

Outline of CCA Workshop Discussion: Open Season

Next Steps / Follow-up

- Utilities agree to draft a sample boilerplate Bilateral Agreement that would be in addition the standard agreement but would allow for relevant specifics/tariffs between a CCA and the IOU. Mr. Jazayeri will take the lead on drafting. Expected delivery due: Friday, March 11.
 - Paul Fenn to draft how a graduated approach would work for CCA commitment
 - Coordination needed with procurement process
 - CCAs don't want to duplicate efforts on forecasting for procurement proceeding
 - IOUs indicate that forecasting needed is for immediate Resource Adequacy planning purposes and is not duplicative
 - Raises question of whether CCAs need to file forecasting subsequently with IOUs or only with CEC as required by all LSEs.
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Below is an outline of what resulted from the CCA Workshop on "Open Season" issues.

Objectives of the Open Season Process

- To not duplicate purchase of power: this is a supplement to the long-term planning process
- Resource Adequacy needed on part of IOUs – communication is needed in advance
- Smooth transition between IOU and CCA
- Predictability and Transparency
- Ability to demarcate a point in time that defines the transition
 - IOUs – binding forecast
 - Cities – city ordinance
 - Local Power – graduated approach is necessary since CCA's won't have all info needed upfront in order to make a binding forecast, such as solicitation and opt-out processes. Cost would be allocated to all ratepayers (Paul Fenn to draft how this approach would work):
- Minimize risks on all sides and keep costs down
- Define CRS / Procurement Commitments (private agreements vs. standardized)

Defining the Process: Standardized Process vs. Bilateral Contracts: or Both

- Everyone seems to agree that a Standard Agreement is necessary in defining rules common to all CCAs.
- Bilateral Agreements may be more flexible for tailoring to individual agreements, but also tariffed (optional?). Unclear whether everyone agrees with this although the IOUs conceded to draft a sample Bilateral Agreement. (Mr. Jazayeri of SCE will take the lead on this document, working with the other utilities; due March 11)

The Cut-over Process

- IOUs need to have binding forecast upfront for Resource Adequacy needs, yet CCAs don't want to duplicate work they are already doing for Procurement Proceeding.
- Implementation Plan "could" be the trigger point that relieves CCAs from IOU power purchase obligations affecting CRS liabilities.
- Subsequent CRS liabilities end with CCA Binding Agreement/Forecast.
- CCA could potentially limit liabilities/CRS with early forecast/decision of when they will cut-over
- Forecasts will always be compared to Actuals in the realm of "provider of last resort.
- Forecast in post opt-out period not needed if opt-outs in later periods assume incremental costs? (depends on obligation to serve?)

Forecasting

- Subsequent Forecast Submissions: Why would CCA need to submit forecasts to IOUs in succeeding years and not just to CEC?
- IOUs want to require 5-year commitment language for resource adequacy from time of actual cut-over
- Mis-forecasting: Cost of Penalties/Fees
- Basis for CCA Forecast: base on MW or total specified customers? (based on respective expertise: utility assumes forecast risk; CCA assumes risk for customer numbers). Utility numbers adjusted for customer classes and estimated opt-outs.
- CCA Forecast may be modified in pre-cutover period, but may be subject to fee/penalty for making change - ? (although the early opt-out may be worth committing the CCA to further IOU liabilities.

True-ups/Penalty Issues

- At the end of each year, the IOUs will compare CCA Forecast to "Actuals" to determine whether CCA forecast was accurate.
- Need to determine "dead-band" for forecast projections: IOUs suggest 5%; Others note that the Procurement process allows 10% - without penalty.
- Forecast to Actuals may be adjusted for weather without penalty
- Costs should reflect utility incremental power costs.
- How does IOU marketing affect penalties?
- Definition of Liability vs. Penalty.