Peninsula Clean Energy
Board of Directors
Special Meeting
November 12, 2016
Call to order / Roll call
Action to set the agenda:

8:30 – 9:00  Refreshments
9:00 – 9:05  Introduce Schedule for the day
9:05 – 9:15  Public Comment
11:15 – 11:45 Discuss and possibly adopt policies on qualitative evaluation criteria for PCE suppliers (Action)
11:45 – 12:15   Lunch Break
12:15 – 1:30   Overview of PCE’s Procurement Requirements (Discussion)
1:30 – 2:00   PCIA – its History and Current Regulatory Issues (Discussion)
2:00 – 2:45   Provide Input on Future of Citizens Advisory Committee (Discussion)
2:45 – 3:00   Wrap-Up
Special Agenda

9:05 – 9:15   Public Comment
9:15 – 11:15  Adopt PCEA Mission Statement and Long-term Strategic Goals
11:15 – 11:45  Discuss and possibly adopt policies on qualitative evaluation criteria for PCE suppliers
11:45 – 12:15  Lunch Break
12:15 – 1:30 Overview of PCE’s Procurement Requirements
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PCE’s Power Procurement Requirements

• Determining how much energy and other products we need to purchase
  – Load forecast
  – Energy products
  – Matching supply to load
  – Load and resource status (2017 and beyond)

• Matching supply to load
  – The duck curve
  – Renewable generation profiles

• Managing the grid
  – Sources and sinks
  – Balancing authorities
  – California, regional, national

• Solar PV basics
  – Technology
  – Price trends
  – Examples
Proprietary Slides Removed
Special Agenda

1:30 – 2:00  PCIA – its History and Current Regulatory Issues
Power Charge Indifference Adjustment

History & Issues

Pradeep Gupta

Peninsula Clean Energy Board Retreat
November 12, 2016
What will I talk about?

• Should we care about PCIA? You bet..

• Why PCIA and what goes in it?

• A few serious issues we have discovered.
PG&E is asking $246 M in 2017 from its PCIA accounts. PCIA will rise to about 3 cents/ kwh, 0.5 cents higher than 2016.
Note that residential customers are paying higher share of overall PCIA revenue.
For every $1 PG&E will spend on electricity generation, PCE will only be able to spend $0.68 to remain competitive.
Power Charge Indifference Adjustment

• PCIA is a utility exit fee aimed at recovering stranded utility costs resulting from departing customer load. It pays for power that has been contracted by the utility but is no longer needed by departing customers.

• The idea is to keep the bundled ratepayer from being adversely impacted by departing load brought about by CCAs.

• The PCIA methodology is in dire need of reform, greater transparency, and greater accountability.
PCIA Methodology

- The PCIA represents the difference between the utilities’ contracted rate and the market price benchmark set annually by the CPUC. In essence, we pay the difference between power prices of several years ago and wholesale prices today.

- The market price benchmark (MPB) represents what the utility would get in the current market to sell-off unused power contracts.

- RPS adder, a component of MPB, uses average of DOE Survey of Western energy premiums and PG&E’ RPS compliant resources.
PCIA Issues Discovered

(Oct 27 Workgroup Meeting)

- **Structure unfair to CCAs**
  - Gas prices not adjusted for hedging activities, so any gain from successful hedging remains with IOUs.
  - PCIA is based on forecast prices, and is not trued up for departed customers

- **Transparency**
  - Confidentiality provisions to prevent market manipulation, reduce transparency.

- **Methodological**
  - Both IOUs and CCAs agree that market price benchmark could be improved.
  - How contract amendments by IOUs get treated for PCIA purposes.
CCA Goals

- Fix PCIA issues
- Reduce volatility of PCIA
  - Procurement of additional renewables, reduce rates, launch new programs.
- IOUs should consider buying "options" rather than "contracts".
- PCIA for small amounts of departing loads may not be accurate for higher penetration.
- Better transparency
- Sunset date
- Better understanding of "unavoidable" vs "avoidable" costs.
2:00 – 2:45 Provide Input on Future of Citizens Advisory Committee
Special Agenda

2:45 – 3:00 Wrap-Up
Adjourn – Thank You!