
**RESOLUTION E-4907 WAIVER PROCESS
RESOURCE ADEQUACY (RA) COST
RESPONSIBILITY AND 2018 LOAD MIGRATION**

FEBRUARY 23, 2018

JOINT PARTIES

■ **Los Angeles Community Choice Energy (LACCE)**

- Launched with LA County municipal facilities in February 2018
- Initial Implementation Plan (IP) included LA County and cities of South Pasadena and Rolling Hills Estate
- Addendum to the IP added additional cities and was submitted on December 29, 2017

■ **Desert Clean Energy (DCE)**

- Formed in July 2017 and intends to launch in July 2018
- Implementation Plan was filed on December 11, 2017 for cities of Cathedral City, Palm Springs, and Palm Desert

■ **West Riverside Council of Governments (WRCOG)**

- In the process of forming a CCA (Western Community Energy)

JOINT PARTIES (CONT'D)

CCA	LACCE (Original IP - 3 member)			LACCE (IP Amend #1 - 24 member)			DCE	WCE*	
	1	2	3	1	2	3		All-In-One	1
Phase	1	2	3	1	2	3	All-In-One	1	2
Start Date	2/1/2018	6/1/2018	12/1/2018	2/1/2018	6/1/2018	12/1/2018	7/1/2018	7/1/2018	1/1/2019
Load (GWh/yr)	215	1,700	3,550	215	6,700	11,100	1,450	1,860	2,064
Demand (MW)	55	450	1,000	55	1,625	2,700	535	472	524
Customers	1,950	26,500	280,000	1,950	87,250	750,500	93,250	127,000	180,000

- Numbers are rounded assume varying levels of participation and growth
- *WCE has not yet been formed

REASON FOR THE RESOLUTION E-4907 & WAIVER PROCESS

- **New and Expanding CCAs Cannot Participate in the Year Ahead or Month Ahead RA Process Until the Implementation Plan for the Departing Load has been Certified by the CPUC**
- **This Results in a Timing Issue Whereby the IOU Procure RAs on Behalf of the Departing Customers. As a Result, the Utilities Incur Short-Term Power Purchase Costs for the Customers of CCAs in Their Launch or Expansion Year**
- **Resolution E-4907 Addresses this Issue by Modifying Timelines and Allowing for a Waiver Process by Which the CCA Can Either:**
 - Negotiate a bilateral agreement with the IOU associated with RA procurement for the departing load, or
 - Accept a Commission decision regarding cost responsibility for 2018 intra-year load migration (this proceeding)

JOINT PARTIES' PROPOSAL

- **Commission Determines Cost Responsibility for Short-Term Power Purchase Costs Based on a Price that is Cost Based and Verifiable**
- **IOUs have Procured RA in the Market through Bilateral Contracts which provide Quantity, Price and RA Type**
- **Weighted Average Price from These Contracts Should be Used to Price the RA Requirements in Excess of CAM Allocation**
- **Energy Division Staff Could Review IOU Pricing, or Current NDA from the PCIA Proceeding Would Provide Access to Actual Contract Data for CCAs**
- **The CCA Would Receive Allocated Share of IOU RA Procurement to Include in RA Month Ahead Filings**

IOU PROPOSAL

- **Propose \$58/kW-yr. from PCIA Proceeding for All Resource Adequacy Needs**
 - Would negate the bilateral contract negotiation option
 - Would force CCA customers to pay more than what the IOUs have paid on their behalf

CONCLUSION

- **The CCAs are Required to Meet their RA Obligation**
- **The CPUC Price Should Only be Used if No Bilateral Agreement Can be Reached**
- **The Joint Parties' Proposal is Equitable**
 - Based on actual costs and market information
 - Use of simple average weighted contract price results in easily verifiable price by the CPUC, CCA and IOU
 - Process is already used for the Annual RA Report
 - Data could be reviewed by the Commission and/or the CCA
 - Does not price RAs above what the IOUs have paid