Date of Issuance: September 13, 2021

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5130**
September 9, 2021

RESOLUTION

Resolution E-5130: Pursuant to Decision 18-06-027, Approving with Modification, Community Choice Aggregator Tariffs to Implement the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs.

PROPOSED OUTCOME:

- Approves, with modifications, Lancaster Choice Energy's (LCE) Advice Letter (AL) 13-E, Pico Rivera Innovative Municipal Energy (PRIME) AL 8-E, and San Jacinto Power (SJE) AL 6-E, to create Disadvantaged Communities Green Tariff (DAC-GT) and/or Community Solar Green Tariff (CSGT) rates and program design in compliance with Decision (D.)18-06-027.

SAFETY CONSIDERATIONS:

- There are no expected safety implications associated with approval of this Resolution.

ESTIMATED COST:

- The costs to implement the DAC-GT and CSGT programs have yet to be determined. The impact on rates cannot be estimated at this time because these programs will be funded through greenhouse gas allowance proceeds; if insufficient revenue from greenhouse gas allowance proceeds is available, the program will be funded through public purpose program funds.

By LCE AL 13-E, PRIME AL 8-E, and SJE AL 6-E filed by California Choice Energy Authority (CalChoice) on December 31, 2020.

SUMMARY

This Resolution approves, with modification, Lancaster Choice Energy's (LCE) Advice Letter (AL) 13-E, Pico Rivera Innovative Municipal Energy's (PRIME) AL 8-E, and San Jacinto Power's (SJP) AL 6-E to create tariffs to implement the Disadvantaged Communities Green Tariff (DAC-GT) and/or Community Solar Green Tariff (CSGT) programs. The California Public Utilities Commission (CPUC) requires LCE, PRIME, and SJP to modify their DAC-GT and CSGT tariffs pursuant to the direction and clarifications provided in this Resolution.

BACKGROUND

The Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs provide 100 percent clean energy at a 20 percent total bill discount[1] to residential customers who reside in Disadvantaged Communities (DACs), as defined by Decision D.18-06-027 *Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities* (Net Energy Metering DAC Decision or NEM DAC Decision). The DAC-GT program is only available to residential DAC customers who are eligible for either the California Alternate Rates for Energy (CARE) program or the Family Electric Rate Assistance (FERA) program.[2] The CSGT program is available to both income-qualified and non-income-qualified residential DAC customers (including customers in San Joaquin Valley pilot communities).[3] Before any non-income-qualified customers are able to participate, 50 percent of a CSGT project's capacity must be subscribed to CARE- or FERA-eligible

[1] D.18-06-027 at 74.

[2] *Id*. at 51.

[3] D.18-12-015 authorized a limited exemption to the CSGT program which allows CSGT projects to be located up to 40 miles rather than the standard five miles from the 11 participating San Joaquin Valley (SJV) pilot communities of Allensworth, Alpaugh, California City, Cantua Creek, Ducor, Fairmead, Lanare, Le Grand, La Vina, Seville, and West Goshen. The pilot objectives include providing access to affordable energy options, reducing household energy costs, and increasing health, safety, and air quality of participating host communities and customers. The pilots will also gather information to assess cost-effectiveness and feasibility, test approaches to efficiently implement interventions, and assess potential scalability.

customers.[4] In addition, community sponsors may be eligible to subscribe up to 25 percent of a CSGT project's capacity.

The NEM DAC Decision authorized Community Choice Aggregators (CCAs) to develop and implement their own DAC-GT and CSGT programs. The Decision further outlined that CCAs may access greenhouse gas (GHG) allowance revenues and public purpose program (PPP) funds to support these programs, by submitting a Tier 3 advice letter (AL) demonstrating how their DAC-GT and CSGT programs will abide by all rules and requirements for the programs.
To align program capacity allocation with the proportion of residential DAC customers served by CCAs, Resolution E-4999 allocated capacity to existing CCAs based on the proportional share of residential customers in DACs that each CCA served.[5]

Resolution E-4999 allowed two or more CCAs to elect to pool some or all of their capacity allocations to offer a shared DAC-GT RFO for projects located within the relevant investor-owned utility (IOU) service territory to serve their DAC customers. The Resolution further allowed a CCA that does not wish to launch its own program to designate other CCAs who serve customers in the same IOU territory to receive its program capacity allocation by detailing the proposal in a Tier 3 AL, which is affirmed in writing by any CCA whose program capacity is implicated in the proposal.[6] Resolution E-4999 also acknowledged that a workshop would need to be held to address CCA implementation questions that were raised in the advice letter process. A DAC-GT & CSGT Program Implementation Workshop for CCAs was held in September 2019 and determined that a working group should be convened to further discuss program-related customer billing issues.
On October 15, 2019, Energy Division staff facilitated a customer billing working group meeting among the IOUs and various CCAs to discuss the appropriate application of the bill discount, the budget and cost recovery process, and data sharing needs. The IOUs and CCAs agreed to continue this discussion and

---

[4] D.18-06-027 at COL 23-25.
[5] Resolution E-4999 at 13.
[6] *Id.* at 16.

agreed that these issues would be formally resolved during the CCAs' AL process.

Resolution E-5102, issued in November 2020, approved the first CCA DAC-GT and CSGT tariff, administered by Clean Power Alliance (CPA). The Resolution outlined additional budgeting and approval requirements for CPA.

On December 31, 2020 California Choice Energy Authority (CalChoice)[7] filed Lancaster Choice Energy (LCE) AL 13-E, Pico Rivera Innovative Municipal Energy (PRIME) AL 8-E, and San Jacinto Power (SJP) AL 6-E (LCE, PRIME, and SJP; collectively "The CalChoice CCAs").

NOTICE

Notice of LCE AL 13-E, PRIME AL 8-E, and SJP AL 6-E were made by publication in the CPUC's Daily Calendar. CalChoice states that a copy of LCE's, PRIME's, and SJP's ALs were mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

No protests were filed.

---

[7] The CalChoice CCAs' Advice Letter states "A joint DAC-GT program is particularly suited to the Joint CCAs since these CCAs currently manage various aspects of their CCA operations under the oversight and direction of the California Choice Energy Authority ("CalChoice"). CalChoice is a California joint powers agency and each of the Joint CCAs are members of CalChoice. Under operating agreements with member CCAs, CalChoice provides various support services, including program implementation and administration, regulatory compliance, and procurement. CalChoice will be providing support to the Joint CCAs for the implementation and management of the joint DAC-GT program."

DISCUSSION

The discussion section addresses aspects of the CalChoice CCAs' proposed program implementation that warrant clarification.

Clarification of CCAs' Program Implementation

Budget & Cost Recovery

Resolution E-4999 allows CCAs located within the same IOU service territory the flexibility to pool some or all of their capacity allocations to offer a shared RFO for projects to serve their DAC customers.[8] The Resolution also requires Program Administrators to break down their program administration costs into discrete tasks including program management, IT, billing operations, regulatory compliance and procurement.[9] For cost effectiveness, the CalChoice CCAs propose sharing costs for two of the four tasks (program management and regulatory compliance and procurement) among LCE, PRIME, and SJCE on a pro-rata basis according to the percent of capacity allocation each CCA received. Each CCA's pro-rata share is outlined in Table 1 below.

Table 1: CalChoice CCAs' Shared Cost Allocation Methodology

	LCE	PRIME	SJP	Total
Capacity (MW)	0.05	0.76	0.50	1.31
Pro-Rata Share	4%	58%	38%	100%

We find this proposal reasonable and hereby approve the CalChoice CCAs' $174, 756 DAC-GT program budget estimate for Program Year 2022. The CalChoice CCAs shall submit an annual joint program budget estimate and an annual joint

[8] Resolution E-4999 at 16.
[9] *Id.* at 27.

Marketing, Education, and Outreach (ME&O) plan by February 1st of every year, starting in 2022, for the next program year.

Resolution E-5102 outlined additional procedural steps regarding Energy Resources Recovery Account (ERRA) compliance and cost recovery between CPA and SCE. The CalChoice CCAs outline similar procedural steps regarding ERRA compliance and cost recovery in their joint AL as outlined below:

1. SCE will include the CalChoice CCAs' program year 2022 budget estimates in its 2022 ERRA Forecast filing in June 2021 or its 2022 ERRA Forecast update in November 2021.

2. Should the CPUC approve the CalChoice CCAs' Annual Budget Advice Letter(s), SCE will include the total budget estimate for the upcoming program year in the ERRA Forecast filing due in early June of each year.

3. Once SCE receives approval of its ERRA Forecast from the CPUC, SCE will record LCE's, PRIME's, and SJP's approved budgets in the DAC-GT subaccount and set aside the total requested CalChoice CCA budgets in a subaccount of its DAC-GT and balancing accounts.

4. SCE will then transfer program funds to the CalChoice CCAs in four quarterly installments (by January 1, April 1, July 1 and October 1 of each year) of the upcoming quarter. If the ERRA Forecast is not approved by January 1 of a given program year, SCE will transfer all past-due funds to the CalChoice CCAs within no more than thirty days of issuance of ERRA Forecast approval.

5. Once funds are received, each CalChoice CCA will track the program funds and costs in an account in their individual accounting systems. These accounts will record all generation cost deltas, customer bill discounts, and program expenses and will be the basis for recording actual expenditures in the Joint Annual Budget Advice Letter.

We find this proposal reasonable. We further clarify here that the CalChoice CCAs should provide SCE with any requested data regarding GHG allowance expenditures so that SCE can fulfill any California Air Resources Board (CARB) reporting requirements.

Rounding Up of Solicitation Capacity

As a practical matter, in their Request for Offers (RFOs), CCAs may solicit above their allocated MW capacity by rounding up to the next whole number of MWs. We find this necessary as CCAs have been allocated much smaller capacities under the program compared to IOUs. Additionally, it may be challenging for CCAs to find developers who will build resources with a non-whole number of MW capacity. However, DAC-GT customers must only be enrolled up to the approved capacity allocation for each CCA. Any costs related to surplus capacity procured by a CCA must be paid for by the CCA at the full contract price and recovered from its generation rate base.

Program Capacity Transfers

Resolution E-4999 allowed CCAs that serve customers in the same IOU service territory to share and/or trade program capacity.[10] The Resolution also states that if a CCA elects to trade or share capacity, the trade must be affirmed in writing by all CCAs whose program capacity is implicated in the proposal.

The CalChoice CCAs have elected not to pursue the CSGT program and have exercised the option in their joint AL to permanently transfer their CSGT capacity to Clean Power Alliance (CPA) as a participating CCA in SCE's service territory. The CalChoice CCAs have attached a letter of support from CPA affirming the trading of capacity between CCAs under the CSGT program. The CPUC accepts the letter (attached to the CalChoice CCAs' AL) in lieu of CPA submitting separate written comments in response to the CCAs' AL.

Table 2 shows the reserved program capacity[11] that the CalChoice CCAs have requested to be transferred to CPA:

[10] Resolution E-4999 at 16 and 54 and COL 17.
[11] *Id.* at 14, Table 1.

TABLE 2: CALCHOICE CCAS' CAPACITY TRANSFER IN SCE'S SERVICE TERRITORY	
Community Solar Green Tariff	
Transferring CCA	**Capacity being Transferred to CPA (MW)**
LCE	0.01
PRIME	0.20
SJP	0.03
Total	**0.24**

We adopt these capacity transfers. The updated total capacity allocations in SCE's service territory, including the newly adopted CCA transfers, are detailed in Table 3 below.[12]

[12] The numbers in Table 3 supersede those adopted in Resolution E-4999 at 15, Table 2.

Table 3: Updated IOU/CCA Program Capacity Allocation in SCE's Service Territory				
SCE or CCA:	**Residential DAC Customers Served by Entity (as of May 2019)**	**Percent of Residential DAC Customers in SCE's Service Territory (as of May 2019)**	**DAC-GT Allocation (MW)**	**CSGT Allocation (MW)**
SCE	856,520	81.25%	56.50	14.63
Clean Power Alliance	183,594	17.42%	12.19	3.37
California Choice Energy Authority				
Lancaster Choice Energy	724	0.07%	0.05	0
Pico Rivera Prime	11,452	1.09%	0.76	0
San Jacinto Power	1,854	0.18%	0.50	0
Subtotal	*14,030*	*1.34%*	*1.31*	*0*
Total SCE DAC Residential Customers	**1,054,144**	**100%**	**70**	**18**

Independent Evaluator Funding

The CalChoice CCAs' AL proposes that their first program evaluation should not occur before January 1, 2024. We deny the CalChoice CCAs' request to delay the program's evaluation. To maintain efficiency and consistency across IOU and CCA DAC-GT and CSGT programs, Resolution E-5102 found it reasonable to conduct one Independent Evaluation to evaluate all IOU and CCA DAC-GT and CSGT programs statewide according to the schedule outlined in D.18-06-027.[13]

[13] D.18-06-027 at OP 18 and Resolution E-4999 at OP 5.

It is reasonable to include the CalChoice CCAs (and their programs) in the 2021 evaluation. Doing so will enable the Independent Evaluator to review and include the CalChoice CCAs' approved implementation and marketing plan and to establish program metrics for the participating CCAs to track as their programs progress.

While we do not expect that the Independent Evaluator will survey CalChoice CCA customers given that the CalChoice CCAs will not yet have any procurement or enrollment data, we encourage the CalChoice CCAs to actively participate in the remaining monthly DAC-GT and CSGT evaluation meetings to provide their input and perspective on the evaluation and its findings.

<u>Solicitation Frequency & Review</u>

Resolution E-4999 OP 8 required, within 60 days of issuance of the resolution, the IOUs to submit Tier 2 ALs with their solicitation documents for their first DAC-GT Request for Offers (RFOs). Additionally, the resolution specified "each utility shall issue its RFO within 60 days of the CPUC's approval of its solicitation documents."[14]

Resolution E-5102, which approved the first CCA DAC-GT and CSGT tariffs, applied similar solicitation requirements to those outlined in Resolution E-4999. To maintain consistency across the growing number of CCA-administered programs, we now apply the same requirements outlined in Resolution E-5102 to all participating CCAs in SCE's service territory, including the CalChoice CCAs. Thus:

The CalChoice CCAs:

- May hold solicitations once a year or as needed.[15]

[14] E-4999 at OP 8.

[15] D.18-06-027 at 86 required the IOUs to hold solicitations twice a year. Given that participating CCAs have comparatively smaller capacity allocation, it reasonable to CCAs to issue DAC-GT and CSGT RFOs once a year or as needed.

- Shall submit a joint Tier 2 Advice Letter with their solicitation documents for their first DAC-GT and CSGT RFOs within 60 days of issuance of the resolution approving their joint implementation AL. A participating CCA shall issue its first RFO within 60 days of the Commission's approval of its solicitation documents.
- Shall submit a joint Tier 2 AL with all executed Power Purchase Agreements for approval no later than 180 days following notification of selected bidders.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced.

Comments were timely filed on August 23, 2021 by Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, and San Jacinto Power (jointly as "CalChoice CCAs").

Budget & Cost Recovery

The resolution directs SCE to include the CalChoice CCAs' estimate budgets for PY 2022 in SCE's November ERRA Update. However, the CalChoice CCAs' comments note that SCE has previously included the CalChoice CCAs' PY 2022 budget requests in SCE's 2022 ERRA Forecast Application, filed on June 1, 2021. Therefore, the CalChoice CCAs state that they expect SCE will restate LCE's, PRIME's, and SJP's budget requests in the November ERRA Update for final approval by the Commission. Since SCE has already included the CalChoice

CCAs' PY 2022 budget requests in the 2022 ERRA Forecast Application, submitted June 2021, we find this sufficient and therefore not necessary for SCE restate the CalChoice CCAs' PY 2022 budget requests in the November ERRA Update. The resolution is modified accordingly.

Independent Evaluation

The resolution denies the CalChoice CCAs' request to delay their first DAC-GT program evaluation and instead determines that the CalChoice CCAs should be included in the ongoing 2021 Independent Evaluation to maintain efficiency and consistency across IOU and CCA DAC-GT programs. The CalChoice CCAs acknowledge this as a reasonable approach, however, they state that they expect to provide a limited amount of material and documentation to limit any disproportionate administrative burden on their relatively small CCA programs and revenue. We acknowledge this feedback from the CalChoice CCAs.

FINDINGS AND CONCLUSIONS

1. On June 22, 2018, pursuant to AB 327, the CPUC adopted Decision (D.)18-06-027 (NEM DAC Decision), creating the DAC Green Tariff (DAC-GT) program, and the Community Solar Green Tariff program (CSGT), which provide residential customers in DACs increased access to renewable generation.
2. The NEM DAC Decision authorized community choice aggregators (CCAs) to develop and implement their own DAC-GT and/or CSGT programs, and authorized them to access greenhouse gas (GHG) allowance revenues and public purpose program funds to support these programs, if each CCA submits a Tier 3 AL demonstrating how their DAC-GT and/or CSGT programs will abide by all rules and requirements for the programs established in the NEM DAC Decision.
3. The NEM DAC Decision required CCAs to file Tier 3 Advice Letters (ALs) to create a DAC-GT tariff and/or a CSGT tariff.
4. On June 3, 2019 Resolution E-4999 was issued and approved with modification, PG&E, SCE and SDG&E's tariffs to implement their Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs.

5. Resolution E-4999 allocated capacity to CCAs based on the proportional share of residential customers in DACs that each CCA serves and set out this allocation in Table 1 and Table 2 of that Resolution.
6. On December 31, 2020 California Choice Energy Authority (CalChoice) filed Lancaster Choice Energy (LCE) AL 13-E, Pico Rivera Innovative Municipal Energy (PRIME) AL 8-E, and San Jacinto Power (SJP) AL 6-E that proposed their plans to implement the DAC-GT programs.
7. It is reasonable for SCE to include LCE's, PRIME's, and SJP's program year 2022 budgets estimates in its 2022 ERRA Forecast update in November, record the CCAs' approved budgets in the DAC-GT balancing account, and for SCE to then transfer program funds to the CalChoice CCAs in quarterly installments.
8. As a practical matter, it is reasonable for participating CCAs to solicit above their allocated MW capacity by rounding up to the next whole number of MWs, as long as any surplus capacity is paid for by the CCA and not through GHG allowance proceeds or ratepayer funds.
9. It is appropriate to update participating CCA capacity allocations including transfers from non-participating CCAs for the DAC-GT and CSGT programs according to Resolution E-4999.
10. It is reasonable to deny the CalChoice CCAs' request to delay the program evaluation to maintain efficiency and consistency across IOU and CCA DAC-GT programs.
11. It is reasonable for participating CCAs to issue DAC-GT RFOs once a year or as needed rather than twice a year due to their comparatively smaller capacity allocation.
12. For the purposes of consistency across IOU and CCA programs, it is reasonable to require that participating CCAs submit executed PPAs for Energy Division review via a Tier 2 Advice Letter in alignment with Resolution E-5102.

<u>THEREFORE IT IS ORDERED THAT:</u>

1. Lancaster Choice Energy's Advice Letter (AL) 13-E, Pico Rivera Innovative Municipal Energy's AL 8-E, and San Jacinto Power's AL 6-E are approved with the modifications specified herein. This includes the California Choice

Energy Authority Community Choice Aggregators' request to transfer all 0.24 MW of their CSGT capacity to Clean Power Alliance.

2. Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, and San Jacinto Power shall submit a joint Tier 2 Advice Letter with their solicitation documents for their first Disadvantaged Communities Green Tariff Request for Offers within 60 days of issuance of this Resolution. The Community Choice Aggregators shall issue their first Request for Offers within 60 days of the Commission's approval of their solicitation documents.
3. Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, and San Jacinto Power will submit all executed Power Purchase Agreements via a joint Tier 2 Advice Letter for approval no later than 180 days following notification of selected bidders. If additional time is needed, the director of Energy Division, or his/her/their designee, is authorized to adjust this schedule if necessary.
4. Southern California Edison (SCE) will include Lancaster Choice Energy's (LCE's), Pico Rivera Innovative Municipal Energy (PRIME's), and San Jacinto Power's (SJP's) estimated budget for program year 2022 in its November Energy Resources Recovery Account (ERRA) Update. Once SCE receives approval from the Commission of its ERRA Forecast, SCE will record LCE's, PRIME's, and SJP's approved budgets in the Disadvantaged Communities Green Tariff balancing account and transfer program funds to LCE, PRIME, and SJP in quarterly installments.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 9, 2021; the following Commissioners voting favorably thereon:

/s/ Rachel Peterson
Rachel Peterson
Executive Director

MARYBEL BATJER
President
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
DARCIE HOUCK
Commissioner