



# **KEY DOCUMENT OVERVIEW: PCE IMPLEMENTATION PLAN & ENERGY SERVICES REQUEST FOR PROPOSALS**

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Inaugural Meeting of the Peninsula Clean Energy Authority

March 24, 2016



# PCE Implementation Plan

# CCA Implementation Plan: Overview

The Implementation Plan (or “iPlan”) is:

- A statutory requirement: Public Utilities Code (Code), Section 366.2.(c)(3)
- Provides detail regarding process and consequences of aggregation
- A document that must be considered and adopted at a public hearing
- A document that must be submitted to (and certified by) the CPUC

The iPlan is not:

- A detailed business plan for all intended PCE programs
- A detailed inventory of PCE’s intended tariff options
- A description of future projects that may be developed/financed by PCE

# Implementation Plan Requirements

To meet pertinent requirements of the Code, the iPlan must address the following elements:

- An organizational structure of the program, its operations, and its funding
- A financing plan
- Rate setting and other costs to participants
- Provisions for disclosure and due process in setting rates and allocating costs
- Methods for entering into and terminating agreements with other entities
- Description of third parties supplying energy products and related services

# Key Elements of PCE's iPlan

## PCE's Retails Service Options:

- Default service offering with minimum 50% renewable energy content
- Voluntary service offering with 100% renewable energy content

## Identification of Customer Programs (details to be developed prior to PCE launch or during early-stage operation):

- Net energy metering (pre-launch)
- Energy efficiency (early-stage)
- Demand response (early-stage)
- Other distributed generation programs (example: Feed-In Tariff)

# Key Elements of PCE's iPlan (continued)

## Program Phase-In:

- **Phase 1 (October 2016)**: all municipal accounts, all small and medium commercial accounts, 20 percent of residential accounts, and all customer accounts that have voluntarily committed to Phase 1 enrollment
- **Phase 2 (April 2017)**: all large commercial and industrial accounts as well as 35 percent of residential accounts
- **Phase 3 (October 2017)**: all agricultural and street lighting accounts as well as the remaining 45 percent of residential accounts
- **Phase 4 (TBD)**: any remaining accounts, if necessary

# Key Elements of PCE's iPlan (continued)

## Rate Setting and Design:

- Competitive with similar rates offered by PG&E
- Match available PG&E rate options (eligibility and structures)
- CARE, FERA and Medical Baseline programs will remain available to PCE customers (with discounts applied via T&D rate adjustments)

## Termination Fee:

- Residential Customers - \$5
- Non-Residential Customers - \$25

# Key Elements of PCE's iPlan (continued)

## Financing Plan:

- Estimated total PCE financing requirements of \$13.5 million
  - County will provide a total of \$1.5 million
  - Debt to be repaid over initial five years of program operations
- Financing will cover start-up costs and working capital needs through Phase 2 launch
- Detailed pro forma used to derive financing requirements



# Key Elements of PCE's iPlan (continued)

## PCE Organizational Structure:

- Board of Directors: policy setting and general oversight
- Executive Director: PCE program management and operational oversight
- Executive Director responsible for staffing PCE Program and/or hiring contractors to address the following functions:
  - Resource planning
  - Electric supply operations
  - Local energy programs
  - Finance and rates
  - Communications and customer service
  - Legal and regulatory representation

# Key Elements of PCE's iPlan (continued)

## Identification of prospective Energy Services Provider(s):

- Supplier selection for Phase 1 to occur in June 2016
- Request for Proposals (RFP) process, specifying energy products and services described in iPlan
- Brief description of RFP process and timing included in iPlan

## Identification of prospective Data Manager:

- Functions include billing services, call center operation, CRM system management and CAISO interface
- RFP released on February 23, 2016; proposals due on March 22, 2016

# PCE Request for Proposals for Energy Products and Services

# RFP Overview

The RFP is:

- PCE's inaugural power supply solicitation... with many, many more to follow
- Intended to identify qualified suppliers of the energy products and services that will allow for Phase 1 operation
- Part of a process that may result in the execution of one or more contracts not to exceed 51 months in duration
- Customer service cannot commence without such agreements in place
- Additional solicitations/contracts will be necessary to serve subsequent phases

The RFP is **NOT**:

- A contract for the development of ancillary programs and services such as energy efficiency, demand response, feed-in-tariff, and net energy metering
- The end all, be all for PCE's portfolio composition

# Requested Products and Services

## Shaped Conventional Energy:

- Electric energy delivered to PCE service area
- Hourly deliveries (shape) align with projected energy use of PCE's prospective Phase 1 customers
- Hourly shape based on historic usage data from PG&E
- Conventional electric energy predominantly generated through the combustion of natural gas (the most commonly used conventional fuel source in California)

# Requested Products and Services (cont.)

## Renewable Energy:

- Electric energy generated by RPS-eligible renewable resources located within or delivering power to the state of California (“bucket 1” and “bucket 2”)
- Commonly available renewable fuel sources include, but are not limited to: photovoltaic solar, wind, small hydroelectric, geothermal, and biogas technologies
- Requested volumes will be sufficient to ensure the default service offering is at least 50% renewable (with additional volumes included to accommodate projected 100% renewable program participation)
- Requested pricing specification: \$/MWh premium on top of proposed conventional energy price

# Requested Products and Services (cont.)

## Carbon-Free Energy:

- Electric energy generated by large hydroelectric facilities (greater than 30 MW)
- Large hydroelectric facilities must be located in or deliver electric power to the state of California
- Addition of carbon-free energy will allow PCE to achieve its GHG emissions reduction objectives
  - Carbon-free energy will supplement requested renewable energy volumes
  - PCE is targeting an overall carbon-free power content of 70-75%
- Requested pricing specification: \$/MWh premium on top of proposed conventional energy price

# Requested Products and Services (cont.)

## Resource Adequacy Capacity ("RA"):

- Purpose: ensure the availability of sufficient generating capacity, including reserves, to promote reliable grid operation when contingencies occur
- Monthly compliance requirements administered by the CPUC and CEC to ensure that monthly peak demand periods can be met by available resources
- Ensures that PCE is contracted with specific generators sufficient to supply 115% of PCE's estimated monthly peak demand (highest hourly usage)
- RA is typically contracted over a twelve month period to align with the regulatory compliance cycle
- Annual and monthly compliance (filing) obligations with the CPUC and CEC



# Requested Products and Services (cont.)

## Scheduling Coordinator Services (“SC Services”):

- SC serves as the operational interface between PCE and the California Independent System Operator (“CAISO”)
  - CAISO is responsible for balancing supply and demand across most of California
- SC forecasts and schedules daily/hourly PCE customer usage with the CAISO
- Manages one of PCE’s risk mitigation instruments known as Congestion Revenue Rights (“CRRs”)
- Performs all PCE-specific financial settlements with the CAISO



# Proposed RFP Timeline

- Timeline is somewhat expedited to provide for October 1, 2016 launch
- Pricing “refreshes” may be requested between April 15<sup>th</sup> and June 14<sup>th</sup>

EVENT	DATE
Release Request for Proposals	April 4, 2016
Questions Submitted (by Prospective Respondents) to County	April 11, 2016
Publish PCE Responses to Respondent Questions	April 13, 2016
Deadline for Proposal Submittal (5:00 P.M. PPT)	April 15, 2016
Short-List Notification and Interview Scheduling	April 19, 2016
Conduct Short-List Interviews	April 26, 2016
Final Selection; Commence Contract Negotiations	May 2, 2016
Execution of Master Agreement(s)	June 9, 2016
Best and Final Pricing Provided by Preferred Supplier(s)	June 14, 2016
Execution of Transaction Confirmation(s)	June 14, 2016

# Questions & Discussion