Promises and Challenges of CCAs in California

J.R. DeShazo
May 5th, 2017
CCAs: a Cooperative System

<table>
<thead>
<tr>
<th></th>
<th>CCAs</th>
<th>IOUs</th>
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<tbody>
<tr>
<td><strong>Electricity Generation</strong></td>
<td></td>
<td></td>
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<tr>
<td>Purchasing electricity from suppliers</td>
<td>✓</td>
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<tr>
<td>Balancing supply with demand</td>
<td>✓</td>
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<tr>
<td><strong>Electricity Distribution</strong></td>
<td></td>
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<tr>
<td>Grid infrastructure</td>
<td></td>
<td>✓</td>
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<tr>
<td>Delivering electricity to ratepayers</td>
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<td>✓</td>
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<tr>
<td><strong>Transaction</strong></td>
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<tr>
<td>Billing and Metering</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Communication</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Integrated Demand Energy Resources</strong></td>
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<tr>
<td>Energy Efficiency Programs</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Net Energy Metering Programs</td>
<td>✓</td>
<td>✓</td>
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source

CCA

buying and building electricity supply

delivery

UTILITY

delivering energy, maintaining lines, billing customers

customer

YOU

benefitting from affordable rates, local control, cleaner energy

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The Benefits of CCAs
In the past 12 months:
- 600,000 MTCO2e
- $7.5 million

*Without taking into account the use of unbundled Renewable Energy Certificate Category 3.
Competitive Prices

**Electric Rate Comparison between MCE and PG&E (based on a monthly consumption of 463 kWh)**

- **MCE 52% Renewables**: $0.199/kWh
- **PG&E 29.5% Renewables**: $0.200/kWh
- **MCE 100% Renewables**: $0.209/kWh
- **PG&E 50% Solar**: $0.226/kWh
- **PG&E 100% Solar**: $0.244/kWh
- **MCE 100% Local Solar**: $0.269/kWh

**Electric Rate Comparison between Sonoma Clean Power and PG&E (based on a monthly consumption of 510 kWh)**

- **SCP 36% Renewables**: $0.232/kWh
- **PG&E 29.5% Renewables**: $0.236/kWh
- **PG&E 50% Solar**: $0.254/kWh
- **SCP 100% Renewables**: $0.257/kWh
- **PG&E 100% Solar**: $0.272/kWh

Source: rate comparison available on each CCAs’ website

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Other Benefits

- Tailor energy procurement to local preferences
- Access to decision-making
- Exceed Renewables Portfolio Standards (RPS)
- More local renewable energy generation
- More local jobs
Key Challenges

• **CPUC challenges**
  - Structuring the partnership between IOUs & CCAs
  - Price Compensation Indifference Agreement (PCIA - PAM)
  - Resource Adequacy and Cost Allocation Mechanism (CAM)
  - Fair treatment across all ratepayers
  - Harmonize regulation between CCAs and IOUs

• **CCA challenges**
  - Raising capital (PPAs, REC 3)
  - Defining new rules as a partner
  - Facing the increasing transmission and delivery costs
Future Research

- Differences between rules and regulations governing CCAs compared to IOUs
- PCIA vs PAM
- Grid reliability and transmission fees
- Provider of Last Resort: economic valuation of costs of failure
- In-depth case studies of specific CCAs
  - Customers retention
  - Identify and track progress on key metrics
  - Assess performances over time
  - Size limit and Scope
Our report
“Promises and Challenges of Community Choice Aggregation in California”
can be found on our website:

www.innovation.luskin.ucla.edu/publications

We are actively seeking feedback and next steps for expanding upon this introductory study. You can contact Julien Gattaciecca, the lead author:

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