

OVERVIEW OF PCIA PROCEEDING

Clean Energy Community Advisory Commission

August 6, 2018

WHAT IS THE PCIA?

- “Power Charge Indifference Adjustment.”
- Exit fee charged by utilities to customers that switch to another electricity generation service provider: either an Energy Service Provider (direct access) or a CCA.
- The fee is supposed to recover the unavoidable, above-market costs of contracts and utility-owned-resources that the utilities committed to “on behalf of” these customers (i.e. the commitment was made before the customer changed service provider).
- Because these resources are more expensive than prevailing market prices, the utilities cannot recover their investment by selling any excess in the market.
- The CPUC is currently considering new methodologies for calculating the PCIA.
- Using the current methodology, the combined above-market portion of the utilities’ portfolios is ~40%; the utilities contend the portfolio is ~60% above market (~\$50 billion through 2041).

CONCERNS WITH THE EXISTING METHODOLOGY

- CalCCAs and the utilities agree that in accordance with State law, “bundled” customers should not be solely responsible for unavoidable above-market costs of utility commitments. They also agree that the current PCIA methodology is unfair.
- CalCCA believes the current methodology undervalues the utilities’ portfolios and that the utilities are not marketing their excess power in a manner that maximizes its value.
- The utilities claim that the current methodology overvalues the utilities’ portfolios, improperly shifting ~\$250M additional costs to bundled customers (CCAs argue the shift in that amount is from CCA customers to bundled customers.)
- The utilities and TURN claim that using administratively determined values to value the portfolio is inappropriate and that the portfolios can only be valued using the amounts utilities actually obtain for selling any excess resources.
- CalCCA points out that the CPUC uses high administratively determined values to direct the utilities to buy power but then as soon as the power is bought uses low administratively determined values to value the resources in the utility portfolios.

PROPOSED CHANGE: JOINT UTILITIES

- The utilities propose to allocate to departed customers a proportional share of the costs and attributes of renewable and GHG-free resources (RECs, GHG-free, RA).
 - This approach avoids the need to value these resources but it means that ESP and CCA customers would continue to get a sizeable portion of their resources from the utilities.
 - CCAs and ESPs that already bought supply for their customers would now have excess.
- The remaining products would be valued based on sales (most likely in short term markets); the above market costs would be assessed on departed customers.

PROPOSED CHANGE: CALCCA

- Do not charge CCAs for the above market costs of legacy utility-owned generation (UOG)(legislation for PCIA on CCAs discusses contracts not UOG).
- Securitization/rate-reduction bonds to lower customer bills:
 - Issue state bonds with lower interest rate to pay for utility owned generation and very expensive contracts.
 - Utilities and electricity generators to take an immediate lump sum buyout.
- Require utilities to sell their resources on a quarterly basis in bundles that are attractive to buyers. Use resulting prices to value the utility power products.
- In the near-term, adjust the market price benchmark to more realistically value capacity and RPS, add the value of GHG free power, and add the value of ancillary services.
- Require utilities to improve forecasting and portfolio management practices.

PROPOSED DECISION

- Rejects utility proposal to allocate RPS and GHG-free power to CCAs and ESPs.
- Agrees CCAs should not pay for above market costs of legacy utility owned generation. (Could reduce PCIA for CCA customers significantly.)
- Requires changes to the RPS and RA valuation mechanisms: RPS is favorable to CCAs, and RA is unfavorable.
- Unclear language regarding true ups could be problematic.
- Establishes a rate cap initially set at 2.2 cents per kwh. Going forward, so long as the PCIA is above 1.5 cents per kwh, increases are limited to .5 cents per kwh.
- Phase II to address other alternatives such as voluntary auctions, securitization etc.

HOW DOES THE PCIA AFFECT SJCE?

- SJCE rates must account for PCIA.
- Even in the context of a 20% increase in the PCIA, for both 2019 and 2020, SJCE could still achieve policy goals, set rates one percent below PG&E and be financially healthy, but high PCIA limits money for programs.
- If the utilities' proposal revives, SJCE may have to accommodate substantial utility-bought power products.

NEXT STEPS

- CPUC Phase I Decision:
 - This item may be heard, at the earliest, at the Commission's September 13, 2018 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.
- Comments from the public are always helpful but should be in member's individual capacity unless the item is noticed at the CACEC votes.
- The proposed decision provides for implementation commencing in 2019.

CalCCA Bill Tracker & Position

Bill	Author	Topic	CalCCA Approved Position
AB 813	Holden	Regionalization	Support
AB 893	Garcia	Geothermal carve out	Oppose
AB 1912	Rodriguez	Public employees' retirement: joint powers agreements: liability.	
AB 2059	Chávez	Public Utilities Commission: public participation.	
AB 2063	Aguiar-Curry	California Financing Law: PACE program administrators.	
AB 2068	Chu	Electricity: rates: public schools.	
AB 2071	Bloom	Accessory dwelling units: improvements: liability.	
AB 2077	Limón	Electricity: local government renewable energy self-generation program.	
AB 2127	Ting	Electric vehicle charging infrastructure: assessment.	
AB 2145	Reyes	Vehicular air pollution.	
AB 2148	Chávez	Public Utilities Commission: decisions: public review and comment	
AB 2150	Chen	California Financing Law: Property Assessed Clean Energy program: commissioner composite report.	
AB 2208	Aguiar-Curry	California Renewables Portfolio Standard Program: local publicly owned electric utilities: electrical corporations: geothermal, biogas, and biomass energy resources.	Oppose
AB 2278	Berman	Local Government Renewable Energy Self-Generation Program.	
AB 2346	Quirk	Public utilities: rates: wildfire expense memorandum accounts.	
AB 2515	Reyes	Electrical and gas corporations.	
AB 2569	Arambula	Electricity rates.	
AB 2604	Cunningham	Public Utilities Commission.	
AB 2693	Quirk	Natural gas-fired generating units.	
AB 2695	Ting	Self-generation incentive program: energy storage systems.	
AB 2726	Levine	California Global Warming Solutions Act of 2006: consumption-based accounting.	Oppose
AB 2809	Patterson	California Renewables Portfolio Standard Program: hydroelectric generation facilities.	
AB 2814	Gray	California Renewables Portfolio Standard Program: hydroelectric generation facilities.	
AB 3001	Bonta	Zero-emissions buildings and sources of heat energy.	

AB 3119	Fletcher	San Diego International Airport Mobility and Sustainability Committee: airport mobility and sustainability plan.	
AB 3156	Mullin	Public resources: electric vehicle charging stations.	
AB 3187	Grayson	Biomethane: gas corporations: rates: interconnection.	
AB 3202	Burke	California Renewables Portfolio Standard Program: local publicly owned electric utilities.	
AB 3232	Friedman	Zero-emissions buildings and sources of heat energy.	
SB 64	Wieckowski	Fossil fuel generation units	
SB 100	De León	California Renewables Portfolio Standard Program: emissions of greenhouse gases.	
SB 819	Hill, Dodd, McGuire, and Wiener	Electrical and gas corporations: rates.	
SB 901	Dodd	Electrical corporations: local publicly owned electric utilities: electrical cooperatives: wildfire mitigation plans and measures.	
SB 1014	Skinner	Zero-Emission Vehicles	Support
SB 1015	Allen	California Climate Resiliency Program.	
SB 1028	Hill	Public utilities: rates: federal tax law changes.	
SB 1087	Roth	PACE program: program administrators.	
SB 1088	Dodd	Safety, reliability, and resiliency planning.	Oppose unless amended
SB 1090	Monning	Diablo Canyon nuclear powerplant.	
SB 1110	Bradford	Energy: California Renewables Portfolio Standard Program.	
SB 1131	Hertzberg	Electrical and gas corporations: energy efficiency: financing options: industrial and agricultural processes: custom projects.	
SB 1135	Bradford	Electric and gas service: rates: California Alternate Rates for Energy program.	
SB 1136	Hertzberg	Electricity: load-serving entities: resource adequacy requirements.	
SB 1205	Hill	Public utilities: gas and electrical corporations: safety violations: reporting.	
SB 1256	Morrell	Community choice aggregators.	
SB 1338	Hueso	Electrical and gas corporations: rates.	
SB 1339	Stern	Electricity: electrical grid resiliency deployment plans: microgrids.	
SB 1347	Stern	Energy storage systems: procurement.	Oppose unless amended

SB 1374	Hueso	State Energy Resources Conservation and Development Commission: assessments and forecasts: integrated energy policy report.	
SB 1380	Stern	Climate adaptation information clearinghouse.	
SB 1399	Wiener	Renewable energy: shared renewable energy tariffs.	
SB 1410	Morrell	Public utilities: inspection and audit of books and records.	
SB 1434	Leyva	Transportation electrification: electricity rate design.	
SB 1440	Hueso	Energy: biomethane procurement goals.	
SB 1477	Stern	Low-emissions buildings and sources of heat energy.	

May 23, 2018

Dear Clean Energy Community Advisory Commission,

The Council Appointment Advisory Commission (CAAC) is seeking your input for the interviews that we conduct for your Commission, and for the interviews conducted for Retirement Board applicants. Pursuant to the San José Municipal Code and Council Policy 0-4, CAAC reviews applications, interviews applicants with special eligibility requirements and makes recommendations to Council as it relates to appointments to Boards and Commissions. We currently interview applicants for the Clean Energy Advisory Commission, Historic Landmarks Commission, Housing and Community Development Commission, Human Services Commission, Library and Early Education Commission, Neighborhoods Commission, and in the event a councilmember or mayor fails to provide a nominee.

Given the Commission's need for specific expertise, background knowledge, or representation from various interest groups, CAAC would like to create Commission specific interview questions. Our current interview questions are:

1. Why do you want to serve?
2. What is your understanding of the key duties of the Commission?
3. What knowledge and experience do you have in relating to diversity in our community?
4. If selected to serve, you'll be working with peers of varying opinions. Can you share an example of having successfully resolved conflict?
5. If appointed, what are your expectations and key priorities?
6. What expertise/experience do you have that will make you an effective Commissioner?
7. Please provide an example of past community influence, advocacy, and/or outreach.

If you would like us to ask specific questions to the applicants of your Commission, please have your Commission Secretary email our Commission Secretary, Elaine Trinh, at commissions@sanjoseca.gov with your recommendations by Monday, August 27, 2018. We hope to utilize the new questions by the Fall Recruitment.

Due to the time constraint of each interview, we ask that each Commission submit no more than five (5) questions for consideration.

Sincerely,

Council Appointment Advisory Commission

Lydia Lacy, Chair

Denise Belisle, Vice Chair

Michellé Jones-Roberts

Albert Rios

Quynh Ho

Ken Kelly

Linda Stone

Ruben Valles, Jr.

Mary Cheryl B. Gloner

Ben Mazzone

Intergovernmental Relations Process and Timeline Briefing
Clean Energy Advisory Commission - August 6, 2018

City of San Jose Process for Legislative Positions

Legislative Guiding Principles

- This document is adopted by Council each year to guide the legislative activities of the City over the next year.
- It includes both broad categories of engagement (e.g. “Protect Local Control”) as well as specific policies (e.g. “Oppose legislation that would suspend or slow the growth of CCAs”).
- Any legislation that the City takes a position on needs to fit one of the legislative guiding principles.

City Council Action Request

- Staff prepares a memo for the Rules and Open Government Committee (Rules) and City Council. The memo explains what the bill does, the impact on the City of San Jose, how it aligns with our legislative guiding principles, and recommends a position.
- The memo goes to Rules and typically will be heard at the full City Council the week after.
- This full process takes generally about a month.

Expedited City Council Action Request

- For time sensitive legislative actions.
- The City Manager’s Office, the City Attorney’s Office, and the Mayor’s office review the request. Action on the bill can occur immediately after approval from the three groups.
- City staff fills out the City Council Action Request memo and takes that memo to Rules and Council to inform Council of the action.

Timeline for the 2019-2020 Session

- City staff would like to bring the legislative guiding principles to Council this fall for the 2019-2020 session. This allows us more time to work proactively on legislative ideas.

How can the Clean Energy Community Advisory Commission engage?

- Let staff know if there are bills the City should be monitoring and/or engaging on.
- Help us advocate for bills by reaching out to your delegation members, community stakeholders, and key policy makers.
- Give us feedback on legislative guiding principles and specific policies/legislation that impact CCAs.
- Help communicate legislative priorities to Council.