



**COMMUNITY CHOICE AGGREGATION  
IMPLEMENTATION PLAN  
& STATEMENT OF INTENT  
(FIRST REVISED AND UPDATED)**

August 2017

This update to the Redwood Coast Energy Authority CCA Implementation Plan and Statement of Intent makes the following changes to the original October 2016 version:

1. Adds the City of Ferndale to the geographic service territory;
2. Updates load forecasts and financials to account for:
  - a. Additional customers due to the addition of the City of Ferndale,
  - b. Correction of an error in which customers in the low income category were double counted in the load forecast,
  - c. Lower than anticipated opt out rates;
3. Minor updates to reflect the current Program organizational structure.

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## Abbreviations

CAISO	California Independent System Operator
CARE	California Alternative Rate for Energy
CCA	community choice aggregation
CEC	California Energy Commission
CP	commercial paper
CPUC	California Public Utilities Commission
CRC	cost recovery charge
CRS	cost responsibility surcharge
DLAP	default load aggregation point
EEL	Edison Electric Institute
ESP	energy service provider
FERC	Federal Energy Regulatory Commission
FIT	Feed-in tariff
GHG	greenhouse gas
ICE	Intercontinental Exchange
IDSM	Integrated demand side management
ISDA	International Swaps and Derivatives Association
IOU	investor owned utility
kWh	Kilowatt-hour
LRA	local reliability area
LSE	load serving entity
MW	Megawatt
NEM	Net energy metering
PAC	program administrator costs
PCC	portfolio content category
PCIA	power charge indifference adjustment
PG&E	Pacific Gas and Electric Company
PGC	Public Goods Charge
PV	photovoltaic
RA	resource adequacy
RCEA	Redwood Coast Energy Authority
REC	Renewable energy credit
RFO	request for offers
RFP	request for proposals
RPS	renewable portfolio standard
RREDC	Redwood Region Economic Development Commission
RTO	regional transmission organization
SCE	Southern California Edison
SDG&E	San Diego Gas & Electric
TEA	The Energy Authority
TRC	total resource cost
WSPP	Western System Power Pool

## Chapter 1: Introduction

### Overview

The Redwood Coast Energy Authority (RCEA) is a public joint powers agency located within the geographic boundaries of Humboldt County, formed in 2003 for the purpose of developing and implementing sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region. Member agencies of RCEA include the seven (7) incorporated cities located in Humboldt County, the County of Humboldt, and the Humboldt Bay Municipal Water District. RCEA members desire to further RCEA goals by implementing and administering a community choice aggregation (CCA) program (Program) available to members that elect to become Program participants (CCA Members).

This document constitutes RCEA's Implementation Plan and Statement of Intent (First Revised and Update) to add the city of Ferndale to RCEA's Program. The addition of Ferndale to the Program adds approximately 1100 new customer accounts which represents an increase of approximately 1% in accounts, load, and demand. Note that the tables in this updated Implementation Plan do not align precisely with these values when compared with the original implementation plan, as they also reflect other changes and corrections in the overall Program pro forma that have been made to better estimate Program performance in the months since the original implementation plan was prepared.

The original Implementation Plan outlined the steps RCEA would take to create a voluntary Program for electric customers within the jurisdictional boundaries of CCA Members that currently take bundled electric service from Pacific Gas and Electric Company (PG&E). The Program gives electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution system. All current PG&E customers within the jurisdictional boundaries of CCA Members (the Program's service area) receive information describing the Program and are given multiple opportunities to express their desire to remain full requirement ("bundled") customers of PG&E, in which case they are not enrolled in the Program. Thus, participation in the Program is completely voluntary; however, customers are automatically enrolled, as provided by law, unless they affirmatively elect to opt out of the Program.

Implementation of the Program enables customers within the Program's service area to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), the Community Choice Aggregation Law. RCEA's primary objectives in implementing this Program are to provide overall rates that are lower or competitive with those offered by the incumbent utility for similar power supplies, and to supply an energy portfolio that prioritizes the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible. The prospective benefits to consumers include the ability to reduce energy costs; stabilize electric rates; increase local electric generation reliability; influence which technologies are used to meet local electricity needs (including a potential increased use of renewable energy); ensure effective planning of sufficient resources and energy infrastructure to serve the CCA Members' residents and businesses; and improve the local and regional economy.

To ensure successful operation of the Program, RCEA is partnering with experienced energy suppliers and contractors to provide energy services to Program customers. RCEA used a

competitive solicitation process and subsequent contract negotiations to choose qualified contractors to support the Program implementation and provide requisite energy products and scheduling coordinator services to meet the electric energy requirements of Program customers. Initially Program operations rely heavily on contractors with in-house support. Over time, as RCEA builds in-house capacity, the need for outsourced support will decrease and the majority of operational tasks will move in-house. RCEA's CCA Implementation Plan represents a partnership among RCEA, the CCA Members, other not-for-profit entities, and the private sector to bring the benefits of competition and choice to CCA Member residents and businesses. By exercising its legal right to form a CCA, RCEA enables its CCA Members' constituents to access the competitive market for energy and exert local control over the community's electricity supply. Absent action by RCEA or its individual CCA Members, very few customers (i.e. those who have legacy direct access arrangements) would have the ability to choose an electric supplier other than the incumbent utility.

The California Public Utilities Code provides the relevant legal authority for RCEA to become a Community Choice Aggregator and invests the California Public Utilities Commission (CPUC or Commission) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the Program. The CPUC also has responsibility for registering RCEA as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On October 17, 2016, at a duly noticed public hearing, RCEA considered and adopted the original version of this Implementation Plan, through RCEA Resolution No. 2016-2 (Appendix A). On December 29, 2016 the Commission certified the original version of this Implementation Plan. On February 23, 2017 RCEA finalized registration as a CCA with the Commission. The RCEA Board of Directors voted to approve a revised and updated version of the Implementation Plan at a duly noticed public hearing held on July 17, 2017 by Resolution No. 2017-5 (also included in Appendix A).

In Decisions D.04-12-046, D.06-12-041, and D.07-01-025 the Commission established the methodology that was used to determine the cost recovery mechanism of this Implementation Plan, and PG&E has approved tariffs for imposition of the cost recovery mechanism. RCEA's newly participating jurisdiction – the City of Ferndale – has adopted a resolution and ordinance in addition to the existing participating jurisdictions that permits RCEA to provide service.<sup>1</sup> RCEA submits this revised and updated Implementation Plan to the CPUC with the intention of providing service to the new jurisdiction. After the revised and updated Implementation Plan is certified by the CPUC, RCEA will begin the customer notification and enrollment process for the new customers.

As the Implementation Plan is modified from time to time, RCEA will maintain a current version on file with the CPUC.

### **Organization of This Implementation Plan**

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process

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<sup>1</sup> Copies of the ordinances adopted by each RCEA Member are available upon request.



and consequences of aggregation and provides RCEA’s statement of intent for implementing a CCA Program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

- Chapter 2: Aggregation Process
- Chapter 3: Organizational Structure
- Chapter 4: Start-up Plan and Funding
- Chapter 5: Program Phase-In
- Chapter 6: Load Forecast and Resource Plan
- Chapter 7: Financial Plan
- Chapter 8: Ratesetting
- Chapter 9: Customer Rights and Responsibilities
- Chapter 10: Procurement Process
- Chapter 11: Contingency Plan for Program Termination
- Appendix A: RCEA Resolution Approving Implementation Plan and CCA Member Ordinances
- Error! Reference source not found.:** RCEA Amended Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in Table 1.

Table 1. Cross-reference table of AB 117 requirements and Implementation Plan Chapters

<b>AB 117 REQUIREMENT</b>	<b>IMPLEMENTATION PLAN CHAPTER</b>
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the Program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Start-up Plan and Funding Chapter 7: Financing Plans
Ratesetting and other cost to participants	Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting
Methods for entering and terminating agreement with other entities	Chapter 10: Procurement Process
Participants rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Termination of the Program	Chapter 11: Contingency Plan for Program Termination
Description of third parties that will be supplying electricity under the Program, including information about financial, technical, and operational capabilities	Chapter 10: Procurement Process
Program Statement of Intent	Chapter 1: Introduction

## Chapter 2: Aggregation Process

### Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

RCEA's efforts to form a CCA Program began in early 2015 with the support of the County Board of Supervisors, and interest from many of the Cities within Humboldt County, with the objectives of 1) providing overall rates that are lower or competitive with those offered by the incumbent utility for similar power supplies, and 2) supplying an energy portfolio that prioritizes the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible. RCEA then made CCA-enabling revisions to its original joint powers agreement that were ultimately adopted by the RCEA Board in December 2015. In February 2016 the RCEA Board of Directors adopted an ordinance authorizing RCEA to act as a community choice aggregator to implement and operate a CCA program on behalf of its member-jurisdictions that choose to participate. A technical feasibility study for a CCA program serving Humboldt County was completed and adopted by the RCEA Board in September 2016. The Technical Study found that there were numerous benefits (and certain risks) for RCEA to further develop and ultimately implement a CCA. Following consideration of the Technical Study results, RCEA continued with the preparation of the original version of this Implementation Plan, which was completed in draft form in September 2016.

RCEA's CCA Members include the following local government entities:

- Unincorporated Humboldt County
- City of Arcata
- City of Blue Lake
- City of Eureka
- City of Ferndale
- City of Fortuna
- City of Trinidad
- City of Rio Dell

The original Implementation Plan was submitted to the CPUC on October 25, 2016 and certified by CPUC on December 29, 2016.

### Process of Aggregation

A team of contractors with CCA expertise assisted RCEA in the development, launch, and early operation of its CCA Program. A core team of contractors will continue to provide support for RCEA's ongoing operations. These contractors are:

- The Energy Authority -- providing technical services, power procurement and supply management, credit requirements, power purchase negotiation assistance, rate design, risk management, financial planning, scheduling coordination and related services;

- Calpine Energy Solutions (formerly Noble Americas Energy Solutions) -- providing customer and data management, call center, and risk reporting services.

These core contractors are also supported by additional legal, marketing and technical consultants in sub-contracting roles.

Before customers of the newly participating jurisdiction are enrolled in the Program they will receive two notices in the mail from RCEA that will provide information needed to understand the Program's terms and conditions of service, and explain how customers can opt out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled. Enrolled customers will begin receiving electric service from the Program at their next regularly scheduled meter read date (following the date of automatic enrollment).

Customers automatically enrolled in the Program will continue to have their electric meters read and will be billed for electric service by their current distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by the Program. All other charges related to delivery of the electricity and other utility charges will continue to be assessed by PG&E.

Subsequent to automatic enrollment, customers will be given two additional opportunities to opt out of the Program and return to their respective distribution utility (PG&E) following the cutover of service. Customers that opt out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for Program charges for the time they were served by RCEA, but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted out within sixty days of cutover to CCA service will be deemed to have elected to become a participant in the Program and to have agreed to the Program's terms and conditions, including those pertaining to requests to terminate service, as further described in Chapter 9.

New customers who establish service within the Program service area will be automatically enrolled in the Program and will receive two notifications within 60 days post enrollment, with the option to opt-out at any time.

## **Consequences of Aggregation**

### *Rate Impacts*

Program customers will see no obvious changes in electric service other than the price and composition of their electric bills. Customers will pay the generation charges set by the Program and will no longer pay the costs of PG&E procurement and generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

RCEA's rate setting policies, described in Chapter 8, establish a goal of providing rates that are lower than the equivalent procurement and generation rates offered by the incumbent distribution utility (PG&E). RCEA will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by the members of the RCEA's Board of Directors who represent participating jurisdictions.

RCEA's current rates are approximately 1.5% lower than PG&E's rates, current as of July 1, 2017, when all electric charges and fees are compared. Information regarding prevailing RCEA Program rates will be disclosed along with other terms and conditions of service in the enrollment notices sent to potential customers.

Once the Program gives notice to PG&E that it will commence service in the new jurisdiction, Program customers, generally, will not be responsible in any way for costs associated with the utilities' future electricity procurement contracts or power plant investments. Certain pre-existing generation costs will continue to be charged by PG&E to CCA customers through a separate rate component, called the Cost Responsibility Surcharge or CRS. This charge is shown in PG&E's tariffs, which can be accessed from the utility's website, and is already included in rates currently paid. As noted in PG&E's electric schedule CCA-CRS, "The CCA CRS consists of the Department of Water Resources (DWR) Bond Charge, the Energy Cost Recovery Amount, Ongoing Competition Transition Charges and the Power Charge Indifference Adjustment (PCIA), as set forth in each rate schedule."

#### *Renewable Energy Impacts*

A second consequence of the Program will be an anticipated increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet 40% of the Program's electricity needs. This renewable energy will come from a combination of local and out-of-the area sources, with RCEA's goal being to increase the portion of renewable energy produced locally over time.

#### *Energy Efficiency Impacts*

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by PG&E are not expected to change as a result of RCEA forming the Program. CCA customers will continue to pay the public goods charges to the distribution utility which funds energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the Program, as described in Chapter 6, will be in addition to the level of investment that would continue in the absence of the Program. Thus, the Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

## **Chapter 3: Organizational Structure**

This chapter provides an overview of the organizational structure of RCEA and its implementation of RCEA's CCA Program. Specifically, the key agreements, governance, management, and organizational functions of RCEA are outlined and discussed below.

### **Organizational Overview**

The Program has a governing board that establishes Program policies and objectives; management that is responsible for operating the Program in accordance with such policies, and contractors that will provide energy and other specialized services necessary for Program operations.

### **Governance**

The Program's governing Board of Directors ("Board") includes one appointed designee from each of the CCA Members. RCEA was established through a joint powers agreement originally instituted on April 22, 2003 and amended and restated on December 15, 2015, and formed under California

law. The CCA Members of RCEA now include all seven (7) municipalities located within the County as well as the unincorporated areas of the County, which have elected to allow RCEA to provide electric generation service within their respective jurisdictions. The Program will be operated under the direction of the RCEA Executive Director, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish Program policies, set rates and provide policy direction to the Executive Director, who will have general responsibility for Program operations, consistent with the policies established by the Board. The Board established a Chair and Vice-Chair from among its membership and may establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or contracts). RCEA may also form various standing and ad hoc committees or advisory groups, as appropriate, which would have responsibility for evaluating various issues that may affect RCEA and its customers, including rate-related and power contracting issues, and would provide analytical support and recommendations to the Board in these regards.

### **Management**

The Executive Director may be a person or an operating entity. The Executive Director could be an employee of RCEA, an individual under contract with RCEA, a public agency, a private entity, or any other person or organization so designated by the Board. The Board will be responsible for evaluating and managing the Executive Director's performance.

The Executive Director has management responsibilities over the functional areas of Resource Planning, Portfolio Operations, Local Energy Programs, Ratesetting, Financial Management/Accounting, Customer Services and Legal/Regulatory Affairs. In carrying out these responsibilities to RCEA, the Executive Director may utilize a combination of internal staff and contractors. Certain specialized functions needed for Program operations, namely the electric supply and customer account management functions described below, will be performed initially by experienced third party contractors.

### *Resource Planning*

The Executive Director is charged with leading the development of both short (one and two -year) and long-term resource plans for the Program. The Executive Director will lead the development of the resource plan under the guidance provided by the Board and in compliance with California Law, and other requirements of California regulatory bodies, including the California Public Utilities Commission and the California Energy Commission.

Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. The Executive Director will lead and coordinate the development of integrated resource plans that meet Program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. The Program will require a planning function informed by public input, even if the day-to-day supply operations are contracted to third parties. This will ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed, and implemented.

### *Portfolio Operations*

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – standard industry risk management techniques will be employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (CAISO).

RCEA has contracted with a third party with the necessary experience (and balance sheet) to perform most of the portfolio operation requirements for the Program. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. A description of the third parties that are supplying electricity under the Program, including information about financial, technical and operations capabilities, is contained in Chapter 10. Long term energy procurement and generation project development will be managed by the Executive Director.

### *Local Energy Programs*

A key focus of the CCA Program will be the development and implementation of integrated demand side management (IDSMS) programs. These programs will include the existing energy efficiency programs currently offered by RCEA, PG&E, and others, in addition to new efficiency and demand response programs that complement, but do not duplicate those already funded by PG&E and administered by RCEA and others. IDSMS programs can be used as cost-effective alternatives to procurement of supply-side resources.

### *Ratesetting*

The Board of Directors has the ultimate responsibility for setting the electric generation rates for Program customers. The Executive Director, in consultation with staff and contractors, developed proposed rates and options for the Board of Directors to consider before the finalization of the actual rates, subject to the notice requirements and process described in Chapter 8. The final approved rates must, at a minimum, meet the annual revenue requirement for the Program, including any reserves or coverage requirements set forth in bond covenants. The Board of Directors will have the flexibility to consider rate adjustments within ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

### *Financial Management/Accounting*

With the support of consultants and staff, the Executive Director is responsible for managing the overall financial aspects of the Program which includes: developing the annual budget and revenue requirement, managing and maintaining cash flow requirements, securing bridge loans and other financial tools as needed, and overseeing a large volume of billing settlements.

The finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. The finance function plays an important Program risk management function of monitoring the credit of suppliers so that credit risk is managed properly. Credit monitoring is important to keep abreast of changes in a supplier's financial condition and credit rating. The finance function establishes credit policies that the Program must follow.

Settlements (customer billing) will be contracted out to Calpine Energy Solutions, an organization with the necessary infrastructure and capability to handle the approximately 60,000 accounts that participate in the Program. This function is described under Customer Services below.

### *Customer Services*

In addition to general Program communications and marketing, a significant amount of customer service and key account representation is necessary. This includes both a call center for questions and routine interaction with customer accounts. The Executive Director is responsible for leading the customer services function. RCEA is contracted with Calpine Energy Solutions for certain billing related or "Customer Account Services" as described below.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of customers enrolled in the Program. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data between PG&E and RCEA, tracking of customer accounts receivables and payments, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with RCEA credit policies.

The Customer Account Services function also manages billing related communications with customers, customer call centers, and routine customer notices. RCEA is in contract with Calpine Energy Solutions, who bring the necessary experience and computer systems (customer information system) to perform the customer account and billing services functions.

RCEA conducts the general Program marketing and key customer account management functions. These include assignment of account representatives for key accounts to provide high levels of customer service, and implementation of a marketing strategy to promote customer satisfaction with the CCA Program. Ongoing communications, including providing marketing messages and information regarding the CCA Program to all customers, is critical for the overall success of the CCA Program.

### *Legal and Regulatory Representation*

The CCA Program requires ongoing regulatory representation to file resource plans, ensure resource adequacy (RA) and California Renewable Portfolio Standard (RPS) compliance, and provide overall representation on issues that impact RCEA and its CCA Members. RCEA, with support from CalCCA, a CCA trade organization, plays an active role in responding to regulatory and legislative actions that affect CCA interests at the CPUC, CEC, and, as necessary, Federal Energy Regulatory Commission (FERC) and the California legislature.

RCEA retains legal services to administer the Program, review contracts, and provide overall legal support to the activities of RCEA. In addition to its own General Counsel, RCEA has access to the

services of two legal firms with CCA expertise, both sub-contractors to RCEA's core contracted service providers:

- Braun Blasing Smith & Wynne, specialists in regulatory and energy law, and
- Richards Watson & Gershon, specialists in municipal and JPA law

## **Chapter 4: Financial Plan for Expansion to New Jurisdiction**

This Chapter presents RCEA's plans for the expansion of service to Ferndale. Current Program financial performance is on target to meet the reserve requirements detailed in the contract with The Energy Authority. The additional of Ferndale is not expected to impact these targets in any substantive way.

### **Startup Activities**

The RCEA Program has completed the following startup activities for its existing service territory and will continue to build on the work to serve the addition of Ferndale:

- Hire staff and contractors to manage implementation
- Identify and negotiate supplier/vendor contracts
  - Electric supplier and scheduling coordinator
  - Data management provider
- Define and execute communications plan
  - Customer research/information gathering
  - Media campaign
  - Key customer/stakeholder outreach
  - Informational materials and customer notices
  - Customer call center
- Pay utility service initiation, notification, and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

### **Staffing and Contract Services**

As described in Chapter 3, RCEA has utilized a mix of internal staff and contractors in its Program implementation. RCEA currently has 25 full-time employees, including an Executive Director, several program specialists, and finance and administrative support personnel to support regulatory, procurement, finance, legal and communications activities. Personnel in the form of RCEA staff or contractors will be added incrementally to match workloads involved in Program management and the roll-out of additional value-added services and local generation projects and programs. The addition of Ferndale is not expected to affect RCEA's staffing plan.

### **Capital Requirements**

The Program requires capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Each of these functions and their anticipated capital



requirements are discussed below. The finance plan contained in Chapter 7 provides a more detailed discussion of the longer term capital requirements and Program finances.

Start-up staffing and contractor costs are estimated to be approximately \$2.5 million, and include internal staffing costs, and costs related to public relations support, technical support, and customer communications. Actual costs may vary depending on how RCEA manages its startup activities and the degree to which some or most of these startup activities are performed by the selected energy services provider rather than by RCEA.

Requisite deposits and operating reserves of the Program are estimated to approximate \$730,000 and include the following items: 1) operating reserves to address anticipated cash flow variations associated with RCEA Program management - \$600,000 2) CCA bond (posted with the CPUC) - \$100,000; and 3) PG&E service fee deposit - \$30,000.

Operating revenues from sales of electricity will be remitted to RCEA beginning approximately on day 47 of Program operations, based on PG&E's standard meter reading cycle of 30 days and PG&E's payment/collections cycle of 17 days. The electric supplier, The Energy Authority (TEA), will be responsible for providing the working capital needed to support electricity procurement, which is estimated to be \$5.8 to 7 million. This cost will be reflected in its price for providing full requirements electric service to the Program.

Therefore, the total staffing and contractor costs, applicable deposits, and working capital are expected to be approximately \$9 to 11 million. These are costs that ultimately will be collected through Program rates; however, some of these costs were incurred prior to RCEA selling its first kWh of electricity and thus required financing.

### **Financing Plan**

The initial startup funding was provided to RCEA via a line of credit through the energy supplier, TEA, which is now being repaid at an interest rate of 5% amortized for equal monthly payment over 48 months following Program commencement. Additional funding for communications services, via a line of credit, was provided by Calpine Energy Solutions, which is being repaid at an annual interest of 5% following Program commencement. The balance of startup funding has been provided by RCEA, with additional funds coming from a 60 month line of credit through Headwaters Fund, a local community fund, and administered by The Redwood Region Economic Development Commission (RREDC). RCEA began repaying the loan at an annual interest of rate of 5% to RREDC starting the month after the loan was approved and funded. RCEA has begun to recover the principal and interest costs associated with the start-up funding via retail generation rates charged to Program customers. It is anticipated that the start-up costs will be fully recovered through such customer generation rates within the first five years of operations. Pro forma projections for the initial 10 years of Program operations are shown in Chapter 7 below.

## **Chapter 5: Program Phase-in**

RCEA enrolled the majority of its existing customers in May 2017. Subsequent enrollment occurred for customers taking service under a Net Energy Metering agreement. These customers were, or will be, enrolled in three additional phases to align better with their individual true-up date with PG&E. New Customers in Ferndale that have not opted out will be enrolled in January 2018 with the last phase of enrollment of the Net Energy Metered customers.

## Chapter 6: Load Forecast and Resource Plan

The ten year RCEA resource plan seeks to implement the energy goals identified through the RePower Humboldt study<sup>2</sup> in a financially sustainable way, in compliance with CAISO and CPUC regulations. The key resource objectives for RCEA are:

- Contract with and develop local renewable generation including biomass, solar and wind;
- Support local distributed generation with Net-Energy Metering and Feed-in Tariffs;
- Continue and extend already existing investments and explore additional opportunities in energy efficiency, electric vehicle charging, and other local energy programs;
- Practice prudent procurement strategies to mitigate market and regulatory risk by diversifying procurement across generation technologies, counterparties, tenor and execution time; and
- Establish sufficient financial reserves to manage unexpected outcomes, build creditworthiness, and support the other resource objectives.

RCEA's resource plan is designed to procure sufficient renewable and zero-carbon or low-carbon supply to meet California's Renewable Portfolio Standard and to exceed the local utility's (PG&E's) forecasted renewable supply percentage and carbon emissions reduction rates. RCEA intends to make full use of liquid, over-the-counter markets for wholesale power, capacity and renewable energy to supplement bilateral procurement of local supply through RFPs and, potentially, development of new local resources. This includes relying on power provided through CAISO's Day-Ahead, Fifteen Minute, and Real-Time markets for hourly and sub-hourly shaping.

RCEA has engaged TEA to act as its agent to procure supply in the bilateral markets as well as act as its Scheduling Coordinator with CAISO. TEA is a not-for-profit energy firm which assists over 40 municipal and state-chartered entities in energy procurement nationwide. TEA actively participates in forward markets through the Intercontinental Exchange (ICE) and on a bilateral basis – procuring energy, resource adequacy capacity and renewable energy credits. TEA will also assist RCEA in running competitive solicitations for long-term supply contracts and developing new resources.

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<sup>2</sup> [http://www.redwoodenergy.org/images/PDFs/RePower\\_Humboldt\\_Strategic\\_Plan\\_FINAL\\_2013-04-17.pdf](http://www.redwoodenergy.org/images/PDFs/RePower_Humboldt_Strategic_Plan_FINAL_2013-04-17.pdf)

RCEA’s proposed ten year resource plan for the years 2017 through 2026 is summarized in Table 2 (in GWh):

**Table 2: Proposed ten-year resource plan in GWh**

Year		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Load</b>	Retail Load <sup>†</sup>	428	698	705	716	719	727	734	745	749	756
	Wholesale Load	448	731	738	750	753	761	768	780	784	792
<b>Supply</b>	System Power	90	146	148	150	151	152	154	156	157	158
	Local Renewables	26	116	116	116	116	116	116	116	116	116
	Large-scale Hydro	179	292	294	285	276	269	262	256	247	215
	In-state Renewables	65	43	56	69	80	92	103	116	128	140
	Out-of-state Renewables	89	133	125	129	130	132	133	135	136	162
	<b>Net Position</b>		0	0	0	0	0	0	0	0	0

<sup>†</sup>Values for 2017 represent a partial year, from May through December

<sup>†</sup>Retail load is after distribution losses

### Supply Requirements

The starting point for RCEA’s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the Program’s “load profile.”

### Load Forecast Methodology

To forecast future electricity consumption, weather normalization was applied to two years of historical monthly load data, and the resulting weather-adjusted data was extended forward with a presumed 1% per year net (i.e., taking into account energy efficiency and rooftop generation) load growth. PG&E default load profiles were applied by customer class to determine hourly consumption amounts. Finally, distribution losses were applied to determine the wholesale procurement requirements.

### Roll-Out Schedule

RCEA began serving its first customers May 1<sup>st</sup>, 2017 and offered service to all eligible customers (with the exception of NEM customer phase-in described earlier) by May 31<sup>st</sup>, 2017. Eligible customers are provided the opportunity to opt-out of the Program per the requirements of the law enabling CCA formation.

### Customer Participation Rates

Customers will be automatically enrolled in RCEA’s electricity Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. RCEA anticipates an overall customer participation rate of approximately 93% of PG&E bundled service customers, based on actual opt-out rates for RCEA’s current customers.

*Customer Forecast*

Once enrollment is complete RCEA expects to have approximately 63,000 customers. Total customer accounts by rate class are shown in Table 3 below.

**Table 3: Expected RCEA Customer Enrollments by Rate Class in January 2018**

<b>Customer Class</b>	<b>Accounts</b>
Residential	37,443
Low Income Res	16,377
Agriculture	644
Small Commercial	6,925
Med Commercial	374
Large Commercial and Industrial	370
Street Lighting	1,397
<b>Total</b>	<b>63,531</b>

The forecast of service accounts (customers) served by RCEA for each of the next ten years is shown in Table 4 below, which reflects an estimated annual growth of 1%.

*Sales Forecast*

The forecast of annual kWh sales needed to serve RCEA's retail customers is shown in Table 5 below. Note that this forecast has decreased from the original forecast despite an increase in customers with the proposed addition of Ferndale to the Program. This difference is due to a double counting of the load of low income residential customers in the initial Implementation Plan. This error has been corrected for this revised Implementation Plan.

**Table 4: Total Projected Service Accounts by Rate Class**

Year	Residential	Low Income Residential	Agriculture	Small Commercial	Medium Commercial	Large Commercial and Industrial	Street Lighting	Total
2018	37,443	16,377	644	6,925	374	370	1,397	63,531
2019	37,818	16,541	650	6,994	378	374	1,411	64,166
2020	38,196	16,707	657	7,064	381	378	1,425	64,808
2021	38,578	16,874	664	7,135	385	382	1,439	65,456
2022	38,964	17,042	670	7,206	389	385	1,454	66,110
2023	39,353	17,213	677	7,278	393	389	1,468	66,771
2024	39,747	17,385	684	7,351	397	393	1,483	67,439
2025	40,144	17,559	690	7,424	401	397	1,498	68,113
2026	40,546	17,734	697	7,499	405	401	1,513	68,795

**Table 5: Projected Energy Sales 2017-2026 in MWh**

Year	Residential	Low Income Residential	Agriculture	Small Commercial	Medium Commercial	Large Commercial and Industrial	Street Lighting	Total
2017	173,920	57,656	20,079	63,015	33,222	78,278	2,132	428,302
2018	286,622	95,077	30,669	103,185	53,328	125,862	3,459	698,203
2019	289,489	96,028	30,976	104,217	53,862	127,121	3,494	705,185
2020	293,958	97,511	31,435	105,818	54,682	129,062	3,547	716,012
2021	295,307	97,958	31,598	106,312	54,944	129,676	3,564	719,359
2022	298,260	98,938	31,914	107,375	55,494	130,973	3,600	726,553
2023	301,243	99,927	32,233	108,449	56,049	132,282	3,636	733,819
2024	305,894	101,470	32,712	110,114	56,902	134,302	3,691	745,085
2025	307,298	101,936	32,881	110,628	57,175	134,941	3,709	748,568
2026	310,371	102,955	33,210	111,735	57,747	136,291	3,746	756,054

### Capacity Requirements

RCEA is required to procure or self-provide sufficient generation capacity to meet the resource adequacy (RA) obligations as set forth by CAISO and the CPUC. The obligation is to demonstrate ownership of a combination of system-wide capacity from any generator within, or dynamically connected to the CAISO footprint; local capacity within specific local reliability areas (LRAs) within the same default load aggregation point (DLAP) which in RCEA’s case is the PG&E DLAP; and flexible capacity to meet morning and evening ramps due to load ramping up and variable energy resources ramping down.

The amounts of the obligations in each category are determined by the California Energy Commission (CEC) based on load forecasts provided by each load serving entity (LSE) as well as information about any renewable resources which are under contract for the coming year. The amount of total capacity required (system plus local) is based on an individual LSE’s (in this case RCEA) coincident peak demand with CAISO as a whole. The amount is 115% of the coincident peak demand on a monthly basis. The local RA fraction is a pro-rata share of the total local capacity requirement within the PG&E service territory. RCEA must show it has procured 90% of its RA obligations for the year prior to the start of the year, and the remainder prior to the beginning of each month.

RCEA’s resource adequacy filings will take place in October of each year, according to the schedule established by the California Energy Commission for evaluating statewide resource adequacy based on resource plans filed by all LSEs in the state. The forward resource adequacy requirements for the initial two years are shown in Table 6. It is assumed that the Local Requirement will be approximately 40% of the total, and Flex will be 20% of the System + Local Requirement.

**Table 6: Total System plus Local Resource Adequacy Capacity Requirement Forecast in MW**

Month	2017	2018
Jan		126
Feb		122
Mar		125
Apr		121
May	108	123
Jun	98	132
Jul	130	132
Aug	127	130
Sep	131	134
Oct	125	128
Nov	127	128
Dec	130	131

Local capacity requirements are a function of the PG&E area resource adequacy requirements and RCEA’s projected peak demand. RCEA will need to work with the CPUC’s Energy Division and potentially the staff at the California Energy Commission to obtain the data necessary to calculate RCEA’s monthly local capacity requirement. A preliminary estimate of RCEA’s annual local capacity requirement is contained in Table 7.

**Table 7: System, Local and Flex Capacity Requirements - Annual Max in MW**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Peak Demand</b>	82	129	130	132	133	134	136	137	138	140
<b>System RA</b>	50	82	82	83	84	85	86	87	88	88
<b>Local RA</b>	41	67	67	68	69	70	70	71	72	72
<b>Flex RA</b>	18	30	30	30	31	31	31	32	32	32

## Renewable Portfolio Standards Energy Requirements

### *RPS Requirements*

As a CCA, RCEA is required by law and ensuing CPUC regulations to procure a minimum percentage of its retail electricity sales from qualified renewable energy resources. The same standards and rules governing RPS compliance that are applicable to the distribution utilities apply equally to all CCAs.

For the purposes of meeting the RPS, what qualifies a resource as renewable varies by the resource’s location and type of contract. Resources which have their first point of interconnection, or are delivered directly to the California grid (Balancing Authorities within California) and are contracted for by the LSE as energy bundled with their renewable energy credits (RECs) qualify as Portfolio Content Category 1 (PCC1) resources. Resources which sell energy and RECs together, but are not necessarily connected to the California grid and not delivered simultaneously (i.e. the energy may be “shaped” into flat blocks of power) qualify as PCC2 resources. RECs sold independently of the energy produced qualify as PCC3 resources.

In the third RPS compliance period, which begins in 2017 and runs through 2020, LSEs are required to procure 75% of their overall RPS-compliant supply from PCC1 resources, no more than 10% from PCC3 resources, and the remainder can be from PCC2 resources. The total RPS percentage of the LSE’s energy supply must be 27% in 2017, and increase linearly to 33% in 2020. Beyond 2020, the CEC and CPUC will set RPS requirements to enforce SB 350, which mandates a 50% RPS by 2030. The RCEA resource plan assumes that the RPS will ramp up linearly between 2020 and 2030 and that the requirements on portfolio content categories will remain the same.

### *RCEA’s Renewable Energy Goals*

RCEA intends to pursue a more aggressive renewable supply portfolio than that required by statute. This includes exceeding both the RPS mandate and PG&E’s forecast for overall renewable portfolio percentage and using only PCC1 and PCC2 qualified renewables to meet the mandate. The basic RCEA retail offering will meet these objectives. There is, in addition, a 100% renewable option available at a premium rate.

RCEA plans to exceed PG&E’s renewable supply percentage in its first year of operation and throughout the first ten years of operation. RCEA will therefore significantly exceed the minimum RPS requirements as shown in Table 8 so long as it can, as currently expected, remain cost competitive with PG&E’s generation supply costs.

**Table 8: RCEA Renewable Portfolio Standard Compliance and Targets**

<b>RCEA Forecasts</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Retail Load (MWh)</b>	428,302	698,203	705,185	716,012	719,359	726,553	733,819	745,085	748,568	756,054
<b>RPS % Target</b>	27%	29%	31%	33%	35%	36%	38%	40%	42%	43%
<b>PG&amp;E % Forecast</b>	32%	33%	35%	37%	38%	40%	41%	42%	44%	45%
<b>Program % Target</b>	40%	40%	40%	42%	43%	45%	46%	47%	49%	50%
<b>Program MWh Target</b>	171,321	279,281	283,484	300,725	311,483	324,043	336,823	351,680	363,056	376,515



## Resources

RCEA plans to procure supply through a variety of resources. RCEA's strategic vision is to procure and develop local renewable resources. RCEA issued a request for offers (RFO) to procure output from local biomass generators for a portion of its supply needs at start-up. In addition, over time RCEA would like to procure from existing, local small hydro generators, develop local solar capacity, and potentially develop local wind supply.

RCEA has contracted with a third party service provider, TEA, to act as its agent in procuring power, capacity and renewable energy credits through the wholesale market. The arrangement provides flexibility such that RCEA can incorporate contracted or new resources into the supply mix as they are procured. RCEA will be transacting using the service provider's contracts with generation marketers and will therefore be able to spread transactions out amongst different counterparties and over time. This will reduce the portfolio risk over time as RCEA's supply costs will tend to smooth out fluctuations in market prices.

RCEA's resource plan anticipates the development of a solar PV generation resource within the RCEA service area planned to be under contract by the end of 2018. The plan calls for development of 15 MW of solar resources within a five-year timeframe, in addition to the biomass generation. Altogether, RCEA expects to meet approximately 20% of RCEA's annual electricity requirements from these local resources within the first several years of operation. The amount and type of local renewable supply will depend upon RCEA's financial position and the availability and price of resources. The remainder of the renewable energy supply is anticipated to come from power purchases from third party renewable energy developers.

### *Purchased power*

RCEA will make extensive use of power markets to meet supply needs on an ongoing basis in order to retain rate competitiveness with PG&E. A substantial portion of PG&E's supply portfolio consists of short-term power and gas contracts procured from wholesale markets. RCEA will need to follow a similar practice with respect to its power supply costs to mitigate the risks of having more expensive supply than PG&E. As RCEA's proportion of renewable supply grows it can continue to maintain supply cost flexibility by having some of its contracts be index-based contracts, where the energy price varies with market prices. This residual exposure to market prices can then be systematically hedged using similar techniques to those discussed below.

Over-the-counter power markets such as the Intercontinental Exchange (ICE) provide a transparent platform upon which to procure power in standardized contracts with very low transaction costs. RCEA plans to procure peak and off-peak power in annual, quarterly or monthly blocks in a systematic way to mitigate the risk of buying large percentages of supply when the market happens to be expensive. This smoothing, or dollar-cost-averaging of supply costs, is a standard best practice for utilities (as well as other participants in wholesale markets) to manage their price risk. RCEA will make use of stochastic price and load models to measure the levels of risk and the effectiveness of various hedging transactions on reducing the risk.

RCEA will also be able to procure power through CAISO in the Day-Ahead, Fifteen Minute, and 5 Minute Markets. These are also low cost ways to procure power and can seamlessly provide supply shaping to match load shaping on hourly and sub-hourly granularity. RCEA will plan to use the CAISO market to handle their hourly shaping needs and to contribute to the dollar-cost-averaging approach to risk mitigation.

In collaboration with TEA, RCEA has developed a strategy for procuring power based upon a variety of considerations including:

- Quantity and cost of procured local renewable supply;
- PG&E's rates and procurement practices;
- Stochastically measured risk metrics and risk tolerances;
- Plans for layering in local renewable supply over time;
- Credit availability.

### **Renewable Resources**

RCEA has a goal of supporting and developing local renewable resources. Additional local supply supports RCEA's objective of greater electrical security given limited transmission access to the larger CAISO grid. Spending money on local supply also supports RCEA's objective of supporting the local economy. However, there are some obstacles to procuring local renewable supply. The biomass generators that already exist in Humboldt County are relatively expensive to run. Solar generation is less efficient in Humboldt County, compared to other California locations, due to lower insolation levels. Other forms of local generation – small scale hydro and new wind development – also are expensive relative to market prices.

Therefore RCEA proposes to procure local renewable power as financial circumstances allow, and supplement with non-local, less expensive renewables available on a short-term bilateral basis. This may include utility-scale solar, wind, geothermal or other forms of renewable supply. RCEA's wholesale services adviser (TEA), will solicit Category 1 and 2 power and RECs from marketers as needed to meet RCEA's RPS obligations and renewable percentage objectives described earlier. RCEA will make use of the wholesale service advisor's enabling agreements – with Western System Power Pool, Edison Electric Institute, and International Swaps and Derivatives Association (WSPP, EEI and ISDA) – to transact with marketers on a short-term basis. As more local renewables are contracted, the need for short-term renewable supply will diminish. Planned mechanisms for procurement of local renewable energy include feed-in tariffs for renewable energy systems with capacity less than 1 MW and with minimal on-site loads, and net metering arrangements similar to those offered by PG&E for solar systems under 1 MW that principally serve on-site load<sup>3</sup>.

### **Energy Efficiency**

California electric distribution utilities (investor owned utilities and municipal utilities) are required by law to include a separate line item on customer bills containing a surcharge to fund Public Purpose Programs supported by the Public Goods Charge (PGC). PGC funded programs include energy efficiency, renewable energy, low-income, and research and development programs. The PGC surcharge is non-bypassable, subject to payment regardless of whether the serving distribution utility provides the energy commodity. Therefore, customers purchasing energy from a private Energy Service Provider (ESP) or a CCA must pay the PGC and may participate in PGC funded programs. Additionally, under CCA, enabling legislation<sup>4</sup> permits CCAs to apply to administer cost-effective energy efficiency programs. All electric utilities in the state include energy efficiency programs in

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<sup>3</sup> Net metered rooftop solar supply will increase the overall renewable supply in Humboldt County but will not count towards meeting RCEA's RPS obligations.

<sup>4</sup>AB 117, Chapter 838, Chaptered September 24, 2002, adding Section 381.1 to Public Utilities Code

their resource portfolios, and annual budgets for these programs are approximately \$700 million. Energy efficiency programs provide a least-cost resource and enhance customer service.

RCEA is already focusing on energy efficiency in Humboldt County. RCEA currently receives funding through PG&E to implement energy efficiency programs separate from its CCA Program, and its Board is committed to further efficiency efforts in the county. RCEA plans to continue its current efficiency work post-CCA implementation, and develop additional efficiency programs that enhance, but do not duplicate, existing programs in its overall integrated demand side management strategies.

### **Demand Response**

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., RCEA), reducing the amount of generation capacity that must be maintained as infrequently-used reserves. Demand response programs can be cost effective alternatives to capacity otherwise needed to comply with the resource adequacy requirements. The Programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

RCEA is interested in exploring the potential for Demand Response (DR) within its service area. However, it is not clear at present how much potential there may be for effective demand response. Other CCAs have initiated some prototype DR projects, but have not found opportunities for large scale DR deployment to date. Two newly-emerging areas of demand response are electric vehicles and heat pumps with thermal storage combined with smart grid or timer control. RCEA will explore the potential for fuel switching as a form of demand response.

PG&E offers a number of demand response programs to its customers such as the Base Interruptible Program, the Demand Bidding Program, the Optional Binding Mandatory Curtailment Plan, and access to some DR aggregator programs. These may be available to RCEA's customers as well. Some existing CCAs provide access to these programs, while others do not. RCEA will explore options for including demand response programs into its overall integrated demand side management strategies.

### **Distributed Generation**

RCEA is strongly supportive of developing local renewable generation. One significant element of that objective is to incentivize the development of distributed generation, primarily rooftop and small-scale solar PV. RCEA has implemented Net Energy Metering (NEM) and plans to implement a Feed-in-Tariff (FIT) rate schedule, both of which will be more remunerative than the comparable PG&E schedules to encourage local residents, businesses and developers to install more solar generation within the RCEA service area. RCEA's resource plan calls for several MWs of both NEM and FIT capacity to be developed within the first several years of operation.

### **Impact of Resource Plan on Greenhouse Gas Emissions**

RCEA plans to reduce CO<sub>2</sub> emissions from its supply portfolio relative to PG&E's forecasted emissions rates. Table 9 shows the projected CO<sub>2</sub> emissions rates in lbs/MWh for PG&E and RCEA over the 2017-2026 time period. RCEA plans to achieve emissions reductions through having a

substantial part of their supply portfolio be non-fossil-fuel resources. This will consist of RPS-eligible renewable supply as well as other non-fossil-fuel supply such as large hydro generation.

**Table 9: Projected PG&E and CCA CO<sub>2</sub> Emissions Rates in lbs/MWh**

RCEA Forecasts	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>PG&amp;E Emissions Rate</b>	349	328	307	290	290	290	290	290	290	290
<b>RCEA Emissions Rate</b>	188	188	188	188	188	188	188	188	188	188

## Chapter 7: Financial Plan for Ongoing Program Operation

This section examines the monthly cash flows expected during the next few years of the Program.

### Description of Cash Flow Analysis

This Cash Flow Analysis estimates the level of working capital that would be required until RCEA begins to collect retail revenues. With a Program start date of May 1, 2017 regular monthly revenues were not realized until July 2017. The Cash Flow Analysis has been updated to include the enrollment of the new Program customers in Ferndale.

#### *Cost of CCA Program Operations*

The first category of the Cash Flow Analysis is the cost of Program operations. To estimate the overall costs associated with operations, the following components were taken into consideration:

- Electricity Procurement
- Resource Adequacy and Renewable Energy Credit Requirements
- Exit Fees
- Staffing Requirements
- Contractor Costs
- 3<sup>rd</sup> Party Wholesale Services and Data Management Fees
- Billing Costs
- Franchise Fees
- CAISO Charges (Uplift, etc.)

RCEA has arranged for services contracts with a power manager and a data management provider. These contracts were arranged to supply financing to RCEA until the Program realizes positive cash flow. RCEA was not billed for these services until revenues started to accrue. Therefore, RCEA has not required any additional financing for those services through that period.

#### *Revenues from CCA Program Operations*

The Cash Flow Analysis also provides estimates for revenues generated from electricity sales to customers. In determining the level of revenues, the Cash Flow Analysis assumes that RCEA's Program provides a discount of 2.7% from the existing distribution utility generation rate for each customer class. This discount was set in order to achieve a goal set by the RCEA Board of \$2 million in annual customer rate savings county-wide. Based on this assumed discount, Table 10 provides a comparison of the projected blended distribution utility rate and RCEA's blended electric rate over the CCA Program Implementation period. Costs shown are per MWh.

**Table 10: RCEA and PG&E Blended Rate Forecast for 2017**

<b>2017 Blended Rates</b>	
<b>RCEA Generation</b>	<b>\$68.41</b>
<b>PG&amp;E PCIA</b>	<b>\$25.82</b>
<b>PG&amp;E Transmission and Distribution</b>	<b>\$87.00</b>
<b>Other Regulatory</b>	<b>\$17.41</b>
<b>Total CCA Customer</b>	<b>\$198.64</b>
<b>PG&amp;E Generation</b>	<b>\$96.83</b>
<b>PG&amp;E Transmission and Distribution</b>	<b>\$87.00</b>
<b>Other Regulatory</b>	<b>\$17.41</b>
<b>Total PG&amp;E Bundled</b>	<b>\$201.24</b>
<b>Percentage Discounts</b>	
<b>Of Total Rate</b>	<b>-1.3%</b>
<b>Of Generation Rate (including PCIA)</b>	<b>-2.7%</b>

*Cash Flow Analysis Results*

The results of the Cash Flow Analysis provide an estimate of the level of working capital required for RCEA to move through the implementation period and complete enrollment of customers in the newly participating jurisdiction. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (Revenues from CCA Operations minus Cost of CCA Operations) based on assumptions for payment of costs by RCEA, along with an assumption for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit. With regard to the assumptions related to payments streams, the Cash Flow Analysis assumes that customers will make payments within 60 days of the service month, and that RCEA will make payments to suppliers within 30 days of the service month.

Because RCEA has arranged for services contracts, including procurement, which include financing for the period between when costs are incurred and revenues are received, RCEA’s working capital requirements are greatly reduced. In addition, as a currently operating energy efficiency organization, RCEA has already accounted for much of its overhead in terms of internal staff, operations, and rent. Therefore, RCEA’s additional financing needs are limited to any incremental resources needed to meet staffing costs. RCEA has arranged for a loan of \$700,000 to cover additional staff, as well as part-time support from existing administration and operations staff to manage startup activities, and to cover General Counsel and consultant costs. RCEA has a general fund reserve balance that could be drawn down to cover these costs, but all of RCEA’s current funding is on a reimbursable basis. Therefore having a healthy general fund balance and/or line of credit is necessary to manage cash-flow for daily operations.

In terms of reviewing the results of the Cash Flow Analysis, it is important to note that from a feasibility standpoint, the Program continues to be viable, meaning that the Program is feasible while providing cost savings to customers when compared to the costs for electricity those same customers pay under the incumbent distribution utility. The feasibility of the Program during the implementation period is summarized further below.

### **CCA Program Implementation Pro Forma**

In addition to developing a Cash Flow Analysis that estimates the level of working capital required to get RCEA through full Program implementation, a summary analysis has been prepared that evaluates the feasibility of the Program during the implementation period. The difference between the Cash Flow Analysis and the Program Implementation Feasibility Analysis (“Feasibility Analysis”) is that the Feasibility Analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with Program operations and rates charged to customers, remain the same.

The results of the Feasibility Analysis are in Table 11. Over the entire implementation period, while providing a 1.3% overall electricity cost savings (equal to a 2.7% generation cost savings) to customers estimated at over \$31 million, the Analysis demonstrates that the Program will generate an estimated positive cash flow of approximately \$40 million. This amount is subject to change depending upon market prices, PG&E rates, and other factors. Surplus revenues will form the basis of a rate-stabilization or reserve fund. They may also be used for the development and implementation of renewable energy projects, energy efficiency programs, and/or low-income assistance programs.

Redwood Coast Energy Authority  
Community Choice Aggregation Implementation Plan (First Revised and Updated)

**Table 11: RCEA Pro-Forma from Feasibility Analysis in 2016\$. Net Program Revenues is the Total Revenues minus Total Operations Costs**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Retail Revenues (2016\$)</b>										
<b>Electric Sales Revenue</b>	29,300,577	46,426,935	48,708,641	50,900,387	53,772,775	56,358,847	59,513,135	62,954,516	65,865,151	69,561,108
<b>Uncollectible Accounts</b>	(87,902)	(139,281)	(146,126)	(152,701)	(161,318)	(169,077)	(178,539)	(188,864)	(197,595)	(208,683)
<b>Total Revenues</b>	29,212,675	46,287,654	48,562,515	50,747,686	53,611,457	56,189,770	59,334,595	62,765,653	65,667,555	69,352,425
<b>Cost of Operations (2016\$)</b>										
<b>Staffing &amp; Consulting</b>	1,333,333	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>Wholesale Services</b>	376,664	576,296	593,585	611,392	629,734	648,626	668,085	688,127	708,771	730,034
<b>Data Management Services</b>	706,886	1,082,563	1,093,388	1,104,322	1,115,365	1,126,519	1,137,784	1,149,162	1,160,654	1,172,260
<b>IOU Fees</b>	361,448	404,400	412,528	420,820	429,278	437,907	446,709	455,688	464,847	474,190
<b>Energy Programs</b>	133,333	400,000	600,000	800,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Debt Services</b>	105,679	158,518	158,518	158,518	158,518	52,839	0	0	0	0
<b>Energy Procurement</b>	22,064,937	36,384,183	36,208,804	37,915,352	39,428,511	39,898,449	41,378,485	42,967,799	44,287,236	45,998,320
<b>Total Operations Costs</b>	25,082,280	41,005,960	41,066,824	43,010,405	44,761,407	45,164,341	46,631,062	48,260,776	49,621,507	51,374,805
<b>Net Program Revenues</b>	4,130,395	5,281,695	7,495,691	7,737,282	8,850,050	11,025,430	12,703,533	14,504,877	16,046,048	17,977,620
<b>Cumulative Reserves</b>										

## RCEA Financings

### *Implementation Financing*

As previously mentioned, due to the majority of up front financial needs being built into the structure of RCEA's services contracts, RCEA needed minimal direct financing requirements during implementation to pay for any incremental resources. This funding came from a line of credit from the Headwaters Fund (a local community fund) administered by RREDC. Financing for power purchases as well as outsourced services is included in the costs for those services. The funding has a payback over the course of the contracts which each extend five years, and is accounted for in the service charges.

### *Local Renewable Resource Project Financing*

RCEA issued a Request for Offers (RFO) for local biomass generation as its first purchase of resource-specific generation. It has currently contracted with Humboldt Redwood Company for 12 MW of generation for a supply term of five years. Humboldt Redwood Company has not required any collateral or other initial funding. Any additional renewable generation development in the first several years of operations is expected to be funded out of operating revenues and/or accumulated reserves. The most likely early resource development efforts will be focused on relatively small scale solar PV developments, with financing arrangements anticipated to require minimal or no up-front capital investment on RCEA's part.

## Chapter 8: Ratesetting

### Introduction

This chapter describes the initial policies for RCEA in setting its rates for electric aggregation services. These include policies regarding rate design, objectives, and due process in setting Program rates. This section also presents a comparison of preliminary Program rates to the distribution utility rates in effect at Program initiation. Program rates were approved by the Board of Directors and are available to customers via the Program website, at RCEA's offices, or by phone through the customer call center.

By adopting this Implementation Plan, the RCEA's Board of Directors approved the rate policies and procedures contained herein to be effective at Program initiation. The Board of Directors retains authority to modify Program policies from time to time at its discretion.

### Rate Policies

RCEA will establish rates sufficient to recover all costs related to operation of the Program, including any reserves that may be required as a condition of financing, and other discretionary reserve funds that may be approved by the Board of Directors. The initial goal has been set to build a discretionary reserve between \$8 and \$30 million over the first five years of operation, depending on market conditions. As a general policy, rate discounts relative to PG&E will be uniform for all customer classes throughout the service area of the Program, comprised of the jurisdictional boundaries of RCEA's CCA Members.



RCEA intends to allocate approximately 5% of its available budget to rate savings. This is estimated to translate into a targeted total customer rate savings of \$2 million per year on average over the first five years of operation, or \$10 million in cumulative rate savings over this period.

The primary objective of the ratesetting plan is to set rates that achieve the following:

- Rate competitiveness
- Rate stability
- Equity among customers
- Customer understanding
- Revenue sufficiency

Each of these objectives is described below.

#### *Rate Competitiveness*

RCEA's goal is to offer competitive rates for the electric services it provides to participating customers. The goal is for the rates RCEA customers pay to be at or below the equivalent generation rates offered by PG&E. The financial projections included in this Implementation Plan indicate that this target is achievable on a long term basis due, in part, to RCEA's access to low cost generation sources. Competitive rates will be critical to attracting and retaining key customers.

#### *Rate Stability*

RCEA will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that rates at any point in time may offer somewhat greater or lesser savings than the general rate targets set for the Program. Although RCEA's rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly year-to-year based on energy market conditions such as natural gas prices, the utility's hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base.

#### *Equity among Customer Classes*

RCEA's policy is to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board of Directors.

#### *Customer Understanding*

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only helps minimize customer confusion and dissatisfaction but will also result in fewer billing inquiries to RCEA's customer service call center. Customer understanding also requires rate structures to make sense (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

#### *Revenue Sufficiency*

RCEA's rates must collect sufficient revenue from participating customers to fully fund the Program's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales

for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover Program costs.

### **Rate Design**

RCEA's rate designs generally mirror the structure of PG&E's generation rates so that similar rate benefits can be provided to the CCA Program customers. For example, RCEA rates for customer classes that include peak demand charges and other charges that vary based on the time period during which the energy or peak demand is consumed (time-of-use rates) will generally match the rate structures from PG&E's standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in the Program. RCEA may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within RCEA's service area.

The rate design approach applies an equal percentage discount to the otherwise applicable rate for all of the various rate schedules offered by PG&E. All customers, including low income residential customers receiving low income discounts, receive the same rate benefit on a percentage basis.

The "equal benefits" rate design s easy rate comparisons and provides for a smooth transition of customers from bundled service to Program service. RCEA's Board of Directors has the discretion to modify its rate design policies, and it is likely that over time RCEA's rates will become less tied to those offered by PG&E.

Low-income customers who stay with the CCA Program are still eligible for the California Alternative Rate for Energy (CARE) plan through PG&E. This program is funded by all customers through either the public purpose program charge or the investor owned utilities (IOUs) distribution rates and would not impose additional costs on Program customers. However, RCEA may create additional programs to benefit low income customers.

### **Net Energy Metering**

Customers with on-site generation eligible for net metering from PG&E are eligible for a net metering rate from RCEA. Net energy metering allows for customers with certain qualified distributed generation to be billed on the basis of their net energy consumption. RCEA's net metering tariff applies to the generation component of the bill, and the PG&E net energy metering tariff applies to the utility's portion of the bill. RCEA plays customers for excess power produced from net metered generation systems in accordance with the rate design adopted by the RCEA Board.

### **Rate Impacts**

Based on projected costs for the first year of service, RCEA's initial load-weighted average rate is expected to be 7 cents/kWh. This is below projected PG&E generation rates, including the impact of the PCIA charge which RCEA customers will also have to pay.

RCEA's rates include all costs expected to be incurred by RCEA related to the Program, including power supply costs, operations and administration costs, reserves, and billing and metering fees charged by PG&E to RCEA. Program rates are designed to be at or below PG&E rates.

### **Disclosure and Due Process in Setting Rates and Allocating Costs among Participants**

Program rates are adopted by the Board of Directors following the establishment of the first year's operating budget prior to initiating the customer notification process, which occurs in January of

every year. Subsequently, RCEA will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board of Directors. The rates must be approved at a public meeting of RCEA no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

Within forty-five days after submitting an application to increase any rate, RCEA will furnish notice of its application to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed increase expressed in both dollar and percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of RCEA to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

## **Chapter 9: Customer Rights and Responsibilities**

This chapter discusses customer rights, including the right to opt-out of the CCA Program, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt-out within 60 days of enrollment in the Program (after having received the fourth opt-out notice) will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the Board of Directors from time to time.

By adopting this Implementation Plan, RCEA's Board of Directors approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board of Directors retains authority to modify Program policies from time to time at its discretion.

### **Customer Opt-Out Rights, Notices and Process**

#### *Opt-Out Notices*

At the initiation of any mass customer enrollment, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty to ninety days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. Customers who do not affirmatively opt-out within this period shall be automatically enrolled in the Program.

Following automatic enrollment, a third notice is mailed within 30 days post enrollment and a fourth opt-out notice 60 days post enrollment. Customers who opt out will be obligated to pay RCEA's charges for electric services provided during the time the customer took service from the Program, but will otherwise not be subject to any penalty or transfer fee from RCEA.

RCEA will use its own mailing service for opt-out notices to increase the likelihood that customers will read the enrollment notices. Customers may opt out by notifying RCEA using the Program's designated telephone-based or internet opt out processing service. Customers that contact PG&E to opt out will be referred to the Program's call center to complete the opt-out process. Consistent with

CPUC regulations, notices returned as undelivered mail will be treated as failure to opt-out and the customer will be automatically enrolled.

#### *Termination Fee*

Customers that are automatically enrolled in the Program can elect to transfer back to the incumbent utility without penalty. RCEA will not charge any fee to customers returning to bundled service from PG&E and will credit to customers any nominal re-enrollment fee assessed by PG&E per its CCA tariff. Customers electing to terminate service will be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers will also be required to remain on bundled utility service for a period of one year, as described in PG&E's CCA tariffs.

#### *Customer Confidentiality*

RCEA will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data that does not compromise confidentiality of individual customers may be released at the discretion of RCEA or as required by law or regulation.

#### *Responsibility for Payment*

Pursuant to CPUC regulations, electricity service will not be shut off for failure to pay RCEA's bill. In most circumstances, customers will be returned to utility service for failure to pay bills in full and customer deposits will be withheld in the case of unpaid bills. Late-payment notices will be sent to overdue customers; if payment is not received after an additional period of time as stated in the notices, service will be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service will not be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC and that customer has paid the disputed amount into an escrow account.

Customers will be obligated to pay RCEA charges for services provided through the date of transfers. RCEA will have an enforceable collection mechanism to support its credit and will attempt to negotiate collection arrangements with PG&E that will satisfy RCEA's credit requirements. RCEA may petition the Commission to obtain shut-off rights for a customer's non-payment of Program charges, if a satisfactory collections agreement cannot be negotiated with PG&E.

#### *Customer Deposits*

Customers may be required to post a deposit equal to two months' estimated bills for RCEA's charges to obtain service from RCEA under certain circumstances. A deposit would be required for an applicant who previously has been a customer of PG&E or RCEA and whose electric service has been discontinued by PG&E or RCEA during the last twelve months of that prior service because of nonpayment of bills. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and re-establish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

## Chapter 10: Procurement Process

### Introduction

This chapter describes RCEA's initial procurement policies and the key third party service agreements by which RCEA has obtained operational services for the CCA Program.

By adopting this Implementation Plan, RCEA's Board of Directors approved the general procurement policies contained herein to be effective at Program initiation. The Board of Directors retains authority to modify Program policies from time to time at its discretion.

### Procurement Methods

RCEA has entered into and will continue to enter into agreements for a variety of services needed to support Program development, operation, and management. RCEA will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement, or sole source procurement, is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

RCEA utilized a competitive solicitation process to enter into agreements with entities providing electrical services for the Program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of RCEA's Executive Director or Board of Directors.

The Executive Director will report quarterly to the Board of Directors a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into the agreements.

### Key Contracts

#### *Electric Supply Contract*

RCEA conducted an open RFP process through which it has contracted with The Energy Authority (TEA) to provide wholesale power services including assistance with procurement, risk management and to act as its CAISO Scheduling Coordinator. TEA is a not-for-profit energy services company which is owned by and works exclusively for municipal and state agencies. TEA has over 50 customers for its services across the United States. TEA specializes in wholesale procurement in the forward, cash and real-time markets, both in bilateral and regional transmission organization (RTO)-based markets. TEA also provides risk management, valuation and other analytic and middle-office services.

TEA serves as RCEA's agent by procuring energy, capacity and renewable energy credits in the over-the-counter markets from energy marketers and other utilities. TEA uses its own contracts to secure these products via multiple provider solicitations and by utilizing the InterContinental Exchange for standardized power contracts. TEA then passes through the costs of these contracts to RCEA with no additional mark-up.

TEA also helps RCEA with competitive solicitations for local renewable generation, though RCEA contracts with those generators directly. TEA also acts as the Scheduling Coordinator for RCEA with CAISO. TEA passes through CAISO charges and credits directly to RCEA.

Lastly, TEA assists RCEA in managing its portfolio. TEA provides analytical expertise to help RCEA manage its financial prospects, including stochastically driven metrics to understand its risks of, for example, not meeting budget or having to raise rates.

#### *Data Management Contract*

A data manager provides retail customer services including billing and other account services. Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract. A single contractor, Calpine Energy Solutions, performs all of the data management functions. The data manager is responsible for the following services:

- Data exchange with PG&E
- Technical testing
- Customer information system
- Customer call center
- Billing administration/retail settlements
- Reporting and audits of utility billing

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from five to ten million dollars to implement and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the account services contract from the energy supply contract gives RCEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

RCEA selected Calpine Energy Solutions to provide its data management services through the same competitive solicitation as was used to select TEA as its wholesale services provider. Calpine has been selected as the data management services provider for every other currently operating CCA in the state of California.

## **Chapter 11: Contingency Plan for Program Termination**

### **Introduction**

This chapter describes the process to be followed in the case of Program termination. In the unexpected event that RCEA would terminate the Program and return customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing services to CCAs.

### **Termination by RCEA**

There is no planned Program termination date. In the unanticipated event the Board of Directors decides to terminate the Program and any applicable restrictions on such termination have been satisfied, notice will be provided to customers six months in advance that they will be transferred

back to PG&E. A second notice will be provided the last sixty days in advance of the transfer. The notice will describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one-year advance notice will be provided to PG&E and the CPUC before transferring customers, and RCEA will coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers will be transferred *en masse* on the date of their regularly scheduled meter read date.

RCEA will maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves will be maintained against the fees imposed for processing customer transfers. The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover re-entry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees is the responsibility of the energy services provider or the Community Choice Aggregator, except in the case of a customer returned for default or because its contract has expired. RCEA will self-insure against the risk of customer reentry fees.

### **Termination by Members**

As stated in article 5.6 of the JPA Agreement:

Members may withdraw at any time by providing written notice from the governing body of such Member to the Board; provided, that no Member may withdraw if withdrawal would adversely affect a bond or other indebtedness issued by the RCEA, except upon a two-thirds (2/3) vote of the full Board. Withdrawal shall be effective upon receipt by the Board of said notice or upon said vote of the Board if required. The withdrawing Member shall continue to be financially responsible for its share of financial obligations and liabilities incurred prior to the effective date of withdrawal. Upon such withdrawal, no withdrawing Member shall be entitled to any distribution or withdrawal of property or funds except as may be agreed to by the Board; however such Member may be entitled to participate in a pro-rated return of surplus money and other surplus personal property upon the dissolution of the RCEA based on factors as determined by the Board such as but not limited to the Member's length of time of participation with and contribution to the RCEA.

As a consequence of a CCA Member's withdrawal from the Program, customers within the CCA Member's jurisdiction will be returned to PG&E bundled service at their regularly scheduled meter read date prior to the effective date of the CCA Member's withdrawal from the Program, following the 60-day notice period described above.

In accordance with the distribution utility tariffs, RCEA will execute a revised service agreement or specialized service agreement, as appropriate, with the distribution utility to coordinate the removal of the withdrawing CCA Member from the CCA Program.

**Appendix A Resolution Adopting Implementation Plan and  
Statement of Intent (First Revised and Updated)**

Begins on the following page