

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Item 5

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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager  
Shawn Marshall, LEAN Energy US

Subject: Regulatory & Legislative Update

Date: January 18, 2017

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**RECOMMENDATION:** Receive regulatory and legislative report.

### **BACKGROUND & DISCUSSION:**

Participation in CCA regulatory and legislative affairs is a critical aspect of VCEA's long-term planning, operations, and risk management strategy that will grow in importance as VCEA draws closer to CPUC certification and program launch. At present, LEAN Energy is providing regulatory monitoring and reporting on key regulatory issues affecting emergent CCAs. Cal-CCA, a statewide trade association of which VCEA is now a full member, participates in regulatory proceedings and also provides coordinated legislative support in Sacramento.

### **Regulatory Report**

Attached please find LEAN's most recent regulatory report (dated January 11, 2017) which provides a summary overview and several links to supporting documents regarding key regulatory issues currently before the CPUC.

Of particular note, on December 8, the CPUC issued [Draft Resolution E-4907](#), (DR) which proposes a registration and implementation plan process for CCA programs, including requirements on Resource Adequacy (RA) forecasting. Now scheduled to be voted on at the February 8 CPUC meeting, this DR would in effect delay until 2020 the launch of any CCA program that had not submitted an Implementation Plan as of December 8, 2017.

While this Draft Resolution does not directly affect VCEA's current program, it would have an impact on potential expansion and impose additional regulatory requirements and costs. Cal-CCA, LEAN Energy US, Valley Clean Energy Alliance and several other CCAs and allied organizations have filed letters of opposition and scheduled meetings with PUC Commissioners. VCEA's letter is attached to this staff report.

### **Legislative Report**

Staff will forward Cal-CCA 2018 legislative priorities when they are received.

### **Attachments**

1. LEAN Energy US December/January Regulatory Report
2. Valley Clean Energy Alliance letter regarding CPUC Draft Resolution E-4907



To: LEAN Energy Clients:  
Coachella Valley Association of Governments  
East Bay Community Energy  
Monterey Bay Community Power  
Valley Clean Energy Alliance  
Western Riverside Council of Governments

From: Shawn Marshall, Executive Director, LEAN Energy US

Date: January 11, 2018

Subject: Regulatory Update #18, December 2017/January 2018

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Each month, LEAN focuses on regulatory activities likely to have broad impact on the Community Choice Aggregation (CCA) community and emergent CCA programs. This memo provides an update on key developments at the California Public Utilities Commission (CPUC) and California Energy Commission (CEC) in the past month.<sup>1</sup>

**CPUC CUSTOMER CHOICE PROJECT**

On October 31, the CPUC held a workshop on customer choice (see [Notice](#), [Webcast](#), and [Rough Notes](#)). Comments in response to the [Post Workshop Questions](#) were filed by a number of parties, including [CalCCA](#). All updates on this matter, including all comments, are posted on the [California Customer Choice Project webpage](#) (see [Summary](#)).

***Recent Activity:***

On December 8, the CPUC issued [Draft Resolution E-4907](#), (DR) which proposes a registration and implementation plan process for CCA programs, including requirements on Resource Adequacy (RA) forecasting. Now scheduled to be voted on at the February 8 CPUC meeting, this DR would in effect delay until 2020 the launch of any CCA program that has not submitted an Implementation Plan as of December 8, 2017. On December 21, CalCCA sent a [letter](#) to Commissioner Randolph requesting that the DR be withdrawn, and that the issues instead be included in the RA proceeding. A number of other parties sent similar letters (See [Western Riverside Council of Governments](#), [Los Angeles Community Choice Energy](#), [San Diego Community Choice Alliance](#), and [Desert Community Energy \(aka Coachella Valley Association of Governments\)](#)). On December 29, Southern California Edison Company (SCE), Pacific Gas & Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) (the Joint Utilities) [responded](#) to these letters. [On January 2, LEAN sent a Letter](#) echoing support for CalCCA, WRCOG and Desert Community Energy.

***Next Steps:***

- January 11/January 18: Deadline for comments/reply comments on DR E-4907
- February 8: CPUC Voting Meeting considering DR E-4907

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<sup>1</sup> This monthly memo is designed to provide LEAN's clients with a current snapshot of key regulatory activities related to CCA in order to help them make informed decisions about whether and how to engage in regulatory processes during their program formation and early operations. This monthly report is not a comprehensive inventory of regulatory and statutory requirements impacting operational CCAs. Regulatory and statutory compliance requires a more comprehensive inventory than the subset of activities described herein, and must be tailored to the specific circumstances of each CCA program.

## **CPUC REGULATORY CASE DEVELOPMENTS**

### **Power Charge Indifference Adjustment (PCIA) Rulemaking Proceeding**

#### ***To Do:***

LEAN is monitoring developments in the [PCIA Rulemaking Proceeding](#).

#### ***Background:***

As previously reported, the topics for consideration in the PCIA rulemaking include:

- Improving the transparency of the existing PCIA process;
- Revising the current PCIA methodology to increase stability and certainty;
- Reviewing specific issues related to inputs and calculations for the current PCIA methodology;
- Considering alternatives to the PCIA;
- SB 350 considerations on the treatment of bundled retail customers and departing load customers;
- Status of PCIA exemptions for California Alternate Rate for Energy (CARE) and Medical Baseline (MB) customers.

On September 25, a [Scoping Memo](#) established two Tracks of the PCIA Rulemaking proceeding. Track 1 will address exemptions from the PCIA for customers participating in the CARE and MB programs. Track 2 will consider alternatives to the current PCIA methodology, with initial emphasis placed on how to get proper access to PCIA data through a protective order.

#### ***Track 1 – PCIA Exemption Recent Activity:***

- There are currently ongoing procedural and settlement discussions.

#### ***Track 2 – PCIA Methodology Recent Activity:***

- October 23: [Joint Report](#) described the areas of consensus and remaining open issues resulting from the meet and confer process (which addressed availability of procurement data).
- December 5/December 6: Continuation of “PCIA Workshop 1” took place in Irwindale ([SCE Presentation](#)) and San Diego ([See SDG&E Presentation](#)).
- December 8: [Supplemental Joint Report](#) submitted; it addresses the results of the additional meet and confer efforts undertaken since the initial Joint Report.
- December 20: [Ruling](#) approving the consensus data access proposal issued in response to the Supplemental Joint Report.

#### ***Next Steps:***

- January 23/February 23: Opening/Reply Briefs on Track 1 issues (unless the schedule is modified because of settlement talks)
- January 16-17: Requested dates for PCIA Workshop 2 (See [Email](#))

## Integrated Resource Planning (IRP)

### **To Do:**

LEAN is monitoring [this proceeding](#) and considering forming a working group to address CCA IRP issues.

### **Background:**

This rulemaking proceeding is addressing the new IRP requirements associated with SB 350, as well as long-term procurement planning (LTPP) policies.

On May 16, the Energy Division issued [their proposal](#) on the IRP planning process. As previously reported, it appears that the Energy Division is proposing a prescriptive approach with respect to the IRP process, with significant requirements on Community Choice Aggregators serving 700 GWh or more per year in electric load. Community Choice Aggregators serving less than 700 GWh per year will likely be subjected to far fewer requirements. The following are summaries of parties' [opening comments](#), submitted on June 28, and [reply comments](#), submitted on July 12.

On September 19, a [Ruling](#) was issued distributing a proposed Reference System Plan (RSP) (See [Summary](#) of Ruling). On September 25-26, a workshop took place providing preliminary feedback on the Proposed RSP of the IRP process (See [Agenda/Presentation](#), and [Summary](#).)

### **Recent Activity:**

- October 26: Opening Comments on the the Proposed RSP ([CalCCA comments](#), [General Summary](#) and [Question Summary](#))
- November 2: All-Party meeting on the proposed IRP process and RSP (See [Presentation](#) and [Summary](#))
- November 9: Reply comments on the Proposed RSP ([CalCCA Reply Comments](#) and [Summary of all Reply Comments](#))
- December 28: The assigned Commissioner (Randolph) issued a [Proposed Decision](#) setting requirements for CCA programs and other load-serving entities IRPs and adopting a two-year planning cycle for the CPUC to consider IRP filings. (See [Initial Summary](#).)

### **Next Steps:**

- January 17, 2018: Comments due on Proposed Decision.
- June 1, 2018: IRP filings by individual CCAs.

## CCA Bond Requirements

### **To Do:**

No change since last month. LEAN will continue to monitor [this proceeding](#).

### **Background:**

This rulemaking proceeding was originally opened in 2003 to implement the CCA enabling statute (Assembly Bill (AB) 117). However, this rulemaking proceeding is now simply focused on the methodology for setting the CCA Bond, which is intended to cover the costs of involuntary re-entry fees of CCA customers to bundled investor-owned utility (IOU)

service. Opening testimony was submitted on July 28. (See [CalCCA Testimony](#) and [CalCCA Appendices to Testimony; Marin Clean Energy \(MCE\) Opening Testimony](#) and [MCE Appendices; Joint Utilities Testimony](#)).

The Joint IOUs served [rebuttal testimony](#) on August 25. CalCCA also served [rebuttal testimony](#) on August 25. On September 18, [CalCCA](#) and [Joint IOUs](#) provided comments noting that evidentiary hearings are necessary.

**Recent Activity:**

- November 6: Opening Briefs ([Joint IOUs](#) and [CalCCA](#))
- November 20: Reply Briefs ([Joint IOUs](#) and [CalCCA](#))

**Next Steps:**

- **Issuance of a Proposed Decision is expected in first quarter 2018.**

## PG&E 2018 Energy Resource Recovery Account (ERRA) Proceeding / SCE 2018 ERRA Proceeding

**To Do:**

LEAN will continue to monitor the [PG&E ERRA Proceeding](#) and the [SCE ERRA Proceeding](#).

**Background:**

In the [Consolidated ERRA Proceeding](#), the CPUC is considering whether to end the PCIA for pre-2009 vintage customers and how to dispose of PG&E's negative PCIA balance. CCA interests are seeking to ensure that any positive treatment for pre-2009 vintages also applies to CCA-related vintages.

PG&E ERRA

- On June 1, PG&E submitted its [ERRA Testimony](#) for approval of its forecast 2018 ERRA revenue requirement. On August 4, a [Scoping Memo and Ruling](#) stated that the PCIA rulemaking, not ERRA proceedings, is the proper forum to discuss policy issues, such as changing existing methods of calculation that are applicable to all IOUs.

SCE ERRA

- On May 1, SCE submitted its [Testimony](#) for approval of its forecast 2018 ERRA revenue requirement. The California Choice Energy Authority (Cal Choice) is actively participating in this proceeding on behalf of Lancaster and other southern California cities. On August 24, the active parties in the proceeding, including Cal Choice, filed a [Stipulation](#) on issues to be addressed in the proceeding regarding SCE's proposed PCIA, with particular focus on the lack of meaningful oversight of SCE's PCIA calculation (and resulting errors that can occur).

**Recent Activity:**

PG&E

- December 6: [Redline](#) and [Clean](#) November Update, correcting errors and conforming corrected [Workpapers](#).
- December 18: Sonoma Clean Power (SCP) [Opposition](#) to PG&E's Motion to offer Corrected November Update into Evidence.
- December 18: Issuance of [Proposed Decision](#) adopting PG&E's 2018 ERRA forecast.
- January 2: Comments on Proposed Decision: [CCA Parties](#) and [PG&E](#).

SCE

- December 8: [Cal Choice](#) comments on Proposed Decision, asking that SCE conform its CCA departing load forecast to PG&E's, and that the PD be revised to include a finding that the Department of Energy adder is outdated and should not be used going forward.
- December 14: Final decision adopted ([D. 17-12-018](#)).
- December 21: [Advice Letter 3720-E](#) implementing ERRRA forecast revenue requirement in accordance with D.17-12-018.

**Next Steps:**

PG&E

- January 5: Reply Comments on the PG&E Proposed Decision
- January 11: CPUC Voting Meeting considering Proposed Decision

**Renewables Portfolio Standard (RPS)-Procurement Plans**

**To Do:**

LEAN will continue to monitor [this proceeding](#).

**Background:**

This rulemaking proceeding addresses ongoing oversight of the RPS program, including review of procurement plans and reporting on RPS progress. The following CCA-related RPS Procurement Plans were submitted July 21:

- [Apple Valley Choice Energy](#)
- [Lancaster Choice Energy \(LCE\)](#)
- [Silicon Valley Clean Energy \(SVCE\)](#)
- [MCE](#)
- [Peninsula Clean Energy \(PCE\)](#)
- [Pico Rivera Innovative Municipal Energy](#)
- [Redwood Coast Energy Authority \(RCEA\)](#)
- [SCP](#)

On September 22, [Apple Valley Choice Energy](#), [Pico Rivera Innovative Municipal Energy](#), [SVCE](#) and [LCE](#) submitted Updated 2017 RPS Procurements Plans. On November 1, several CCAs submitted supplemental compliance documents.

**Recent Activity:**

- November 14: [Proposed Decision](#) issued, approving all of the submitted CCA RPS procurement plans.
- December 4: Comments by [PG&E](#), [SCE](#), and [CCA Parties](#) (LCE, MCE, RCEA, SVCE, SCP) on PD.
- December 11: Reply Comments of [PG&E](#). (See [Summary of Reply Comments](#).)
- December 12: [Agenda Redline Decision](#), accepting CCA Parties' request on submission date for new CCAs.
- December 14: Final Decision ([D.17-12-007](#)) adopted.

## PG&E's Diablo Canyon Power Plant Closure

### To Do:

LEAN will continue to monitor [this proceeding](#).

### Background:

On June 20, 2016, PG&E and other parties distributed a [Joint Proposal](#) governing the closure of Diablo Canyon and replacement of Diablo Canyon with a greenhouse gas (GHG) free portfolio of energy efficiency, renewables, and energy storage that includes a 55 percent RPS commitment by 2031.

### Recent Activity:

- November 8: [Proposed Decision](#) issued. The PD approves retirement and \$190.4 million in certain rate recovery for costs, but otherwise denies PG&E's various requests (including authorization to procure additional energy efficiency (EE) and renewable resources, and authorization to provide community and other benefits).
  - Certain CCAs joined with other intervenors in supporting the PD. (See [Notice](#) and [Slides](#).)
- November 29: Opening Comments on PD by [PG&E](#), [Joint Intervenors](#), [SVCE](#), [PCE](#), and [City and County of San Francisco \(CCSF\)](#).
- December 4: Reply Comments on PD by [PG&E](#), [Joint Intervenors](#), and [CCSE](#).
- December 4: Joint Parties' [Ex Parte Notice](#) of two communications describing concerns with the PD.
- December 6: [Ex Parte Notice](#) of Joint Intervenors opposing the approval for Tranche 1 procurement of EE and noting that the record lacks sufficient evidence for approval of the withdrawn Tranche 2 of additional RPS and EE resources.
- December 12: [Agenda Redline Decision](#) issued; no substantive changes to proposed outcome (opportunity for PG&E to re-apply for employee retention funds).

### Next Steps:

- January 11: Scheduled action at CPUC meeting; possible alternate decision on employee retention and community proposals.

## SDG&E's Request to Establish a Marketing Affiliate (Advice Letter 2822-E) (CCA Code of Conduct)

### To Do:

No change since last month. LEAN will continue to monitor activity related to this matter.

### Background:

On January 27, SDG&E filed a revised compliance plan, [Advice Letter 3035](#), for its Independent Marketing Division (IMD). On February 16<sup>th</sup>, LEAN joined with other parties in [protesting](#) this latest advice letter. On April 6, the Energy Division issued a [Disposition Letter](#) approving AL 3035. On April 17, the CalCCA sent a [letter](#) to the Commission requesting full Commission review of the Disposition Letter, and reiterating an earlier request for an Order to Show Cause regarding lobbying activity that SDG&E/Sempra conducted before the Advice Letter was approved. CalCCA's request, however, does not suspend the effectiveness of the Energy Division's approval. CPUC staff indicated in a teleconference on July 24 that no formal action will be taken on the Order to Show Cause.

On a matter related to the CCA Code of Conduct, Cal Choice submitted a [Letter](#) to assigned Commissioners on September 25. The letter expressed concern for SCE's conduct in forming a coalition related to the PCIA. On September 28, SCE submitted a [Response](#).

**Next Steps:**

- The CPUC's Energy Division will prepare a draft resolution addressing CalCCA's request for full Commission review of the disposition letter. **This request is long overdue.**
- Separately, the CPUC's Legal Division is preparing a decision responding to SDG&E's application for rehearing of Resolution E-4874, which determined that SDG&E's IMD is also subject to the CPUC's affiliate transaction rules.

## Tree Mortality Nonbypassable Charge (NBC)

**To Do:**

LEAN will continue monitoring [this proceeding](#).

**Background:**

On November 14, 2016, the IOUs filed their proposal to establish a Tree Mortality NBC ([Testimony](#).) CalCCA filed a [Protest](#). On July 14, 2017 CalCCA filed a [motion](#) arguing that parties should be allowed to argue for different cost recovery treatment for costs that have been statutorily authorized, on the one hand, versus costs that have simply been authorized by the Commission.

**Recent Activity:**

December 12: Informal Workshop on BioRAM NBC Mechanism IOU/CCA proposals. (See [Agenda](#), [CalCCA](#) and [IOUs Presentations](#).)

**Next Steps:**

- Early-January: Expected ruling requesting submission of workshop presentations and comments on presentations.
- TBD: A Scoping Memo will be issued defining the scope of issues and procedural schedule.

## Default Time of Use ("TOU") and Marketing Education and Outreach ("ME&O") Residential Rate Rulemaking

**To Do:**

LEAN will continue to monitor developments in [this proceeding](#).

**Background:**

On June 28, a [Draft Resolution](#) was issued on PG&E's *Pilot* Residential Rate TOU program. MCE and SCP are the only CCAs participating in PG&E's Pilot TOU program; all other CCAs are excluded from participation. On July 31, MCE and SCP submitted [comments](#) on the Draft Resolution, expressing concern about PG&E's lack of progress in providing a comparable bill-calculator for CCA customers. On August 10, a [Final Resolution](#) approved PG&E's Pilot Residential Rate TOU program. The resolution clarified that PG&E may recover costs necessary to provide CCA customers with rate comparisons for the default pilot entirely through distribution rates. However, the resolution declined to provide any



direction regarding the appropriate method or cost recovery for creating a long term rate comparison tool solution for CCA customers.

On September 26, the CPUC submitted [Draft Resolution E-4882](#) addressing PG&E's ME&O on Residential *Default* TOU Rates. On October 30, [CCA parties](#) (MCE, SCP and SVCE) submitted a response to the Draft Resolution, arguing that CCA representatives should be involved in the development of marketing material.

**Recent Activity:**

- December 4: Annual Residential Electric Rate Summit providing status on 2017 rate changes, ME&O and TOU (See [Agenda](#) and [Summit Webpage](#))
- December 11-12: Rate Design forum encouraging integration of renewable energy, and more efficient use of storage (See [Summary](#)).
- December 14: [Final Resolution E-4882](#) (approving PG&E's ME&O plan), which now recognizes the need for coordination with CCAs in ME&O efforts.
- December 14: Final Decision adopted in ME&O rulemaking ([D.17-12-023](#)); expands the existing Energy Upgrade California campaign and allows utilities to switch customers to TOU rates in waves. (See [Redlined Version.](#))
- December 20: PG&E filed default residential TOU proposal ([PG&E Application and Testimony](#)).
- December 21: SCE filed default residential TOU proposal ([SCE Application and Testimony](#)).

**Next Steps:**

- January 22: Protests/Responses to PG&E and SCE Rate Design Window (Default TOU) Applications

**CEC REGULATORY CASE DEVELOPMENTS**

**Implementation of AB 1110 – Power Source Disclosure**

**To Do:**

No changes since last month. LEAN is monitoring developments in this [CEC Proceeding](#). (See [OIR](#).)

**Background:**

This proceeding considers modifications to the Power Source Disclosure Program. Retail sellers, which includes CCAs, will be required to disclose both GHG emissions intensity of their respective electricity portfolios offered to customers and the CEC's calculation of GHG emissions intensity associated with all statewide sales. Retail sellers will also annually report other information to verify procurement claims and environmental claims made for the previous year. The CEC is required to adopt program guidelines by January 1, 2018. On June 27, CEC staff issued the [AB 1110 Implementation Proposal](#). Numerous parties have submitted comments on the proposal. On September 18, PCE submitted a fairly detailed set of [Comments](#).

**Next Steps:**

- Development of revised implementation proposal

## CPUC/CEC – JOINT ACTIVITY

### Environmental Justice (EJ) and Disadvantaged Communities (DAC) Issues

#### **To Do:**

LEAN will monitor any developments related to the new DAC Advisory Group.

#### **Background:**

Senate Bill (SB) 350 requires that the CPUC and the CEC create a DAC Advisory Group (DACAG), which will assist the two Commissions in understanding how energy programs impact these communities. On July 31, the CPUC and the CEC provided notice of their [proposal](#) to establish the DACAG. (See [summary](#).) MCE filed [comments](#) on this proposal, arguing that CCAs and their representatives are uniquely positioned to communicate with and represent the DACs they serve, and therefore, that the DACAG should have at least one CCA community representative. On November 1, the CPUC released a [Draft Resolution](#) and a [Solicitation Letter](#) proposing to establish a charter for the DACAG. **On December 13/14, the CEC/CPUC approved the DACAG charter (see CPUC [Resolution](#)).**



**Valley Clean Energy Alliance**

23 Russell Boulevard  
Davis, CA 95616

President Michael Picker  
Commissioner Carla Peterman  
Commissioner Liane Randolph  
Commissioner Rachael Peterson  
Commissioner Marth Guzman Aceves  
Commissioner Clifford Rechtschaffen

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Sent via Electronic Mail

**Re: Draft Resolution E-4907**

Dear President Picker:

I am writing on behalf of Valley Clean Energy Alliance (“VCEA”), a Community Choice Aggregation (“CCA”), program set to begin serving customers from the City of Woodland, City of Davis and Unincorporated Yolo County in June 2018. On December 8, 2017, the Executive Director of the California Public Utilities Commission (“the Commission”) issued Draft Resolution E-4907 (“Draft Resolution”). The Draft Resolution proposes to substantially expand the Commission’s oversight of the Community Choice Aggregation (“CCA”) implementation process. We urge that Commissioners not approve this Draft Resolution as it raises important questions regarding due process and existing law regarding the Commission’s review of CCA implementation plans. Our key specific concerns are detailed below.

**Process Concerns**

Valley Clean Energy Alliance recognizes the challenges the Commission faces as more CCAs launch. However, we believe the public and the CPUC are best served if the CPUC follows appropriate processes and procedures in developing significant new rules. It is our view that the Draft Resolution lacks factual evidence, legal arguments and analysis of alternative solutions to resolving the issues raised in the Draft Resolution. These issues should be considered in a formal regulatory proceeding so that all stakeholders, including CCAs and local governments, are ensured due process and to ensure compliance with AB 117 (2002).

The proposed Draft Resolution allows only 20 days for stakeholders to respond to the substance of the resolution. Under normal conditions, this 20-day period is a short timeframe in which to address any proposed Commission decision. The CPUC, however, without any prior notice to affected stakeholders, chose to issue this resolution during the holiday season without an explanation as to the urgency. The result is a less than ideal public process that negatively impacts public input on issues that affect the extensive planning efforts of numerous communities throughout California.

The Resolution's reliance on confidential data is also problematic as it undermines transparency in Commission decision-making and provides no reasonable method to reach an informed conclusion. The Commission's own actions to expand access to data within the PCIA docket (R.17-06-026) in recognition of concerns over transparency and access to data serves as an example that should be applied in this instance as well. The Resolution's claims that data must be kept confidential directly undermines the progress the Commission has made in fostering a more open and collaborative process to address all parties' concerns over the current structure of the PCIA. Addressing the issues raised in the Draft Resolution in an existing or new proceeding will allow all stakeholders, including the CCAs and local governments to fully participate and provide meaningful input that will help inform the Commission's decisions.

#### **Jurisdictional and Operational Concerns**

Timing issues aside, the Draft Resolution itself poses significant due process and jurisdictional concerns. The Draft Resolution would establish a departure from the Commission's existing oversight of CCAs. It impacts the statutory authority of our Board of Directors to implement and enroll new CCA communities. It further disregards the substantial investments local governments have made to diligently, responsibly, and expeditiously establish their CCAs in compliance with all applicable rules of formation.

In our view, adoption of the resolution would unreasonably delay new communities from joining or forming CCAs. The delay would impact VCEA's potential future expansion. In addition, the effects of the proposed resolution would inhibit other CCAs from collecting timely revenue to recoup the considerable implementation expenditures made to date based on the Commission's current CCA implementation timeline. This delay could lead to significant cost burden borne by local government.

#### **Most Appropriate Setting to Consider Issues Raised**

Since the primary policy issue raised in the Draft Resolution concerns Resource Adequacy ("RA"), the Commission should use the existing RA proceeding or initiate a rulemaking to address CCA-related implementation issues. All interested parties must have access to relevant objective information and an equal opportunity to engage and provide input to give the Commission the best opportunity to make fully informed decisions. We believe that the approach taken by CPUC staff, in this case, does not facilitate a fully informed outcome.

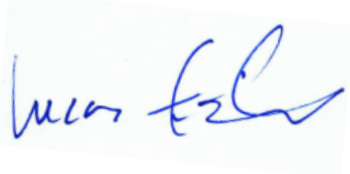
Furthermore, the Draft Resolution failed to establish a record of evidence beyond the market sensitive data provided by PG&E, which claimed the existence of stranded assets without examination by another party. To our knowledge, no CCA or other party directly impacted by the Draft Resolution was contacted nor is there any mention or analysis in a publically available form of what other alternatives were considered by staff to address the issues raised in the Draft Resolution. Before the Commission adopts the significant changes proposed in the Draft Resolution, the Commission would be well served to develop a robust factual record to justify the proposed changes to the CCA implementation process and substantiate the assertions upon which these changes are based. We believe strongly that the

existing RA proceeding or initiation of a rulemaking to address CCA-related implementation issues is the appropriate setting to examine and address the issues raised in the Draft Resolution.

VCEA respectfully requests that you and your fellow Commissioners vote “no” on the Draft Resolution. If the Commission wants to take action on the issues raised in the Draft Resolution, it should do so in an existing or newly initiated Commission proceeding.

Thank you for considering our views on this matter. Please contact Mitch Sears, VCEA Interim General Manager, at (530) 757-5610 or [msears@cityofdavis.org](mailto:msears@cityofdavis.org) with any questions regarding VCEA’s position on this matter.

Sincerely,



Lucas Frerichs  
Board of Directors, In-coming Chair  
Valley Clean Energy Alliance

- cc: Tim Sullivan, Executive Director  
Edward Randolph, Director of Energy Division  
Nidhi Thakar, Chief of Strategy and External Affairs  
James Ralph, Chief of Policy and Legal Affairs  
Jennifer Kalafut, Chief of Staff for Commissioner Peterman  
Rachel Peterson, Chief of Staff for Commissioner Randolph  
Michael Minkus, Chief of Staff, for Commissioner Guzman Aceves  
Sean Simon, Chief of Staff for Commissioner Rechtschaffen