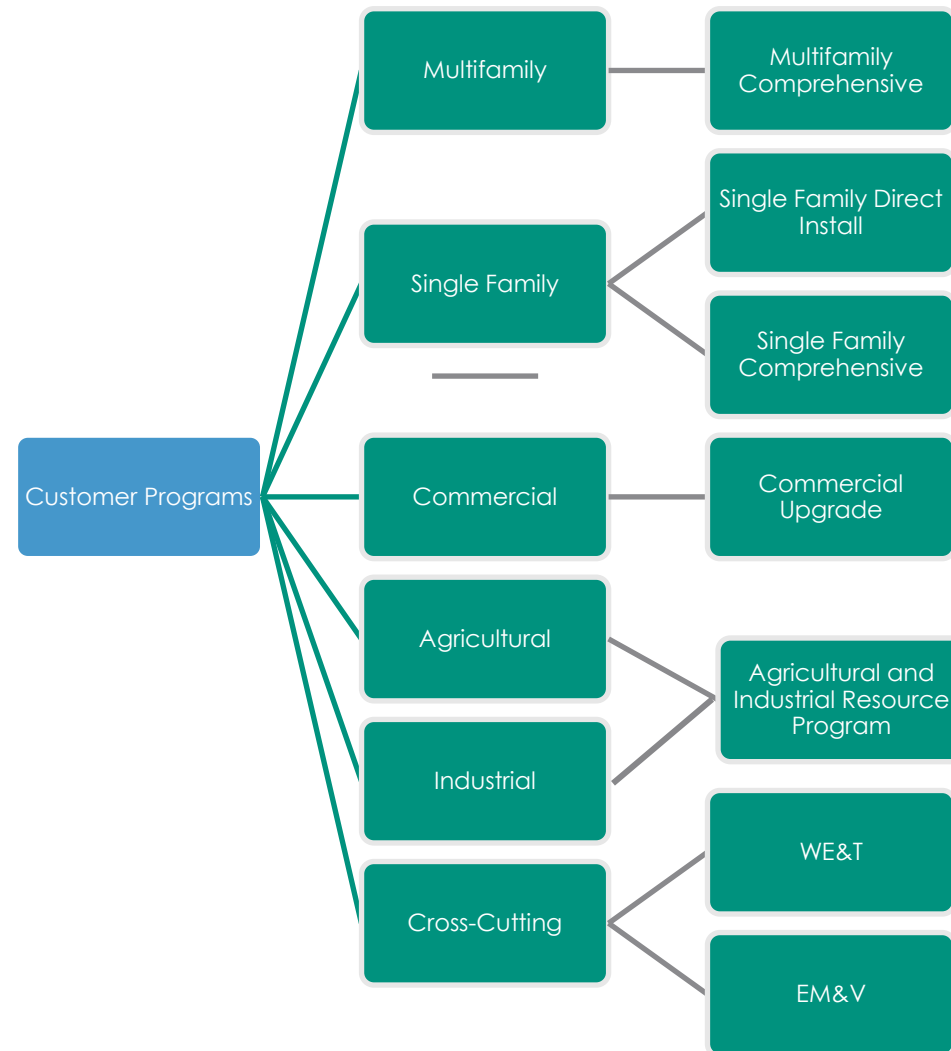
Contra Costa County
+ 14 cities



MCE Mission Statement

Address climate change by reducing energy-related greenhouse gas emissions with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits and creating more equitable communities.

MCE 2021 Portfolio



Portfolio Budget and Cost-Effectiveness

Sector	Budget	Annual Net kWh	Annual Net kW	Annual Net Therms
Agricultural	\$468,195	863,147	112	14,296
Commercial	\$3,010,541	5,224,085	273	88,905
Industrial	\$871,077	1,359,837	33	129,523
Residential	\$2,733,236	6,333,145	59	64,226
Cross-Cutting	\$480,594	0	0	0
Portfolio Total	\$7,563,643	13,780,213	477	296,950
% of Savings Goal		164%	99%	54%
Portfolio TRC	1.08			
Portfolio PAC	1.17			

Actual Portfolio Admin Costs

Year	Total Expenditure	Percent Admin
2018	\$1,347,788	6.9%
2019	\$2,262,703	7.6%
2020*	\$1,672,799	6.6%

2020 actual as of Q3.

Per D.09-09-047, utility program administrative costs are limited to 10% of total EE portfolio budget.

Portfolio Admin. Activities

Admin Costs – Overhead and GA
Accounting support
IT services and support
Reporting databases
Data request responses
CPUC financial audits
Regulatory filing support
Travel and conference fees
Membership dues
Facility related cost
Supply management function activities to ensure oversight of contractors
Administering contractor payments for services with are non-incentive related
Admin and logistical costs related to workshops on Strategic Planning issues

ABAL Approval Criteria
Not Met

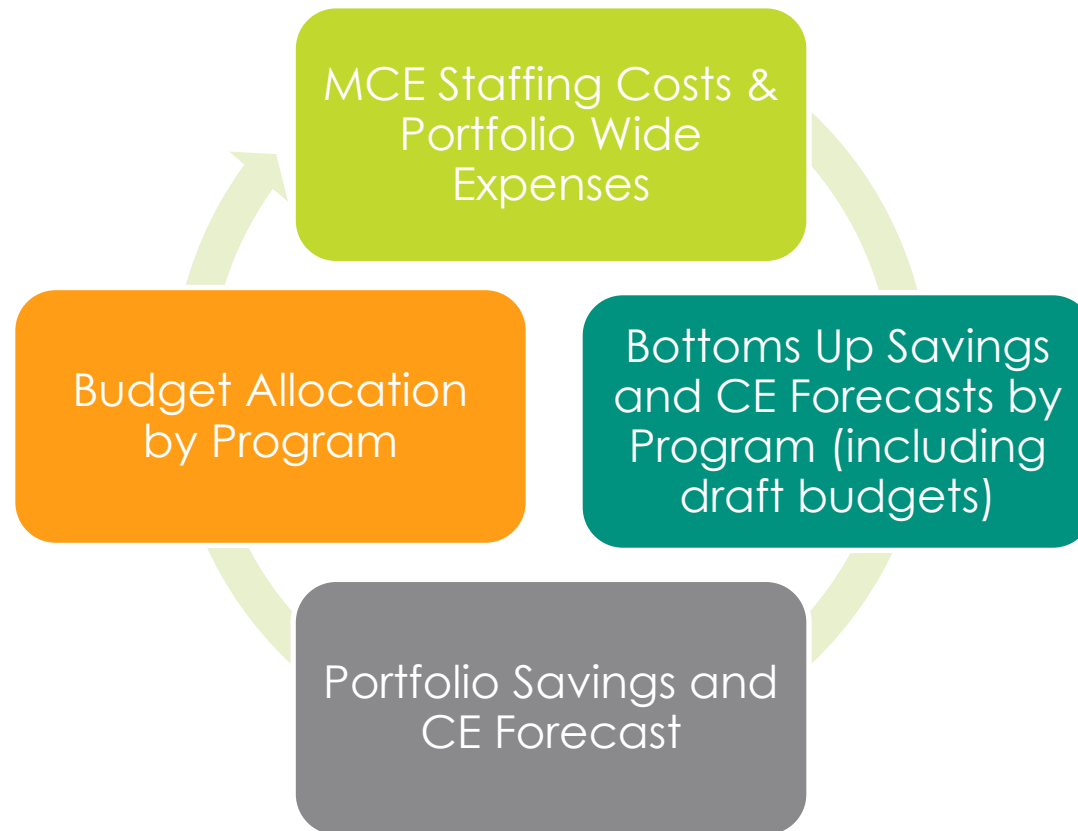
ABAL Approval Criteria Not Met

- Unlike the IOUs, RENs and CCAs do not have explicit energy efficiency savings goals set by the CPUC every two years. Instead, RENs and CCAs shall meet or exceed the annual savings forecasts presented in their true-up tables as submitted in their PY 2019 ABALs.
- In its 2021 ABAL, MCE did not meet its demand and therms savings targets from its 2019 “true-up” ABAL.
- “COVID-19 Ruling” from July 3, 2020 asked PAs to include “accurate and good faith estimates of energy efficiency costs and benefits, as well as budgets, that are necessary to address the current goals and strategies”. (p.8)
- Energy savings forecasts provided in the 2019 true-up ABAL does not accurately reflect changed market conditions and what non-IOU PAs can realistically achieve over the remaining rolling portfolio period.
- Non-IOU PAs must be able to update goals biennially like the IOUs.

Budget and Savings Development Process

Budget and Savings Development Process

Budget and savings are developed through an iterative bottom-up process that involves all implementers, technical consultants, and MCE staff.



Budget and Savings Development Process

MCE Staff and Expenses

- Number of full-time employees (FTEs) and functions conducted
- Non-program functions performed by contractors (i.e., reporting, M&V)
- Other portfolio wide expenses (i.e., IT support, industry training, analytics/CRM platforms)

Implementers provide realistic savings and cost-effectiveness forecasts

- Number of homes/businesses targets based on eligible market
- MCE's service area including climate zones and new member communities
- Hard-to-Reach (HTR) and Disadvantaged Communities (DACs)
- Program design (i.e., direct install, technical assistance, behavioral, SEM)

MCE Staff and Consultants Review/Analyze forecast at Program and Portfolio-Level

- Ensure forecasts are realistic and achievable
- Provide guidance to address savings and CE issues
- Review/adjust budgets proposed

Budget and Savings Development Process

Why programs with high TRC values did not receive additional budgets to drive cost-effective savings? How MCE determines which programs receive specific funding amounts and cost-effectiveness targets?

- MCE Service Area Demographics
 - MCE's service area is primarily residential
 - Eighty-eight percent of its customers are on a residential rate
- COVID-19 Impacts
 - Adds a new layer of uncertainty
 - Triggered changes to behavior and markets
 - Government response
 - Economic crisis
- Other EE Policy Objectives
 - Reduce GHG emissions
 - Conduct workforce training
 - Enhance equity by serving low- and middle-income customers

Commercial Upgrade Program Forecast

Commercial Upgrade Program Overview

- Three implementers
- Four participation platforms: Custom, Deemed, Strategic Energy Management (SEM), and Normalized Metered Energy Consumption (NMEC)
- Pay for performance contracts with implementers
- Goals for small businesses
 - Provide multiple participation pathways for small business to meet them where they are
 - Population-level NMEC and aggregator enrollment enables significant expansion
 - Incorporate financing to overcome financial barriers
 - On-bill financing (OBF), BayREN Business Microloan, Go Green Financing, etc.

Commercial Upgrade Program Participation Metrics to Date

Customer Segment	2018 Participants	Percent of Total	2019 Participants	Percent of Total
Small	35	44%	42	63%
Medium	42	53%	22	33%
Large	2	3%	3	4%
Total	79	100%	67	100%

Commercial Upgrade

2021 Program Updates

- Doubling commercial budget
 - Continuing to run two commercial implementation contracts active in 2020
 - Addition of an innovative population-level NMEC sub-program
 - Goal: Maximize reach, diversify capability, reduce admin costs and mitigate risk
- Early momentum with new sub-program
 - Builds on aggregator strengths/business models to drive program participation
 - Currently the program has 5 enrolled aggregators, enrolled projects, and plans for more
 - Payments are made on the hourly value of the savings delivered once the benefits exceed the costs – a true pay for performance program rooted in the cost effectiveness calculation
 - Incentives push aggregators to balance costs, deliver optimized load shapes and maximize benefits for both the customer and MCE

Commercial Upgrade 2021 Savings Forecast

Participation Pathway	Percent kWh	Percent Therms
Custom	30	12
Deemed	12	3
NMEC	36	45
SEM	22	40
Total	100	100

Measure Use Category	Percent kWh	Percent Therms
Refrigeration	8	1
Food Service	2	1
HVAC	16	52
Lighting	42	-8
Process Distribution	3	13
Whole Building	29	41
Total	100	100

COVID-19 Impacts

COVID-19 Impacts: Multifamily

- Site assessments transitioned from in-person to remote. The implementer is remotely gathering detailed property information (plans, property photos, or other documentation available) to build a detailed property model and develop a scope of work.
- Due to the shelter in place order, construction on most existing projects got delayed.
- Halt in in-unit measure uptake due to the shelter in place order, and property owners reluctant to send work crews into tenant units.
- The program transitioned to remote closeouts when Combustion Appliance Safety (CAS) testing is not required.

COVID-19 Impacts: Single Family

SF Comprehensive

- Stay-at-home orders and remote working conditions prevented participants from reducing home electricity consumption
- Widespread fires in MCE territory exacerbated the impact of stay-at-home orders
 - Closed windows prevented sufficient cooling during hot days and airflow to counteract smoke, necessitated A/C and HVAC fan use

SF Direct Install

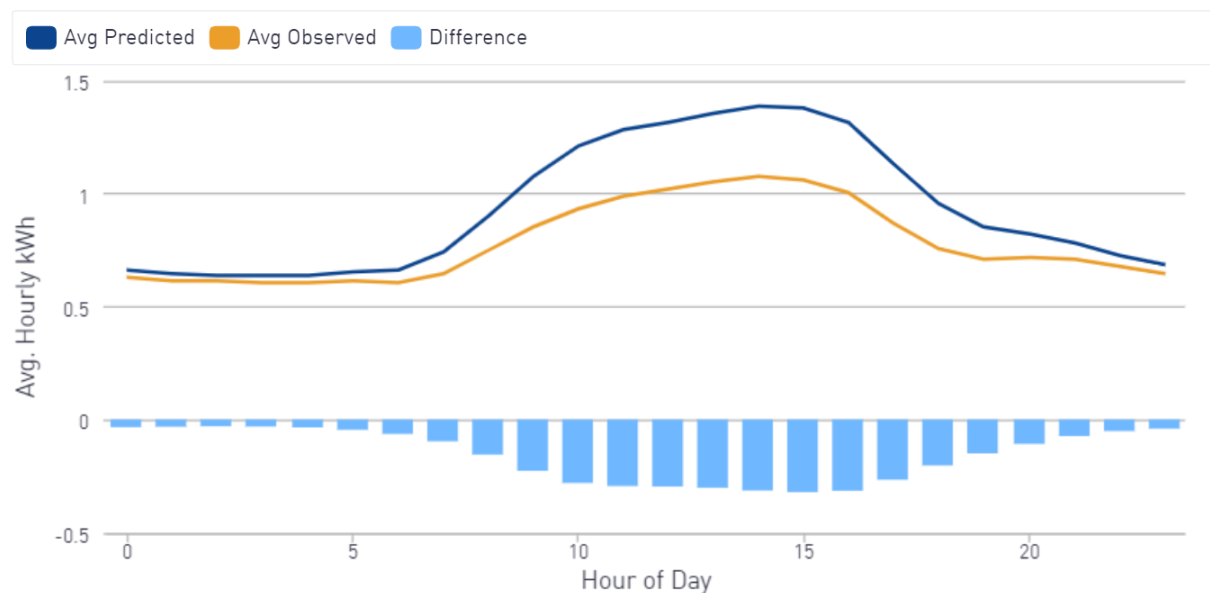
- All in-home visits were suspended.
- Site assessments transitioned from in-person to remote. The implementer is now providing virtual assessments in order to gather the necessary information to refer the home for relevant in-home modification measures in the future.
- Measure offerings were scaled back in order to serve customers remotely via a kit delivery system.
- Program implementation and customer service was halted for months while the mandated shelter-in-place was assessed, and we worked with the implementer to make the necessary remote program modifications.

COVID-19 Impacts: Commercial

- Challenges with businesses shifting focus throughout the year to deal with repeat shutdowns and re-openings, and revenue impacts
- Customer outreach and contractor installation also impacted

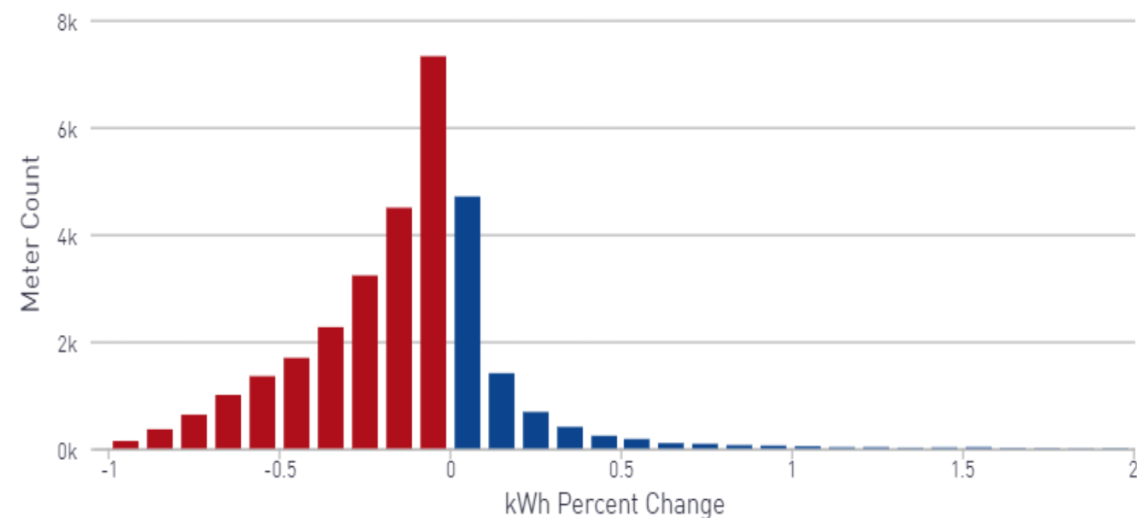
-16% Decreased consumption among SMB Customers

COVID Period (March 19 - August 21, 2020): Predicted vs. Observed kWh



73.2% of Commercial Customer Decreased Usage

COVID Impacts: kWh Percent Change

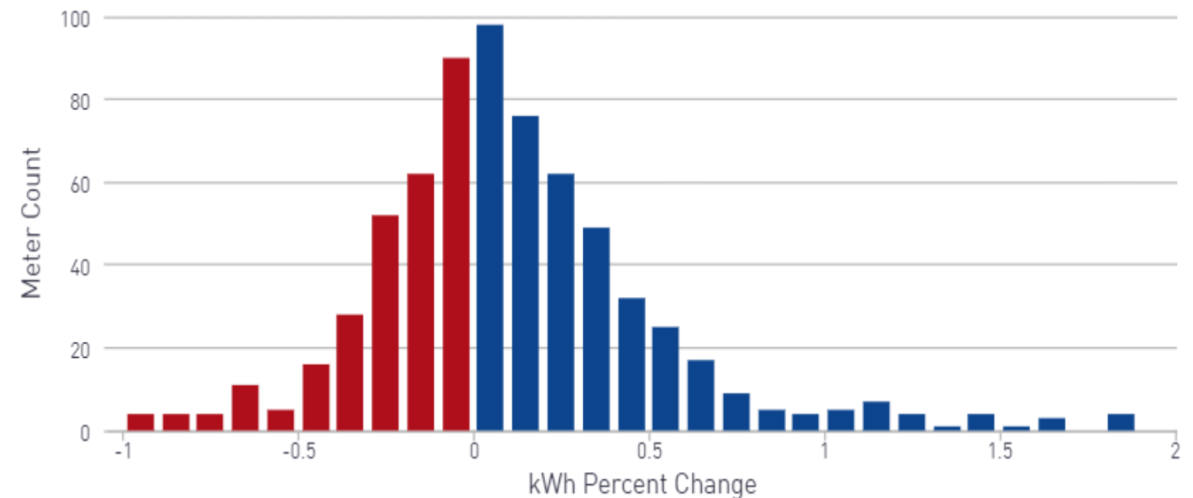


COVID-19 Impacts: Agricultural

- COVID-19 Impacts within the Agricultural Sector have been variable
- Energy Efficiency uptake within the Ag sector have been affected by contractor and implementer capacity as much as customer interest
- SEM Workshops and Engagement shifted to an entirely virtual format
- In 2020, the predominant non-routine event that we witnessed was actually wildfires and power shut-offs

Consumption decreased for ~40% of Ag customers

COVID Impacts: kWh Percent Change



COVID-19 Impacts: Industrial

- Similar to Ag, the impacts of COVID-19 among industrial customers have been highly variable
- SEM Enrollment, Workshops and Engagement were impacted
- COVID has shifted the focus of facility managers, from equipment operation, facility upkeep and energy to COVID safety precautions
- Example – One industrial program participant had approved an energy efficiency SOW in early 2020, but before the project began, a significant COVID outbreak hit staff at the facility.
 - Key decision-makers for the project pivoted to COVID transmission mitigation and recovery.
 - Contractor was unable to complete the job as a quarantine was in effect
 - As a result, the project not moving ahead until the very end of the year.

COVID-19 Impacts: SEM

- Quickly shifted to virtual workshops and virtual recruitment
- Varying energy impacts of COVID-19 across participants increased the challenge of separating out the impacts from program savings in the models
- Some participants saw an increase in energy use, while others experienced long periods of shutdown with varying levels of re-opening & repeat shutdowns
- Participants are assessed on an individual basis to provide the most accurate accounting for these impacts
- The timeline for completing models and claiming savings may be impacted for the 2020 Program Year

COVID-19 Impacts: WE&T

- Hands on training options were delayed; training partners had to pivot to 100 percent online or hybrid approach, which delayed their focusing shaping our program
- All in-person events (roundtables, workshops) were transitioned to online; participants without adequate technology could not participate, which hampered R&D for program design
- Implementer/contractor field meetings were postponed or canceled due to customer fear of in-home trainings

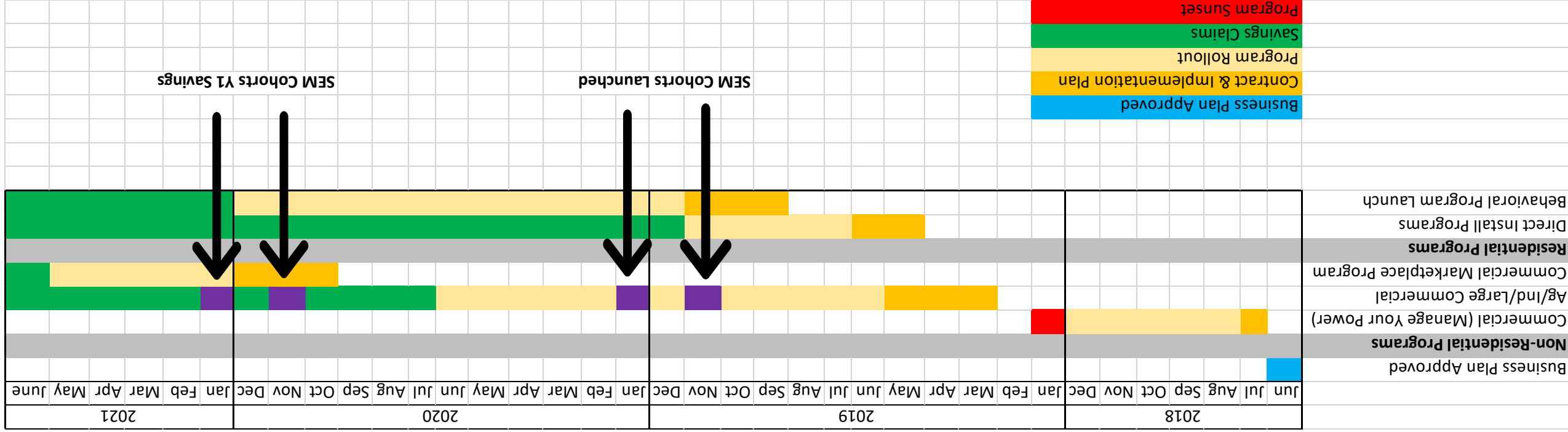
Cost Effectiveness: Challenges & Strategies

Cost-Effectiveness: Challenges & Strategies

Challenges

- COVID-19
- Structural Challenges
 - Timing of ACC release and its impact on the portfolio planning process
 - DEER resolution update and its impact on workpapers and ABAL forecasts
- Lack of transparency and inclusion of small non-IOU PAs in EE processes
- Program Ramp Up
- Streamlined access to MCE and PG&E customer data

CE Challenges: Program Ramp Up



Note: Table only includes new resource programs post-business plan approval. Small Commercial, Multifamily, WE&T and Seasonal Savings Programs are not included.

Cost-Effectiveness Strategies

Strategies

- New Implementation Strategies
 - Fuel Sub
 - NMEC
 - SEM
 - AMI Analytics
 - Behavioral
- Performance based contracts (including paying on benefits, not savings)
- EE service diversification (e.g., working with >5 aggregators under one sub-program)
- Launched 5 Programs
- Invested in more cost-effective programs
- EM&V Study
- Improved data sharing with PG&E
- Stronger PA coordination/collaboration

Lessons Learned from Program Ramp Up

- Be flexible and nimble to adapt to change
- Start/Enhance programs with high cost-effective and energy savings potential first
- Run more diversified and broader programs
 - Our service area isn't big enough to focus on distinct customer groups or technologies. MCE needs umbrella programs to capture as many services and customer types as possible.
- Better forecasting of program ramp-up timelines

Stakeholder Input
Other program ideas?

Next Steps

Next Steps

- 2021 ABAL Workshop Report – 02/09/2021
- Comment Period Deadline – 03/01/2021
- MCE Review Stakeholder Comments for Portfolio Improvements

Thank You

Alice Havenar-Daughton

Director of Customer Programs

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

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Reliable Electric Service in California in the
Event of an Extreme Weather Event in 2021.

R.20-11-003

**REPLY BRIEF OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

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February 12, 2021

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SUMMARY OF RECOMMENDATIONS

CalCCA urges the Commission to adopt CalCCA's recommendation and, for 2021, retain both the obligation and the "credit" for capacity procured by the IOUs under the emergency order in the IOUs performing the procurement.

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

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Reliable Electric Service in California in the
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R.20-11-003

**REPLY BRIEF OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), and the schedule set forth in Assigned Commissioner's Scoping Memo and Ruling (Scoping Ruling) dated December 21, 2020, the California Community Choice Association¹ (CalCCA) submits this Reply Brief in response to the Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021, dated November 20, 2020 (OIR) in the above-captioned proceeding.

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

I. INTRODUCTION

The Alliance for Retail Energy Markets, Direct Access Customer Coalition, and The Regents of the University of California in its Role as an Electric Service Provider (collectively, Joint DA Parties) urge the Commission to reject CalCCA's proposed treatment of incremental resource adequacy (RA) procurement to respond to the Commission's emergency procurement order for Summer 2021. CalCCA proposes *initially* placing the obligation for incremental procurement on the investor-owned utilities (IOUs) with costs recovered through the Cost Allocation Mechanism (CAM). The Joint DA Parties claim that "Sub-Section 365.1(c)(2)(C) of the CAM statute *requires* that the RA 'benefits' of the IOUs' procurement 'shall be allocated' to the customers paying for the CAM charge. Thus, CalCCA's proposal directly violates the CAM statute and must be rejected."² The Joint DA Parties read the statute too narrowly; CalCCA's proposal does not violate the CAM statute but provides the benefit in another form.

II. CALCCA'S PROPOSAL COMPORTS WITH STATUTE

CalCCA proposes placing the obligation on the IOUs while recovering costs through the CAM only for 2021. Giving load-serving entities (LSE) allocations implies a coextensive incremental obligation to be offset by the allocation. CalCCA, however, prefers in the *short run* not to burden all LSEs with a specific incremental obligation. Increasing LSEs' obligation (and allocation from CAM) carries the potential for confusion with the RA the LSE purchases and shows under the RA program in the normal course. Moreover, if the Commission were to set a requirement for all LSEs that ultimately could not be met – a distinct possibility - it would leave all LSEs short. Keeping the obligation at the IOU level avoids this confusion and risk to LSEs and the market.

² *Opening Legal and Policy Brief of the Alliance for Retail Energy Markets, Direct Access Coalition, and The Regents of the University of California*, February 5, 2021 at 13.

The Joint DA Parties are correct that Sub-Section 365.1(c)(2)(C) of the CAM statute provides that the RA “benefits” of the IOUs’ procurement “shall be allocated” to the customers paying the CAM charge.³ However, the Joint DA Parties are incorrect in assuming that “benefits” must mean “‘credit’ that can be used in an RA Showing.” Under CalCCA’s proposal, LSEs are receiving “benefits” in exchange for their CAM payments: LSEs avoid any incremental procurement obligation for Summer 2021. Nothing in the statutory scheme surrounding Section 365.1(c)(2)(C) prevents this interpretation.

In fact, the statute as a whole, together with Section 380, suggests alternative mechanisms are welcome. Section 380 establishes the RA program, and sub-section (g) requires that costs incurred by the IOUs in procuring RA be “fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission.”⁴ But nothing in the statutory scheme mandates a particular methodology for doing so. In fact, sub-section 380(h) requires the commission to determine the “most efficient and equitable” means of achieving the goals of the program.⁵

CalCCA’s proposal is wholly consistent with the governing statute. CalCCA agrees with the Joint DA Parties, however, that the normal procedure for the CAM is the right result under other circumstances. Indeed, CalCCA supports incorporation of any incremental need for 2021, *if demonstrated through a quantitative analysis*, through LSE requirements for 2022 and beyond. Under those circumstances, the IOUs would allocate credit to LSEs as they do today with CAM resources.

³ CAL. PUB. UTIL. CODE § 365.1(c)(2)(C).

⁴ CAL. PUB. UTIL. CODE § 380(g).

⁵ CAL. PUB. UTIL. CODE § 380(h).

III. CONCLUSION

For the foregoing reasons, the Commission should adopt CalCCA's recommendation and retain both the obligation and the "credit" for capacity procured by the IOUs under the emergency order in the IOUs performing the procurement.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Evelyn Kahl".

Evelyn Kahl
General Counsel to the
California Community Choice Association

February 12, 2021



February 18, 2021

VIA ELECTRONIC MAIL

Mr. Ed Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: California Community Choice Association's Protest to Pacific Gas and Electric Company's Advice Letter 6078-E - Central Procurement Entity Procurement Plan

Dear Mr. Randolph:

Pursuant to the California Public Utilities Commission's (Commission) General Order (GO) 96-B, the California Community Choice Association (CalCCA) submits this protest of Pacific Gas and Electric Company's (PG&E) Advice Letter 6078-E (AL 6078-E).¹ AL 6078-E was submitted by PG&E on January 29, 2021 and proposes that Energy Division approve the Central Procurement Entity Procurement Plan (CPE PP) in writing by no later than February 28, 2021.

CalCCA protests this Advice Letter on four grounds. First, PG&E argues erroneously that AB 57 does not apply to Central Procurement Entity (CPE) procurement. Second, the CPE PP lacks a process for "showing" local RA resource attributes for compensation under the Local Capacity Requirement Reduction Compensation Mechanism (RCM), as specified in Decision (D.) 20-12-006. Third, the CPE PP provides no insight into the process for comparing shown resources with bid resources. Fourth, the CPE PP does not define tools that will be used to enable the Peer Review Group (PRG) and Independent Evaluator (IE) to ensure PG&E has complied with the competitive neutrality rules adopted in D.20-12-006. Finally, PG&E's proposal to permit deviation from the standards and criteria identified in the CPE PP is overbroad. CalCCA proposes further action by the Commission and PG&E to correct these shortcomings.

1. Clarify that CPE Procurement is Not Exempt from AB 57 Requirements

AL 6078-E raises a new and significant issue not previously addressed in the Commission's CPE decisions. PG&E states:

AB 57 (i.e. Public Utilities Code Section 454.5) includes detailed requirements for electrical corporation procurement plans. While PG&E has been tasked with the central

¹ References to "General Rules" are to the general rules identified in GO 96-B.

procurement function in its distribution service area, the CPE procurement functions are separate and distinct from that of PG&E on behalf of bundled service customers. Therefore, the requirements of AB 57 are not applicable to the CPE and, therefore, are not addressed within the CPE PP.²

Nothing in AB 57 expressly excludes PG&E's procurement on behalf of all retail customers from its scope. Section 1 of the bill states the Legislature's intent to "[p]rovide guidance to electrical corporations and the Public Utilities Commission for the prospective procurement of electricity and electricity demand reductions by an electrical corporation."³ While Section 454.5(a) contemplates procurement for the electrical corporation's retail customers, consistent with its obligation to serve, all customers are "retail" customers for purposes of the CPE procurement. If they are not, then the CPE's procurement role is wholesale, not retail, and the Commission's jurisdiction over the CPE and utility Cost Allocation Mechanism procurement is dubious.

If, however, the Commission finds that the procurement plan falls outside of AB 57, then the protections provided by AB 57 will not apply to the CPE procurement. This would render the CPE's actions subject to after-the-fact reasonableness reviews – which AB 57 aimed to minimize.⁴ PG&E should not be able to avoid the requirements of AB 57 for CPE procurement, but still retain the benefit of avoiding reasonableness reviews.

2. Clarify the "Showing" Process

PG&E states that "PG&E as the CPE will also pursue transactions for resources that are "shown" to the CPE consistent with the CPE Decision and OP 3.h of D.20-12-006 and any successor decision(s) issued by the Commission."⁵ Neither D.20-06-002 nor D.20-12-006 specify a process for load-serving entities (LSEs) to voluntarily (i.e. for no compensation) "show" their local RA resources to the CPE other than to state that the LSE must "show the resource for no compensation in advance of the CPE's solicitation."⁶ D.20-12-006 also does not specify a process for LSEs to "show" their local RA resources to the CPE for compensation under the RCM. AL 6078-E does nothing to advance the ball, stating only that "[t]he transaction process for shown resources may take place as part of or outside of a competitive solicitation as necessary."

The process for LSEs to show their resources should be specified in greater detail. The showing process should be developed outside of the competitive solicitation process with adequate notice and clear documentation made available sufficiently in advance of the process. The Commission should direct PG&E to work with LSE stakeholders to develop the process and documentation

² AL 6078-E at 5.

³ Assem. Bill 57, 2001-2002, Ch. 835, 2002 Cal. Stat.

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=200120020AB57

⁴ Section 454.5(d)(2), for example, provides that the procurement plan approved by the Commission shall "eliminate the need for after-the-fact reasonableness reviews of an electrical corporation's actions in compliance with an approved plan."

⁵ AL 6078-E at 31.

⁶ See D.20-12-006, Ordering Paragraph 3.e. at 46.

prior to launching the competitive solicitation and to submit the proposed process in a Tier 2 advice letter.

3. Clarify the Evaluation Process for Shown Resources

The Commission directed the CPE, at a high level, to evaluate showings relative to bids by applying the criteria identified in Ordering Paragraph (OP) 14 of D.20-06-002.⁷ PG&E should be required to adhere narrowly to these criteria in a way that can be easily reviewed by the PRG and IE. The Commission has not authorized the application of additional evaluation criteria. For example, a showing cannot be rejected for failure to offer dispatch rights – an optional product contemplated by D.20-06-002.⁸ Similarly, the comparison criteria do not permit rejection of a showing simply because the showing was not combined with other products.

CalCCA proposes two other features that will improve the likelihood of a fair comparison of shown and bid resources. First, the Commission should require PG&E to provide a more detailed explanation of how PG&E will compare a local-RA-only showing with a bundled competitive bid. Simply saying the CPE will apply “least cost best fit” principles does not provide transparency or insight into the process. Second, the comparison process should be documented in a way that allows the PRG and IE to understand the basis for rejecting any shown resource. Specifically, the CPE should indicate generally for each shown resource that it rejects the primary driver(s) for rejection, such as price or effectiveness.

4. Develop Tools to Enable the PRG and IE to Confirm that PG&E Has Complied with Its Competitive Neutrality Rules

PG&E will be bound by competitive neutrality rules aimed to prevent the sharing of information, including confidential information, beyond the employees involved in the central solicitation and procurement process.⁹ While PG&E proposed and the Commission adopted high level rules to implement competitive neutrality in D.20-12-006, it is unclear how the PRG and IE will be able to ascertain whether those procedures were followed. PG&E should be required to develop tools to make compliance with these rules transparent in the review of the competitive solicitation process and results by the PRG and IE.

5. Limit PG&E's Ability to Deviate from the PP Standards and Criteria

PG&E states that the CPE PP “does not restrict the CPE from taking procurement actions that are inconsistent with” the standards and criteria set by the PP; the only requirement is that “those actions still meet the conditions for reasonableness and preapproval set forth in OP 22 of the CPE Decision.”¹⁰ The Commission should not approve the CPE's expenditure of hundreds of millions of dollars or more annually without more rigorous boundaries. The CPE PP must either

⁷ See D.20-12-006, Ordering Paragraph 3.b. at 45.

⁸ See D.20-06-002, Ordering Paragraph 8.e. at 94.

⁹ D.12-12-006 at 27, Ordering Paragraphs 8 and 9 at 48-49.

¹⁰ AL 6078-E at 5.

meet the requirements of AB 57 or, if the statute is deemed not to apply, be subject to after-the-fact reasonableness reviews.

The CPE PP does not meet the requirements of AB 57. Section 454.5(7) requires the plan to contain “upfront standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known...prior to the execution of the transaction.”¹¹ PG&E's proposal to abandon any criteria and standards if the procurement is simply approved by the IE and PRG is inconsistent with AB 57. Neither does the CPE PP comply with other relevant provisions, which require specification of the “duration of the plan,” “the duration, timing and range of quantities of each product to be procured,” the “format and criteria” of the procurement process, and showings that the CPE PP will achieve the several objectives specified in the statute.¹²

The CPE PP should be revised to meet those standards. If it is not conformed with AB 57, the Commission should not grant any form of pre-approval but leave the actions subject to after-the-fact reasonableness reviews. The Commission must thus reject PG&E's request for preapproval to deviate from the very limited standards and criteria laid out in its CPE PP.

CalCCA thanks the Energy Division for its review of this protest and requests conformance of the CPE PP to established reasonableness standards and practices as set forth herein.

Respectfully,

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION



Evelyn Kahl
General Counsel

cc via email:

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Service List for R.19-11-009

¹¹ Cal. Pub. Util. Code §454.5(b)(7).

¹² See *id.*, §454.5(b).



California
Public Utilities
Commission



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CALIFORNIA PUBLIC UTILITIES COMMISSION Service Lists

PROCEEDING: R1911009 - CPUC - OIR TO OVERSE

FILER: CPUC

LIST NAME: LIST

LAST CHANGED: FEBRUARY 16, 2021

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

Order Instituting Rulemaking to Continue)	
Implementation and Administration, and Consider)	
Further Development, of California Renewables)	Rulemaking 18-07-003
Portfolio Standard Program.)	
_____)	

**FINAL 2020 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
MARIN CLEAN ENERGY**

**PUBLIC VERSION
(Appendix E Redacted)**

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Order Instituting Rulemaking to Continue)	
Implementation and Administration, and Consider)	
Further Development, of California Renewables)	Rulemaking 18-07-003
Portfolio Standard Program.)	
)	

**FINAL 2020 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
MARIN CLEAN ENERGY**

**PUBLIC VERSION
(Appendix E Redacted)**

In accordance with the California Public Utilities Commission’s (“Commission”) May 6, 2020 *Assigned Commissioner and Assigned Administrative Law Judge’s Ruling Identifying Issues and Schedule of Review for 2020 Renewables Portfolio Standard Procurement Plans* (“ACR”), the May 13, 2020 *E-Mail Ruling Modifying Schedule of Review for 2020 RPS Procurement Plans Issued in the May 6, 2020 RPS Plan Ruling*, and the *Decision on 2020 Renewables Portfolio Standard Procurement Plans*, issued on January 20, 2021 (“D.21-01-005”), Marin Clean Energy (“MCE” or “Agency”), hereby submits this 2020 Renewables Portfolio Standard Procurement Plan (“RPS Procurement Plan”). As directed by the ACR, this RPS Procurement Plan includes responses for the issues expressed in ACR sections 5.1-5.16.

MCE notes that certain issues and requests in these ACR sections apply to the other retail sellers (electrical corporations and electric service providers), and do not extend to Community Choice Aggregators (“CCAs”). MCE is nevertheless voluntarily responding to these ACR sections in the interest of transparency and in order to collaborate with the Commission. However, the submission of this RPS Procurement Plan pursuant to the ACR should not be construed as a waiver

of the right to assert that components of Senate Bill (“SB”) 790 (2012) or that Commission decisions and rulings on RPS Procurement Plan submittals do not extend to CCAs. MCE reserves the right to challenge any such assertion of jurisdiction over these matters.

In reviewing this RPS Procurement Plan, MCE encourages the Commission to consider the differences between California’s investor-owned utilities (“IOUs”) and other retail sellers, including CCAs. Differing levels of detail, procedure, complexity, and coordination within the planning documents submitted by these organizations are very appropriate.

1. Major Changes to RPS Plan

This Section describes the most significant changes between MCE’s 2019 RPS Procurement Plan and its Final 2020 RPS Procurement Plan as filed on February 19, 2021. A redline of this Final 2020 RPS Plan against MCE’s Draft 2020 RPS Plan is included as Appendix A. The table below provides a list of key differences between MCE’s 2019 and 2020 RPS Procurement Plans.

Table 1: Key Changes to MCE’s RPS Procurement Plan

Plan Reference	Plan Section	Summary/Justification of Change
2020 RPS Procurement Plan: Section 3	Summary of Legislation Compliance	Updated to incorporate details on how MCE’s planned procurement meets the requirements of SB 350, SB 100, and SB 901.
2020 RPS Procurement Plan: Section 4	Assessment of RPS Portfolio Supplies and Demand	Updated to add discussion of portfolio optimization and advanced emerging technologies.
2020 RPS Procurement Plan: Section 5	Project Development Status Update	Added narrative describing how MCE is on track to address the goals of system needs, RPS requirements, and greenhouse gas (“GHG”) reduction goals.
2020 RPS Procurement Plan: Section 8	Renewable Net Short Calculation	Added narrative describing how the results of MCE’s risk assessment has been incorporated into the RNS Calculation.

2020 RPS Procurement Plan: Section 10	Bid Solicitation Protocol	Updated to include discussion of joint solicitations.
2020 RPS Procurement Plan: Section 11	Safety Considerations	Added discussion about how MCE's procurement activities impact wildfire mitigation and climate change adaptation and how MCE's portfolio is affected by PSPS events.
2020 RPS Procurement Plan: Section 13	Curtailment Frequency, Forecasting, Costs	Expanded on existing discussion to include description of mitigation strategies tailored to MCE's portfolio and region.
2020 RPS Procurement Plan: Section 15	Coordination with the IRP Proceeding	Added table identifying how planned RPS procurement aligns with MCE's conforming portfolios filed in the IRP proceeding.

2. Executive Summary

In this 2020 RPS Procurement Plan, MCE provides information and updates regarding its progress in meeting applicable renewable energy planning and procurement targets, as well as additional detail in response to the expanded requirements set forth in the ACR.

Marin Clean Energy ("MCE"), California's first community choice aggregator ("CCA"), is a not-for-profit public agency that began service in 2010 with a mission to address climate change by reducing energy-related greenhouse gas emissions with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits, and creating more equitable communities. MCE serves approximately 484,000 customer accounts in 34 communities across Contra Costa, Marin, Napa, and Solano counties, with annual retail sales of approximately 5,550 gigawatt hours. MCE offers its customers a 60% renewable default service ("Light Green"), as well as two 100% renewable energy service options ("Deep Green" and "Local Sol").

MCE is governed by a board of 28 locally elected officials, which sets policy for the

Agency and oversee its operations. Depending upon the issue, representatives from MCE's governing board generally convene two to three times per month with advance public notice provided in compliance with the Brown Act.

MCE continues to maintain an annual Integrated Resource Plan ("IRP") that focuses on planning and procuring resources needed to meet its demand as well as local and state environmental mandates. MCE's annual IRP is in addition to the biennial IRP mandated by SB 350 (2015). The IRP submitted to the Commission has been primarily oriented towards supporting California's achievement of its 2030 GHG reduction targets. MCE's annual IRP similarly addresses GHG reduction targets as well as various other matters related to resource planning and procurement, including complementary energy programs administered by MCE, over a forward-looking, 10-year period.¹ MCE's annual IRP is periodically updated and adopted by its Technical Committee (under delegated authority of MCE's governing board), memorializing the evolving policies and resource preferences of the Agency.

MCE's internal commitment to clean energy has resulted in a default portfolio that reached 60% renewable in 2017, thirteen years ahead of the statewide trajectory. MCE has secured 66% of its total 2021 renewable portfolio through long-term contracts, exceeding the long-term contracting requirement established by SB 350 (2015). MCE is also fully compliant with all Commission Resource Adequacy ("RA") requirements, to support the reliability needs of the state.

MCE maintains its clean, balanced portfolio by closely monitoring ongoing market conditions, including but not limited to curtailment, customer demand, and policy changes such as the expansion of direct access ("DA") following the passage of SB 237 (2018). MCE also monitors unanticipated market events, such as the COVID-19 pandemic, and their impacts on both the

¹ Current versions of MCE's annual IRP, as well as the SB 350-required IRP, are available for review on MCE's website: <https://www.mcecleanenergy.org/energy-procurement/>.

supply and demand sides of the market.² In optimizing its portfolio, MCE prioritizes maintaining a balanced, diverse, and reliable portfolio; keeping our commitment to clean energy; and reducing customer costs.

MCE's commitment to clean energy has led the Agency to explore opportunities to mitigate the impacts of air pollution impacts in regions of the state where communities have been disproportionately impacted by the existing generating fleet, as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. To address this concern, MCE continues to evaluate the procurement of "clean resource adequacy" ("Clean RA") and the feasibility of transitioning to increased use of carbon-free capacity sources to meet statewide reserve capacity mandates.

To reflect MCE's evolving resource preferences and impacts associated with recent changes to emission accounting practices reflected under California's Power Source Disclosure ("PSD") program, MCE intends to discontinue use of Portfolio Content Category ("PCC") 2 products in 2022 and beyond.

MCE's RPS Procurement Plan details its current solicitations and its bid review and selection processes. The Plan also describes how MCE applies the Least Cost Best Fit concept to its portfolio, to support its priorities as an agency created for the purpose of providing clean energy, among other things.

MCE continues to closely monitor its exposure to a variety of risk factors, as discussed more fully below in Section 7. MCE continues to find that its thorough analysis of both portfolio- and project- level risk combined with its significant margin of over-procurement relative to statewide RPS goals render a quantitative model for risk assessment unnecessary at this time. MCE

² COVID-19 impacts are discussed more fully in Sections 4 and 6, below.

continues to assess the need for such a model and may employ additional analytical tools in the future.

MCE maintains safety as a top priority, and works with its suppliers to ensure that its portfolio is protected from a variety of safety risk factors, as well as to ensure that its generation does not add additional safety risks in the areas where facilities are located.

Finally, MCE's RPS Procurement Plan describes how the Conforming Portfolios in its IRP, filed September 1, 2020, align with this Plan.

3. Summary of Compliance with Legislation

This RPS Procurement Plan addresses the requirements of all relevant legislation and the Commission's regulatory framework. This Section describes the relevant statutory and regulatory requirements and how this RPS Procurement Plan demonstrates that MCE meets these requirements.

SB 350 was signed by the Governor on October 7, 2015. SB 350 set a new RPS procurement target of 50% by December 31, 2030. On December 20, 2016, the Commission issued D.16-12-040, which partially implemented the increased targets of SB 350 by establishing new compliance periods and procurement quantity requirements. On July 5, 2017, the Commission issued D.17-06-026, which implemented some of the key remaining elements of SB 350, including adopting new minimum procurement requirements for long-term contracts and owned resources, as well as revising the excess procurement rules. As discussed in greater detail in Section 4.B.1, MCE projects that 66% of its total *internal* 2021 renewables target (which is substantially higher than the statewide target for 2021) will be met with long-term contracts.

SB 100 was signed by the Governor on September 10, 2018 and became effective on January 1, 2019. SB 100 increased the RPS procurement requirements to 44% by December 31,

2024, 52% by December 31, 2027, and 60% by December 31, 2030. On June 6, 2018, the Commission issued D.18-05-026, which implemented changes made by SB 350 to the RPS waiver process and reaffirmed the existing RPS penalty scheme. In July of 2018, the Commission instituted Rulemaking 18-07-003 to continue the implementation of the RPS. On June 28, 2019, the Commission issued D.19-06-023, which continues to use a straight-line method to calculate compliance period procurement quantity requirements. The current RPS procurement targets are incorporated into MCE's Renewable Net Short Calculation Table as described in Section 8 below and attached as Appendix C. MCE's current and planned procurement is sufficient to exceed these targets, including a minimum margin of over-procurement based on MCE's risk assessment, as further described in Sections 7 and 9.

SB 901, signed by Governor Brown on September 21, 2018, added Public Utilities Code Section 8388, which requires any investor-owned utility, publicly owned electric utility, or CCA with a biomass contract meeting certain requirements to seek to amend the contract to extend the expiration date to be five years later than the expiration date that was operative as of 2018. MCE does not have a contract with a biomass facility that is covered by Public Utilities Code Section 8388.

4. Assessment of RPS Portfolio Supplies and Demand

4.A. Portfolio Supply and Demand

Similar to its historical renewable procurement, MCE projects that it will meet or exceed applicable RPS procurement obligations over the long-term planning horizon (ten years and beyond), though the exact characteristics of MCE's supply portfolio may vary over time depending on market developments, policy changes, technological improvements, Agency preferences, and/or other factors. To manage this future uncertainty, MCE examines and

estimates supply and customer demand, and will structure its future procurement efforts to balance customer demand with requisite resource commitments.

As previously noted, MCE's internally adopted renewable energy procurement targets have been set in excess of state-imposed mandates, creating a natural compliance buffer. For example, 61.7% of MCE's aggregate supply portfolio was comprised of RPS-eligible renewable energy in 2019, an amount nearly double the statewide procurement mandate of 31%. Similar to previous years, this significant level of over-procurement would have accommodated massive fluctuations in annual retail sales and/or anticipated renewable energy deliveries before triggering potential compliance risks for MCE. Given the significance of MCE's minimum 60% renewable target, past success meeting applicable compliance mandates, and existing supply commitments, MCE does not foresee any issues in fulfilling upcoming renewable supply commitments.

MCE continues to monitor the prospective impacts to its customer base associated with the upcoming reopening of California's direct access market due to SB 237 (2018) and D.19-05-043. This analysis is ongoing and may result in future adjustments to MCE's load forecast and related renewable energy procurement obligations, which would be expected to decrease if MCE load migrates to direct access providers.

Impacts of the COVID-19 Pandemic

MCE is keenly aware of the current, worldwide COVID-19 pandemic, and its impact on "business as usual," including both demand and supply side impacts. Across retail sellers, commercial loads have decreased as a result of business closures or substantially modified operations, and residential loads have increased due to "stay at home" and "shelter in place" orders. MCE meets frequently to discuss observed variances between actual and anticipated customer energy use, including potential adjustments to upcoming load schedules. Based on

available data and related analyses conducted to date, impacts to MCE's overall load and sales appear to be relatively modest, approximately 4%-5% lower than forecast.

Looking forward, it is difficult to predict the ongoing impact to retail sales as a result of COVID-19. However, early indications suggest that such impacts may be relatively minor within MCE's service territory, as compared to other areas of the state. MCE continues to evaluate the pandemic's impacts to its load and sales, and is working to identify a suitable approach for adjusting its retail sales forecast if needed.

MCE is also closely monitoring supply-side impacts of COVID-19, including supplier and developer effectiveness in fulfilling renewable energy needs, project completion, and overall supplier viability. These impacts are discussed in greater detail in Section 6.1, below.

4.A.1. Portfolio Optimization

MCE plans for and secures commitments from a diverse portfolio of generating resources to reliably serve the electricity supply requirements of its customers over near-term, mid-term and long-term planning horizons. MCE's goal is to meet organizational policies and statewide mandates in a manner that is cost effective, achieves internally adopted clean energy objectives and supports a well-balanced resource portfolio. Portfolio optimization strategies can help reduce costs and should facilitate alignment of MCE's portfolio of resources with its forecasted needs. This noted, MCE has initiated a transition to the exclusive use of PCC1 renewable energy products by 2022 to minimize portfolio emission impacts that would otherwise accrue through the use of PCC2 and PCC3 product options, which are ascribed emissions under California's current emissions calculation methodology. This approach is significantly more costly to MCE's customers but will promote achievement of MCE's GHG-related objectives.

To support this goal, MCE considers the following strategies:

- Joint Solicitations: Joint solicitations can expand the procurement opportunities available to a CCA, as well as provide procedural efficiencies, economies of scale, and overall cost savings for participating organizations. MCE is closely networked with other CCAs through its membership in the California Community Choice Association, (“CalCCA”), the trade organization representing California’s Community Choice Aggregation sector, and regularly coordinates with other CCAs regarding prospective procurement opportunities and portfolio balancing activities.
- Purchases from Retail Sellers: Purchases of resales from other retail sellers can provide a cost-effective way of meeting short term resource needs or filling in gaps in procurement while long-term projects are under development. MCE will evaluate solicitations offered by other retail sellers, as necessary.
- Sales Solicitations: As MCE continues to manage its growing portfolio of renewable resources, it will also consider administering sales solicitations (serving as a renewable energy seller) for the benefit of other retail sellers. Such solicitations are expected to be rare and relatively small in scale. MCE may also engage in bilateral sales discussions with certain retail sellers, including CCAs, if/when divesting relatively small amounts of surplus renewable energy supply is deemed necessary to rebalance MCE’s renewable portfolio relative to internally established procurement targets. MCE has completed such processes in the past and expects to do so in the future as well. Selling excess renewable supply is an effective way for all Load-Serving Entities (“LSEs”) to reduce unnecessary renewable energy expenses while providing valuable renewable energy products to other market participants.

- Optimizing Existing Procurement: As MCE considers its long-term resource needs, it may evaluate options in its future power purchase agreements to increase output through either facility upgrades or adding new capacity to the generating facility. Expanding existing facilities may provide additional generation at reduced costs with a lower risk of project failure because the need for distribution system upgrades and permitting may be reduced.

MCE has conducted three solicitations in 2020 for energy and capacity, which are summarized below:

1. 2020 Open Season Request for Offers (“RFO”): The Open Season provides a competitive, objectively administered opportunity for qualified suppliers of various energy products (including renewable and storage technologies) to fulfill MCE’s future resource requirements.
2. Clean Resource Adequacy RFO: The Clean RA RFO is to contract for clean RA resources to phase out the use of fossil-based RA resources over the next ten to fifteen years.
3. Long-Duration Storage Request for Information: In June 2020, thirteen CCAs, including MCE, released a Joint Request for Information for long-duration storage resources.³

MCE conducts its Open Season RFO on an annual basis, soliciting new-build renewable energy and storage resources that meet the procurement targets put forth in its integrated resource plan. As part of the Open Season solicitation process, MCE provides an RFO Overview and Instructions document that details the volume of energy and resources eligible to apply, along with detailed information on required supporting documentation, evaluation criteria, schedule, and

³ <https://www.mcecleanenergy.org/energy-procurement/>.

submittal process. In addition to the RFO Overview and Instructions, MCE supplies offerors with an offer form and term sheets for renewable project offers, renewables paired with storage and energy storage only offers.

MCE allows for 4-6 weeks for offerors to submit an offer, after which time MCE staff conducts a multi-phased approach for reviewing each offer. Offers are first reviewed for completeness relative to the RFO eligibility criteria. MCE then conducts a quantitative analysis focused on the value of each conforming offer and develops a short-list based on the project evaluation criteria. The short-list is then reviewed by MCE's Ad Hoc Contracts Committee and its Technical Committee. MCE enters into an Exclusivity Agreement for the strongest offers after this three-stage review, to ensure that favorable opportunities are not "lost" to other buyers.

Staff then begins contract negotiations with selected projects. The resulting Power Purchase Agreement(s) (PPAs) are reviewed by MCE's Executive Management team before review and approval by MCE's Technical Committee. Contract execution occurs after the PPAs are approved by MCE's Technical Committee.

MCE's 2020 Open Season resulted in the execution of a PPA with Daggett Solar Power 3 LLC for a 110 MW solar photovoltaic resource paired with a 55 MW lithium-ion battery, executed on September 25, 2020.

Through the Power Charge Indifference Adjustment ("PCIA"), MCE customers (and other CCA and Direct Access customers) are required to pay their share of the above-market costs associated with PG&E's large hydroelectric fleet, PG&E's nuclear power plant, Diablo Canyon, and many PG&E Power Purchase Agreements ("PPAs") including RPS PPAs. Nearly half of PG&E's customer load has departed for other LSEs, resulting in PG&E having excess resources in its portfolio. PG&E offered to allocate a proportionate share of the 2020 output of the

hydroelectric and nuclear, GHG-free, resources at no additional cost on a voluntary basis to CCAs and Direct Access providers whose customers pay the PCIA (“Interim Allocation”). There is a parallel process underway at the Commission⁴ to establish permanent rules to address excess utility resources (“PCIA Proposal”). The PCIA Proposal may also result in increased market access to PCIA-eligible RPS resources from IOU portfolios.

While MCE’s governing board has elected not to take the nuclear allocations from PG&E to align with its policy of no resource-specific nuclear transactions, MCE has accepted PG&E hydroelectric allocations for 2020 and will use these allocations toward meeting its GHG-free targets. The Interim Allocation is currently scheduled to sunset at the end of 2020, and MCE is awaiting Commission decision on the PCIA Proposal.

MCE is structuring its Light Green portfolio to be approximately 95% GHG-free in 2022 and beyond, subject to market and/or regulatory changes. To structure such a clean Light Green portfolio by 2022, MCE will procure three products: (1) RPS-eligible renewable energy; (2) large hydroelectric energy; and (3) Asset Controlling Supplier energy, the vast majority of which is large hydroelectric. To ensure grid reliability, MCE’s contracting goals include 210 MW of stand-alone energy storage to be online by 2029, and to have approximately 320 MW of new energy storage paired with solar resources online by 2030.

4.B. Responsiveness to Policies, Regulations, and Statutes

MCE is a local governmental agency that is subject to the control of its governing board and is directly accountable to the community that it serves. MCE strongly supports and is committed to meeting the state’s GHG reduction and renewable procurement goals. As a member of CalCCA, MCE actively supported the passage of SB 100 (2018) and has fully incorporated the

⁴ PCIA Rulemaking 17-06-026, Phase 2, Working Group 3.

procurement requirements of the state's RPS program into its overall procurement strategy. As overseen by its governing board, MCE has developed a schedule for issuing solicitations, executing contracts with existing resources, and bringing new projects online on a timeline that is reasonably calculated to meet the applicable RPS targets. The resources identified in this RPS Procurement Plan are consistent with the resources that will be identified in MCE's Integrated Resource Plan ("IRP"), which will be provided to the Commission for certification and approved by MCE's governing board.

As previously noted, MCE's internally adopted renewable energy procurement target has been set at a minimum of 60%. All related renewable energy purchases will be sourced from California Energy Commission-certified generating facilities, which will be eligible for use under California's RPS Program. The significant majority of MCE's renewable energy purchases will be sourced from products meeting the delivery requirements established for PCC1. Pre-2022, the balance of requisite renewable energy purchases will be sourced from products meeting the delivery specifications associated with PCC2. The prospective procurement of PCC3 products is substantially minimized in MCE's annual IRP, and such purchases would only be pursued as a last resort, should market conditions preclude the cost-effective purchase of PCC1 or PCC2 products. In any case, MCE's procurement of PCC3 products will not exceed the limitations imposed under California's RPS Program.

Furthermore, MCE's existing contractual commitments have secured the significant majority of its renewable energy requirements. Existing contracts continue to address the majority of MCE's renewable energy needs throughout the planning period addressed in this RPS Procurement Plan, accounting for 58% of statutory renewable energy procurement requirements in 2030. MCE's planning and procurement process is ongoing, which is expected to result in

additional renewable energy acquisition, the substantial majority of which will be secured via long-term contracts.

4.B.1. Long-term Procurement

MCE has been committed to supporting new, California-based renewable resource development since its inception, and has supported numerous generating assets via execution of long-term contracts. MCE has already executed long-term renewable contracts that will yield 66% of its total 2021 internal 60% renewables target.⁵ Further, in the Open Season solicitation described above, only projects with a term of delivery between ten and twenty years are considered.

In light of its existing long-term supply commitments, MCE expects to meet or exceed California's minimum 65% long-term contracting requirement, which becomes effective in 2021, through 2030. Even in the event of lower-than-anticipated deliveries from such contracts, MCE would still expect to satisfy the 65% long-term contracting requirement through 2026. MCE expects to engage in additional long-term contract efforts to continue to meet or exceed the long-term contracting mandate.

4.C. Portfolio Diversity and Reliability

MCE also considers the deliverability characteristics of its resources (including the expected delivery profile, available capacity and dispatchability attributes, if any, associated with each of its generating resource and/or supply agreements) and reviews the respective risks associated with short- and long-term purchases as part of its forecasting and procurement processes. These efforts lead to a more diverse resource mix, address grid integration issues, and provide value to MCE's member communities, including reduced costs and support in achieving planned procurement objectives for the period addressed in this 2020 RPS Procurement Plan. A

⁵ Because MCE's internal renewable targets is significantly higher than California's statewide target, this positions MCE to comfortably exceed the 2021 long-term contracting requirement.

quantitative description of MCE's forecast is attached in Appendix C.

While MCE is not opposed to considering emerging renewable generating technologies, it must be judicious in pursuing the use of such resources, as such technologies may not perform as expected. This noted, MCE's commitment to innovation and renewable technology advancement will likely identify strategic opportunities for the inclusion of emerging technologies within its supply portfolio. For example, MCE has pursued supply commitments with renewable energy plus storage configurations, which are expected to mitigate renewable integration impacts typically associated with increased use and development of intermittent renewable generating technologies. The extent to which such configurations will be successful in mitigating conditions of over-supply, production variability and misalignments between energy production and customer use will be monitored over time to ensure that such contractual commitments are promoting desired outcomes.

MCE will continue to procure renewable and other GHG-free and conventional energy products, as necessary, to ensure that the future energy needs of its customers are met in a clean, reliable, and cost-effective manner. MCE has established proportionate procurement targets for overall GHG-free energy content, including subcategories for renewable energy and other carbon-free products, including related planning reserves. MCE is in the process of evaluating an "equivalent carbon-free" portfolio metric, which would consider the total emissions associated with each supply source relative to a target annual emission factor for its entire supply portfolio. For example, a 90% carbon-free equivalent metric in 2021 would allow an overall portfolio emission factor equal to 10% of the California Air Resources Board's ("CARB") assigned emission factor for energy imports and system power, which is currently set at 0.428 metric tons of carbon dioxide equivalent per megawatt hour ("MT CO₂e"). Expressed differently, a 90%

carbon-free equivalent metric would limit, on a voluntary basis, emissions to an overall portfolio emission factor of 0.043 MT CO₂e.

Because certain renewable generating technologies are known to have relatively low levels of emissions, such as certain geothermal generating technologies, MCE's equivalent carbon-free metric captures such impacts along with any other use of carbon-emitting supply, including system power and CARB-certified Asset Controlling Supply (which is ascribed an emission factor based on the resources reflected in such portfolios), to derive its proportionate use of carbon-free generation. To the extent that MCE's energy needs are not fulfilled through the use of renewable or other GHG-free generating resources, it should be assumed that such supply will be sourced from conventional energy sources, such as natural gas generating technologies or system power purchases.

MCE uses a portfolio risk management approach in its power purchasing program, seeking low-cost supply (based on then-current market conditions) as well as diversity among technologies, production profiles, project sizes and locations, counterparties, lengths of contract, and timing of market purchases. These factors are taken into consideration when MCE engages the market and pursues related procurement activities.

A key component of this process relates to the analysis and consideration of MCE's forward load obligations and existing supply commitments with the objectives of closely balancing supply and demand, cost/rate stability and overall budgetary impacts, while leaving some flexibility to take advantage of market opportunities and/or technological improvements that may arise over time. MCE monitors its open positions separately for each renewable generating technology as well as GHG-free resources, conventional resources, and its aggregate supply portfolio. MCE maintains portfolio coverage targets of up to 100% (of expected customer energy

requirements) in the near-term (0 to 2 years) and typically leaves gradually larger open positions in the mid- to long-term, consistent with generally accepted industry practices.

MCE has a preference for zero emission generating technologies, but within this preference MCE is largely technology-agnostic aside.⁶ MCE's supply preferences are intended to exhibit diversity across a broad range of renewable technologies that will deliver energy in a profile that is generally consistent with MCE's anticipated load shape. MCE is aware that significant use of intermittent renewable generating technologies has the potential to create misalignments between customer energy consumption and related power production; however, MCE regularly evaluates customer usage in light of expected renewable deliveries to reduce such risks and inform future procurement decisions. Furthermore, MCE continues to consider procurement opportunities with renewable generating facilities that will utilize battery storage technology, which may present the opportunity to somewhat re-shape the typical delivery profile associated with intermittent renewable generating assets, providing the opportunity for MCE to more closely balance supply and customer demand.

Recent market data continues to indicate that midday peak resources are likely to comprise a larger proportion of California's renewable supply portfolio due to the rapid decline in wholesale prices for solar PV generation and the abundance of such projects in operation and under development. Additions to MCE's portfolio during the Planning Period will likely be more heavily weighted toward energy resources – dispatchable, shaped during non-solar or ramping periods, or otherwise – that complement competitively priced solar already under contract or pair new solar projects with storage technologies to avoid exacerbating midday over-supply. MCE may also engage in purchases from as-available renewable generation (*e.g.*, wind) to the extent that such

⁶ As mentioned above, MCE has a policy of not pursuing resource-specific nuclear power purchases.

supply is competitively priced or otherwise provides electricity during time of day when existing supply commitments are currently lacking.

In regard to generation project location, MCE places the greatest value on locally-sited renewable generating projects, particularly those located in its service area or within approximately 100 miles thereof. In general terms, the next highest preference related to resource selection are projects sited within the North of Path 15 region (generally, Northern California), followed by projects elsewhere in California, and lastly, out-of-state resources. This procurement strategy has led MCE to achieve its desired clean energy portfolio objectives as well as cost-competitive customer rates. With this in mind, MCE intends to continue this approach in the future.

4.D. Lessons Learned

MCE's operating history has reinforced its belief that diversity among renewable energy commitments is highly desirable. This spans a broad range of considerations, including the use of various fuel sources, resource locations, contract durations, product specifications, pricing mechanisms, solicitation timing and frequency, as well as various other concerns. Early-stage discipline in renewable energy contracting allowed for MCE's solar energy commitments to gradually move down a declining cost curve, which avoided over-weighting the portfolio with an abundance of excessively costly contracts. As California's energy landscape continued to evolve, a concentration of renewable generating assets in certain locations reinforced the benefits of geographic diversity – as certain areas of the state were overbuilt with renewable generating infrastructure, challenges related to depressed market prices and related resource curtailments began to surface and will likely continue to exist for quite some time.⁷ These observations have

⁷ It is noteworthy, however, that economic curtailment may not be feasible for certain retail sellers when considering the financial implications of long-term contract delivery shortfalls imposed under the RPS

contributed to a more rigorous evaluation process for new generating projects, which is expected to reduce risks associated with such issues – while attempting to understand historical market pricing (at particular resource locations) is not a perfect predictor of future performance, it seems to mitigate potential adverse financial consequences during near-term operation of such facilities.

With regard to long-term contracting, there is substantial financial risk associated with California’s changing regulatory landscape. As California’s energy market undergoes several significant changes over a short period of time, it seems impossible to predict how such long-term commitments will impact buyers and sellers, as well as affect costs for retail customers. While MCE works to protect the value of its contract when possible in the contracting process, it has seen the value of its resources degrade over time due to regulatory changes. If the regulatory rules under which the resources were originally contracted are not considered or grandfathered, MCE will inevitably lose value on the contracts it enters into, which discourages the long-term contracting the state has generally incentivized.

Another noteworthy lesson learned relates to the manner in which distinct California energy programs interact with one another. In particular, the ongoing implementation of Assembly Bill (“AB”) 1110 (stats. 2016) devalues and discourages the use of certain renewable energy products (allowed for use under California’s RPS Program) by virtue of the manner in which associated emissions will be accounted for under the Power Source Disclosure Program (“PSD Program”). Specifically, changes to PSD Program regulations related to AB 1110 will now attribute an emissions factor equivalent to system power to any PCC2 and PCC3 volumes. In addition, PCC3 certificates will not be recognized as a renewable fuel source during power source

Program. In light of such significant financial charges, certain retail sellers may be forced to accept deliveries from renewable generating assets during instances of significant negative pricing to ensure that requisite long-term contracting quantities are satisfied. This could result in higher-than-anticipated renewable energy costs and related impacts to customer rates.

accounting. This change has led MCE and various other CCAs to forgo or minimize the use of PCC2 and PCC3 products to avoid representing an inflated emissions factor and reduced below-actual renewable energy content during power source reporting and related customer communications. This adaptation to MCE's planning and procurement practice became necessary despite the fact that such products are deemed eligible for use under California's RPS Program. This transition by MCE to procure PCC1 products instead of PCC2 products has increased costs and customer rates.

While these lessons learned have been useful for MCE, some of these issues seem to be avoidable through increased coordination during the development and administration of California's various energy reporting and compliance programs -- as MCE testified at a joint *en banc* of the Commission and California Energy Commission in October 2018.

5. Project Development Status Update

As described in Section 4.B above, MCE's current and planned procurement is sufficient to meet both the applicable RPS procurement requirements as well as support the state's GHG reduction targets. Further, MCE's current and planned procurement supports system reliability by considering both portfolio diversity and alignment with MCE customers' load curve.

As of the date of this RPS Procurement Plan, MCE has entered into six utility-scale contracts with eligible renewable energy resources that are not yet commercially operational. Additionally, certain of MCE's Feed-In Tariff ("FIT") projects have successfully achieved commercial operation while others continue through the development process. These projects are supported via pricing schedules that are intended to promote developer interest while also offsetting higher-than-normal development costs typically associated with MCE's service territory. To date, MCE's FIT program has supported the completion of twelve locally situated,

small scale renewable generating projects, which are currently producing electricity that is purchased by MCE under long-term contracts. MCE has attached the Project Development Status Update Report as Appendix D.

6. Potential Compliance Delays

MCE has received favorable determinations of compliance relating to Compliance Period 1 and Compliance Period 2, which indicate that “MCE met its RPS compliance obligations” during such periods. MCE expects similar determinations related to the current compliance period (Compliance Period 3, which includes calendar years 2017-2020) and future compliance periods, as MCE is well ahead of prescribed procurement targets based on current and planned procurement activities and actual renewable energy deliveries. With regard to long-term contracting compliance, as discussed above MCE has secured long-term contract commitments sufficient to meet the noted requirements through 2027 (or 2026 in the event of substantial delivery shortfalls).

6.1 Potential Impacts of COVID-19 Pandemic on Project Development

As the Commission is aware, successful renewable energy markets depend upon international supply chains, substantial labor commitments, robust financial markets, timely interactions with governmental planning authorities and various other considerations. With numerous disruptions caused by the pandemic, it is challenging to determine whether, and to what extent, renewable energy procurement opportunities may be compromised, particularly new-build renewable energy projects that typically rely on long-term contracts as the basis for project financing. MCE closely coordinates with suppliers that are developing new-build renewable generating assets and will continue to monitor this situation as well as potential fallout related to supplier/developer effectiveness in fulfilling expected renewable energy deliveries, project

completion schedules and overall supplier viability. It seems reasonable to anticipate some supply-side consequences, but MCE's above-RPS renewable energy procurement targets coupled with existing supply commitments from operational renewable generating facilities virtually eliminate any compliance-related concerns.

7. Risk Assessment

MCE closely monitors development and operational risks associated with its planned and existing renewable energy supply commitments to minimize the potential for significant variances between actual and expected renewable energy deliveries.

Risk Oversight Committee and Energy Risk Management Policy

MCE has established a Risk Oversight Committee ("ROC"), which regularly convenes to discuss conformance of MCE's ongoing planning and procurement efforts with the organization's adopted Energy Risk Management Policy ("ERM Policy"). MCE's ERM Policy was developed for purpose of creating and maintaining controls and processes that will mitigate potential exposure to various sources of risk, including market price risk, counterparty credit and performance risk, load and generation (volumetric) risk, operational risk, liquidity risk and policy (*e.g.*, legislative and regulatory) risk.

To the extent that higher-than-expected renewable energy open positions, counterparty over-exposure, meaningful load variations or other pertinent planning observations are identified during meetings of the ROC, MCE adjusts procurement activities to address these concerns, which promotes ongoing compliance with its ERM Policy. Should any significant ERM Policy deviations be identified, MCE staff would inform its Governing Board before pursuing corrective action. MCE's risk assessment and management practices are described in greater detail in Section 7, below.

Risk Assessment and Management Processes

In general terms, MCE's process for minimizing and avoiding risk is deterministic in nature and begins with the development of bid requirements and evaluative preferences for solicitations. MCE's solicitations are intended to identify suppliers that have demonstrated a strong track record of successful project completion and ongoing project operation. Such counterparties are more likely to timely complete project development activities and successfully operate projects placed under contract, and therefore minimize project risks. This process has yielded strong results: the pool of responses to MCE-administered solicitation is generally robust; the quality of short-listed respondents is high and typically includes very experienced counterparties with strong project development track records; the short-listed candidates, by virtue of their considerable project development and/or operational experience, tend to be efficient contract negotiators; and the resulting contracts have generally led to project deliveries that meet MCE's expectations.

Key risk factors are considered during evaluation of each prospective renewable energy seller, including counterparty credit rating and general financial standing; California-based project development experience; prior experience with CCA off-takers; commercial viability of the proposed generating technology; and progress towards key development milestones such as interconnection status, deliverability studies, siting, zoning, permitting, and financing requirements. With regard to transmission adequacy, MCE ensures that each project has an executed interconnection agreement with the appropriate participating transmission operator prior to contract execution so that the project's interconnection costs, deliverability and timelines are known to the extent possible. MCE also conducts a review of interconnection queues and transmission planning in the area to understand impacts of planned projects and transmission

upgrades. The project review process also includes a thorough review of the permitting status from the permitting authority and must demonstrate a path to completion. A selected seller bears risk of supply chain delays impacting the seller's ability to meet its guaranteed contractual milestones on time, subject to permitted extensions and allowable Force Majeure provisions in the contract.

To the extent that a prospective renewable energy procurement opportunity comes to fruition, and a contract is executed, development milestones are rigorously monitored by MCE's contract management staff, who regularly communicate with the project sponsor throughout the development and construction processes.

MCE also seeks to minimize unnecessary financial exposure and general planning risk by assembling a diversified portfolio of renewable generating resources and products that are intended to complement the manner in which its customers use electric power. To promote this alignment of supply and demand, MCE analyzes the impacts of proposed renewable energy deliveries to its aggregate resource portfolio relative to expected customer energy use as part of its evaluation process. To the extent that the proposed delivery profile would create undesirable net-short or net-long positions, alternative product options will continue to be evaluated. MCE may also pursue contract structures that promote volumetric stability through firm delivery quantities and/or performance guarantees that provide for financial remedies/penalties in the event of delivery shortfalls. If necessary, the financial remedies received by MCE could be used to: (1) as a first priority, procure additional renewable energy supply to address delivery shortfalls; or (2) in the event that the delivery shortfall caused MCE to be found non-compliant, offset the cost of related penalties. MCE's intent is to exceed compliance with applicable RPS mandates, and the latter option is a last resort that is not expected to apply.

Additionally, MCE believes that it is important to manage temporal risks associated with:

(1) disproportionate exposure to prevailing market conditions at any particular point in time; and

(2) lack of diversity related to contract start dates, end dates or term lengths within a renewable energy supply portfolio. MCE has regularly administered renewable energy solicitations throughout its operating history to ensure that its exposure to ever-changing market conditions is diversified, similar to the “dollar cost averaging” methodology that is regularly employed within the financial sector. While attempts to “time the market” may occasionally yield short-lived benefits, such results are generally not reliable and create the potential for significant risk and financial consequences if market conditions quickly and/or significantly change. MCE’s deliberate contracting approach entails “sampling” the market at regular intervals, avoiding large contractual commitments in high-priced environments or missed opportunities in low-priced environments. MCE also ensures that its contract start/end dates and related term lengths are staggered to avoid planning “cliffs” that could occur if contracts of similar lengths and start dates were all executed at the same time. The assembly of short-, medium- and long-term contracts further diversifies risk within MCE’s renewable supply portfolio, and while increased long-term RPS contracting requirements will inevitably increase such risks, MCE will continue to pursue portfolio diversity by thoughtfully considering these temporal considerations during ongoing procurement processes.

Ongoing Evaluation of Need for Quantitative Risk Assessment Model

MCE continues to evaluate the need for a quantitative risk assessment model. MCE’s rigorous process for evaluating prospective suppliers continues to be successful in identifying highly qualified, financially viable candidates and supporting its achievement of both statutory and voluntary renewable energy procurement goals.

Because MCE’s minimum renewable content commitment substantially exceeds the current statewide goal, MCE continues to find that use of a quantitative risk assessment model is

not critically important in meeting pertinent RPS compliance mandates. MCE will continue to evaluate the usefulness of such tools as it moves forward. Should MCE identify compliance-related concerns through application of its ERM Policy or other mechanisms, MCE will take the appropriate course of action, which may include quantitative risk assessments or other planning studies, to address such issues before compliance is affected.

MCE's Compliance Risk is Minimal

In terms of its ability to demonstrate compliance with California's RPS procurement mandates, MCE does not anticipate any particular development or operational risks that would materially impact its planned progress in this regard. This perspective is supported by the aforementioned supplier selection process as well as MCE's internally adopted renewable energy procurement target, which substantially exceeds California's RPS mandate. However, the possibility always exists that future renewable energy supply will not be delivered as required under each respective power purchase contract. MCE considers this potential risk in forecasting as well as during procurement review and decision-making.

8. Renewable Net Short Calculation

MCE's failure rate for new-build renewable generation placed under contract is well below five percent. MCE takes several steps to guard against the risk of project failure, including:

- Pre-contracting diligence, including a rigorous proposal evaluation process. MCE requires that any new-build project be in an advanced stage of the pre-development process, including permitting, financing, and interconnection. In particular, MCE's practice is to execute a PPA only after a project's interconnection agreement is fully executed. This increases certainty with regard to the project's development timeline and costs.
- Project monitoring. MCE's PPAs for new-build projects require frequent, detailed progress

reports, which helps to identify and mitigate potential problems in their early stages.

- Internal renewable portfolio targets, including a planning reserve, that meaningfully exceed statewide mandates.

MCE has increased its planned procurement to account for a three percent failure rate in 2021, increasing to four percent in 2029, for both online generation and facilities in development. These percentages are reflected in Appendix C. These adjustments were made to reflect 1) limited delivery reductions from geothermal facilities impacted by nearby wildfires, and 2) occasional curtailment of select in-state solar facilities due to negative pricing at certain times of the year. Both of these shortfalls, even taken together, create impacts well below the 3%-4% risk adjustment described here. MCE continues to actual planning data as compared to its forecast throughout the year, and can adjust to supply- or demand-side variations within a given year.

MCE has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix C. At this point in time and based on MCE's past success, current supplier performance and anticipated renewable energy contracting outcomes, there have been no risk-related adjustments to the expected renewable energy quantities reflected in Appendix C. As previously noted, MCE has successfully procured more than 60% of its resource needs from RPS-eligible renewable resources since 2017 and, as a result, has accrued renewable energy well in excess of applicable statewide mandates. In general terms, renewable suppliers have performed as expected, and as such MCE did not find it appropriate to incorporate risk adjustments at this point in time. If supplier performance becomes more erratic in the future and such adjustments are deemed necessary, MCE will reflect such adjustments in a future planning document.

9. Minimum Margin of Procurement (MMoP)

The following table displays MCE's intended margin of RPS over-procurement based on the differential between the SB 100 procurement targets and MCE's internally adopted RPS procurement targets.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
MCE RPS Procurement Target (% of Retail Sales)	61.8%	61.9%	62.2%	62.2%	67.0%	71.7%	76.5%	81.2%	86.0%	86.0%
MCE Minimum Margin of Over-Procurement (% of Retail Sales)	26.0%	23.4%	20.9%	18.2%	20.3%	22.4%	24.5%	26.6%	28.6%	26.0%

MCE's RPS-eligible renewable energy target is currently set at a minimum 60 percent, increasing to 86 percent by 2030. Consequently, MCE's RPS supply portfolio is expected to reflect a minimum margin of over-procurement that will minimally exceed statewide RPS mandates by at least 18 percent (relative to retail sales) in each year of the 10-year planning horizon.

9.A. MMoP Methodology and Inputs

MCE's internal renewable energy procurement policy specifies a minimum 60% RPS-eligible renewable energy target. As illustrated in the table above, this provides MCE with a minimum margin of over-procurement well in excess of the risks accounted for in the planning margin described in Section 8, including but not limited to potential project development failure, deficient production by facilities under contract, unusually high demand, and availability of requisite renewable energy products within the marketplace.

9.B. MMoP Scenarios

MCE plans to meet the annual program renewable goals reflected in the table presented in Section 9 (above), including the MMoPs reflected therein. As reflected in this table, MCE's

anticipated MMoP percentages range from 18.2% in 2024 to 28.6% in 2029. The renewable net short included in the RNS Quantitative Template also incorporates the additional RPS-eligible renewable energy need resulting from expected participation in MCE's voluntary 100 percent renewable energy service options.

During its bid evaluation and supplier selection processes, MCE considers a variety of risks and believes that such risks are sufficiently addressed within its MMoP calculation. Based on its operating history, previous experiences related to renewable energy planning/procurement and existing contract portfolio, MCE has no reason to doubt the sufficiency of the MMoP reflected in its internally adopted RPS planning targets. This noted, MCE has incorporated an internal RPS planning reserve, as reflected in the following table, to ensure MCE can meet its internal RPS targets in the event that its previously described contract management process identifies substantial concerns related to new-build project completion, delivery shortfalls or other issues.

This reserve is additive to MCE's internally adopted RPS targets and is intended to address renewable production and/or usage variability that may occur during discrete calendar years. It is intended to offset the potential impacts of noted risk adjustments/contingencies that may reduce actual renewable energy deliveries, relative to MCE's expectations. In effect, MCE's internal RPS planning reserve is a secondary MMoP, providing additional insurance against unforeseen circumstances that could impact MCE's ability to satisfy its internally adopted renewable energy commitments. As demand- and supply-side data are monitored in each year, MCE may adjust planned short-term purchases and/or pursue surplus sales arrangements if actual renewable energy deliveries are tracking above MCE's anticipated needs. By the end of each calendar year, MCE hopes to manage the level of its internal planning reserve so that actual renewable energy deliveries are closely aligned with MCE's Base RPS Procurement Target, as reflected below.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
MCE Base RPS Procurement Target (% of Retail Sales)	61.8%	61.9%	62.2%	62.2%	67.0%	71.7%	76.5%	81.2%	86.0%	86.0%
MCE Minimum Margin of Over-Procurement (% of Retail Sales)	26.0%	23.4%	20.9%	18.2%	20.3%	22.4%	24.5%	26.6%	28.6%	26.0%
MCE Internal RPS Planning Reserve (% of Retail Sales)*	5.7%	5.7%	5.7%	5.7%	6.1%	6.6%	7.1%	7.5%	8.0%	8.0%
MCE Total RPS Procurement Target (% of Retail Sales)	67.5%	67.6%	67.8%	67.9%	73.1%	78.3%	83.5%	88.7%	93.9%	93.9%
MCE Total Margin of Over-Procurement (% of Retail Sales)	31.7%	29.1%	26.6%	23.9%	26.4%	29.0%	31.5%	34.1%	36.6%	33.9%

*Includes volumes that may be necessary to address potential RPS delivery shortfalls; may be adjusted during each calendar year, as needed.

MCE will also model demand-side sensitivities that may impact MMoP calculations. This will be particularly important during expansion of MCE's service area, when participation rates are expected to be most volatile. MCE has completed numerous expansions during its nearly 11-year operating history, and in each case, MCE has successfully scaled its renewable energy procurement to accommodate related increases in retail sales. In addition to load variability resulting from periodic expansions and ongoing minor fluctuations in customer participation, MCE will also monitor electric vehicle penetration rates, net energy metering participation rates and other considerations that may impact overall customer energy requirements and related MMoP calculations.

10. Bid Solicitation Protocol

10.A. Solicitation Protocols for Renewables Sales

MCE does not have immediate plans to issue a solicitation for sales of renewable energy projects.

10.B. Bid Selection Protocols

In its various solicitations for long-term renewable energy supply, MCE imposes numerous bid requirements on interested respondents. These requirements address a variety of considerations and are intended to identify the best qualified suppliers of MCE's long-term renewable energy needs. Such requirements include:

1. Overall quality of response, inclusive of completeness, timeliness, and conformity;
2. Price and relative value within MCE's supply portfolio;
3. Project location and local benefits, including local hiring and prevailing wage considerations;
4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements;
5. Qualifications, experience, financial stability, and structure of the prospective project team (including its ownership);
6. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
7. Potential impacts to grid reliability;
8. Potential economic benefits created within communities with high levels of poverty and unemployment;
9. Acceptance of MCE's standard contract terms; and
10. Development milestone schedule, if applicable.

These considerations help shape the criteria against which prospective suppliers are evaluated. Based on the success of its ongoing planning and procurement efforts as well as any direction from its governing board, MCE may adapt these considerations in future renewable energy procurement efforts.

Consistent with Public Utilities Code Section 399.13(a)(6)(C), MCE conducts energy product solicitations in a manner that addresses a broad range of considerations, including specific needs for eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating capacity, and required online dates to assist in determining what resources fit best within its desired supply portfolio. Since MCE's governing board is comprised of local elected officials, solicitation and procurement decisions are overseen by elected representatives of MCE's member communities with such decisions intended to conform with locally established targets that exceed applicable RPS requirements and promote the development of locally-situated renewable generating facilities.

Consistent with direction in the ACR, MCE has provided a copy of its most recent procurement materials to Commission Energy Division staff. MCE's 2020 solicitations are cited in Section 4.A and materials, including applicable contract templates and general information regarding MCE's solicitation processes are available at the following website: <https://www.mcecleanenergy.org/energy-procurement/>. Information regarding other MCE service offerings and programs, including its FIT, can be found elsewhere on the MCE website.

As noted above, in June 2020, MCE along with twelve other CCAs released a request for information ("RFI") on long-duration storage technologies. The RFI materials are available here: <https://www.mcecleanenergy.org/energy-procurement/>. Responses are due on July 1, 2020. Depending on the information gathered through the responses, a joint CCA solicitation for long-duration storage may follow.

10.C. LCBF Criteria

The Least-Cost Best Fit ("LCBF") methodologies approved by the Commission pursuant to D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042, and D.16-12-044 are expressly only directly applicable to investor-owned utilities. However, consistent with Section 399.13(a)(9),⁸ MCE does consider best-fit attributes that support a balanced mix of resources to help support grid reliability.

With regard to MCE's application of an LCBF methodology during selection of qualified responses, the term "costs" should appropriately include considerations beyond the basic price of renewable energy being considered for procurement. Specifically, costs should include considerations such as: (1) reputational damage resulting from failure to meet internally

⁸ Cal. Pub. Util. Code § 399.13(a)(9) ("In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.").

established renewable energy procurement targets; (2) compliance penalties resulting from failed project development efforts or delivery shortfalls; (3) administrative complexities related to dealing with inexperienced suppliers (such as prolonged contract negotiation processes and uncertainties related to project milestone timing and achievement); and (4) impacts to planning certainty resulting from higher-risk projects. MCE considers these factors, among others, as part of its cost evaluation process, which may lead to the selection of offers that aren't necessarily the lowest-priced option.

“Fit” also has as much to do with organizational compatibility between buyers and sellers and alignment with key organizational objectives as it does with balancing customer usage and expected project deliveries, particularly when considering long-term contracting opportunities that will require constructive working relationships over a period of ten years or more. As such, MCE’s LCBF methodology takes into consideration the various planning and procurement processes described in this RPS Procurement Plan, balancing a variety of pertinent considerations at the time that each renewable purchase opportunity is being considered.

An important example supporting this perspective is MCE’s FIT program, which is intended to incentivize, through above-market prices, the development of locally situated, small-scale renewable project opportunities. This program has achieved tremendous success, supporting numerous projects throughout MCE’s service territory while utilizing local labor. By design, FIT projects are not the least expensive generating resources, but they are entirely consistent with MCE’s charter objectives and a valuable component of MCE’s supply portfolio.

This holistic planning approach, which may not necessarily reflect a traditional LCBF methodology, has resulted in the compilation of a diverse resource mix for MCE, deep roots in its member communities, and attention to a broad spectrum of considerations, including

environmental concerns, costs and sustainability.

Finally, the requirement of Section 399.13(a)(8) to give preference to renewable projects located in certain communities is expressly only applicable to “electrical corporations” and is not mandatory for CCAs.⁹ However, MCE fully recognizes the need to help mitigate the impacts of air pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. MCE continues to explore opportunities to advance this important policy goal through its procurement.

11. Safety Considerations

MCE holds safety as a top priority. Since MCE does not own, operate, or control generation facilities, MCE’s procurement of renewable resources does not present any unique safety risks. This Section describes how MCE has taken actions to reduce the safety risks posed by its renewable resource portfolio and how MCE supports the state’s environmental, safety, and energy policy goals.

11.1. Wildfire Risks and Vegetation Management

At this point in time, MCE has yet to adopt any additional safety requirements for its portfolio that are specific to wildfire risks and vegetation management. MCE is aware of the mitigating impacts that biomass generators, which use forestry waste as feedstock, may have on wildfire risk, but does not have any specific procurement policies or preferences for forest biomass resources at this time.

⁹ Cal. Pub. Util. Code § 399.13(a)(8)(1) (“In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.”).

11.2. Decommissioning Facilities

MCE does not own any generating assets, and as such does not undertake decommissioning of assets. MCE has not yet developed any plans or requirements related to the disposition of associated generating facilities following completion of applicable delivery terms. In many cases, the project's operational life is longer than MCE's contract, so it is likely that the contract with MCE will expire before disposal of the generation assets is required.

In 2015, SB 489 authorized the California Department of Toxic Substances Control (“DTSC”) to add PV panels to the list of universal wastes. The DTSC has developed regulations for PV panels, but has not adopted the regulations yet.¹⁰ Because a significant portion of MCE's solar facilities are newly constructed, and its storage facilities are yet to be constructed, MCE is confident that by the time PV solar or battery facilities under contract with MCE reach the end of their useful life, there will be statewide, comprehensive regulations addressing the safe handling and disposal/recycling of those materials.

11.3. Climate Change Adaptation

MCE's commitment to increasing renewable energy at a more aggressive pace than California's statewide mandates itself constitutes a climate change adaptation measure. Additionally, MCE in 2019 adopted a pollinator-friendly habitat requirement for solar projects participating in both its FIT program as well as its PPAs.¹¹ MCE is the first California CCA to adopt this requirement, which is a critical way MCE can help build and maintain healthy ecosystems in the local areas where MCE's solar projects are located. MCE will continue to evaluate the potential impacts of climate change on its portfolio so that adjustments to its procurement strategy can be made if needed.

¹⁰ See <https://dtsc.ca.gov/photovoltaic-modules-pv-modules-universal-waste-management-regulations/>.

¹¹ See <https://www.mcecleanenergy.org/news/local-projects/pollinator-requirement/>.

11.4. Impacts During Public Safety Power Shut-off (PSPS) Events

PSPS events have both supply and demand side impacts. The experiences of MCE customers with wildfires and PSPS events over the last few years has led MCE to increase the focus of both its procurement as well as customer programs strategies on resiliency.

MCE assesses customer usage as a result of a PSPS event, to the extent possible with the data to which MCE has access, in real time and adjustments to supply are made accordingly. Generation resources that are located in the footprint of a PSPS event are necessarily taken offline, though MCE continues to explore ways to safely keep these resources online and serving customers. MCE is an active participant in the Commission's PSPS and microgrid proceedings¹² to help ensure that state policy as well as IOU and CCA operating protocols are aligned and result in minimal PSPS impacts in the future.

11.5. Forest Biomass Procurement

In recent renewable Open Season requests for offers, MCE has not received offers from forest biomass generators. MCE's FIT program is available on a first-come, first-served basis, and is also technology-agnostic, however, MCE has not received any forest biomass applications. As MCE works toward a low emissions portfolio, MCE will be seeking non-emitting renewable technologies to contribute to its existing bioenergy resources already under contract.

12. Consideration of Price Adjustment Mechanisms

In the future, and consistent with SB 350 and SB 100, MCE will review the possibility of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

¹² R.18-12-005 and R.19-09-009, respectively.

13. Curtailment Frequency, Forecasting, Costs

This Section responds to the questions presented in Section 5.13 of the ACR¹³ and describes MCE's strategies and experience so far in managing the Agency's exposure to negative pricing events, overgeneration, and economic curtailment for MCE's region and portfolio of renewable resources.

13.1. Factors Having the Most Impact on the Projected Increases in Incidences of Overgeneration and Negative Market Price Hours

Due in large part to the rapid increase in the amount of wind and solar generation that has been brought online throughout the western United States, the California Independent System Operator's ("CAISO") balancing authority area has experienced an increasing frequency and magnitude of curtailment and negative pricing events. As of 2019, California had more than 12,300 MW of solar, 8,100 MW of behind-the-meter solar, and 5,900 MW of wind. This increased capacity results in discrete periods where the majority of load in the CAISO is served by solar and wind resources. The monthly maximum load served by wind and solar in the CAISO has averaged 55.9% over the past 3 years (April 2017 to April 2020), and in April of 2020 the monthly maximum load exceeded 69%.¹⁴

To address the resulting instances of over-supply, the amount of curtailment of wind and solar in the CAISO has significantly increased each year, totaling 187,000 MWh in 2015, 308,000 MWh in 2016, 358,000 MWh in 2017, 461,000 MWh in 2018, and 961,000 MWh in 2019.¹⁵ As of the end of April, the total curtailment of solar and wind to date in 2020 is already over 792,000 MWh. Curtailment is typically the highest during the months of March, April, and May when

¹³ ACR at 27-28.

¹⁴ CAISO, Monthly Renewables Performance Report, April 2020, *available at* <http://www.caiso.com/Documents/MonthlyRenewablesPerformanceReport-Apr2020.html>.

¹⁵ CAISO, Managing Oversupply, Wind and Solar Curtailment Totals, updated May 5, 2020, *available at* <http://www.caiso.com/informed/Pages/ManagingOversupply.aspx>.

hydroelectric generation is historically at its highest and California load is at its lowest. Above-average snowpack resulting in higher-than-average hydroelectric generation exacerbates renewable generation curtailment. The table below summarizes solar and wind curtailment from January 2020 through May 2020.

Table 2: Summary of CAISO Solar and Wind Curtailment January-May 2020

2020 Data	Wind Curtailment (MWh)	Solar Curtailment (MWh)
January	7,933	130,070
February	6,846	150,213
March	13,313	165,768
April	8,641	309,803
May	13,280	242,050
Total Curtailment	50,012	997,903
Curtailment %	0.72%	8.01%
No. of Intervals Curtailed	9,387	17,524
Pct. of Intervals Curtailed	21.4%	40.0%

The CAISO notes that the majority of renewable resource curtailment is “local and economic.”¹⁶ That means that curtailment was in response to congestion and was mitigated by supply that was willing to reduce its output based on price signals from the CAISO market.

CAISO system-wide 2020 curtailment amounts are far higher than those realized by MCE to date. Thus far in 2020 through May, MCE has experienced 581.2 MWh of curtailment, which is less than 0.1% of its RPS portfolio. This is mostly attributed to portfolio management strategies

¹⁶ CAISO, Market Performance Report, June 9, 2020, page 18, available at <http://www.caiso.com/Documents/MarketPerformanceReportforApril2020.pdf>

and location of resources relative to load.

13.2. Written Description of Quantitative Analysis of Forecast of the Number of Hours Per Year of Negative Market Pricing for the Next 10 Years

MCE's scheduling coordinator agent, ZGlobal, has the capability to perform production cost analyses based on various input assumptions through 2030 to derive hourly market prices for energy and ancillary services. PLEXOS Integrated Energy Model is a commercial optimization engine that can simulate the economic commitment and dispatch used by the CAISO's day-ahead market processes which simultaneously optimizes energy dispatch and ancillary services capacity awards across the CAISO grid. In this way, the simulation will determine locational marginal prices and ancillary service marginal prices in the same manner the CAISO day-ahead market sets prices. ZGlobal has developed models using input assumptions that are based on common case inputs and planning guidelines from WECC, CAISO, Commission and CEC.

The key assumptions considered for the assessment included the impact of higher California renewable energy standards (60% RPS by 2030), planned gas-fired and nuclear generation retirements and adopted California Energy Commission ("CEC") demand forecasts which consider energy efficiency programs and increased behind-the-meter solar generation. Results are highly dependent upon input assumptions, primarily the level of new RPS generation, deployment of energy storage facilities, upgrades to CAISO-controlled transmission facilities and the ability to export energy from the CAISO to external balancing areas.¹⁷

In California, electricity prices are typically set by gas-fired resources operating on the margin. However, as increasing supplies of renewable energy are added to the system, there are periods where marginal prices are being set by zero or even negatively-priced resources. As a

¹⁷ More recently, load has become an important input variable with the onset of the COVID-19 pandemic and its effect on load. However, ZGlobal has not performed long-term studies to determine the impact of load on long-term market prices as there is not enough data to determine a suitable load trajectory.

result, market prices have been trending downward, especially during seasons and periods of the day when loads are low and solar output is high. The modeling shows a continuation of the trend, with prices falling during the middle of the day and increasing in the morning and evening when gas-fired resources are needed to meet peak loads outside of the solar supply period. In short, prices as reflected by the CAISO's duck curve are expected to continue, with the amplitude of the valley and ramps dictated by the amount of energy storage available to smooth out the net supply.

13.3. Experience, to Date, With Managing Exposure to Negative Market Prices and/or Lessons Learned from Other Retail Sellers in California

MCE closely monitors six separate locations that are indicative of renewable energy resources that are exposed to market prices and potential curtailment. Resources at those locations are bid into the CAISO markets and are curtailed when prices fall below individual resource's threshold prices. Weighted average prices for the generation at those locations are compared to weighted average prices at PG&E's Distributed Load Aggregation Point ("DLAP") to assess the impact of congestion on the resource's performance. In addition, the MWh of curtailment are logged.

These two metrics - weighted average price of the resources compared to that of the DLAP and amount of MWh curtailed - are used to assess effectiveness of the resources in meeting MCE's RPS obligations at cost effective prices. If the resource's weighted average price is near the DLAP and it has been curtailed, then the reason for curtailment is system over-supply. If the resource's weighted average price diverges from the DLAP and it has been curtailed, then the reason for curtailment is local overgeneration that is contributing to congestion. This information is valuable feedback to MCE in locating potential future resources. If congestion and local oversupply is significant in certain areas, then MCE can determine by reviewing the CAISO's transmission planning documents whether transmission upgrades are planned to mitigate congestion that is

observed with existing resources.

If curtailment is caused by congestion, the impact can be somewhat mitigated by obtaining CAISO Congestion Revenue Rights (“CRRs”), which MCE has done. However, CRRs are not a perfect hedge against congestion and cannot be relied upon to mitigate congestion and subsequent economic curtailment entirely.

13.4. Direct Costs Incurred, to Date, for Incidences of Overgeneration and Associated Negative Market Prices

For calendar year 2020 through May, MCE’s RPS portfolio has been exposed to negative market prices and experienced curtailment as summarized in the table below.

Table 3: Summary of MCE RPS Resources Curtailment January-May 2020

Location	Day-Ahead Negative Prices	Real-Time Negative Prices	Curtailment (MWh)	Cost of Curtailment (\$)
South P26	-\$1.04	-\$2.40	47.9	-\$957.80
Fresno 1	-\$2.82	-\$4.57	12.7	-\$254.40
Fresno 2	-\$1.20	-\$2.84	1.5	-\$30.00
North P26	-\$2.38	-\$3.36	23.2	-\$462.00
Devers Wind	-\$19.32	-\$23.39	N/A	N/A
Intertie (North)	-\$1.55	-\$3.88	496.0	-\$14,229.00
Total	-\$27.41		581.2	-\$15,933.20

The Day-Ahead and Real-Time Negative Price columns represent averages of negative prices by RPS geographic area when prices are negative for solar hours for solar resources and all hours for wind resources. The prices are averages based on resources within the area. Curtailment megawatt hour (“MWh”) is the amount of energy that MCE RPS resources in the areas were

curtailed from January 1 through May 31, 2020. “Cost of Curtailment” is the subsequent market cost of the curtailed energy.

13.5. An Overall Strategy for Managing the Overall Cost Impact of Increasing Incidences of Overgeneration and Negative Market Prices

While curtailment is a viable renewable integration strategy that is generally more cost-effective than other options, there are potential negative consequences from excessive curtailment. Curtailment of solar and wind represents a lost opportunity to generate zero-GHG electricity, and excessive curtailment could impact the ability of the state to meet its environmental and energy policy goals. Additionally, these over-supply situations expose ratepayers to increased costs because their load serving entities must either economically curtail the generating resource (and often pay for the electricity that was not generated) or generate power and be exposed to negative prices.

MCE will consider the impact of curtailment and negative pricing on its portfolio and will factor potential curtailment into its long-term planning. Due to the difficulty in accurately forecasting curtailment, MCE will review the historical data on curtailment and negative pricing within regions where MCE may contract for generating resources. When MCE is evaluating new procurement opportunities, the potential amount of future curtailment will be one factor that MCE will consider. While MCE has not yet developed an individualized forecast of future curtailment, MCE will factor potential curtailment into its minimum margin of procurement (described in Section 9) and may also factor this consideration in future iterations of its Risk Assessment (Section 7). To the extent that MCE is engaged in renewable supply agreements which include curtailment provisions, it will take actions to limit the impacts of curtailment on its customers. During its current and future renewable contracting efforts, MCE will pursue contract terms that recognize and limit the potential financial impacts of negative pricing and give MCE greater

flexibility to direct economic curtailment, if this becomes necessary.

14. Cost Quantification

MCE has provided the Cost Quantification Table as Appendix E. Pursuant to the direction in the ACR, MCE has completed those cells in the Cost Quantification table that correspond to Table 3, Rows 1-5 in the ACR.

15. Coordination with Integrated Resource Planning Proceeding

The resources identified in this RPS Procurement Plan are consistent with the resources identified in MCE's 2020 Integrated Resource Plan ("IRP"), which submitted to the Commission for certification on September 1, 2020. As required by the ACR,¹⁸ MCE includes the following table that describes how MCE's 2020 RPS Procurement Plan conforms with the determinations made in the IRP Proceedings (R.16-02-007 and R.20-05-003).

¹⁸ ACR at 30-33.

Table 4: RPS Alignment in MCE's IRP

IRP Section Subsection	RPS Alignment in IRP	
III. Study Results A. Conforming and Alternative Portfolios	Retail sellers should explain how the RPS resources they plan to procure, outlined in their RPS Plan, will align with each of their Conforming Portfolios being developed in their 2020 IRP Plans for Commission approval and certification. ¹⁹ This explanation should include:	
	<ol style="list-style-type: none"> <i>1. Existing RPS resources that the retail seller owns or contracts.</i> <i>2. Existing RPS resources that the retail seller plans to contract with in the future.</i> <i>3. New RPS resources that the retail seller plans to invest in.</i> 	<p>As part of its 2020 IRP filing, MCE submitted two Preferred Conforming Portfolios that achieve its proportional share of both the 46 and 38 MMT GHG targets. Under each of these portfolios, new resources were added to MCE's currently contracted RPS resources to achieve the relevant GHG target as well as RPS procurement requirements, including the 65% long-term contracting requirement.</p> <p>Description of Conforming Portfolios:</p> <ul style="list-style-type: none"> • 46 MMT Conforming Portfolio: Portfolio that achieves MCE's proportional share of a 46 MMT statewide GHG target <ul style="list-style-type: none"> ○ MCE observes that conformance with the 46 MMT Portfolio required emission increases (through 2030) relative to MCE's currently projected emission metrics, which were achieved by MCE (on a projected basis) reducing the assumed use of RPS resources ○ As a result of this observation, MCE submitted the 46 MMT Portfolio as a planning/modeling exercise and compliance

¹⁹ LSEs will develop two Conforming Portfolios seeking Commission approval or certification in their 2020 IRP Plans. RPS resources should be described in the 46 MMT and the 38 MMT GHG target Conforming Portfolios. This requirement does not apply to LSEs' Alternative Portfolios.

		<p>submission only and asked the Commission to use its 38 MMT Approved Conforming Portfolio instead</p> <ul style="list-style-type: none"> • 38 MMT Approved Conforming Portfolio: Portfolio that achieves an overall portfolio GHG target below MCE’s assigned share of 2030 emissions (at 0.669 MMT, relative to MCE’s assigned share of 0.846 MMT) <ul style="list-style-type: none"> ○ The 38 MMT Approved Conforming Portfolio assumed the use of RPS resources currently reflected in MCE’s supply portfolio ○ The extent of RPS-eligible resources reflected in MCE’s 38 MMT Approved Conforming Portfolio include: 20 MW biomass; 3 MW geothermal; 13 MW small hydroelectric; 465 MW wind; and 1,271 MW solar ○ Of the previously noted resources reflected in MCE’s 38 MMT Approved Conforming Portfolio, the following new capacity additions would be required: new hybrid resources totaling 690 MW solar/ 300 MW battery storage and new wind resources totaling 230 MW
IV. Action Plan A. Proposed Activities	Retail sellers should describe how they propose to use RPS resources to implement both Conforming Portfolios. Narratives should include:	
	<i>1. Proposed RPS procurement activities as required by Commission decision or mandated procurement.</i> <i>2. Procurement plans, potential barriers, and resource viability for each new RPS resource</i>	To ensure compliance with its GHG and RPS targets, MCE plans to substantially rely on GHG-free and RPS-eligible resources while contributing to statewide reliability requirements and responsibly managing overall portfolio costs. This approach is generally consistent between the 46 MMT Conforming Portfolio and 38 MMT Approved Conforming Portfolio.

	<i>identified.</i>	<p>MCE's compliance with the IRP incremental procurement obligation required by D.19-11-016 will be met through a mix of resources currently under contract. The contracted set of resources totals 89.38 MW of September Net Qualifying Capacity, which slightly exceeds MCE's 87.5 MW incremental capacity requirement, and certain portions are already online with the required balance of such incremental capacity expected to be online by the noted August 1st deadlines in 2021, 2022 and 2023. Such incremental capacity is comprised of the following eligible resource types: natural gas (Sutter Energy Center), wind, solar, and landfill-gas-to-energy generation. These resources are further described in MCE's 2020 IRP and MCE's February 1, 2021 incremental procurement compliance filing.</p> <p>As part of its 2020 Open Season procurement process, MCE also contracted for a hybrid resource, which is expected to provide additional RPS-eligible incremental capacity (under long-term contract) beyond the noted 89.38 MW currently under contract.</p> <p>MCE will also administer future Open Season procurement processes to fill outstanding resource needs required to meet portfolio specifications reflected in its 38 MMT Approved Conforming Portfolio.</p>
IV. Action Plan B. Procurement Activities	The retail seller should describe the solicitation strategies for the RPS resources that will be included in both Conforming Portfolios. This description should include:	
	<ol style="list-style-type: none"> <i>1. The type of solicitation.</i> <i>2. The timeline for each solicitation.</i> <i>3. Desired online dates.</i> 	MCE will issue future solicitations, as described above in Section 10, on a timeline that is appropriate for the resource development plan reflected in its 46 MMT Conforming Portfolio and 38

	<p><i>4. Other relevant procurement planning information, such as solicitation goals and objectives.</i></p>	<p>MMT Approved Conforming Portfolio and that will allow MCE to meet its internal as well as state-mandated RPS targets. MCE typically administers its annual Open Season procurement processes each Spring and, as part of such processes, may pursue additional resources that will be needed to fulfill resource specifications reflected in its 38 MMT Approved Conforming Portfolio.</p> <p>As noted above, MCE also identified contracting opportunities with certain hybrid resources as part of its 2020 Open Season procurement process and such resources are expected to provide additional RPS-eligible incremental capacity (under long-term contract) beyond the noted 89.38 MW currently under contract.</p>
<p>IV. Action Plan C. Potential Barriers</p>	<p>Retail sellers should provide a summary of the potential barriers to implementing both Conforming Portfolios as they relate to RPS resources. The section should include:</p>	
	<p><i>1. Key market, regulatory, financial, or other resource viability barriers or risks associated with the RPS resources coming online in both retail sellers' Conforming Portfolios.</i></p> <p><i>2. Key risks associated with the potential retirement of existing RPS resources on which the retail seller intends to rely in the future.</i></p>	<p>MCE does not expect any procurement barriers to impede its future contracting for new renewable energy resources, but notes that even though a balanced, diverse RPS portfolio is desirable, the limited resource availability and lead time required for some technology types may necessitate planning flexibility. The key risk affecting MCE's 38 MMT Approved Conforming IRP Portfolio is reliance on new resources. While MCE has a highly successful track record of contracting with new-build renewable resources, there is always a limited risk of project failure.</p> <p>Risks are far more limited with regard to MCE's 46 MMT Conforming Portfolio, as this portfolio would actually require the reduced use of planned RPS resources relative to MCE's internally adopted targets.</p>

		<p>In consideration of MCE’s existing renewable energy commitments, significant internal renewable energy procurement targets and the relatively manageable level of incremental RPS procurement that would be required to meet parameters of the 38 MMT Approved Conforming IRP Portfolio, MCE does not have any substantive concerns regarding its ability to fulfill achieve levels of renewable energy procurement that will be required to satisfy pertinent RPS mandates or IRP targets.</p>
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Dated: February 19, 2021

Respectfully submitted,

/s/Shalini Swaroop

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Appendix A

Redlined Version of Final 2020 RPS Plan

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

Order Instituting Rulemaking to Continue)	
Implementation and Administration, and Consider)	
Further Development, of California Renewables)	Rulemaking 18-07-003
Portfolio Standard Program.)	
_____)	

**FINAL 2020 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
MARIN CLEAN ENERGY**

**PUBLIC VERSION
(Appendix E Redacted)**

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Dated: February 19, 2021 ~~July 6, 2020~~

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

Order Instituting Rulemaking to Continue)	
Implementation and Administration, and Consider)	
Further Development, of California Renewables)	Rulemaking 18-07-003
Portfolio Standard Program.)	
)	

**FINAL 2020 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
MARIN CLEAN ENERGY**

**PUBLIC VERSION
(Appendix E Redacted)**

In accordance with the California Public Utilities Commission’s (“Commission”) May 6, 2020 *Assigned Commissioner and Assigned Administrative Law Judge’s Ruling Identifying Issues and Schedule of Review for 2020 Renewables Portfolio Standard Procurement Plans* (“ACR”),²⁾ ~~and~~ the May 13, 2020 *E-Mail Ruling Modifying Schedule of Review for 2020 RPS Procurement Plans Issued in the May 6, 2020 RPS Plan Ruling*, and the Decision on 2020 Renewables Portfolio Standard Procurement Plans, issued on January 20, 2021 (“D.21-01-005”), Marin Clean Energy (“MCE” or “Agency”), hereby submits this 2020 Renewables Portfolio Standard Procurement Plan (“RPS Procurement Plan”). As directed by the ACR, this RPS Procurement Plan includes responses for the issues expressed in ACR sections 5.1-5.16.

MCE notes that certain issues and requests in these ACR sections apply to the other retail sellers (electrical corporations and electric service providers), and do not extend to Community Choice Aggregators (“CCAs”). MCE is nevertheless voluntarily responding to these ACR sections in the interest of transparency and in order to collaborate with the Commission. However, the submission of this RPS Procurement Plan pursuant to the ACR should not be construed as a waiver

of the right to assert that components of Senate Bill (“SB”) 790 (2012) or that Commission decisions and rulings on RPS Procurement Plan submittals do not extend to CCAs. MCE reserves the right to challenge any such assertion of jurisdiction over these matters.

In reviewing this RPS Procurement Plan, MCE encourages the Commission to consider the differences between California’s investor-owned utilities (“IOUs”) and other retail sellers, including CCAs. Differing levels of detail, procedure, complexity, and coordination within the planning documents submitted by these organizations are very appropriate.

1. Major Changes to RPS Plan

This Section describes the most significant changes between MCE’s 2019 RPS Procurement Plan and its [Final](#) 2020 RPS Procurement Plan as filed on [February 19, 2021](#). ~~July 6, 2020~~. A redline of this [Final](#) 2020 RPS Plan against MCE’s [Draft 2020](#)~~2019~~ RPS Plan is included as Appendix A. The table below provides a list of key differences between MCE’s 2019 and 2020 RPS Procurement Plans.

Table 1: Key Changes to MCE’s RPS Procurement Plan

Plan Reference	Plan Section	Summary/Justification of Change
2020 RPS Procurement Plan: Section 3	Summary of Legislation Compliance	Updated to incorporate details on how MCE’s planned procurement meets the requirements of SB 350, SB 100, and SB 901.
2020 RPS Procurement Plan: Section 4	Assessment of RPS Portfolio Supplies and Demand	Updated to add discussion of portfolio optimization and advanced emerging technologies.
2020 RPS Procurement Plan: Section 5	Project Development Status Update	Added narrative describing how MCE is on track to address the goals of system needs, RPS requirements, and greenhouse gas (“GHG”) reduction goals.
2020 RPS Procurement Plan: Section 8	Renewable Net Short Calculation	Added narrative describing how the results of MCE’s risk assessment has been incorporated into the RNS Calculation.

2020 RPS Procurement Plan: Section 10	Bid Solicitation Protocol	Updated to include discussion of joint solicitations.
2020 RPS Procurement Plan: Section 11	Safety Considerations	Added discussion about how MCE's procurement activities impact wildfire mitigation and climate change adaptation and how MCE's portfolio is affected by PSPS events.
2020 RPS Procurement Plan: Section 13	Curtailment Frequency, Forecasting, Costs	Expanded on existing discussion to include description of mitigation strategies tailored to MCE's portfolio and region.
2020 RPS Procurement Plan: Section 15	Coordination with the IRP Proceeding	Added table identifying how planned RPS procurement aligns with MCE's conforming portfolios to be filed in the IRP proceeding.

2. Executive Summary

In this 2020 RPS Procurement Plan, MCE provides information and updates regarding its progress in meeting applicable renewable energy planning and procurement targets, as well as additional detail in response to the expanded requirements set forth in the ACR.

Marin Clean Energy ("MCE"), California's first community choice aggregator ("CCA"), is a not-for-profit public agency that began service in 2010 with a mission to address climate change by reducing energy-related greenhouse gas emissions with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits, and creating more equitable communities. MCE serves approximately 484,000 customer accounts in 34 communities across Contra Costa, Marin, Napa, and Solano counties, with annual retail sales of approximately 5,550 gigawatt hours. MCE offers its customers a 60% renewable default service ("Light Green"), as well as two 100% renewable energy service options ("Deep Green" and "Local Sol").

MCE is governed by a board of 28 locally elected officials, which sets policy for the

Agency and oversee its operations. Depending upon the issue, representatives from MCE's governing board generally convene two to three times per month with advance public notice provided in compliance with the Brown Act.

MCE continues to maintain an annual Integrated Resource Plan ("IRP") that focuses on planning and procuring resources needed to meet its demand as well as local and state environmental mandates. MCE's annual IRP is in addition to the biennial IRP mandated by SB 350 (2015). The IRP submitted to the Commission has been primarily oriented towards supporting California's achievement of its 2030 GHG reduction targets. MCE's annual IRP similarly addresses GHG reduction targets as well as various other matters related to resource planning and procurement, including complementary energy programs administered by MCE, over a forward-looking, 10-year period.¹ MCE's annual IRP is periodically updated and adopted by its Technical Committee (under delegated authority of MCE's governing board), memorializing the evolving policies and resource preferences of the Agency.

MCE's internal commitment to clean energy has resulted in a default portfolio that reached 60% renewable in 2017, thirteen years ahead of the statewide trajectory. MCE has secured ~~66~~68% of its total 2021 renewable portfolio through long-term contracts, exceeding the long-term contracting requirement established by SB 350 (2015). MCE is also fully compliant with all Commission Resource Adequacy ("RA") requirements, to support the reliability needs of the state.

MCE maintains its clean, balanced portfolio by closely monitoring ongoing market conditions, including but not limited to curtailment, customer demand, and policy changes such as the expansion of direct access ("DA") following the passage of SB 237 (2018). MCE also monitors unanticipated market events, such as the COVID-19 pandemic, and their impacts on both the

¹ Current versions of MCE's annual IRP, as well as the SB 350-required IRP, are available for review on MCE's website: <https://www.mcecleanenergy.org/energy-procurement/>.

supply and demand sides of the market.² In optimizing its portfolio, MCE prioritizes maintaining a balanced, diverse, and reliable portfolio; keeping our commitment to clean energy; and reducing customer costs.

MCE's commitment to clean energy has led the Agency to explore opportunities to mitigate the impacts of air pollution impacts in regions of the state where communities have been disproportionately impacted by the existing generating fleet, as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. To address this concern, MCE continues to evaluate the procurement of "clean resource adequacy" ("Clean RA") and the feasibility of transitioning to increased use of carbon-free capacity sources to meet statewide reserve capacity mandates.

To reflect MCE's evolving resource preferences and impacts associated with recent changes to emission accounting practices reflected under California's Power Source Disclosure ("PSD") program, MCE intends to discontinue use of Portfolio Content Category ("PCC") 2 products in 2022 and beyond.

MCE's RPS Procurement Plan details its current solicitations and its bid review and selection processes. The Plan also describes how MCE applies the Least Cost Best Fit concept to its portfolio, to support its priorities as an agency created for the purpose of providing clean energy, among other things.

MCE continues to closely monitor its exposure to a variety of risk factors, as discussed more fully below in Section 7. MCE continues to find that its thorough analysis of both portfolio- and project- level risk combined with its significant margin of over-procurement relative to statewide RPS goals render a quantitative model for risk assessment unnecessary at this time. MCE

² COVID-19 impacts are discussed more fully in Sections 4 and 6, below.

continues to assess the need for such a model and may employ additional analytical tools in the future.

MCE maintains safety as a top priority, and works with its suppliers to ensure that its portfolio is protected from a variety of safety risk factors, as well as to ensure that its generation does not add additional safety risks in the areas where facilities are located.

Finally, MCE's RPS Procurement Plan describes how the Conforming Portfolios in its ~~forthcoming~~ IRP, ~~to be~~ filed September 1, 2020, ~~will~~ align with this Plan.

3. Summary of Compliance with Legislation

This RPS Procurement Plan addresses the requirements of all relevant legislation and the Commission's regulatory framework. This Section describes the relevant statutory and regulatory requirements and how this RPS Procurement Plan demonstrates that MCE meets these requirements.

SB 350 was signed by the Governor on October 7, 2015. SB 350 set a new RPS procurement target of 50% by December 31, 2030. On December 20, 2016, the Commission issued D.16-12-040, which partially implemented the increased targets of SB 350 by establishing new compliance periods and procurement quantity requirements. On July 5, 2017, the Commission issued D.17-06-026, which implemented some of the key remaining elements of SB 350, including adopting new minimum procurement requirements for long-term contracts and owned resources, as well as revising the excess procurement rules. As discussed in greater detail in Section 4.B.1, MCE projects that ~~66~~68% of its total *internal* 2021 renewables target (which is substantially higher than the statewide target for 2021) will be met with long-term contracts.

SB 100 was signed by the Governor on September 10, 2018 and became effective on January 1, 2019. SB 100 increased the RPS procurement requirements to 44% by December 31,

2024, 52% by December 31, 2027, and 60% by December 31, 2030. On June 6, 2018, the Commission issued D.18-05-026, which implemented changes made by SB 350 to the RPS waiver process and reaffirmed the existing RPS penalty scheme. In July of 2018, the Commission instituted Rulemaking 18-07-003 to continue the implementation of the RPS. On June 28, 2019, the Commission issued D.19-06-023, which continues to use a straight-line method to calculate compliance period procurement quantity requirements. The current RPS procurement targets are incorporated into MCE's Renewable Net Short Calculation Table as described in Section 8 below and attached as Appendix C. MCE's current and planned procurement is sufficient to exceed these targets, including a minimum margin of over-procurement based on MCE's risk assessment, as further described in Sections 7 and 9.

SB 901, signed by Governor Brown on September 21, 2018, added Public Utilities Code Section 8388, which requires any investor-owned utility, publicly owned electric utility, or CCA with a biomass contract meeting certain requirements to seek to amend the contract to extend the expiration date to be five years later than the expiration date that was operative as of 2018. MCE does not have a contract with a biomass facility that is covered by Public Utilities Code Section 8388.

4. Assessment of RPS Portfolio Supplies and Demand

4.A. Portfolio Supply and Demand

Similar to its historical renewable procurement, MCE projects that it will meet or exceed applicable RPS procurement obligations over the long-term planning horizon (ten years and beyond), though the exact characteristics of MCE's supply portfolio may vary over time depending on market developments, policy changes, technological improvements, Agency preferences, and/or other factors. To manage this future uncertainty, MCE examines and

estimates supply and customer demand, and will structure its future procurement efforts to balance customer demand with requisite resource commitments.

As previously noted, MCE's internally adopted renewable energy procurement targets have been set in excess of state-imposed mandates, creating a natural compliance buffer. For example, 61.7% of MCE's aggregate supply portfolio was comprised of RPS-eligible renewable energy in 2019, an amount nearly double the statewide procurement mandate of 31%. Similar to previous years, this significant level of over-procurement would have accommodated massive fluctuations in annual retail sales and/or anticipated renewable energy deliveries before triggering potential compliance risks for MCE. Given the significance of MCE's minimum 60% renewable target, past success meeting applicable compliance mandates, and existing supply commitments, MCE does not foresee any issues in fulfilling upcoming renewable supply commitments.

MCE continues to monitor the prospective impacts to its customer base associated with the upcoming reopening of California's direct access market due to SB 237 (2018) and D.19-05-043. This analysis is ongoing and may result in future adjustments to MCE's load forecast and related renewable energy procurement obligations, which would be expected to decrease if MCE load migrates to direct access providers.

Impacts of the COVID-19 Pandemic

MCE is keenly aware of the current, worldwide COVID-19 pandemic, and its impact on "business as usual," including both demand and supply side impacts. Across retail sellers, commercial loads have decreased as a result of business closures or substantially modified operations, and residential loads have increased due to "stay at home" and "shelter in place" orders. MCE meets frequently to discuss observed variances between actual and anticipated customer energy use, including potential adjustments to upcoming load schedules. Based on

available data and related analyses conducted to date, impacts to MCE's overall load and sales appear to be relatively modest, approximately 4%-5% lower than forecast.

Looking forward, it is difficult to predict the ongoing impact to retail sales as a result of COVID-19. However, early indications suggest that such impacts may be relatively minor within MCE's service territory, as compared to other areas of the state. MCE continues to evaluate the pandemic's impacts to its load and sales, and is working to identify a suitable approach for adjusting its retail sales forecast if needed.

MCE is also closely monitoring supply-side impacts of COVID-19, including supplier and developer effectiveness in fulfilling renewable energy needs, project completion, and overall supplier viability. These impacts are discussed in greater detail in Section 6.1, below.

4.A.1. Portfolio Optimization

MCE plans for and secures commitments from a diverse portfolio of generating resources to reliably serve the electricity supply requirements of its customers over near-term, mid-term and long-term planning horizons. MCE's goal is to meet organizational policies and statewide mandates in a manner that is cost effective, achieves internally adopted clean energy objectives and supports a well-balanced resource portfolio. Portfolio optimization strategies can help reduce costs and should facilitate alignment of MCE's portfolio of resources with its forecasted needs. This noted, MCE has initiated a transition to the exclusive use of PCC1 renewable energy products by 2022 to minimize portfolio emission impacts that would otherwise accrue through the use of PCC2 and PCC3 product options, which are ascribed emissions under California's current emissions calculation methodology. This approach is significantly more costly to MCE's customers but will promote achievement of MCE's GHG-related objectives.

To support this goal, MCE considers the following strategies:

- Joint Solicitations: Joint solicitations can expand the procurement opportunities available to a CCA, as well as provide procedural efficiencies, economies of scale, and overall cost savings for participating organizations. MCE is closely networked with other CCAs through its membership in the California Community Choice Association, (“CalCCA”), the trade organization representing California’s Community Choice Aggregation sector, and regularly coordinates with other CCAs regarding prospective procurement opportunities and portfolio balancing activities.
- Purchases from Retail Sellers: Purchases of resales from other retail sellers can provide a cost-effective way of meeting short term resource needs or filling in gaps in procurement while long-term projects are under development. MCE will evaluate solicitations offered by other retail sellers, as necessary.
- Sales Solicitations: As MCE continues to manage its growing portfolio of renewable resources, it will also consider administering sales solicitations (serving as a renewable energy seller) for the benefit of other retail sellers. Such solicitations are expected to be rare and relatively small in scale. MCE may also engage in bilateral sales discussions with certain retail sellers, including CCAs, if/when divesting relatively small amounts of surplus renewable energy supply is deemed necessary to rebalance MCE’s renewable portfolio relative to internally established procurement targets. MCE has completed such processes in the past and expects to do so in the future as well. Selling excess renewable supply is an effective way for all Load-Serving Entities (“LSEs”) to reduce unnecessary renewable energy expenses while providing valuable renewable energy products to other market participants.
- Optimizing Existing Procurement: As MCE considers its long-term resource needs, it may

evaluate options in its future power purchase agreements to increase output through either facility upgrades or adding new capacity to the generating facility. Expanding existing facilities may provide additional generation at reduced costs with a lower risk of project failure because the need for distribution system upgrades and permitting may be reduced.

MCE has conducted three solicitations in 2020 for energy and capacity, which are summarized below:

1. 2020 Open Season Request for Offers (“RFO”): The Open Season provides a competitive, objectively administered opportunity for qualified suppliers of various energy products (including renewable and storage technologies) to fulfill MCE’s future resource requirements.
2. Clean Resource Adequacy RFO: The Clean RA RFO is to contract for clean RA resources to phase out the use of fossil-based RA resources over the next ten to fifteen years.
3. Long-Duration Storage Request for Information: In June 2020, thirteen CCAs, including MCE, released a Joint Request for Information for long-duration storage resources.³

MCE conducts its Open Season RFO on an annual basis, soliciting new-build renewable energy and storage resources that meet the procurement targets put forth in its integrated resource plan. As part of the Open Season solicitation process, MCE provides an RFO Overview and Instructions document that details the volume of energy and resources eligible to apply, along with detailed information on required supporting documentation, evaluation criteria, schedule, and submittal process. In addition to the RFO Overview and Instructions, MCE supplies offerors with

³ <https://www.mcecleanenergy.org/energy-procurement/>.

an offer form and term sheets for renewable project offers, renewables paired with storage and energy storage only offers.

MCE allows for 4-6 weeks for offerors to submit an offer, after which time MCE staff conducts a multi-phased approach for reviewing each offer. Offers are first reviewed for completeness relative to the RFO eligibility criteria. MCE then conducts a quantitative analysis focused on the value of each conforming offer and develops a short-list based on the project evaluation criteria. The short-list is then reviewed by MCE's Ad Hoc Contracts Committee and its Technical Committee. MCE enters into an Exclusivity Agreement for the strongest offers after this three-stage review, to ensure that favorable opportunities are not "lost" to other buyers.

Staff then begins contract negotiations with selected projects. The resulting Power Purchase Agreement(s) (PPAs) are reviewed by MCE's Executive Management team before review and approval by MCE's Technical Committee. Contract execution occurs after the PPAs are approved by MCE's Technical Committee.

MCE's 2020 Open Season resulted in the execution of a PPA with Daggett Solar Power 3 LLC for a 110 MW solar photovoltaic resource paired with a 55 MW lithium-ion battery, executed on September 25, 2020.

Through the Power Charge Indifference Adjustment ("PCIA"), MCE customers (and other CCA and Direct Access customers) are required to pay their share of the above-market costs associated with PG&E's large hydroelectric fleet, PG&E's nuclear power plant, Diablo Canyon, and many PG&E Power Purchase Agreements ("PPAs") including RPS PPAs. Nearly half of PG&E's customer load has departed for other LSEs, resulting in PG&E having excess resources in its portfolio. PG&E offered to allocate a proportionate share of the 2020 output of the hydroelectric and nuclear, GHG-free, resources at no additional cost on a voluntary basis to CCAs

and Direct Access providers whose customers pay the PCIA (“Interim Allocation”). There is a parallel process underway at the Commission⁴ to establish permanent rules to address excess utility resources (“PCIA Proposal”). The PCIA Proposal may also result in increased market access to PCIA-eligible RPS resources from IOU portfolios.

While MCE’s governing board has elected not to take the nuclear allocations from PG&E to align with its policy of no resource-specific nuclear transactions, MCE has accepted PG&E hydroelectric allocations for 2020 and will use these allocations toward meeting its GHG-free targets. The Interim Allocation is currently scheduled to sunset at the end of 2020, and MCE is awaiting Commission decision on the PCIA Proposal.

MCE is structuring its Light Green portfolio to be approximately 95% GHG-free in 2022 and beyond, subject to market and/or regulatory changes. To structure such a clean Light Green portfolio by 2022, MCE will procure three products: (1) RPS-eligible renewable energy; (2) large hydroelectric energy; and (3) Asset Controlling Supplier energy, the vast majority of which is large hydroelectric. To ensure grid reliability, MCE’s contracting goals include 210 MW of stand-alone energy storage to be online by 2029, and to have approximately 320 MW of new energy storage paired with solar resources online by 2030.

4.B. Responsiveness to Policies, Regulations, and Statutes

MCE is a local governmental agency that is subject to the control of its governing board and is directly accountable to the community that it serves. MCE strongly supports and is committed to meeting the state’s GHG reduction and renewable procurement goals. As a member of CalCCA, MCE actively supported the passage of SB 100 (2018) and has fully incorporated the procurement requirements of the state’s RPS program into its overall procurement strategy. As

⁴ PCIA Rulemaking 17-06-026, Phase 2, Working Group 3.

overseen by its governing board, MCE has developed a schedule for issuing solicitations, executing contracts with existing resources, and bringing new projects online on a timeline that is reasonably calculated to meet the applicable RPS targets. The resources identified in this RPS Procurement Plan are consistent with the resources that will be identified in MCE's Integrated Resource Plan ("IRP"), which will be provided to the Commission for certification and approved by MCE's governing board.

As previously noted, MCE's internally adopted renewable energy procurement target has been set at a minimum of 60%. All related renewable energy purchases will be sourced from California Energy Commission-certified generating facilities, which will be eligible for use under California's RPS Program. The significant majority of MCE's renewable energy purchases will be sourced from products meeting the delivery requirements established for PCC1. Pre-2022, the balance of requisite renewable energy purchases will be sourced from products meeting the delivery specifications associated with PCC2. The prospective procurement of PCC3 products is substantially minimized in MCE's annual IRP, and such purchases would only be pursued as a last resort, should market conditions preclude the cost-effective purchase of PCC1 or PCC2 products. In any case, MCE's procurement of PCC3 products will not exceed the limitations imposed under California's RPS Program.

Furthermore, MCE's existing contractual commitments have secured the significant majority of its renewable energy requirements. Existing contracts continue to address the majority of MCE's renewable energy needs throughout the planning period addressed in this RPS Procurement Plan, accounting for 58% of statutory renewable energy procurement requirements in 2030. MCE's planning and procurement process is ongoing, which is expected to result in additional renewable energy acquisition, the substantial majority of which will be secured via long-

term contracts.

4.B.1. Long-term Procurement

MCE has been committed to supporting new, California-based renewable resource development since its inception, and has supported numerous generating assets via execution of long-term contracts. MCE has already executed long-term renewable contracts that will yield ~~66~~68% of its total 2021 internal 60% renewables target.⁵ Further, in the Open Season solicitation described above, only projects with a term of delivery between ten and twenty years are considered.

In light of its existing long-term supply commitments, MCE expects to meet or exceed California's minimum 65% long-term contracting requirement, which becomes effective in 2021, through ~~2030~~2027. Even in the event of lower-than-anticipated deliveries from such contracts, MCE would still expect to satisfy the 65% long-term contracting requirement through 2026. ~~To support compliance beyond the 2026-2027 calendar years,~~ MCE expects to engage in additional long-term contract efforts to continue to meet or exceed the long-term contracting mandate.

4.C. Portfolio Diversity and Reliability

MCE also considers the deliverability characteristics of its resources (including the expected delivery profile, available capacity and dispatchability attributes, if any, associated with each of its generating resource and/or supply agreements) and reviews the respective risks associated with short- and long-term purchases as part of its forecasting and procurement processes. These efforts lead to a more diverse resource mix, address grid integration issues, and provide value to MCE's member communities, including reduced costs and support in achieving planned procurement objectives for the period addressed in this 2020 RPS Procurement Plan. A

⁵ Because MCE's internal renewable targets is significantly higher than California's statewide target, this positions MCE to comfortably exceed the 2021 long-term contracting requirement.

quantitative description of MCE's forecast is attached in Appendix C.

While MCE is not opposed to considering emerging renewable generating technologies, it must be judicious in pursuing the use of such resources, as such technologies may not perform as expected. This noted, MCE's commitment to innovation and renewable technology advancement will likely identify strategic opportunities for the inclusion of emerging technologies within its supply portfolio. For example, MCE has pursued supply commitments with renewable energy plus storage configurations, which are expected to mitigate renewable integration impacts typically associated with increased use and development of intermittent renewable generating technologies. The extent to which such configurations will be successful in mitigating conditions of over-supply, production variability and misalignments between energy production and customer use will be monitored over time to ensure that such contractual commitments are promoting desired outcomes.

MCE will continue to procure renewable and other GHG-free and conventional energy products, as necessary, to ensure that the future energy needs of its customers are met in a clean, reliable, and cost-effective manner. MCE has established proportionate procurement targets for overall GHG-free energy content, including subcategories for renewable energy and other carbon-free products, including related planning reserves. MCE is in the process of evaluating an "equivalent carbon-free" portfolio metric, which would consider the total emissions associated with each supply source relative to a target annual emission factor for its entire supply portfolio. For example, a 90% carbon-free equivalent metric in 2021 would allow an overall portfolio emission factor equal to 10% of the California Air Resources Board's ("CARB") assigned emission factor for energy imports and system power, which is currently set at 0.428 metric tons of carbon dioxide equivalent per megawatt hour ("MT CO₂e"). Expressed differently, a 90%

carbon-free equivalent metric would limit, on a voluntary basis, emissions to an overall portfolio emission factor of 0.043 MT CO₂e.

Because certain renewable generating technologies are known to have relatively low levels of emissions, such as certain geothermal generating technologies, MCE's equivalent carbon-free metric captures such impacts along with any other use of carbon-emitting supply, including system power and CARB-certified Asset Controlling Supply (which is ascribed an emission factor based on the resources reflected in such portfolios), to derive its proportionate use of carbon-free generation. To the extent that MCE's energy needs are not fulfilled through the use of renewable or other GHG-free generating resources, it should be assumed that such supply will be sourced from conventional energy sources, such as natural gas generating technologies or system power purchases.

MCE uses a portfolio risk management approach in its power purchasing program, seeking low cost supply (based on then-current market conditions) as well as diversity among technologies, production profiles, project sizes and locations, counterparties, lengths of contract, and timing of market purchases. These factors are taken into consideration when MCE engages the market and pursues related procurement activities.

A key component of this process relates to the analysis and consideration of MCE's forward load obligations and existing supply commitments with the objectives of closely balancing supply and demand, cost/rate stability and overall budgetary impacts, while leaving some flexibility to take advantage of market opportunities and/or technological improvements that may arise over time. MCE monitors its open positions separately for each renewable generating technology as well as GHG-free resources, conventional resources, and its aggregate supply portfolio. MCE maintains portfolio coverage targets of up to 100% (of expected customer energy

requirements) in the near-term (0 to 2 years) and typically leaves gradually larger open positions in the mid- to long-term, consistent with generally accepted industry practices.

MCE has a preference for zero emission generating technologies, but within this preference MCE is largely technology-agnostic aside.⁶ MCE's supply preferences are intended to exhibit diversity across a broad range of renewable technologies that will deliver energy in a profile that is generally consistent with MCE's anticipated load shape. MCE is aware that significant use of intermittent renewable generating technologies has the potential to create misalignments between customer energy consumption and related power production; however, MCE regularly evaluates customer usage in light of expected renewable deliveries to reduce such risks and inform future procurement decisions. Furthermore, MCE continues to consider procurement opportunities with renewable generating facilities that will utilize battery storage technology, which may present the opportunity to somewhat re-shape the typical delivery profile associated with intermittent renewable generating assets, providing the opportunity for MCE to more closely balance supply and customer demand.

Recent market data continues to indicate that midday peak resources are likely to comprise a larger proportion of California's renewable supply portfolio due to the rapid decline in wholesale prices for solar PV generation and the abundance of such projects in operation and under development. Additions to MCE's portfolio during the Planning Period will likely be more heavily weighted toward energy resources – dispatchable, shaped during non-solar or ramping periods, or otherwise – that complement competitively priced solar already under contract or pair new solar projects with storage technologies to avoid exacerbating midday over-supply. MCE may also engage in purchases from as-available renewable generation (*e.g.*, wind) to the extent that such

⁶ As mentioned above, MCE has a policy of not pursuing resource-specific nuclear power purchases.

supply is competitively priced or otherwise provides electricity during time of day when existing supply commitments are currently lacking.

In regard to generation project location, MCE places the greatest value on locally-sited renewable generating projects, particularly those located in its service area or within approximately 100 miles thereof. In general terms, the next highest preference related to resource selection are projects sited within the North of Path 15 region (generally, Northern California), followed by projects elsewhere in California, and lastly, out-of-state resources. This procurement strategy has led MCE to achieve its desired clean energy portfolio objectives as well as cost-competitive customer rates. With this in mind, MCE intends to continue this approach in the future.

4.D. Lessons Learned

MCE's operating history has reinforced its belief that diversity among renewable energy commitments is highly desirable. This spans a broad range of considerations, including the use of various fuel sources, resource locations, contract durations, product specifications, pricing mechanisms, solicitation timing and frequency, as well as various other concerns. Early-stage discipline in renewable energy contracting allowed for MCE's solar energy commitments to gradually move down a declining cost curve, which avoided over-weighting the portfolio with an abundance of excessively costly contracts. As California's energy landscape continued to evolve, a concentration of renewable generating assets in certain locations reinforced the benefits of geographic diversity – as certain areas of the state were overbuilt with renewable generating infrastructure, challenges related to depressed market prices and related resource curtailments began to surface and will likely continue to exist for quite some time.⁷ These observations have

⁷ It is noteworthy, however, that economic curtailment may not be feasible for certain retail sellers when considering the financial implications of long-term contract delivery shortfalls imposed under the RPS

contributed to a more rigorous evaluation process for new generating projects, which is expected to reduce risks associated with such issues – while attempting to understand historical market pricing (at particular resource locations) is not a perfect predictor of future performance, it seems to mitigate potential adverse financial consequences during near-term operation of such facilities.

With regard to long-term contracting, there is substantial financial risk associated with California’s changing regulatory landscape. As California’s energy market undergoes several significant changes over a short period of time, it seems impossible to predict how such long-term commitments will impact buyers and sellers, as well as affect costs for retail customers. While MCE works to protect the value of its contract when possible in the contracting process, it has seen the value of its resources degrade over time due to regulatory changes. If the regulatory rules under which the resources were originally contracted are not considered or grandfathered, MCE will inevitably lose value on the contracts it enters into, which discourages the long-term contracting the state has generally incentivized.

Another noteworthy lesson learned relates to the manner in which distinct California energy programs interact with one another. In particular, the ongoing implementation of Assembly Bill (“AB”) 1110 (stats. 2016) devalues and discourages the use of certain renewable energy products (allowed for use under California’s RPS Program) by virtue of the manner in which associated emissions will be accounted for under the Power Source Disclosure Program (“PSD Program”). Specifically, changes to PSD Program regulations related to AB 1110 will now attribute an emissions factor equivalent to system power to any PCC2 and PCC3 volumes. In addition, PCC3 certificates will not be recognized as a renewable fuel source during power source

Program. In light of such significant financial charges, certain retail sellers may be forced to accept deliveries from renewable generating assets during instances of significant negative pricing to ensure that requisite long-term contracting quantities are satisfied. This could result in higher-than-anticipated renewable energy costs and related impacts to customer rates.

accounting. This change has led MCE and various other CCAs to forgo or minimize the use of PCC2 and PCC3 products to avoid representing an inflated emissions factor and reduced below-actual renewable energy content during power source reporting and related customer communications. This adaptation to MCE's planning and procurement practice became necessary despite the fact that such products are deemed eligible for use under California's RPS Program. This transition by MCE to procure PCC1 products instead of PCC2 products has increased costs and customer rates.

While these lessons learned have been useful for MCE, some of these issues seem to be avoidable through increased coordination during the development and administration of California's various energy reporting and compliance programs -- as MCE testified at a joint *en banc* of the Commission and California Energy Commission in October 2018.

5. Project Development Status Update

As described in Section 4.B above, MCE's current and planned procurement is sufficient to meet both the applicable RPS procurement requirements as well as support the state's GHG reduction targets. Further, MCE's current and planned procurement supports system reliability by considering both portfolio diversity and alignment with MCE customers' load curve.

As of the date of this RPS Procurement Plan, MCE has entered into six utility-scale contracts with eligible renewable energy resources that are not yet commercially operational. Additionally, certain of MCE's Feed-In Tariff ("FIT") projects have successfully achieved commercial operation while others continue through the development process. These projects are supported via pricing schedules that are intended to promote developer interest while also offsetting higher-than-normal development costs typically associated with MCE's service territory. To date, MCE's FIT program has supported the completion of twelve locally situated,

small scale renewable generating projects, which are currently producing electricity that is purchased by MCE under long-term contracts. MCE has attached the Project Development Status Update Report as Appendix D.

6. Potential Compliance Delays

MCE has received favorable determinations of compliance relating to Compliance Period 1 and Compliance Period 2, which indicate that “MCE met its RPS compliance obligations” during such periods. MCE expects similar determinations related to the current compliance period (Compliance Period 3, which includes calendar years 2017-2020) and future compliance periods, as MCE is well ahead of prescribed procurement targets based on current and planned procurement activities and actual renewable energy deliveries. With regard to long-term contracting compliance, as discussed above MCE has secured long-term contract commitments sufficient to meet the noted requirements through 2027 (or 2026 in the event of substantial delivery shortfalls).

6.1 Potential Impacts of COVID-19 Pandemic on Project Development

As the Commission is aware, successful renewable energy markets depend upon international supply chains, substantial labor commitments, robust financial markets, timely interactions with governmental planning authorities and various other considerations. With numerous disruptions caused by the pandemic, it is challenging to determine whether, and to what extent, renewable energy procurement opportunities may be compromised, particularly new-build renewable energy projects that typically rely on long-term contracts as the basis for project financing. MCE closely coordinates with suppliers that are developing new-build renewable generating assets and will continue to monitor this situation as well as potential fallout related to supplier/developer effectiveness in fulfilling expected renewable energy deliveries, project

completion schedules and overall supplier viability. It seems reasonable to anticipate some supply-side consequences, but MCE's above-RPS renewable energy procurement targets coupled with existing supply commitments from operational renewable generating facilities virtually eliminate any compliance-related concerns.

7. Risk Assessment

MCE closely monitors development and operational risks associated with its planned and existing renewable energy supply commitments to minimize the potential for significant variances between actual and expected renewable energy deliveries.

Risk Oversight Committee and Energy Risk Management Policy

MCE has established a Risk Oversight Committee ("ROC"), which regularly convenes to discuss conformance of MCE's ongoing planning and procurement efforts with the organization's adopted Energy Risk Management Policy ("ERM Policy"). MCE's ERM Policy was developed for purpose of creating and maintaining controls and processes that will mitigate potential exposure to various sources of risk, including market price risk, counterparty credit and performance risk, load and generation (volumetric) risk, operational risk, liquidity risk and policy (*e.g.*, legislative and regulatory) risk.

To the extent that higher-than-expected renewable energy open positions, counterparty over-exposure, meaningful load variations or other pertinent planning observations are identified during meetings of the ROC, MCE adjusts procurement activities to address these concerns, which promotes ongoing compliance with its ERM Policy. Should any significant ERM Policy deviations be identified, MCE staff would inform its Governing Board before pursuing corrective action. MCE's risk assessment and management practices are described in greater detail in Section 7, below.

Risk Assessment and Management Processes

In general terms, MCE's process for minimizing and avoiding risk is deterministic in nature and begins with the development of bid requirements and evaluative preferences for solicitations. MCE's solicitations are intended to identify suppliers that have demonstrated a strong track record of successful project completion and ongoing project operation. Such counterparties are more likely to timely complete project development activities and successfully operate projects placed under contract, and therefore minimize project risks. This process has yielded strong results: the pool of responses to MCE-administered solicitation is generally robust; the quality of short-listed respondents is high and typically includes very experienced counterparties with strong project development track records; the short-listed candidates, by virtue of their considerable project development and/or operational experience, tend to be efficient contract negotiators; and the resulting contracts have generally led to project deliveries that meet MCE's expectations.

Key risk factors are considered during evaluation of each prospective renewable energy seller, including counterparty credit rating and general financial standing; California-based project development experience; prior experience with CCA off-takers; commercial viability of the proposed generating technology; and progress towards key development milestones such as interconnection status, deliverability studies, siting, zoning, permitting, and financing requirements. With regard to transmission adequacy, MCE ensures that each project has an executed interconnection agreement with the appropriate participating transmission operator prior to contract execution so that the project's interconnection costs, deliverability and timelines are known to the extent possible. MCE also conducts a review of interconnection queues and transmission planning in the area to understand impacts of planned projects and transmission

upgrades. The project review process also includes a thorough review of the permitting status from the permitting authority and must demonstrate a path to completion. A selected seller bears risk of supply chain delays impacting the seller's ability to meet its guaranteed contractual milestones on time, subject to permitted extensions and allowable Force Majeure provisions in the contract.

To the extent that a prospective renewable energy procurement opportunity comes to fruition, and a contract is executed, development milestones are rigorously monitored by MCE's contract management staff, who regularly communicate with the project sponsor throughout the development and construction processes.

MCE also seeks to minimize unnecessary financial exposure and general planning risk by assembling a diversified portfolio of renewable generating resources and products that are intended to complement the manner in which its customers use electric power. To promote this alignment of supply and demand, MCE analyzes the impacts of proposed renewable energy deliveries to its aggregate resource portfolio relative to expected customer energy use as part of its evaluation process. To the extent that the proposed delivery profile would create undesirable net-short or net-long positions, alternative product options will continue to be evaluated. MCE may also pursue contract structures that promote volumetric stability through firm delivery quantities and/or performance guarantees that provide for financial remedies/penalties in the event of delivery shortfalls. If necessary, the financial remedies received by MCE could be used to: (1) as a first priority, procure additional renewable energy supply to address delivery shortfalls; or (2) in the event that the delivery shortfall caused MCE to be found non-compliant, offset the cost of related penalties. MCE's intent is to exceed compliance with applicable RPS mandates, and the latter option is a last resort that is not expected to apply.

Additionally, MCE believes that it is important to manage temporal risks associated with:

- (1) disproportionate exposure to prevailing market conditions at any particular point in time; and
- (2) lack of diversity related to contract start dates, end dates or term lengths within a renewable energy supply portfolio.

MCE has regularly administered renewable energy solicitations throughout its operating history to ensure that its exposure to ever-changing market conditions is diversified, similar to the “dollar cost averaging” methodology that is regularly employed within the financial sector. While attempts to “time the market” may occasionally yield short-lived benefits, such results are generally not reliable and create the potential for significant risk and financial consequences if market conditions quickly and/or significantly change. MCE’s deliberate contracting approach entails “sampling” the market at regular intervals, avoiding large contractual commitments in high-priced environments or missed opportunities in low-priced environments. MCE also ensures that its contract start/end dates and related term lengths are staggered to avoid planning “cliffs” that could occur if contracts of similar lengths and start dates were all executed at the same time. The assembly of short-, medium- and long-term contracts further diversifies risk within MCE’s renewable supply portfolio, and while increased long-term RPS contracting requirements will inevitably increase such risks, MCE will continue to pursue portfolio diversity by thoughtfully considering these temporal considerations during ongoing procurement processes.

Ongoing Evaluation of Need for Quantitative Risk Assessment Model

MCE continues to evaluate the need for a quantitative risk assessment model. MCE’s rigorous process for evaluating prospective suppliers continues to be successful in identifying highly qualified, financially viable candidates and supporting its achievement of both statutory and voluntary renewable energy procurement goals.

Because MCE's minimum renewable content commitment substantially exceeds the current statewide goal, MCE continues to find that use of a quantitative risk assessment model is not critically important in meeting pertinent RPS compliance mandates. MCE will continue to evaluate the usefulness of such tools as it moves forward. Should MCE identify compliance-related concerns through application of its ERM Policy or other mechanisms, MCE will take the appropriate course of action, which may include quantitative risk assessments or other planning studies, to address such issues before compliance is affected.

MCE's Compliance Risk is Minimal

In terms of its ability to demonstrate compliance with California's RPS procurement mandates, MCE does not anticipate any particular development or operational risks that would materially impact its planned progress in this regard. This perspective is supported by the aforementioned supplier selection process as well as MCE's internally adopted renewable energy procurement target, which substantially exceeds California's RPS mandate. However, the possibility always exists that future renewable energy supply will not be delivered as required under each respective power purchase contract. MCE considers this potential risk in forecasting as well as during procurement review and decision-making.

8. Renewable Net Short Calculation

MCE's failure rate for new-build renewable generation placed under contract is well below five percent. MCE takes several steps to guard against the risk of project failure, including:

- Pre-contracting diligence, including a rigorous proposal evaluation process. MCE requires that any new-build project be in an advanced stage of the pre-development process, including permitting, financing, and interconnection. In particular, MCE's practice is to execute a PPA only after a project's interconnection agreement is fully executed. This

increases certainty with regard to the project's development timeline and costs.

- Project monitoring. MCE's PPAs for new-build projects require frequent, detailed progress reports, which helps to identify and mitigate potential problems in their early stages.
- Internal renewable portfolio targets, including a planning reserve, that meaningfully exceed statewide mandates.

MCE has increased its planned procurement to account for a three percent failure rate in 2021, increasing to four percent in 2029, for both online generation and facilities in development. These percentages are reflected in Appendix C. These adjustments were made to reflect 1) limited delivery reductions from geothermal facilities impacted by nearby wildfires, and 2) occasional curtailment of select in-state solar facilities due to negative pricing at certain times of the year. Both of these shortfalls, even taken together, create impacts well below the 3%-4% risk adjustment described here. MCE continues to actual planning data as compared to its forecast throughout the year, and can adjust to supply- or demand-side variations within a given year.

MCE has provided a quantitative assessment to support the qualitative descriptions provided in this RPS Procurement Plan, which is attached as Appendix C. At this point in time and based on MCE's past success, current supplier performance and anticipated renewable energy contracting outcomes, there have been no risk-related adjustments to the expected renewable energy quantities reflected in Appendix C. As previously noted, MCE has successfully procured more than 60% of its resource needs from RPS-eligible renewable resources since 2017 and, as a result, has accrued renewable energy well in excess of applicable statewide mandates. In general terms, renewable suppliers have performed as expected, and as such MCE did not find it appropriate to incorporate risk adjustments at this point in time. If supplier performance becomes more erratic in the future and such adjustments are deemed necessary, MCE will reflect such

adjustments in a future planning document.

9. Minimum Margin of Procurement (MMoP)

The following table displays MCE's intended margin of RPS over-procurement based on the differential between the SB 100 procurement targets and MCE's internally adopted RPS procurement targets.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
MCE RPS Procurement Target (% of Retail Sales)	61.8%	61.9%	62.2%	62.2%	67.0%	71.7%	76.5%	81.2%	86.0%	86.0%
MCE Minimum Margin of Over-Procurement (% of Retail Sales)	26.0%	23.4%	20.9%	18.2%	20.3%	22.4%	24.5%	26.6%	28.6%	26.0%

MCE's RPS-eligible renewable energy target is currently set at a minimum 60 percent, increasing to 86 percent by 2030. Consequently, MCE's RPS supply portfolio is expected to reflect a minimum margin of over-procurement that will minimally exceed statewide RPS mandates by at least 18 percent (relative to retail sales) in each year of the 10-year planning horizon.

9.A. MMoP Methodology and Inputs

MCE's internal renewable energy procurement policy specifies a minimum 60% RPS-eligible renewable energy target. As illustrated in the table above, this provides ~~a significant "cushion," protecting~~ MCE with a minimum ~~against unexpected renewable energy delivery shortfalls. As such, MCE's overall renewable energy procurement policy incorporates a~~ margin of over-procurement well in excess ~~that is nearly equal to its current statutory compliance obligation. MCE believes that the aforementioned renewable energy procurement targets will protect against a variety~~ of the risks accounted for in the planning margin described in Section 8, including but not limited to; potential project development failure, deficient production by facilities under contract, unusually high demand, and availability of requisite renewable energy

products within the marketplace.

9.B. MMoP Scenarios

MCE plans to meet the annual program renewable goals reflected in the table presented in Section 9 (above), including the MMoPs reflected therein. As reflected in this table, MCE's anticipated MMoP percentages range from 18.2% in 2024 to 28.6% in 2029. The renewable net short included in the RNS Quantitative Template also incorporates the additional RPS-eligible renewable energy need resulting from expected participation in MCE's voluntary 100 percent renewable energy service options.

During its bid evaluation and supplier selection processes, MCE considers a variety of risks and believes that such risks are sufficiently addressed within its MMoP calculation. Based on its operating history, previous experiences related to renewable energy planning/procurement and existing contract portfolio, MCE has no reason to doubt the sufficiency of the MMoP reflected in its internally adopted RPS planning targets. This noted, MCE has incorporated an internal RPS planning reserve, as reflected in the following table, to ensure MCE can meet its internal RPS targets in the event that its previously described contract management process identifies substantial concerns related to new-build project completion, delivery shortfalls or other issues.

This reserve is additive to MCE's internally adopted RPS targets and is intended to address renewable production and/or usage variability that may occur during discrete calendar years. It is intended to offset the potential impacts of noted risk adjustments/contingencies that may reduce actual renewable energy deliveries, relative to MCE's expectations. In effect, MCE's internal RPS planning reserve is a secondary MMoP, providing additional insurance against unforeseen circumstances that could impact MCE's ability to satisfy its internally adopted renewable energy commitments. As demand- and supply-side data are monitored in each year, MCE may adjust

planned short-term purchases and/or pursue surplus sales arrangements if actual renewable energy deliveries are tracking above MCE’s anticipated needs. By the end of each calendar year, MCE hopes to manage the level of its internal planning reserve so that actual renewable energy deliveries are closely aligned with MCE’s Base RPS Procurement Target, as reflected below.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SB 100 RPS Procurement Requirement (% of Retail Sales)	35.8%	38.5%	41.3%	44.0%	46.7%	49.3%	52.0%	54.7%	57.3%	60.0%
MCE Base RPS Procurement Target (% of Retail Sales)	61.8%	61.9%	62.2%	62.2%	67.0%	71.7%	76.5%	81.2%	86.0%	86.0%
MCE Minimum Margin of Over-Procurement (% of Retail Sales)	26.0%	23.4%	20.9%	18.2%	20.3%	22.4%	24.5%	26.6%	28.6%	26.0%
MCE Internal RPS Planning Reserve (% of Retail Sales)*	5.7%	5.7%	5.7%	5.7%	6.1%	6.6%	7.1%	7.5%	8.0%	8.0%
MCE Total RPS Procurement Target (% of Retail Sales)	67.5%	67.6%	67.8%	67.9%	73.1%	78.3%	83.5%	88.7%	93.9%	93.9%
MCE Total Margin of Over-Procurement (% of Retail Sales)	31.7%	29.1%	26.6%	23.9%	26.4%	29.0%	31.5%	34.1%	36.6%	33.9%

*Includes volumes that may be necessary to address potential RPS delivery shortfalls; may be adjusted during each calendar year, as needed.

MCE will also model demand-side sensitivities that may impact MMoP calculations. This will be particularly important during expansion of MCE’s service area, when participation rates are expected to be most volatile. MCE has completed numerous expansions during its nearly 11-year operating history, and in each case, MCE has successfully scaled its renewable energy procurement to accommodate related increases in retail sales. In addition to load variability resulting from periodic expansions and ongoing minor fluctuations in customer participation, MCE will also monitor electric vehicle penetration rates, net energy metering participation rates and other considerations that may impact overall customer energy requirements and related MMoP calculations.

~~At this point in time, MCE has yet to complete any sensitivity analyses related to its intended minimum margin of procurement. MCE has determined that its internally established, minimum 60% renewable energy procurement target provides adequate “cushion” relative to applicable statutory mandates. To the extent that such analyses are deemed necessary and completed in the future, MCE will describe applicable results in a subsequent RPS Procurement~~

10. Bid Solicitation Protocol

10.A. Solicitation Protocols for Renewables Sales

MCE does not have immediate plans to issue a solicitation for sales of renewable energy projects.

10.B. Bid Selection Protocols

In its various solicitations for long-term renewable energy supply, MCE imposes numerous bid requirements on interested respondents. These requirements address a variety of considerations and are intended to identify the best qualified suppliers of MCE's long-term renewable energy needs. Such requirements include:

1. Overall quality of response, inclusive of completeness, timeliness, and conformity;
2. Price and relative value within MCE's supply portfolio;
3. Project location and local benefits, including local hiring and prevailing wage considerations;
4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements;
5. Qualifications, experience, financial stability, and structure of the prospective project team (including its ownership);
6. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
7. Potential impacts to grid reliability;
8. Potential economic benefits created within communities with high levels of poverty and unemployment;
9. Acceptance of MCE's standard contract terms; and
10. Development milestone schedule, if applicable.

These considerations help shape the criteria against which prospective suppliers are evaluated. Based on the success of its ongoing planning and procurement efforts as well as any direction from its governing board, MCE may adapt these considerations in future renewable energy procurement

efforts.

Consistent with Public Utilities Code Section 399.13(a)(~~65~~)(C), MCE conducts energy product solicitations in a manner that addresses a broad range of considerations, including specific needs for eligible renewable energy resources (reflecting locational preferences, when applicable, for such resources), generating capacity, and required online dates to assist in determining what resources fit best within its desired supply portfolio. Since MCE's governing board is comprised of local elected officials, solicitation and procurement decisions are overseen by elected representatives of MCE's member communities with such decisions intended to conform with locally established targets that exceed applicable RPS requirements and promote the development of locally-situated renewable generating facilities.

Consistent with direction in the ACR, MCE has provided a copy of its most recent procurement materials to Commission Energy Division staff. MCE's 2020 solicitations are cited in Section 4.A and materials, including applicable contract templates and general information regarding MCE's solicitation processes are available at the following website: <https://www.mcecleanenergy.org/energy-procurement/>. Information regarding other MCE service offerings and programs, including its FIT, can be found elsewhere on the MCE website.

As noted above, in June 2020, MCE along with twelve other CCAs released a request for information ("RFI") on long-duration storage technologies. The RFI materials are available here: <https://www.mcecleanenergy.org/energy-procurement/>. Responses are due on July 1, 2020. Depending on the information gathered through the responses, a joint CCA solicitation for long-duration storage may follow.

10.C. LCBF Criteria

The Least-Cost Best Fit ("LCBF") methodologies approved by the Commission pursuant

to D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042, and D.16-12-044 are expressly only directly applicable to investor -owned utilities. However, consistent with Section 399.13(a)(98),⁸ MCE does consider best-fit attributes that support a balanced mix of resources to help support grid reliability.

With regard to MCE’s application of an LCBF methodology during selection of qualified responses, the term “costs” should appropriately include considerations beyond the basic price of renewable energy being considered for procurement. Specifically, costs should include considerations such as: (1) reputational damage resulting from failure to meet internally established renewable energy procurement targets; (2) compliance penalties resulting from failed project development efforts or delivery shortfalls; (3) administrative complexities related to dealing with inexperienced suppliers (such as prolonged contract negotiation processes and uncertainties related to project milestone timing and achievement); and (4) impacts to planning certainty resulting from higher-risk projects. MCE considers these factors, among others, as part of its cost evaluation process, which may lead to the selection of offers that aren’t necessarily the lowest-priced option.

“Fit” also has as much to do with organizational compatibility between buyers and sellers and alignment with key organizational objectives as it does with balancing customer usage and expected project deliveries, particularly when considering long-term contracting opportunities that will require constructive working relationships over a period of ten years or more. As such, MCE’s LCBF methodology takes into consideration the various planning and procurement processes described in this RPS Procurement Plan, balancing a variety of pertinent considerations

⁸ Cal. Pub. Util. Code § 399.13(a)(98) (“In soliciting and procuring eligible renewable energy resources, each retail seller shall consider the best-fit attributes of resource types that ensure a balanced resource mix to maintain the reliability of the electrical grid.”).

at the time that each renewable purchase opportunity is being considered.

An important example supporting this perspective is MCE's FIT program, which is intended to incentivize, through above-market prices, the development of locally situated, small-scale renewable project opportunities. This program has achieved tremendous success, supporting numerous projects throughout MCE's service territory while utilizing local labor. By design, FIT projects are not the least expensive generating resources, but they are entirely consistent with MCE's charter objectives and a valuable component of MCE's supply portfolio.

This holistic planning approach, which may not necessarily reflect a traditional LCBF methodology, has resulted in the compilation of a diverse resource mix for MCE, deep roots in its member communities, and attention to a broad spectrum of considerations, including environmental concerns, costs and sustainability.

Finally, the requirement of Section 399.13(a)(~~8~~7) to give preference to renewable projects located in certain communities is expressly only applicable to "electrical corporations" and is not mandatory for CCAs.⁹ However, MCE fully recognizes the need to help mitigate the impacts of air pollution in regions of the state where communities have been disproportionately impacted by the existing generating fleet as well as the need to bring economic benefits to communities with high levels of poverty and unemployment. MCE continues to explore opportunities to advance this important policy goal through its procurement.

⁹ Cal. Pub. Util. Code § 399.13(a)(~~8~~7)(1) ("In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.~~."~~"))

11. Safety Considerations

MCE holds safety as a top priority. Since MCE does not own, operate, or control generation facilities, MCE's procurement of renewable resources does not present any unique safety risks. This Section describes how MCE has taken actions to reduce the safety risks posed by its renewable resource portfolio and how MCE supports the state's environmental, safety, and energy policy goals.

11.1. Wildfire Risks and Vegetation Management

At this point in time, MCE has yet to adopt any additional safety requirements for its portfolio that are specific to wildfire risks and vegetation management. MCE is aware of the mitigating impacts that biomass generators, which use forestry waste as feedstock, may have on wildfire risk, but does not have any specific procurement policies or preferences for forest biomass resources at this time.

11.2. Decommissioning Facilities

MCE does not own any generating assets, and as such does not undertake decommissioning of assets. MCE has not yet developed any plans or requirements related to the disposition of associated generating facilities following completion of applicable delivery terms. In many cases, the project's operational life is longer than MCE's contract, so it is likely that the contract with MCE will expire before disposal of the generation assets is required.

In 2015, SB 489 authorized the California Department of Toxic Substances Control ("DTSC") to add PV panels to the list of universal wastes. The DTSC has developed regulations for PV panels, but has not adopted the regulations yet.¹⁰ Because a significant portion of MCE's solar facilities are newly constructed, and its storage facilities are yet to be constructed, MCE is

¹⁰ See <https://dtsc.ca.gov/photovoltaic-modules-pv-modules-universal-waste-management-regulations/>.

confident that by the time PV solar or battery facilities under contract with MCE reach the end of their useful life, there will be statewide, comprehensive regulations addressing the safe handling and disposal/recycling of those materials.

11.3. Climate Change Adaptation

MCE's commitment to increasing renewable energy at a more aggressive pace than California's statewide mandates itself constitutes a climate change adaptation measure. Additionally, MCE in 2019 adopted a pollinator-friendly habitat requirement for solar projects participating in both its FIT program as well as its PPAs.¹¹ MCE is the first California CCA to adopt this requirement, which is a critical way MCE can help build and maintain healthy ecosystems in the local areas where MCE's solar projects are located. MCE will continue to evaluate the potential impacts of climate change on its portfolio so that adjustments to its procurement strategy can be made if needed.

11.4. Impacts During Public Safety Power Shut-off (PSPS) Events

PSPS events have both supply and demand side impacts. The experiences of MCE customers with wildfires and PSPS events over the last few years has led MCE to increase the focus of both its procurement as well as customer programs strategies on resiliency.

MCE assesses customer usage as a result of a PSPS event, to the extent possible with the data to which MCE has access, in real time and adjustments to supply are made accordingly. Generation resources that are located in the footprint of a PSPS event are necessarily taken offline, though MCE continues to explore ways to safely keep these resources online and serving customers. MCE is an active participant in the Commission's PSPS and microgrid proceedings¹² to help ensure that state policy as well as IOU and CCA operating protocols are aligned and result

¹¹ See <https://www.mcecleanenergy.org/news/local-projects/pollinator-requirement/>.

¹² R.18-12-005 and R.19-09-009, respectively.

in minimal PSPS impacts in the future.

11.5. Forest Biomass Procurement

In recent renewable Open Season requests for offers, MCE has not received offers from forest biomass generators. MCE's FIT program is available on a first-come, first-served basis, and is also technology-agnostic, however, MCE has not received any forest biomass applications. As MCE works toward a low emissions portfolio, MCE will be seeking non-emitting renewable technologies to contribute to its existing bioenergy resources already under contract.

12. Consideration of Price Adjustment Mechanisms

In the future, and consistent with SB 350 and SB 100, MCE will review the possibility of incorporating price adjustments in contracts with online dates more than 24 months after the date of contract execution. As noted in the ACR, such price adjustments could include price indexing to key components or to the Consumer Price Index.

13. Curtailment Frequency, Forecasting, Costs

This Section responds to the questions presented in Section 5.13 of the ACR¹³ and describes MCE's strategies and experience so far in managing the Agency's exposure to negative pricing events, overgeneration, and economic curtailment for MCE's region and portfolio of renewable resources.

13.1. Factors Having the Most Impact on the Projected Increases in Incidences of Overgeneration and Negative Market Price Hours

Due in large part to the rapid increase in the amount of wind and solar generation that has been brought online throughout the western United States, the California Independent System Operator's ("CAISO") balancing authority area has experienced an increasing frequency and

¹³ ACR at 27-28.

magnitude of curtailment and negative pricing events. As of 2019, California had more than 12,300 MW of solar, 8,100 MW of behind-the-meter solar, and 5,900 MW of wind. This increased capacity results in discrete periods where the majority of load in the CAISO is served by solar and wind resources. The monthly maximum load served by wind and solar in the CAISO has averaged 55.9% over the past 3 years (April 2017 to April 2020), and in April of 2020 the monthly maximum load exceeded 69%.¹⁴

To address the resulting instances of over-supply, the amount of curtailment of wind and solar in the CAISO has significantly increased each year, totaling 187,000 MWh in 2015, 308,000 MWh in 2016, 358,000 MWh in 2017, 461,000 MWh in 2018, and 961,000 MWh in 2019.¹⁵ As of the end of April, the total curtailment of solar and wind to date in 2020 is already over 792,000 MWh. Curtailment is typically the highest during the months of March, April, and May when hydroelectric generation is historically at its highest and California load is at its lowest. Above-average snowpack resulting in higher than average hydroelectric generation exacerbates renewable generation curtailment. The table below summarizes solar and wind curtailment from January 2020 through May 2020.

Table 2: Summary of CAISO Solar and Wind Curtailment January-May 2020

2020 Data	Wind Curtailment (MWh)	Solar Curtailment (MWh)
January	7,933	130,070
February	6,846	150,213
March	13,313	165,768

¹⁴ CAISO, Monthly Renewables Performance Report, April 2020, *available at* <http://www.caiso.com/Documents/MonthlyRenewablesPerformanceReport-Apr2020.html>.

¹⁵ CAISO, Managing Oversupply, Wind and Solar Curtailment Totals, updated May 5, 2020, *available at* <http://www.caiso.com/informed/Pages/ManagingOversupply.aspx>.

April	8,641	309,803
May	13,280	242,050
Total Curtailment	50,012	997,903
Curtailment %	0.72%	8.01%
No. of Intervals Curtailed	9,387	17,524
Pct. of Intervals Curtailed	21.4%	40.0%

The CAISO notes that the majority of renewable resource curtailment is “local and economic.”¹⁶ That means that curtailment was in response to congestion and was mitigated by supply that was willing to reduce its output based on price signals from the CAISO market.

CAISO system-wide 2020 curtailment amounts are far higher than those realized by MCE to date. Thus far in 2020 through May, MCE has experienced 581.2 MWh of curtailment, which is less than 0.1% of its RPS portfolio. This is mostly attributed to portfolio management strategies and location of resources relative to load.

13.2. Written Description of Quantitative Analysis of Forecast of the Number of Hours Per Year of Negative Market Pricing for the Next 10 Years

MCE’s scheduling coordinator agent, ZGlobal, has the capability to perform production cost analyses based on various input assumptions through 2030 to derive hourly market prices for energy and ancillary services. PLEXOS Integrated Energy Model is a commercial optimization engine that can simulate the economic commitment and dispatch used by the CAISO’s day-ahead market processes which simultaneously optimizes energy dispatch and ancillary services capacity awards across the CAISO grid. In this way, the simulation will determine locational marginal prices and ancillary service marginal prices in the same manner the CAISO day-ahead market sets

¹⁶ CAISO, Market Performance Report, June 9, 2020, page 18, available at <http://www.caiso.com/Documents/MarketPerformanceReportforApril2020.pdf>

prices. ZGlobal has developed models using input assumptions that are based on common case inputs and planning guidelines from WECC, CAISO, Commission and CEC.

The key assumptions considered for the assessment included the impact of higher California renewable energy standards (60% RPS by 2030), planned gas-fired and nuclear generation retirements and adopted California Energy Commission (“CEC”) demand forecasts which consider energy efficiency programs and increased behind-the-meter solar generation. Results are highly dependent upon input assumptions, primarily the level of new RPS generation, deployment of energy storage facilities, upgrades to CAISO-controlled transmission facilities and the ability to export energy from the CAISO to external balancing areas.¹⁷

In California, electricity prices are typically set by gas-fired resources operating on the margin. However, as increasing supplies of renewable energy are added to the system, there are periods where marginal prices are being set by zero or even negatively-priced resources. As a result, market prices have been trending downward, especially during seasons and periods of the day when loads are low and solar output is high. The modeling shows a continuation of the trend, with prices falling during the middle of the day and increasing in the morning and evening when gas-fired resources are needed to meet peak loads outside of the solar supply period. In short, prices as reflected by the CAISO’s duck curve are expected to continue, with the amplitude of the valley and ramps dictated by the amount of energy storage available to smooth out the net supply.

13.3. Experience, to Date, With Managing Exposure to Negative Market Prices and/or Lessons Learned from Other Retail Sellers in California

MCE closely monitors six separate locations that are indicative of renewable energy

¹⁷ More recently, load has become an important input variable with the onset of the COVID-19 pandemic and its ~~effect~~[affect](#) on load. However, ZGlobal has not performed long-term studies to determine the impact of load on long-term market prices as there is not enough data to determine a suitable load trajectory.

resources that are exposed to market prices and potential curtailment. Resources at those locations are bid into the CAISO markets and are curtailed when prices fall below individual resource's threshold prices. Weighted average prices for the generation at those locations are compared to weighted average prices at PG&E's Distributed Load Aggregation Point ("DLAP") to assess the impact of congestion on the resource's performance. In addition, the MWh of curtailment are logged.

These two metrics - weighted average price of the resources compared to that of the DLAP and amount of MWh curtailed - are used to assess effectiveness of the resources in meeting MCE's RPS obligations at cost effective prices. If the resource's weighted average price is near the DLAP and it has been curtailed, then the reason for curtailment is system over-supply. If the resource's weighted average price diverges from the DLAP and it has been curtailed, then the reason for curtailment is local overgeneration that is contributing to congestion. This information is valuable feedback to MCE in locating potential future resources. If congestion and local oversupply is significant in certain areas, then MCE can determine by reviewing the CAISO's transmission planning documents whether transmission upgrades are planned to mitigate congestion that is observed with existing resources.

If curtailment is caused by congestion, the impact can be somewhat mitigated by obtaining CAISO Congestion Revenue Rights ("CRRs"), which MCE has done. However, CRRs are not a perfect hedge against congestion and cannot be relied upon to mitigate congestion and subsequent economic curtailment entirely.

13.4. Direct Costs Incurred, to Date, for Incidences of Overgeneration and Associated Negative Market Prices

For calendar year 2020 through May, MCE's RPS portfolio has been exposed to negative market prices and experienced curtailment as summarized in the table below.

Table 3: Summary of MCE RPS Resources Curtailment January-May 2020

Location	Day-Ahead Negative Prices	Real-Time Negative Prices	Curtailment (MWh)	Cost of Curtailment (\$)
South P26	-\$1.04	-\$2.40	47.9	-\$957.80
Fresno 1	-\$2.82	-\$4.57	12.7	-\$254.40
Fresno 2	-\$1.20	-\$2.84	1.5	-\$30.00
North P26	-\$2.38	-\$3.36	23.2	-\$462.00
Devers Wind	-\$19.32	-\$23.39	N/A	N/A
Intertie (North)	-\$1.55	-\$3.88	496.0	-\$14,229.00
Total	-\$27.41		581.2	-\$15,933.20

The Day-Ahead and Real-Time Negative Price columns represent averages of negative prices by RPS geographic area when prices are negative for solar hours for solar resources and all hours for wind resources. The prices are averages based on resources within the area. Curtailment megawatt hour (“MWh”) is the amount of energy that MCE RPS resources in the areas were curtailed from January 1 through May 31, 2020. “Cost of Curtailment” is the subsequent market cost of the curtailed energy.

13.5. An Overall Strategy for Managing the Overall Cost Impact of Increasing Incidences of Overgeneration and Negative Market Prices

While curtailment is a viable renewable integration strategy that is generally more cost-effective than other options, there are potential negative consequences from excessive curtailment. Curtailment of solar and wind represents a lost opportunity to generate zero-GHG electricity, and excessive curtailment could impact the ability of the state to meet its environmental and energy policy goals. Additionally, these over-supply situations expose ratepayers to increased costs

because their load serving entities must either economically curtail the generating resource (and often pay for the electricity that was not generated) or generate power and be exposed to negative prices.

MCE will consider the impact of curtailment and negative pricing on its portfolio and will factor potential curtailment into its long-term planning. Due to the difficulty in accurately forecasting curtailment, MCE will review the historical data on curtailment and negative pricing within regions where MCE may contract for generating resources. When MCE is evaluating new procurement opportunities, the potential amount of future curtailment will be one factor that MCE will consider. While MCE has not yet developed an individualized forecast of future curtailment, MCE will factor potential curtailment into its minimum margin of procurement (described in Section 9) and may also factor this consideration in future iterations of its Risk Assessment (Section 7). To the extent that MCE is engaged in renewable supply agreements which include curtailment provisions, it will take actions to limit the impacts of curtailment on its customers. During its current and future renewable contracting efforts, MCE will pursue contract terms that recognize and limit the potential financial impacts of negative pricing and give MCE greater flexibility to direct economic curtailment, if this becomes necessary.

14. Cost Quantification

MCE has provided the Cost Quantification Table as Appendix E. Pursuant to the direction in the ACR, MCE has completed those cells in the Cost Quantification table that correspond to Table 3, Rows 1-5 in the ACR.

15. Coordination with Integrated Resource Planning Proceeding

The resources identified in this RPS Procurement Plan are consistent with the resources ~~that will be~~ identified in MCE's [2020](#) Integrated Resource Plan ("IRP"), which ~~submitted~~~~will be~~ ~~approved by MCE's governing board and provided~~ to the Commission for certification ~~on~~[by](#) September 1, 2020. As required by the ACR,¹⁸ MCE includes the following table that describes how MCE's 2020 RPS Procurement Plan conforms with the determinations made in the IRP Proceedings (R.16-02-007 and R.20-05-003).

Table 4: RPS Alignment in MCE's IRP

IRP Section Subsection	RPS Alignment in IRP	
III. Study Results A. Conforming and Alternative Portfolios	Retail sellers should explain how the RPS resources they plan to procure, outlined in their RPS Plan, will align with each of their Conforming Portfolios being developed in their 2020 IRP Plans for Commission approval and certification. ¹⁹ This explanation should include:	
	<i>1. Existing RPS resources that the retail seller owns or contracts.</i> <i>2. Existing RPS resources that the retail seller plans to contract with in the future.</i> <i>3. New RPS resources that the retail seller plans to invest in.</i>	As part of its 2020 IRP filing, MCE submitted two Preferred Conforming Portfolios that achieve its proportional share of both the 46 and 38 MMT GHG targets. Under each of these portfolios, new resources were added to MCE's currently contracted RPS resources to achieve the relevant GHG target as well as RPS procurement requirements, including the 65% long-term contracting requirement. Description of Conforming Portfolios: <ul style="list-style-type: none">• 46 MMT Conforming Portfolio:

¹⁸ ACR at 30-33.

¹⁹ LSEs will develop two Conforming Portfolios seeking Commission approval or certification in their 2020 IRP Plans. RPS resources should be described in the 46 MMT and the 38 MMT GHG target Conforming Portfolios. This requirement does not apply to LSEs' Alternative Portfolios.

Portfolio that achieves MCE's proportional share of a 46 MMT statewide GHG target

○ MCE observes that conformance with the 46 MMT Portfolio required emission *increases* (through 2030) relative to MCE's currently projected emission metrics, which were achieved by MCE (on a projected basis) *reducing* the assumed use of RPS resources

○ As a result of this observation, MCE submitted the 46 MMT Portfolio as a planning/modeling exercise and compliance submission only and asked the Commission to use its 38 MMT Approved Conforming Portfolio instead

● 38 MMT Approved Conforming Portfolio: Portfolio that achieves an overall portfolio GHG target below MCE's assigned share of 2030 emissions (at 0.669 MMT, relative to MCE's assigned share of 0.846 MMT)

○ The 38 MMT Approved Conforming Portfolio assumed the use of RPS resources currently reflected in MCE's supply portfolio

○ The extent of RPS-eligible resources reflected in MCE's 38 MMT Approved Conforming Portfolio include: 20 MW biomass; 3 MW geothermal; 13 MW small hydroelectric; 465 MW wind; and 1,271 MW solar

Of the previously noted resources reflected in MCE's 38 MMT Approved Conforming Portfolio, the following new capacity additions would be required: new hybrid resources totaling 690 MW solar/ 300 MW battery storage and new wind

		resources totaling 230 MW MCE is currently in the process of developing its IRP. MCE's IRP analysis includes an evaluation of existing and new resources that would help MCE meet both its internal and state-mandated RPS requirements.
IV. Action Plan A. Proposed Activities	Retail sellers should describe how they propose to use RPS resources to implement both Conforming Portfolios. Narratives should include:	
	1. <i>Proposed RPS procurement activities as required by Commission decision or mandated procurement.</i> 2. <i>Procurement plans, potential barriers, and resource viability for each new RPS resource identified.</i>	To ensure compliance with its GHG and RPS targets, MCE plans to substantially rely on GHG-free and RPS-eligible resources while contributing to statewide reliability requirements and responsibly managing overall portfolio costs. This approach is generally consistent between the 46 MMT Conforming Portfolio and 38 MMT Approved Conforming Portfolio. MCE's compliance with the IRP incremental procurement obligation required by D.19-11-016 will be met through a mix of resources currently under contract. The contracted set of resources totals 89.38 MW of September Net Qualifying Capacity, which slightly exceeds MCE's 87.5 MW incremental capacity requirement, and certain portions are already online with the required balance of such incremental capacity expected to be online by the noted August 1st deadlines in 2021, 2022 and 2023. Such incremental capacity is comprised of the following eligible resource types: natural gas (Sutter Energy Center), wind, solar, and landfill-gas-to-energy generation. These resources are further described in MCE's 2020 IRP and MCE's February 1, 2021 incremental procurement compliance filing. As part of its 2020 Open Season procurement process, MCE also contracted for a hybrid resource, which is expected to provide additional RPS-eligible incremental capacity (under long-

		<p>term contract) beyond the noted 89.38 MW currently under contract.</p> <p>MCE will also administer future Open Season procurement processes to fill outstanding resource needs required to meet portfolio specifications reflected in its 38 MMT Approved Conforming Portfolio. MCE is currently in the process of developing its IRP. When finalized, the resources in MCE's portfolio will comply with MCE's internal renewable targets, state-mandated RPS targets, and the IRP targets. MCE's resource portfolio will be consistent with this RPS Procurement Plan. The IRP analysis, which is still underway, will help MCE identify the potential barriers and resource viability for new resources.</p>
IV. Action Plan B. Procurement Activities	<p>The retail seller should describe the solicitation strategies for the RPS resources that will be included in both Conforming Portfolios. This description should include:</p>	
	<ol style="list-style-type: none"> 1. <i>The type of solicitation.</i> 2. <i>The timeline for each solicitation.</i> 3. <i>Desired online dates.</i> 4. <i>Other relevant procurement planning information, such as solicitation goals and objectives.</i> 	<p>MCE is currently in the process of developing its IRP. As such, MCE has not yet made final decisions regarding solicitation details for RPS resources to be included in its Conforming Portfolios; however, the solicitations will be competitive and are likely to resemble past solicitations described above in Section 10.</p> <p>MCE will issue future solicitations, as described above in Section 10, on a timeline that is appropriate for the resource development plan reflected in its 46 MMT Conforming Portfolio and 38 MMT Approved Conforming Portfoliothat will be included in its IRP and that will allow MCE to meet its internal as well as state-mandated RPS targets. MCE typically administers its annual Open Season procurement processes each Spring and, as part of such processes, may</p>

		<p>pursue additional resources that will be needed to fulfill resource specifications reflected in its 38 MMT Approved Conforming Portfolio.</p> <p>As noted above, MCE also identified contracting opportunities with certain hybrid resources as part of its 2020 Open Season procurement process and such resources are expected to provide additional RPS-eligible incremental capacity (under long-term contract) beyond the noted 89.38 MW currently under contract.</p>
IV. Action Plan C. Potential Barriers	Retail sellers should provide a summary of the potential barriers to implementing both Conforming Portfolios as they relate to RPS resources. The section should include:	
	<p><i>1. Key market, regulatory, financial, or other resource viability barriers or risks associated with the RPS resources coming online in both retail sellers' Conforming Portfolios.</i></p> <p><i>2. Key risks associated with the potential retirement of existing RPS resources on which the retail seller intends to rely in the future.</i></p>	<p>MCE does not expect any procurement barriers to impede its future contracting for new renewable energy resources, but notes that even though a balanced, diverse RPS portfolio is desirable, the limited resource availability and lead time required for some technology types may necessitate planning flexibility. The key risk affecting MCE's 38 MMT Approved Conforming IRP Portfolio is reliance on new resources. While MCE has a highly successful track record of contracting with new-build renewable resources, there is always a limited risk of project failure. Risks are far more limited with regard to MCE's 46 MMT Conforming Portfolio, as this portfolio would actually require the reduced use of planned RPS resources relative to MCE's internally adopted targets.</p>

		<p><u>In consideration of MCE's existing renewable energy commitments, significant internal renewable energy procurement targets and the relatively manageable level of incremental RPS procurement that would be required to meet parameters of the 38 MMT Approved Conforming IRP Portfolio, MCE does not have any substantive concerns regarding its ability to fulfill achieve levels of renewable energy procurement that will be required to satisfy pertinent RPS mandates or IRP targets.</u> MCE is currently in the process of developing its IRP. As part of this process, MCE considers potential risks to RPS resources coming online. MCE's risk assessment processes are described in greater detail in Section 7, above.</p> <p>Once the IRP is finalized, MCE will be able to identify and address any specific risks, including but not limited to market, financial, or other resource viability barriers or risks.</p>
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Dated: February 19, 2021~~July 6, 2020~~

Respectfully submitted,

/s/Shalini Swaroop

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Appendix B

2020 RPS Procurement Plan Checklist and Verification

2020 RPS Procurement Plan Checklist- Task Completed

Retail seller name: Marin Clean Energy	YES/NO	NOTES
1. Major Changes to RPS Plan	YES	
2. Executive Summary	YES	
3. Summary of Legislation Compliance	YES	
4. Assessment of RPS Portfolio Supplies and Demand	YES	
4.A. Portfolio Supply and Demand	YES	
4.A.1. Portfolio Optimization	YES	
4.B. Responsive to Policies, Regulations, and Statutes	YES	
4.B.1 Long-term Procurement	YES	
4.C. Portfolio Diversity and Reliability	YES	
4.D. Lessons Learned	YES	
5. Project Development Status Update	YES	
6. Potential Compliance Delays	YES	
7. Risk Assessment	YES	
8. Renewable Net Short Calculation	YES	
9. Minimum Margin of Procurement (MMoP)	YES	
9.A. MMoP Methodology and Inputs	YES	
9.B. MMoP Scenarios	YES	
10. Bid Solicitation Protocol	YES	
10.A. Solicitation Protocols for Renewables Sales	YES	
10.B. Bid Selection Protocols	YES	
10.C. LCBF Criteria	YES	
11. Safety Considerations	YES	
12. Consideration of Price Adjustments Mechanisms	YES	
13. Curtailment Frequency, Forecasting, Costs	YES	
14. Cost Quantification	YES	
15. Coordination with the IRP Proceeding	YES	
Appendix A: Redlined Version of the Final 2020 RPS Plan	YES	

Officer Verification

I am an officer of the reporting organization herein and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, I believe them to be true. The spreadsheet templates used within this filing have not been altered from the version issued or approved by Energy Division.

Executed on February 19, 2021 at San Rafael, California.



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Appendix C

Renewable Net Short Calculation

Renewable Net Short Calculations - 2020 RPS Procurement Plans

LSE Name:	MCE		Input required		No input required		Hard-coded								
Date Filed:	2/19/21														
Variable	Calculation	Item	2017 Actual	2018 Actual	2019 Actual	2020 Forecast	2017-2020	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2021-2024	2025 Forecast	2026 Forecast	2027 Forecast
		Forecast Year				1	CP 3	2	3	4	5	CP 4	6	7	8
		Annual RPS Requirement													
A		Total Retail Sales (MWh)	2,804,277	4,436,963	5,136,159	5,192,548	17,569,948	5,383,821	5,547,782	5,578,058	5,587,881	22,097,542	5,581,348	5,548,470	5,499,382
B		RPS Procurement Quantity Requirement (%)	27.0%	29.0%	31.0%	33.0%	30.4%	35.8%	38.5%	41.3%	44.0%	39.9%	46.7%	49.3%	52.0%
C	A*B	Gross RPS Procurement Quantity Requirement (MWh)	757,155	1,286,719	1,592,209	1,713,541	5,349,624.4	1,924,716	2,135,896	2,300,949	2,458,668	8,820,228.5	2,604,815	2,737,060	2,859,679
D		Voluntary Margin of Over-procurement (MWh)	914,012	1,469,547	1,576,237	1,498,415	5,458,210	1,709,214	1,616,808	1,483,680	1,334,507	6,144,210	1,475,772	1,609,283	1,734,758
E	C+D	Net RPS Procurement Need (MWh)	1,671,167	2,756,266	3,168,446	3,211,955	10,807,834	3,633,930	3,752,704	3,784,629	3,793,175	14,964,438	4,080,587	4,346,343	4,594,437
		RPS-Eligible Procurement													
Fa		Risk-Adjusted RECs from Online Generation (MWh)	1,671,167	2,756,266	3,168,446	3,476,048	11,071,927	3,282,668	2,481,463	1,990,765	1,959,264	9,714,160	1,889,857	1,760,033	1,665,700
Faa		Forecast Failure Rate for Online Generation (%)					#DIV/0!	2.9%	2.9%	2.8%	2.8%	2.8%	3.1%	3.3%	3.5%
Fb		Risk-Adjusted RECs from RPS Facilities in Development (MWh)					-	229,274	349,166	693,174	692,201	1,963,816	689,528	687,719	685,918
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)					#DIV/0!	2.9%	2.9%	2.8%	2.8%	2.8%	3.1%	3.3%	3.5%
Fc		Pre-Approved Generic RECs (MWh)					-					-			
Fd		Executed REC Sales (MWh)					-					-			
F	Fa+Fb+Fc-Fd	Total RPS Eligible Procurement (MWh)	1,671,167	2,756,266	3,168,446	3,476,048	11,071,927	3,511,942	2,830,628	2,683,939	2,651,466	11,677,976	2,579,385	2,447,752	2,351,619
F0		Category 0 RECs					-					-			
F1		Category 1 RECs	1,123,121	1,744,734	2,246,376	3,178,571	8,292,802	3,327,452	2,830,628	2,683,939	2,651,466	11,493,486	2,579,385	2,447,752	2,351,619
F2		Category 2 RECs	458,046	980,542	922,070	297,477	2,658,135	184,490	-	-	-	184,490	-	-	-
F3		Category 3 RECs	90,000	30,990			120,990					-			
		Gross RPS Position (Physical Net Short)													
Ga	F-E	Annual Gross RPS Position (MWh)	-	-	-	264,093	264,093	(121,988)	(922,075)	(1,100,690)	(1,141,709)	(3,286,463)	(1,501,202)	(1,898,591)	(2,242,818)
Gb	F/A	Annual Gross RPS Position (%)	60%	62%	62%	67%	63%	65%	51%	48%	47%	53%	46%	44%	43%
		Application of Bank													
Ha	J-Hc (from previous CP)	Existing Banked RECs above the PQR					-	-				-	-		
Hb		RECs above the PQR added to Bank					-					-			
Hc		Non-bankable RECs above the PQR					-					-			
H	Ha+Hb	Gross Balance of RECs above the PQR	-	-	-	-	-	-	-	-	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance					-					-			
Ib		Planned Sales of RECs above the PQR					-					-			
J	H-Ia-Ib	Net Balance of RECs above the PQR	-	-	-	-	-	-	-	-	-	-	-	-	-
J0		Category 0 RECs					-					-			
J1		Category 1 RECs					-					-			
J2		Category 2 RECs					-					-			
		Expiring Contracts													
K		RECs from Expiring RPS Contracts (MWh)	210,000	1,743,639	1,040,942	1,897,900	4,892,481	415,000	183,960	25,227	0	624,187	123,100	87,600	0
		Net RPS Position (Optimized Net Short)													
La	Ga+Ia-Ib-Hc	Annual Net RPS Position after Bank Optimization (MWh)	-	-	-	264,093	264,093	(121,988)	(922,075)	(1,100,690)	(1,141,709)	(3,286,463)	(1,501,202)	(1,898,591)	(2,242,818)
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	0.595934987	0.621205544	0.616890143	0.669430187	0.630162801	0.652314161	0.510227101	0.481160096	0.474502862	0.528473972	0.462143768	0.441158044	0.42761507

Renewable Net Short Calculations - 2020 RPS Procurement Plans

LSE Name:	MCE
Date Filed:	2/19/21

Variable	Calculation	Item	2025-2027	2028 Forecast	2029 Forecast	2030 Forecast	2028-2030
		Forecast Year	CP 5	9	10	11	CP 6
		Annual RPS Requirement					
A		Total Retail Sales (MWh)	16,629,201	5,449,704	5,384,951	5,419,526	16,254,181
B		RPS Procurement Quantity Requirement (%)	49.3%	54.7%	57.3%	60.0%	57.3%
C	A*B	Gross RPS Procurement Quantity Requirement (MWh)	8,201,554.3	2,979,353	3,087,192	3,251,716	9,318,260.9
D		Voluntary Margin of Over-procurement (MWh)	4,819,813	1,856,566	1,969,936	1,838,185	5,664,687
E	C+D	Net RPS Procurement Need (MWh)	13,021,367	4,835,919	5,057,129	5,089,900	14,982,948
		RPS-Eligible Procurement					
Fa		Risk-Adjusted RECs from Online Generation (MWh)	5,315,590	1,659,191	1,651,287	1,634,287	4,944,765
Faa		Forecast Failure Rate for Online Generation (%)	3.3%	3.8%	4.0%	4.0%	3.9%
Fb		Risk-Adjusted RECs from RPS Facilities in Development (MWh)	2,063,166	684,980	684,004	682,221	2,051,204
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)	3.3%	3.8%	4.0%	4.0%	3.9%
Fc		Pre-Approved Generic RECs (MWh)	-				-
Fd		Executed REC Sales (MWh)	-				-
F	Fa+Fb+Fc-Fd	Total RPS Eligible Procurement (MWh)	7,378,756	2,344,171	2,335,290	2,316,508	6,995,970
F0		Category 0 RECs	-				-
F1		Category 1 RECs	7,378,756	2,344,171	2,335,290	2,316,508	6,995,970
F2		Category 2 RECs	-	-	-	-	-
F3		Category 3 RECs	-				-
		Gross RPS Position (Physical Net Short)					
Ga	F-E	Annual Gross RPS Position (MWh)	(5,642,611)	(2,491,748)	(2,721,838)	(2,773,392)	(7,986,978)
Gb	F/A	Annual Gross RPS Position (%)	44%	43%	43%	43%	43%
		Application of Bank					
Ha	J-Hc (from previous CP)	Existing Banked RECs above the PQR	-	-			-
Hb		RECs above the PQR added to Bank	-				-
Hc		Non-bankable RECs above the PQR	-				-
H	Ha+Hb	Gross Balance of RECs above the PQR	-	-	-	-	-
Ia		Planned Application of RECs above the PQR towards RPS Compliance	-				-
Ib		Planned Sales of RECs above the PQR	-				-
J	H-Ia-Ib	Net Balance of RECs above the PQR	-	-	-	-	-
J0		Category 0 RECs	-				-
J1		Category 1 RECs	-				-
J2		Category 2 RECs	-				-
		Expiring Contracts					
K		RECs from Expiring RPS Contracts (MWh)	210,700	0	10,280	138,000	148,280
		Net RPS Position (Optimized Net Short)					
La	Ga+Ia-Ib-Hc	Annual Net RPS Position after Bank Optimization (MWh)	(5,642,611)	(2,491,748)	(2,721,838)	(2,773,392)	(7,986,978)
Lb	(F+Ia-Ib-Hc)/A	Annual Net RPS Position after Bank Optimization (%)	0.443722848	0.430146557	0.433669759	0.427437389	0.430410481

Appendix D

Project Development Status Update

[illegible]

[illegible]

[illegible]

Appendix E

Cost Quantification

(Public Version)

☐ Input Required ☒ No Input Required

Table 2: Cost Quantification (Forecast Costs and Revenues, \$)		Forecast RPS-Eligible Procurement Costs and Revenues (\$)								
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales)*	2020	2021	2022	2023	2024	2025	2026	2027	2028
2	Biogas									
3	Biomass									
4	Geothermal									
5	Small Hydro									
6	Solar PV									
7	Solar Thermal									
8	Wind									
9	UOG Small Hydro									
10	UOG Solar									
11	Unbundled RECs									
12	Various (Index Plus REC)									
13	Sales Revenue									
14	Total Executed But Not Approved RPS-Eligible Procurement and Generation Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Bundled Retail Sales (MWh)	5,192,548	5,383,821	5,547,782	5,578,058	5,587,881	5,581,348	5,548,470	5,499,382	5,449,704
16	Incremental Rate Impact	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh	0.00 ¢/kWh
17	Executed RPS-Eligible Contracts (Purchases and Sales)**	2020	2021	2022	2023	2024	2025	2026	2027	2028
18	Biogas									
19	Biomass									
20	Geothermal									
21	Small Hydro									
22	Solar PV									
23	Solar Thermal									
24	Wind									
25	UOG Small Hydro									
26	UOG Solar									
27	Unbundled RECs									
28	Various (Index Plus REC)									
29	Sales Revenue									
30	Total RPS-Eligible Procurement and Generation Cost									
31	Bundled Retail Sales (MWh)	5,192,548	5,383,821	5,547,782	5,578,058	5,587,881	5,581,348	5,548,470	5,499,382	5,449,704
32	Incremental Rate Impact									
33	Total Incremental Rate Impact									

LSE Name:	MCE
Date Filed:	2/19/2021

Table 1: Cost Quantification (Actual Net Costs, \$)	
1	Executed RPS-Eligible Contracts (Purchases and Sales)
2	Biogas
3	Biomass
4	Geothermal
5	Small Hydro
6	Solar PV
7	Solar Thermal
8	Wind
9	UOG Small Hydro
10	UOG Solar
11	Unbundled RECs
12	Various (Index Plus REC)
13	Total RPS-Eligible Procurement and Generation Net Cost
14	Bundled Retail Sales (MWh)
15	Incremental Rate Impact

Table 2: Cost Quantification (Forecast Costs and Revenues, \$)			
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales)*	2029	2030
2	Biogas		
3	Biomass		
4	Geothermal		
5	Small Hydro		
6	Solar PV		
7	Solar Thermal		
8	Wind		
9	UOG Small Hydro		
10	UOG Solar		
11	Unbundled RECs		
12	Various (Index Plus REC)		
13	Sales Revenue		
14	Total Executed But Not Approved RPS-Eligible Procurement and Generation Cost	\$0	\$0
15	Bundled Retail Sales (MWh)	5,384,951	5,419,526
16	Incremental Rate Impact	0.00 ¢/kWh	0.00 ¢/kWh
17	Executed RPS-Eligible Contracts (Purchases and Sales)**	2029	2030
18	Biogas		
19	Biomass		
20	Geothermal		
21	Small Hydro		
22	Solar PV		
23	Solar Thermal		
24	Wind		
25	UOG Small Hydro		
26	UOG Solar		
27	Unbundled RECs		
28	Various (Index Plus REC)		
29	Sales Revenue		
30	Total RPS-Eligible Procurement and Generation Cost		
31	Bundled Retail Sales (MWh)	5,384,951	5,419,526
32	Incremental Rate Impact		
33	Total Incremental Rate Impact		

LSE Name	MCE		Input Required		No Input Required
Date Filed		2/19/2021			

Table 3: Cost Quantification (Actual Procurement / Generation and Sales, MWh)		Actual RPS-Eligible Procurement / Generation and Sales (MWh)		
1	Technology Type (Procurement / Generation and Sales)	2017	2018	2019
2	Biogas	66,712	85,215	81,471
3	Biomass	615	83,945	2,319
4	Geothermal	287,600	141,556	172,154
5	Small Hydro	245,237	117,351	310,511
6	Solar PV	298,853	626,306	1,099,858
7	Solar Thermal			
8	Wind	858,150	1,825,974	1,568,133
9	UOG Small Hydro			
10	UOG Solar			
11	Unbundled RECs	90,000	30,990	
12	Various (Index Plus REC)		129	
13	RPS-Eligible Sales	-176,000	-155,200	-66,000
14	Total RPS-Eligible Procurement / Generation and Sales	1,671,167	2,756,266	3,168,446

Table 4: Cost Quantification (Forecast Procurement / Generation and Sales, MWh)		Forecast RPS-Eligible Procurement / Generation and Sales (MWh)						
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales) *	2020	2021	2022	2023	2024	2025	2026
2	Biogas							
3	Biomass							
4	Geothermal							
5	Small Hydro							
6	Solar PV							
7	Solar Thermal							
8	Wind							
9	UOG Small Hydro							
10	UOG Solar							
11	Unbundled RECs							
12	Various (Index Plus REC)							
13	RPS-Eligible Sales							
14	Total Executed But Not Approved RPS-Eligible Deliveries	0	0	0	0	0	0	0
15	Executed and Approved RPS-Eligible Contracts (Purchases and Sales) **	2020	2021	2022	2023	2024	2025	2026
16	Biogas	81,535	81,316	81,316	81,316	81,535	81,316	81,316
17	Biomass		165,000					
18	Geothermal	316,800	316,560	271,560	87,600	87,840	87,600	87,600
19	Small Hydro	90,490	202,470	222,371	222,371	222,420	160,171	37,071
20	Solar PV	801,619	1,486,894	1,501,764	1,839,034	1,830,474	1,821,907	1,813,374
21	Solar Thermal							
22	Wind	1,032,604	814,702	753,617	453,617	429,196	428,391	428,391
23	UOG Small Hydro							
24	UOG Solar							
25	Unbundled RECs							
26	Various (Index Plus REC)	1,153,000	445,000					
27	RPS-Eligible Sales							
28	Total RPS-Eligible Deliveries	3,476,048	3,511,942	2,830,628	2,683,939	2,651,466	2,579,385	2,447,752

LSE Name	MCE
Date Filed	2/19/2021

Table 3: Cost Quantification (Actual Procurement / Generation and Sales, MWh)	
1	Technology Type (Procurement / Generation and Sales)
2	Biogas
3	Biomass
4	Geothermal
5	Small Hydro
6	Solar PV
7	Solar Thermal
8	Wind
9	UOG Small Hydro
10	UOG Solar
11	Unbundled RECs
12	Various (Index Plus REC)
13	RPS-Eligible Sales
14	Total RPS-Eligible Procurement / Generation and Sales

Table 4: Cost Quantification (Forecast Procurement / Generation and Sales, MWh)					
1	Executed But Not Approved RPS-Eligible Contracts (Purchases and Sales) *	2027	2028	2029	2030
2	Biogas				
3	Biomass				
4	Geothermal				
5	Small Hydro				
6	Solar PV				
7	Solar Thermal				
8	Wind				
9	UOG Small Hydro				
10	UOG Solar				
11	Unbundled RECs				
12	Various (Index Plus REC)				
13	RPS-Eligible Sales				
14	Total Executed But Not Approved RPS-Eligible Deliveries	0	0	0	0
15	Executed and Approved RPS-Eligible Contracts (Purchases and Sales) **	2027	2028	2029	2030
16	Biogas	81,316	81,535	80,372	80,002
17	Biomass				
18	Geothermal				
19	Small Hydro	37,071	37,120	37,071	37,071
20	Solar PV	1,804,840	1,796,320	1,789,456	1,771,044
21	Solar Thermal				
22	Wind	428,391	429,196	428,391	428,391
23	UOG Small Hydro				
24	UOG Solar				
25	Unbundled RECs				
26	Various (Index Plus REC)				
27	RPS-Eligible Sales				
28	Total RPS-Eligible Deliveries	2,351,619	2,344,171	2,335,290	2,316,508



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

Order Instituting Rulemaking to Address
Energy Utility Customer Bill Debt
Accumulated During the COVID-19
Pandemic.

R.21-02-014

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
COMMENTS ON ORDER INSTITUTING RULEMAKING**

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March 3, 2021

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R.21-02-014

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
COMMENTS ON ORDER INSTITUTING RULEMAKING**

The California Community Choice Association¹ (CalCCA) submit these comments in response to the *Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic* (OIR), issued on February 17, 2021, pursuant to Rule 6.2 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure and the directives provided by the OIR.

I. INTRODUCTION

CalCCA members share the Commission's concern for customers whose lives have been upended by the COVID-19 pandemic and recognize that unpaid electric bills are only the tip of the iceberg. The extent and duration of the crisis make critical the Commission's foresight in preparing for the transition from the COVID-19 protections for residential customers adopted in Resolution M-4842.² The Commission's leadership and the coordinated efforts of all stakeholders

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

² These protections have been extended through June 30, 2021, by Resolution M-4849.

will reduce the potential for disconnection of vulnerable residential and small business customers when these protections end.

CalCCA generally supports the direction of the Staff Proposals for Arrearage Relief (Staff Proposals).³ Some level of debt forgiveness combined with payment plans, as the Arrearage Assistance Program (AAP) proposal contemplates, is a reasonable approach. Indeed, the AAP is like the Arrearage Management Plan (AMP)⁴ implemented for California Alternate Rates for Energy (CARE) and Family Electric Rates Assistance (FERA) customers. The details of the AAP's features, however, warrant a more studied review by stakeholders to determine (1) eligibility thresholds, (2) the amount of debt forgiveness, (3) the term of the payment plan, and (4) the timing of any debt forgiveness within the payment plan.

Like the AMP, the Commission must also consider cost recovery. CalCCA recommends the same approach adopted for recovery of AMP debt forgiveness: recovery of debt forgiveness for all load-serving entities (LSEs) participating in the program through the Public Purpose Program Charge (PPPC).⁵

CalCCA offers three additional recommendations that warrant consideration in the scope of this proceeding.

- ✓ The Commission should consider the interaction of any proposed programs with the debt forgiveness or incentives some Community Choice Aggregators (CCAs) have already provided to their customers;
- ✓ The Commission should extend the suspension by Pacific Gas and Electric Company (PG&E)⁶ and San Diego Gas & Electric Company (SDG&E)⁷ of tariff provisions allocating partial payments for past due balances to the investor-owned

³ *Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic*, Feb. 17, 2021, Appendix A (Staff Proposal).

⁴ See generally D.20-06-003, Section 15 at 87-110, as implemented in Resolution E-5114.

⁵ Resolution E-5114 at 2-3.

⁶ See PG&E Advice 4244-G/5816-E at 5-6. <https://www.pge.com/tariffs/advice-filing-index.page?xmlDoc=sites-data/tariffs/data/advice-letters/2020/gas-electric.xml>

⁷ See SDG&E Advice 3516-E-C at 10-11. <https://regarchive.sdge.com/tm2/pdf/3516-E-C.pdf>

utilities' (IOUs') past due balances before allocating any such payments to the customer's past due CCA balance; and

- ✓ The Commission should examine the IOU marketing plans and efforts in promoting the AMP to determine how those efforts should be augmented to ensure customers are made aware of their options.

CalCCA requests that all of the foregoing issues be included in the scope of this rulemaking and considered by stakeholders in a working group process.

II. PROPOSALS FOR SCOPE CLARIFICATION

A. The Staff Proposal Warrants Further Consideration

1. Establishing Several Features of the AAP Requires a More Informed Discussion

CalCCA supports the direction and development criteria underlying the Staff Proposals.

Both the AAP structure and modifications to existing payments plans could soften non-CARE/FERA customers' COVID-19 impacts, help reduce disconnections, and encourage customer payments of past due balances. Both options should be explored by stakeholders through a workshop or working group process. While the Commission does not have jurisdiction over the rates and tariffs of CCAs, reasonably equitably structuring these plans will invite CCA participation.

CalCCA supports further consideration of key variables of the AAP. These variables, including initial straw proposals for consideration, include the following:

Eligibility Threshold: The Staff Proposal proposes a \$1,000 threshold for arrearages for residential and small business customers.⁸ CalCCA understands the drivers for this approach: consistency with the AMP and administrative simplicity. This approach may not be an equitable

⁸ Staff Proposal at A-4.

option, however, for small business customers and residential customers outside of the CARE/FERA population.⁹

Because the proposed AAP appears to offer participation without income thresholds, a percentage of bill approach, rather than a fixed dollar threshold, may provide a more equitable approach. A \$1,000 threshold will capture more electricity users with big bills, who may not always be the most vulnerable customers. For example, an affluent customer who uses more electricity living in a high temperature zone could reach this threshold more quickly than a more vulnerable customer living in a coastal apartment. Similarly, it will take more time for a small business like a corner store to reach the threshold for participation than a larger business.

For example, East Bay Community Energy (EBCE)¹⁰ conducted an analysis to evaluate the severity of the Covid-19 pandemic on its customers. About 60% of customers with an arrearage greater than 60 days, have an average EBCE arrearage of \$200 or less.¹¹ Although this amount represents only EBCE arrearages, the total arrearages are most likely well below \$1,000. For these reasons, CalCCA encourages consideration of alternatives to a fixed \$1,000 approach by examining the potential impacts of this approach on customers at various levels of usage.

⁹ The Staff Proposal contemplates that the AAP would be available to “all residential customers” without reference to income thresholds. Staff Proposal at A-3.

¹⁰ EBCE is a Joint Powers Authority formed on December 1, 2016 pursuant to California Government Code §§ 6500 et. seq. by the County of Alameda and each of the following cities incorporated therein: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City. The Commission certified EBCE’s Implementation Plan on November 8, 2017. EBCE started serving Alameda County businesses and municipalities in June 2018 and began serving residential customers in November 2018. On March 9, 2020, the Commission certified Addendum #1 to EBCE’s Implementation Plan and Statement of Intent, adding the cities of Newark and Pleasanton, as well as the city of Tracy in San Joaquin County, to EBCE’s service territory beginning in 2021. EBCE is currently one of the largest CCAs in the state and serves, as of March 2020, roughly 500,000 residential customers and 11,000 small commercial customers.

¹¹ This arrearage amount only represents EBCE arrearages, not total arrearage.

Further, the CalCCA recommends the Commission give consideration to stakeholder discussion of an appropriate cap for arrearage forgiveness under the AAP program, similar to the cap in the AMP but more reflective of the non-CARE/FERA and small business ability to pay.

Arrearage Forgiveness Amount:

The Staff Proposal for an AAP contemplates 50 percent responsibility for “Low- and moderate-income and medically vulnerable residential customers as identified through enrollment in CARE, FERA, Medical Baseline, or eligibility for LIHEAP.”¹² Other customers would be eligible for a one-time bill forgiveness of \$200.¹³ CalCCA does not currently have a collective view on the right number or percentage for forgiveness but looks forward to further exploration with stakeholders.

Term of Payment Plan:

The term of payments plans considered in the Staff Proposal ranges from 12-24 months. Again, more data would be useful in understand which approach would best serve customers and whether setting a single payment plan term would be a reasonable approach given the range of customers that may be eligible. CalCCA supports a more informed discussion of the 12–24-month range.

Timing of Arrearage Forgiveness:

The AAP contemplates a mix of an upfront one-time bill credit and, for Low- and moderate-income and medically vulnerable residential customers, an upfront initial credit and further monthly reductions. CalCCA does not currently have a collective view on the timing of arrearage forgiveness but notes that stretching credits of any substantial amount over the term of the payment plan is more likely to encourage payment. The Commission might also consider the

¹² Staff Proposal at A-2.

¹³ *Id.*

application of credits as an incentive for completing the payment program for non-CARE/FERA and small businesses.

2. Greater Flexibility in Payment Plans in General May Lower Disconnections

The Staff Proposal contemplates extending payment plans for up to 24 months for customers who have been receiving service for at least the length of the payment plan. In other words, a customer receiving service for less than 24 months would not be eligible. Given the levels of displacement that have occurred during the COVID-19 pandemic, more flexibility may be required.¹⁴

The Staff Proposal also contemplates limited grace periods before a plan is considered “broken,” leaving the customer facing disconnection.¹⁵ CalCCA agrees that more flexibility in payment plans may benefit both the customers and, ultimately, LSEs. EBCE groups on how to prevent high residential arrearages and disconnections. In its preliminary findings, focus group participants have emphasized the need for greater flexibility to pay their utility bills. Residents have shared that the bill due date does not always align with their paycheck and their budget plans, so having a more lenient billing system can help tremendously. Whether three monthly deferrals are the right number of grace periods, however, should be further considered by stakeholders.

B. The AMP Cost Recovery Mechanism Should Be Used for Any AAP Adopted for Non-CARE/FERA Customers

The Commission concluded in Resolution E-5114 that the costs of the AMP debt forgiveness should be recovered for all participating LSEs through the PPP.¹⁶ CalCCA recommends the same approach here for three reasons. First, the debt forgiveness serves a public

¹⁴ Staff Proposal at A-7.

¹⁵ Staff Proposal at A-7.

¹⁶ Resolution E-5114, Finding 11 at 21-22.

purpose: assisting customers through the COVID-19 transition and minimizing disconnections. Second, the Commission has no jurisdiction over CCA rates and tariffs to compel participation in these public purpose programs, but a cost recovery mechanism as adopted in Resolution E-5114 strongly encourages broad CCA participation. Finally, all customers, regardless of location or service providers, should share equally in these costs, and the PPP enables equitable cost sharing. CalCCA thus urges adoption of the AMP model for cost recovery.

C. Any Adopted Programs Should Recognize Debt Forgiveness and Incentives Some CCAs Have Already Provided

CalCCA supports the Commission's efforts to enable debt forgiveness for customers unable to pay their electric bills and to encourage customer payment of arrearages. Indeed, some CCAs have already undertaken similar one-time bill forgiveness, among other programs. For example:

- Clean Power Alliance has allocated \$1 million in bill assistance to COVID-19 impacted residential and small business customers who sign up for financial assistance through Southern California Edison.
- Lancaster Choice Energy has created the Grocery Workers Appreciation Program which will provide eligible grocery workers who are LCE customers with a one-time credit of up to \$50 on their LCE charges.
- Peninsula Clean Energy to date has provided over \$4 million in direct assistance to CARE/FERA customers and qualified small business customers in the form of bill credits as part of our COVID relief efforts. Approximately 36,000 CARE/FERA customers and just over 2,200 small businesses received \$100 or \$250 in respective bill credits.
- Silicon Valley Clean Energy (SVCE) is dedicating \$10 million to COVID relief efforts. SVCE is providing immediate financial relief through a \$100 bill credit for CARE and FERA customers and a \$250 bill credit for impacted small businesses.
- In January, the Western Community Energy (WCE) Board of Directors took action to implement community support during the COVID-19 pandemic by approving a WCE Utility Assistance Program that will provide a one-time \$25 bill credit to income-qualified WCE customers impacted by COVID-19.

- CleanPowerSF provided over \$2.8 million in one-time bill credits to customers enrolled in CARE and FERA programs last October. The relief program offered one-time credits of \$50 for single-family homes, \$3,000 for multi-family residential buildings and \$750 for nonprofits on small commercial rates – the equivalent to a month’s worth of savings on the average customer’s electricity bill.

The Commission should be aware of these initiatives and any other LSE-provided credits in evaluating programs for bill relief.

D. The Pro Rata Application of Partial Payments Currently in Effect Should Remain in Effect Through the End of Any COVID-19 Transition Payment Plans

During the COVID-19 residential customer disconnection moratorium, PG&E¹⁷ and SDG&E¹⁸ suspended past due payment “waterfalls” that would have applied partial payments from unbundled customers first to IOU charges before applying payments to CCA charges. CalCCA requests that the Commission extend these suspensions for the duration of the longest COVID-19 transition plan adopted in this proceeding. For example, if the Commission adopts 12- and 24-month payment plans, the suspension should remain in place for at least 24 months.

The “waterfall” problem arises because IOUs currently are required to bill unbundled customers for services CCAs provide.¹⁹ The current IOU tariffs, while differing in terminology, result in partial payments from residential customers being applied first to delinquent IOU balances before application of any funds to a CCA’s balance. Taking PG&E as an example, Rule 23.R.2. establishes a general rule for allocation of partial payments by customers.

Except as provided below in Section 3, if a customer makes only a partial payment for a service account, the payment shall be allocated proportionally between PG&E’s charges and the CCA’s charges.

The only exception, as this provision notes, is Rule 23.R.3, which provides:

¹⁷ See PG&E Advice 4244-G/5816-E at 5-6. <https://www.pge.com/tariffs/advice-filing-index.page?xmlidoc=sites-data/tariffs/data/advice-letters/2020/gas-electric.xml>

¹⁸ See SDG&E Advice 3516-E-C at 10-11. <https://regarchive.sdge.com/tm2/pdf/3516-E-C.pdf>

¹⁹ CAL. PUB. UTIL. CODE §779.2.

In evaluating a delinquent residential Service Account for service termination and to the extent required by law or Commission regulations, partial payments shall be allocated first to delinquent disconnectable charges.

Because service cannot be disconnected for the nonpayment of CCA charges,²⁰ this means that all partial payments go first to satisfy delinquent IOU charges.

The Commission recognized in Resolution M-4842 the need for the IOUs to consult with CCAs regarding “their roles and responsibilities for each emergency customer protection.”²¹ As a part of these and earlier consultations between CCAs and the IOUs, CalCCA identified the disproportionate risk to CCAs for partial payments from residential customers in its protests to the PG&E and SDG&E advice letters. Both IOUs resolved the issue for the duration of the Protection Plans through their supplemental advice letters.²²

PG&E’s and SDG&E’s Protection Plans now reasonably address this issue²³. They provide that partial payments by a residential customer – whether simply a short pay or a payment under an approved payment plan – will be applied *pro rata* to IOU and CCA customer balances. CalCCA appreciates PG&E’s and SDG&E’s assistance in this resolution, which provides a blueprint for future action.

These modified practices are even more important through the COVID-19 transition period under consideration in this proceeding. With potentially more than a billion dollars of arrearages that could accrue by the end of the protections on June 30, 2021 – a material portion of

²⁰ CAL. PUB. UTIL. CODE §779.2 prevents disconnection of utility service for delinquent balances owed to “a person or corporation other than the electrical, gas, heat, telephone or water corporation demanding payment therefore.”

²¹ Resolution M-4842, at 6.

²² PG&E Advice 5816-E-A, at 5-6; SDG&E Advice 3516 E-A, at 10. Southern California Edison Company has an alternative practice of alternating past due payments between the IOU and CCA.

²³ See SDG&E Rule 27.R.2 (all partial payments are pro rated); PG&E Rule 23.R.2 footnote (allocate partial payments received from residential CCA customers on a pro rata basis with CCAs for up to one year, through April 16, 2022). The protections have been extended pursuant to Resolution M-4842. Resolution M-4842, Feb. 11, 2021 at 22-23.

which could be unbundled customer debt -- partial payments will be pervasive. As customers regain their footing, partial payments could come in the form of payment plans or the customer's own initiative to avoid disconnection. Retention of the modified rules for partial payment -- placing IOUs and CCAs on equal footing in recovering arrearages -- should be maintained through the entire COVID-19 transition.

E. The Commission Should Examine and Augment Marketing Plans and Efforts as Necessary to Increase Customer Participation in All Payment Plans

Payment plans are critical to help residential and small business customers of all LSEs avoid disconnection after protections end on June 30, 2021. Their effectiveness, however, will turn on the success of IOU marketing efforts for the AMP and any new payment plan program. The Commission should review the IOUs' existing marketing procedures and budgets for these programs and ensure the IOUs make robust efforts to communicate with customers and get them on appropriate payment plans. CalCCA members look forward to working with the IOUs to support any such marketing efforts, as many of the CCAs have already initiated education efforts through news releases, communication to local agency and community-based organizations, and promotion of the AMP on their websites and social media.

III. CONCLUSION

CalCCA appreciates the opportunity to offer recommendations and requests that the Commission include the foregoing issues within the scope of the rulemaking.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Evelyn Kahl".

Evelyn Kahl
General Counsel to the
California Community Choice Association

March 3, 2021