Phase 2 of the Power Charge
Indifference Adjustment (PCIA)
Impacts and Timeline

Business of Local Energy Symposium June 21, 2019

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#### **Outline and Background**

Phase 1 Track 2 Decision (D.18-10-019) called for working groups:

- 1. Benchmark Development, True-Ups, & Forecasting
- 2. Prepayment
- 3. Portfolio Optimization



## **Working Group #1: Benchmark Development**

Co-Chairs	Est. Timeline
CalCCA & PG&E	Feb. 2019 – Fall 2019

- Procedural: Which mechanisms should be used to develop initial benchmarks and later true-up those values? Should true-ups occur in ERRA proceeding?
- 2. Reporting: Are new data required for developing benchmarks and implementing true-ups?
- 3. Forecasting:
  - Probabilistic or scenario-based methodology?
  - How should unsold RA be forecast?
  - What is a "de minimis price?"
  - What data do IOUs need to better forecast departing load?
- 4. Should billing determinants be clarified?
- 5. How should PCIA be presented on customer bills?



## Working Group #2: Prepayment

Co-Chairs	Est. Timeline
AReM/DACC & SDG&E	March 2019 – Q1 2020

- 1. Process: How should Commission evaluate and approve prepayments? How should disputes be resolved?
- 2. Accounting: How should IOUs account for prepayments received?
- 3. Terms: What time period should prepayments be made over?
- Challenge: IOUs do not want prepayment as an option, yet proposed framework relies on bilateral negotiations between CCA/ESP and IOU



## Working Group #3: Portfolio Optimization

Co-Chairs	Est. Timeline
CalCCA, SCE, Commercial Energy	April 2019 – Q2 2020

- 1. What rules and processes should Commission use to address excess resources in utility portfolios?
  - How should they be structured to be compatible with Resource Adequacy and Integrated Resource Planning?
- 2. What standards should Commission adopt for more active management of IOU portfolios in response to departing load?
  - By what time frame and process should these standards be implemented?
- 3. Should shareholders bear some responsibility if utilities do not meet portfolio management standards?
  - If so, in which forum or proceeding(s)?



#### Three Concurrent Working Groups; Co-led by a Utility and CCA/DA Representative

2018 2019 2020 "Procurement Process Reference Guide" (COMPLETE) Joint Effort by 3 IOUs (distributed to service list on 4/26/19) Policy Development WG #1: Benchmark True-Up (PG&E/CalCCA) Benchmarks and True-Up (Today's Focus) 5 Methodologies to Forecast Departing Load & PCIA Phase on Bundled Customer Bills (1st Workshop 4/29/19) Decisions Expected Q4 2019 WG #2: PCIA Prepayment (SDG&E/AReM/DACC) Calculation and Approval of PCIA Prepayments 2<sup>nd</sup> Workshop 5/31/19 - Decision Expected Q1 2020

#### WG #3: Portfolio Optimization (SCE/CalCCA/Commercial Energy)

- Disposition of Long Investor Owned Utilities' Portfolios
- Going-forward Portfolio Management Standards
- 2<sup>nd</sup> Workshop mid-July Decision Expected Q2 2020

# **Additional Questions?**

