



*Cal*CCA

California Community
Choice Association



CCAs Created by the Legislature

- 2000 Energy crisis prompted demand for more stability through public management of energy
- 2002 AB 117 (Migden) allowed energy choice and changed default provider to local government entities
- 2011 SB 790 (Leno) established a CCA 'bill of rights' and allowed CCAs to administer efficiency programs



Seven Years of Success

Majority of eligible areas in California have either formed or are exploring forming a CCA

Increased responsiveness to local needs:

- Local policies to exceed State’s climate goals
- Local jobs like BYD electric bus facility in Lancaster
- Local action to accelerate State’s electric vehicle efforts
- Targeted low-income home retrofits
- Tens of millions staying in local communities



Does existing statute provide sufficient regulatory authority to ensure system-wide and local reliability of electric service?

State regulations on CCAs are established for:

- Long term contracting of renewables
- Resource adequacy
- Energy storage
- Certification of Integrated Resource Plans
- CAISO market costs for failure to integrate renewables

What is still needed:

- Standardized CCA reporting for IRPs (in process by CalCCA for 2018)



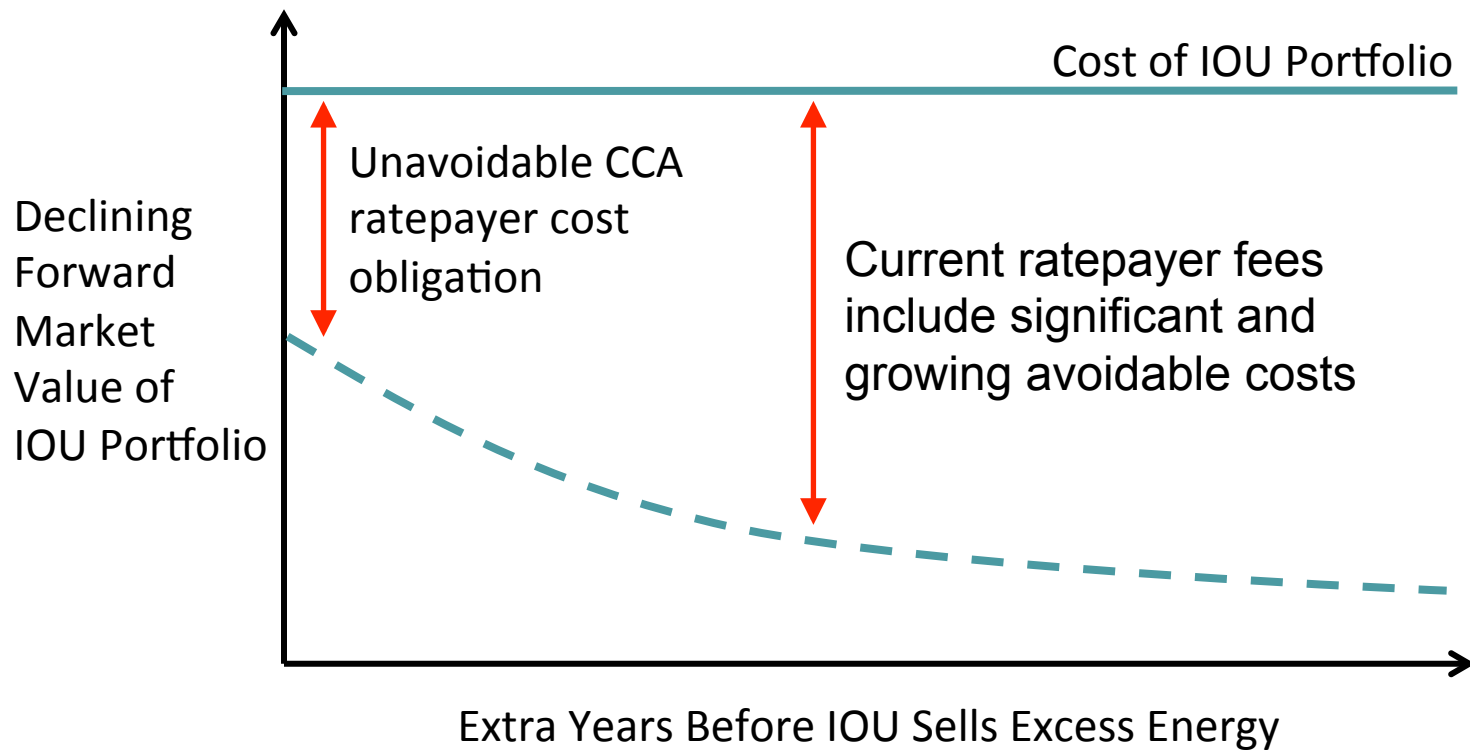
How do growth of CCAs plus IOUs existing portfolios affect near-term procurement of renewable energy?

CCAs must meet both State renewable targets any additional local targets set by their public board.

CCAs have a lower cost of capital. Can procure renewables with or without tax credits.

But... IOU failure to sell excess contracts adds ratepayer risks and costs.

How do growth of CCAs plus IOUs existing portfolios affect near-term procurement of renewable energy?





How do CCAs ensure creditworthiness to allow financing and contracting to meet long-term resource needs?

- Conservative contracting to minimize rate fluctuations (typically only one rate change per year)
- Load is extremely stable and not sensitive to individual choices of provider
- 99.5% of customer bills are eventually paid
- Public programs are conservative and are building cash reserves
- Best evidence: contracts and construction at accelerated pace



What are the principles governing allocation of IOU legacy costs? What process and methodology?

Broad agreement on basic principles like:

- Customer indifference
- CPUC OIR is the process to resolve
- Ensure early programs do not hold advantage over later programs

Primary disagreements:

- Whether fees should be re-litigated every year or settled
- Whether IOUs have specific obligations to mitigate ratepayer costs



CPUC Process for Settling Exit Fees

Begins with transparency of all CCA customer costs

Then focus will be on:

- Enforcing cost mitigation for all ratepayers
- Correcting errors in the calculation
- Settling exit fees to provide certainty to market and avoid re-litigation every year
- Establishing a mechanism for buy-out or amortization

Should resolve these matters by Spring 2019



Does customer migration (from IOU to CCA and back) create problems? Are customers protected from CCA failure?

Primary migration concerns are long-term contracting / system reliability and financial equity among ratepayers

- CCAs have stable loads, so real issue may be around rare CCA failures rather than common situations
- Failure of a CCA when exit fees are above \$0 lead to cost savings for bundled customers
- Failure of a CCA would also leave behind all CCA energy contracts, so no system reliability impacts



Does statute place undue limits on the ability of local governments to vet proposals for CCAs?

No.

- In-depth research, public outreach and meetings
- Clarity that joining a CCA is a reasonably permanent decision
- Feasibility studies, market forecasts and Implementation Plans are completed



What is the added value of a CCA when IOUs reach 50% renewable?

Primary purpose of CCA is to respond to local needs, on top of all State requirements.

- Local jobs like BYD electric bus facility in Lancaster
- Local action to accelerate State’s electric vehicle efforts
- Targeted low-income home retrofits
- Tens of millions staying in local communities
- Sharper focus: “renewable” isn’t the goal. The goals are really greenhouse gas reductions, jobs, local investment.



Progress Update

\$2 Billion under construction now by public CCAs.

Majority of spending on projects with project labor agreements.

But IOUs need to divest excess contracts before major statewide CCA construction should continue.

