CCA Load Migration Cost Allocation Proposal

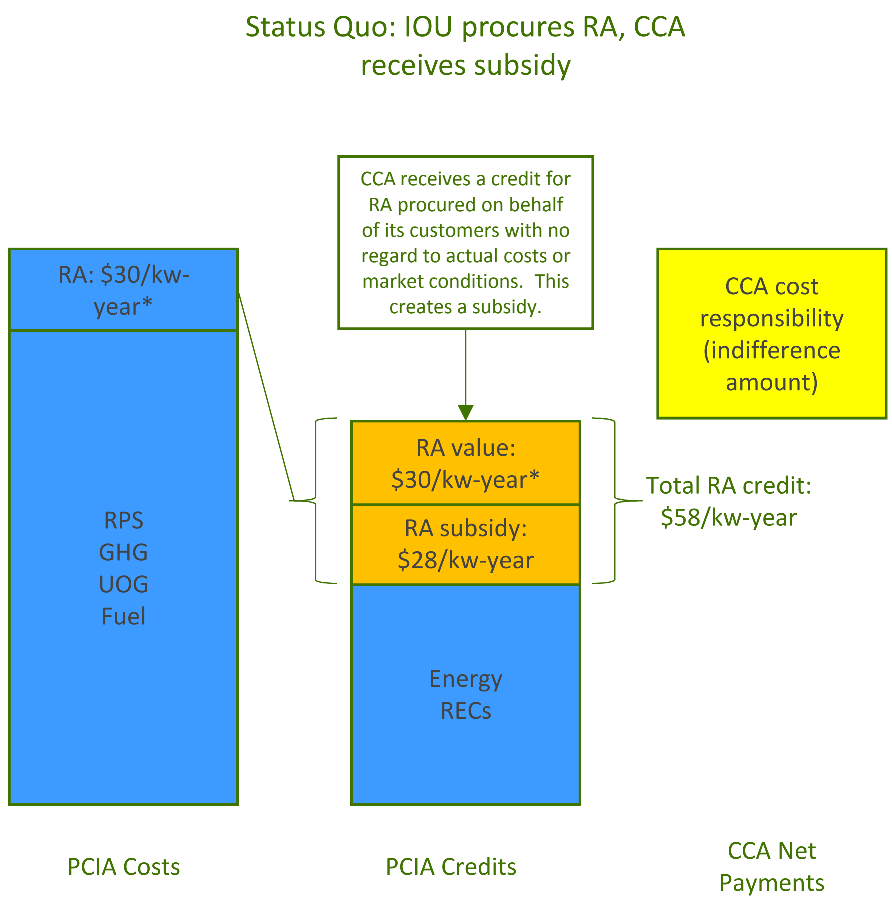
2018-02-22

2018-02-23

Implementation of E-4907 Process Waivers

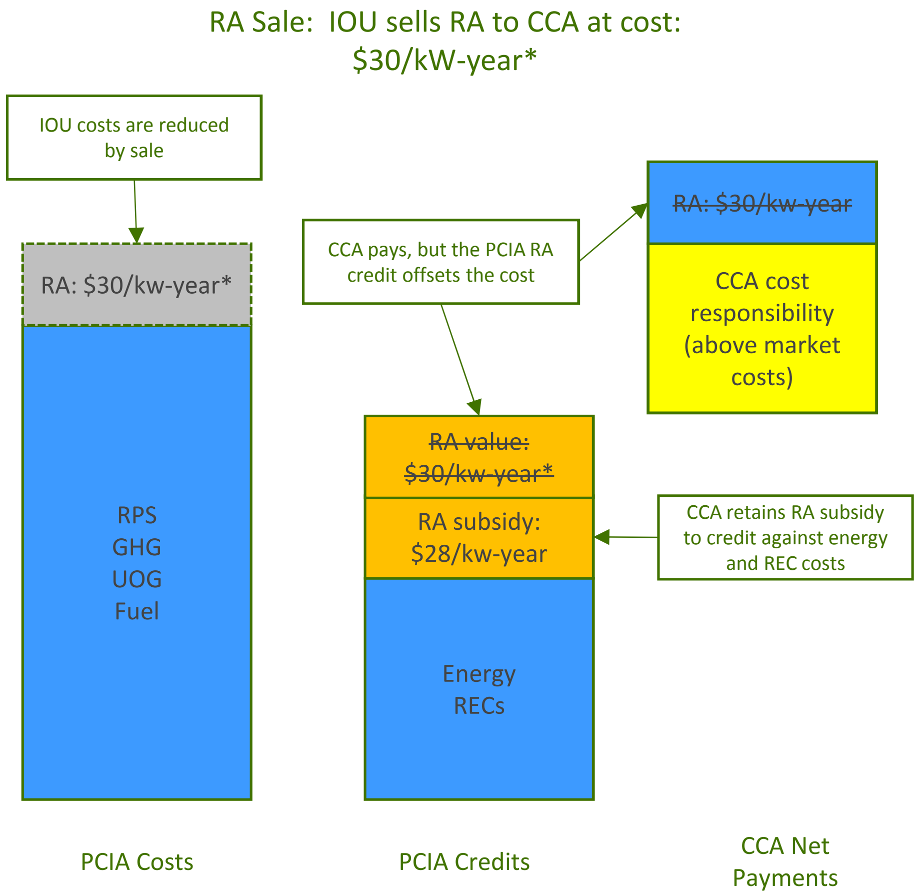
- CPUC Resolution E-4907 addressed cost shifting issues related to RA responsibility in a CCA's first year of operation
- The Resolution required newly forming CCA's to participate in the annual RA load forecast process in April 2018 in order to begin serving load in January 2019
- The Resolution also offered a waiver process for CCAs
  - The CCA and IOU mutually agree to a transaction covering the CCA's RA requirements for 2018
  - They jointly file a Tier 1 Advice Letter no later than 75 days prior to the RA compliance month when the CCA begins service
- SCE has proposed pricing equal to the PCIA benchmark value of RA in order to avoid any further costs shifts as a result of supplying RA to the newly forming CCAs
  - The complexities of the PCIA calculation mean that selling CCAs RA at the actual contract cost would still result in a cost shift
  - This is because CCA customers are given a credit for their RA at ~$58/kW-year, even though the market value of RA is less and therefore it is most likely to ensure customer indifference to the load shift as required by law
  - Within the PCIA calculation all costs are lumped together, so the credit reduces all costs, not just RA costs

RA Sales to Support E-4907 Waivers: Status Quo



*Note: This rate is used as an example only. Actual RA costs vary, but the current portfolio average is under $58/kW-year, meaning a subsidy exists.

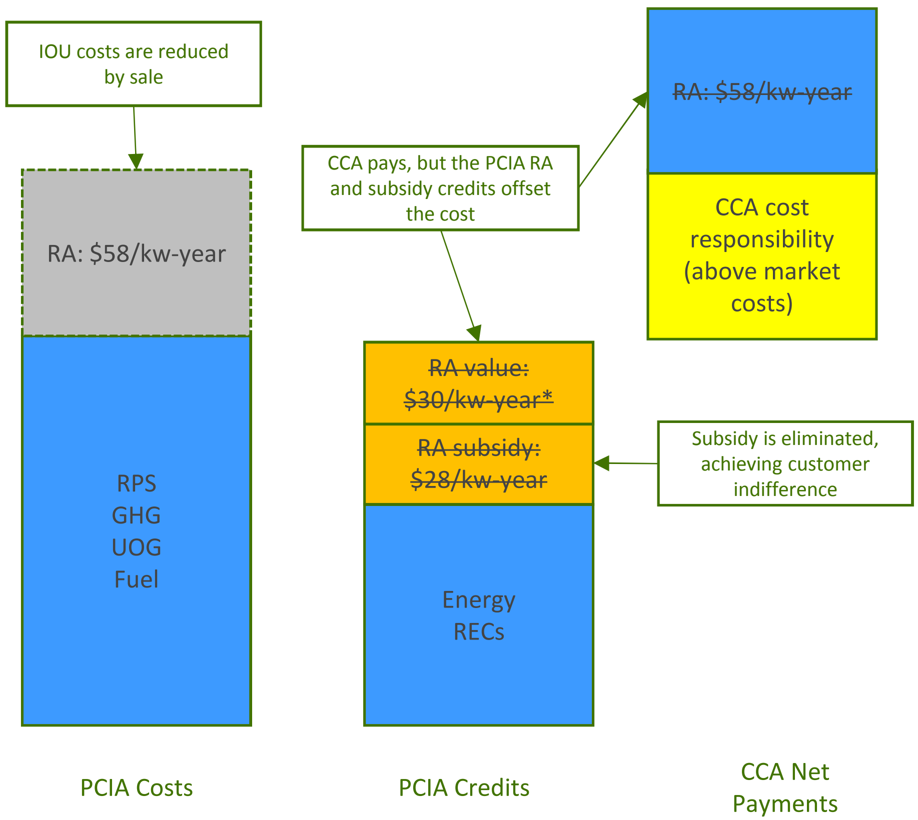
RA Sales to Support E-4907 Waivers: Sale at Cost



*Note: This rate is used as an example only. Actual RA costs vary, but the current portfolio average is under $58/kW-year, meaning a subsidy exists.

RA Sales to Support E-4907 Waivers: No Subsidy Sale

RA Sale: IOU sells RA to CCA at administratively set market benchmark rate: ~$58/kW-year



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