



# **Resource Adequacy, Backstop Capacity Procurement, & Procurement Autonomy of Community Choice Aggregators**

**February 22, 2018**

Track 1 Workshops in RA Docket (R.17-09-020)

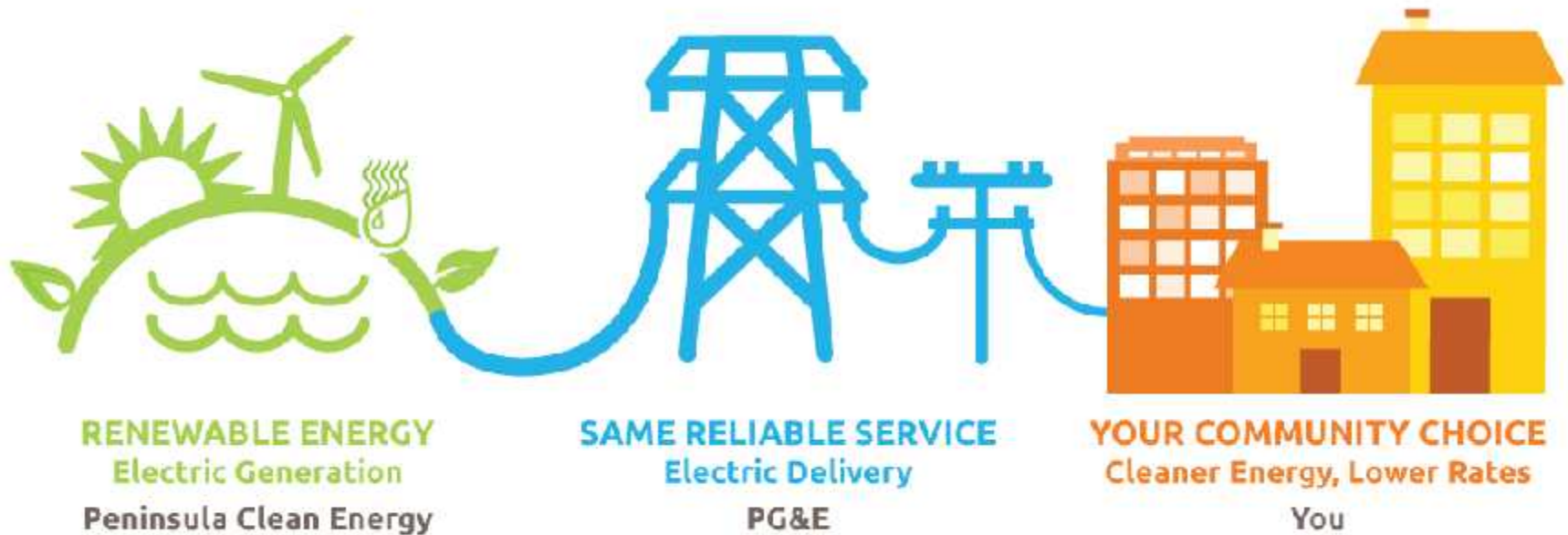
Official Electricity  
Provider for San Mateo  
County

# Presentation Overview

- 1) Background on Community Choice Aggregation (CCA)
- 2) CCAs, Resource Adequacy, and Backstop Procurement
- 3) Exploring Solutions to Backstop Procurement

# Background on CCA (Peninsula Clean Energy)

# How Community Choice Works



# Who is Peninsula Clean Energy?



Peninsula Clean Energy (PCE) is San Mateo County's locally controlled electricity provider.

We are reducing greenhouse gas emissions and offering customer choice at competitive rates.

# Board of Directors

Peninsula Clean Energy is a joint powers agency that is governed by a board consisting of one city council member from each city and two county supervisors.

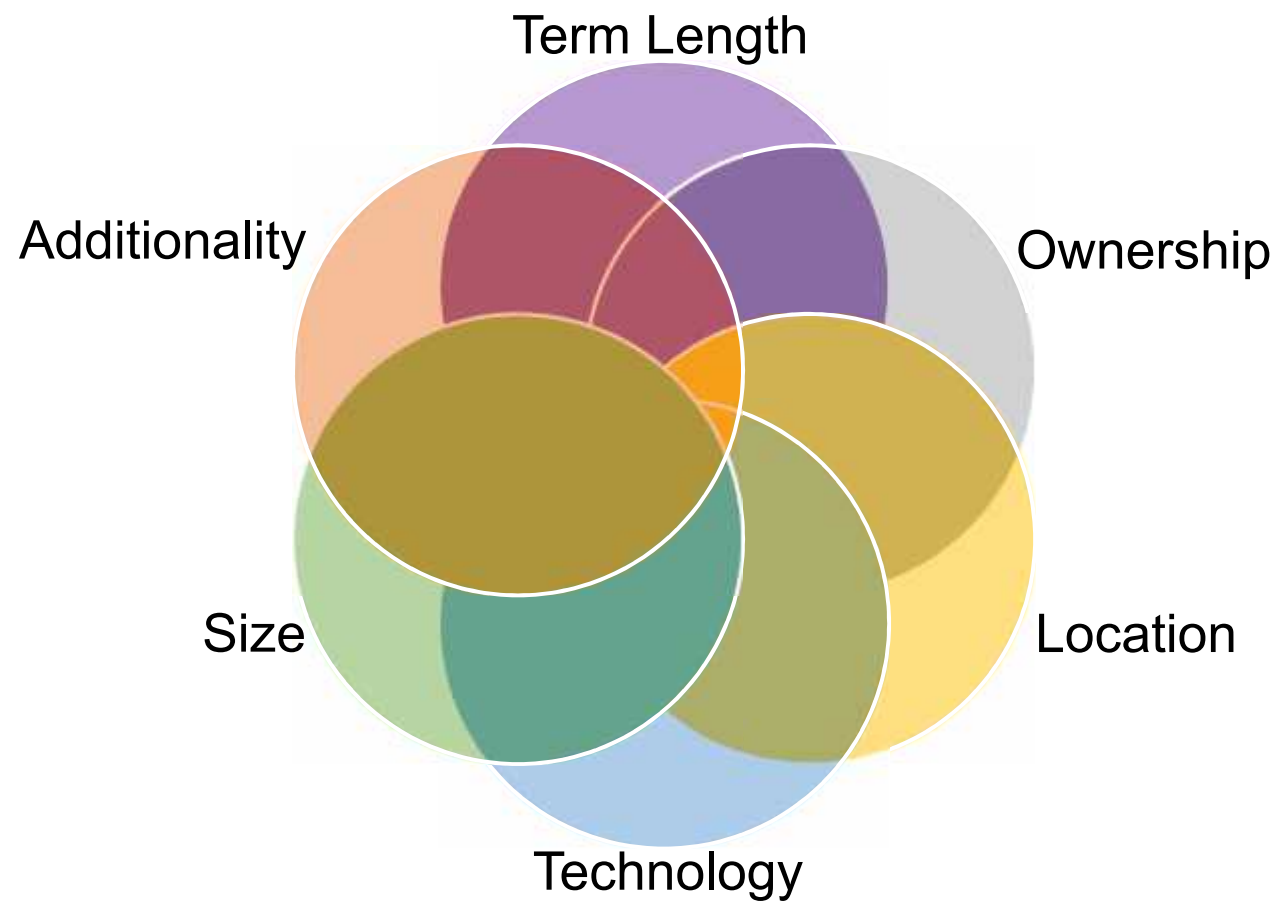
- **San Mateo County, Dave Pine**
- **San Mateo County, Carole Groom**
- **Atherton, Rick DeGolia**
- Belmont, Charles Stone
- Brisbane, Madison Davis
- Burlingame, Donna Colson\*\*
- Colma, Raquel “Rae” Gonzalez
- Daly City, Glenn Sylvester
- East Palo Alto, Carlos Romero\*\*
- **Foster City, Gary Pollard**
- Half Moon Bay, Harvey Rarback
- Hillsborough, Laurence May\*\*
- Menlo Park, Catherine Carlton
- **Millbrae, Wayne Lee**
- Pacifica, John Keener
- **Portola Valley, Jeff Aalfs**
- Redwood City, Ian Bain
- San Bruno, Marty Medina
- San Carlos, Cameron Johnson
- San Mateo, Rick Bonilla
- **South San Francisco, Pradeep Gupta**
- Woodside, Daniel Yost

Board meetings are held on the third Thursday of the month at 6:30 pm.  
Public meetings are posted on [www.peninsulacleanenergy.com](http://www.peninsulacleanenergy.com).

- **bold** indicates Executive Committee member
- \*\* indicates Audit and Finance Committee member



# Designing a Diverse Portfolio



# CCA Service Objectives





# CCAs, Resource Adequacy, & Backstop Procurement

# CCAs and RA

- CCAs are subject to the RA requirement
- CCAs have met all System, Local, and Flexible RA assignments to date

Additionally . . .

- CCAs have consistently met or exceeded their RPS requirements
- CCAs are meeting or ahead of the State's schedule to reduce greenhouse gas emissions

# CCAs and Procurement Autonomy

CCAs have statutory authority to procure on behalf of their communities:

- 380(b) “In establishing the resource adequacy requirements, the commission shall achieve all of the following objectives:”
- (5) “Maximize the ability of community choice aggregators to determine the generation resources used to serve their customers.”

# RA Procurement Timeline

CAISO

- Evaluates Grid Reliability Needs
- Communicates Needs to CPUC

CPUC

- Defines Local RA Requirements
- Assigns RA to LSEs factoring in CAM allocations

LSEs

- Procures RA for Coming Year
- Shows RA Commitments to CPUC & CAISO

CAISO

- Evaluates Shown Commitments for Deficiencies
- Uses RMR and/or CPM as backstop procurement

# CCAs and Backstop Procurement

Backstop Procurement is Problematic:

- Timing – Capacity and Costs are allocated after the CCAs have already procured RA
- Costs – CCAs have no opportunity to negotiate price yet CCA customers must pay
- Market Power – Certain generators appear to have ability to exercise market power
- Position – CCAs end up long in RA and CCA customers pay double (or triple)

# Exploring Solutions to Backstop Procurement

# Theories for What is Happening?

Backstop Procurement is occurring due to:

- Low natural gas prices and decreasing renewable generation costs
- Policy-driven retirements of resources
- Contraction of IOU aggregate load base due to growth in self-generation and CCA
- Location specific generators not offering RA to market, instead relying on CPM / RMR by CAISO

## ED Proposed “Central Buyer” Solutions

- “Central Buyer/On Behalf Of/Socialized” procurement risks contradicting statute
- Lacks reciprocity and exposes CCA customers to double payment risk
- Creates a disincentive for CCAs to procure long-term capacity due to double payment



# ED Proposed "Multi-Year RA" Solutions

CCAs are receptive to multi-year RA, if ...

- An existing complex process is simplified
- CAISO identifies/requires specific resources to offer RA to market to "solve" backstop procurement issues
- CAM double payment issues for CCA customers are removed

# Parameters for Considering Solutions

Will “central buyer” or “multi-year RA” ...

- Reduce ratepayer costs?
- Address the actual reliability concerns?
- Reduce greenhouse gas emissions?
- Protect against market power abuses?
- Maximize CCA self-procurement?

# CCA Service Objectives



# Thank you!

Visit us: [www.PeninsulaCleanEnergy.com](http://www.PeninsulaCleanEnergy.com)

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