



*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)



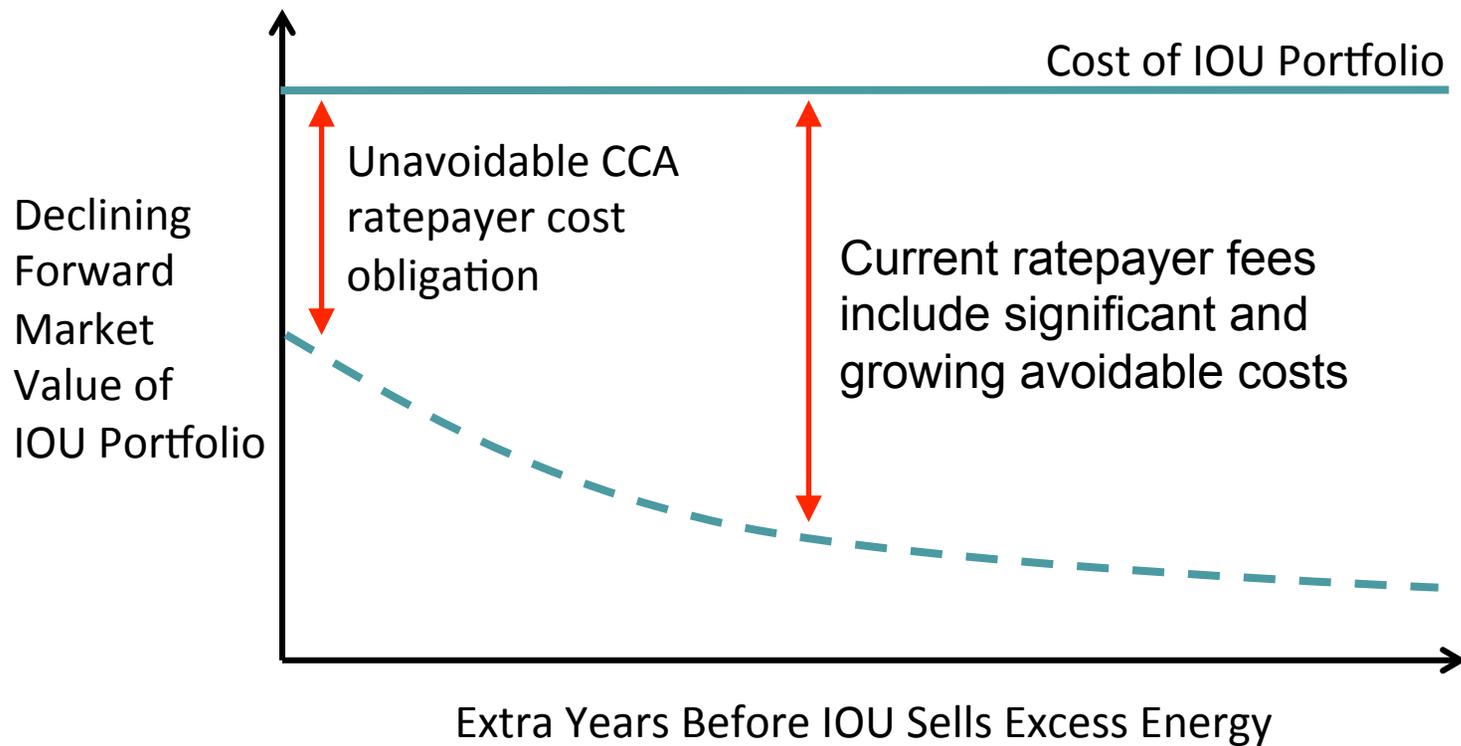
## **How do growth of CCAs plus IOUs existing portfolios affect near-term procurement of renewable energy?**

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.

