



MARIN CLEAN ENERGY FREQUENTLY ASKED QUESTIONS

I. THE BASICS

1.1 What is Community Choice Aggregation (CCA)?

Community Choice Aggregation was established by the California legislature in 2002 (AB 117) to give cities and counties the authority to procure electricity on behalf of customers within their jurisdictions. Under a CCA program, PG&E would deliver the electricity to end use customers and PG&E would continue to read the electric meters and issue monthly bills to customers. Unlike traditional utility service, the source of the electric supply (generation) and the price paid by customers for the generation services procured by the CCA program would be determined locally. Customers would have the choice of being automatically enrolled in the program called Marin Clean Energy (MCE) or remaining with the current utility, PG&E.

1.2 Am I in the Marin Clean Energy service territory?

The members of the Marin Energy Authority are City of Belvedere, Town of Fairfax, County of Marin, City of Mill Valley, Town of Ross, Town of San Anselmo, City of San Rafael, City of Sausalito, and Town of Tiburon. If you live in one of these cities and towns or in an unincorporated area of the County of Marin, you are in the MCE service territory.

1.3 Why could MCE be better for the community than the status quo?

The CCA law offers potential advantages to our community over the status quo:

Affordable Renewable Energy – Under MCE, Marin County homes and businesses may be able to enjoy the benefits of non-polluting renewable energy resources at the most affordable price. We could determine how our electricity is generated – from clean and renewable resources rather than polluting and finite fossil fuels. Marin could meet over half of its electricity demand with renewable energy resources (such as wind, geothermal, biomass and solar) within 5 years and achieve a modest savings over current utility rates.

Greater Price Stability – California's growing demand for electricity is expected to be met by an increasing dependence upon natural gas-fired power plants. California already imports about 84% of its natural gas from other regions. California's growing appetite for more electricity will require even more imported fossil fuels, including Liquefied Natural Gas (LNG) from other countries. Renewable energy has no fuel cost and is not subject to the shortages and price volatility we have seen in natural gas prices. Under the status quo, generators and utilities are allowed to pass those price risks through to ratepayers. Investment in renewable energy generation can help achieve a higher level of price stability for homes and businesses, and help protect the local economy. The initial studies show that Marin ratepayers could save about \$240 million over the next twenty years.

Promote Local Clean Distributed Generation – With MCE, Marin County can establish rates and incentives to promote local clean distributed generation facilities including solar, biomass, cogeneration and small-scale wind. If and when new technologies capable of harnessing tidal power resource become commercially viable, MCE would be able to develop that resource as well. Incorporating local distributed electricity generation sources as well as remote renewable energy power plants helps to diversify risks and increase reliability of service for all of Marin County.

Local Accountability – Local governments are accountable to their community through locally elected officials whose tenure is predicated on serving the public good. The decisions of a local power authority would have the ability to be more transparent and responsive to the desires of the community than the current electricity suppliers regulated by the California Public Utilities Commission. In an early example of this, the Marin CCA Local Government Task Force has convened a group of residential, commercial, industrial, agricultural and institutional ratepayers to advise on their issues and priorities for electricity supply, and assure that MCE would serve local needs.

Public Financing of Generation – Local governments have a substantial financial advantage over investor-owned utilities when investing in new power supply. MCE can access lower cost tax-exempt financing to build generation and doesn't pay shareholder profits or income tax. Offering both lower cost financing and the retail customer base, MCE can partner with experienced public and private power producers and energy service providers.

Additional Advantages – There are potential advantages that have not been quantified including greater rate stability to attract and retain employers, increase in economic development and jobs, and helping build markets for new, cleaner, and cheaper power technologies.

1.4 How much renewable energy can MCE obtain compared to the current utility?

PG&E'S POWER MIX

	2007	2008
<u>Eligible Renewable</u>	10%	14%
Biomass & Waste	<1%	4%
Geothermal	2%	5%
Small Hydroelectric	6%	3%
Solar	0%	<1%
Wind	2%	2%
<u>Non-Renewable</u>		
Coal	32%	8%
Large Hydroelectric	24%	16%
Nuclear	3%	22%
Natural Gas	31%	39%
Other	0%	1%

The chart above sums up the current utility's supply portfolio. Eligible renewable power includes biomass, geothermal, solar, wind and small hydroelectric power. (See Section 5 for more information on renewable energy.) State law (the Renewable Portfolio Standard or "RPS") requires all utilities to increase their percentage of "eligible renewable" energy to 20% by 2010.

Based on indicative pricing from power suppliers and current projections of generation rates², MCE could procure at 25% to 50% of its power from renewable sources at start-up in 2009 and achieve over 50% renewable energy supply within five years while keeping rates at or below the current utility. MCE could achieve this goal by entering into a full requirements contract for energy supply and operational services with an experienced, financially stable energy supplier in the short term, and using lower-cost public financing to invest in renewable power ownership in the long-term.

1.5 Is renewable energy the only reason communities are investigating the CCA option?

Many of the cities investigating CCA are looking to increase the use of renewable energy generation beyond what the State currently requires of the investor-owned utilities. However, this is not true for all local governments. For some communities, reliability of power and price stability are the primary drivers of the CCA effort, though cleaner energy is also a concern.

II. HOW THE CREATION OF MCE WILL AFFECT RATEPAYERS

2.1 Does the customer's relationship with Pacific Gas & Electric (PG&E) change?

MCE customers remain retail distribution customers of PG&E. PG&E would still own and maintain the power lines, and provide customer service and billing. The charge for electricity generation, which currently accounts for about half of the electric portion of the bill (and which is a current line item on the PG&E bill), would still be there. If a jurisdiction elects to participate in the MCE joint powers authority, customers in the community would become an MCE customer for the generation component unless they choose to opt out and stay with PG&E. The only difference between an MCE and non-MCE customer would be the sources of and rates for the generation component of electricity.

2.2 Do I have to participate in MCE if my jurisdiction chooses to join?

No. The law allows any customer to "opt out" of MCE if they choose not to participate. Every customer will be given a choice to join MCE or stay with PG&E's power supply portfolio. Customers will also be able to switch back and forth between MCE and PG&E, but there may be restrictions on how often customers can switch and may be an administrative cost for doing so.

2.3 Can I participate in MCE if my jurisdiction does not join?

No. Customers can only participate in MCE if their city or town council elects to do so. If the County joins MCE customers in the unincorporated areas of the county can participate. This is also true for businesses that may have more than one location. Only those locations within a MCE jurisdiction can be served by MCE.

2.4 Why is only a customer "opt-out" option proposed?

The CCA law (AB117) requires the customer opt-out approach. The opt-out approach is a way to ensure a critical mass of customer load to make the CCA viable without mandating that any customer be part of the CCA. The law also defines a clear process and time period for customer notification to ensure customers are aware of, and have a simple method to opt out. Customers would be provided with four notices and opportunities to opt-out of the program without penalty of any kind, twice within the 60 days prior to enrollment, and twice within the first two months of service. After this time, a customer would still have the right to choose between MCE and PG&E

2.5 Is there a cost to opt out of MCE if a customer chooses to at a later time?

Following the free opt-out period, customers would still be able to opt for PG&E. However, the CCA has the right to set a termination fee. The fee might include a small administrative fee (\$5 for residential customers suggested in the business plan) and, if necessary, a cost recovery charge to prevent shifting of costs for long-term power commitments to remaining program customers. MCE would only have to impose a cost recovery charge (also called an "exit fee") in the event that its average cost to procure power is higher than the market price for power at that time. Since the market price is very much linked to the cost of natural gas-fueled generation, only a significant decline in the price of natural gas in future years would cause MCE to impose an exit fee. For the majority of customers, such fees would likely be

small because most Marin County residents and businesses are relatively small consumers of electricity.

2.6 How will remaining MCE customers be affected by major users if they chose to opt out?

In general, Marin has a smaller concentration of large commercial and industrial customers than most Bay Area counties making this less of an issue. Beyond the initial opt-out period, CCAs are permitted to establish exit fees to ensure that customers opting out don't saddle remaining customers with an unfair financial burden for long-term power commitments made on behalf of the exiting customers.

2.7 Would MCE have to pay an exit fee to the current utility for financial commitments to power suppliers made on behalf of the MCE customers?

The exit fee imposed by the CPUC on MCE customers—called the “Cost Responsibility Surcharge” (CRS)—is designed to shield the utility's remaining generation customers from any financial losses or cost increases that might result from customers switching to the MCE supply. The CRS is determined by a formula that includes both fixed and variable components including:

- Department of Water Resources (DWR) Bond Charge, a charge leftover from the energy crises of 2000-2001;
- A “regulatory asset” charge to help PG&E emerge from bankruptcy from this same time period;
- A charge covering the “above market” rates portion of the utility's current supply portfolio. This charge is based on the net of the total portfolio.

Since the DWR and regulatory asset charges are paid by existing PG&E customers, they don't represent an added cost for a MCE customer. The net above-market rates portion of the CRS could be a significant variable affecting the economics of a MCE in the short term. However, based on current market prices, the current CRS is effectively zero.

2.9 Will MCE customers still be able to obtain rebates from PG&E for energy efficiency and solar electric systems?

Yes. The California Public Utilities Commission authorizes PG&E and the other investor-owned utilities to collect from all ratepayers fees known as “public good charges” to fund energy efficiency and renewable energy incentive programs. Under MCE, PG&E will still collect these fees and MCE customers will remain eligible for these incentives and services.

2.10 Will MCE customers still be able to obtain net metering for qualified solar electric and other distributed generation systems?

Yes. Net metering allows a customer to turn their meter backwards and receive a credit at times when their solar system generates more power than is used on site, and is taken back at times when more power is used than the system produces. The credits and use are netted out after 12 months. The CPUC requires PG&E to treat MCE generation customers the same as PG&E generation customers. MCE would provide any generation credits and PG&E would continue to provide credits for transmission, distribution and all other charges.

III. HOW MCE WILL BE IMPLEMENTED

3.1 How is the MEA implementing MCE?

The County of Marin and eight participating cities and towns have formed a Joint Powers Authority for purposes of offering CCA services to customers beginning in 2010. The Authority is negotiating the initial energy supply contract with a third-party electric supplier to provide electricity to customers and provide

other technical services required for the program under a public/private partnership model. Under the contract, two distinct renewable energy supply options will be offered to program customers:

- “Deep Green” Option: 100% renewable energy supply from resources such as wind, solar, geothermal and biomass, at a specified price premium reflective of renewable energy and related program operating costs; and
- “Light Green” Option: Under this option, the Authority would initially supply 25% renewable power, increasing this supply to more than 50% by 2014. MEA will execute this initial contract only if the Light Green Option has a cost at or below the incumbent utility’s projected costs.

Over time, MCE would continue to increase its renewable energy procurement/deliveries within the Light Green Option to achieve the long-term goal of 100% renewable energy supply in year 6 for the entire program subject to economic and operational constraints.

3.2 How will MCE procure power to meet Marin’s electricity demand?

MCE will commence operations under a turnkey contract with an experienced, financially stable energy supplier for a five to seven year period. This approach minimizes risks by placing the operational responsibility and obligation to deliver energy at stable prices on a third party supplier. The power purchase agreement currently being negotiated specifies power content requirements and includes provisions for integrating renewable resources procured independently by the MCE. The bidders to supply this energy responded to an RFP issued by the MEA and were vetted by a range of technical, legal and finance experts.

MCE will also identify experienced public and private power developers that are capable of facilitating longer-term renewable power development goals. MCE will be able to take advantage of the lower cost of public financing by investing in renewable power generation with public and private development partners. Tax-exempt financing, lack of shareholder profits and taxes provide MCE with a cost advantage relative to investor-owned utility. In general, a public agency can build the same generation as a private utility at a financing cost of about 5.5% compared to about 12% for the private utility. The business plan also calls for investing in renewable energy-based generation. Unlike fossil fuel-based generation, renewable generation costs are stable and known because there is no fuel price risk.

MCE can also develop and fund local initiatives to reduce energy use through increased energy efficiency, and promote the installation of distributed generation including solar, biomass, small wind and cogeneration.

3.3 How much renewable energy could be supplied at rates at or below current utility?

Indicative pricing provided by the energy supply bidders indicates that MCE’s beginning operation in 2010 could procure 25% to 50% renewable content from day one with no increase in rates over the current utility. Through investment in renewable generation, MCE could achieve over 100% renewable content in about 6 years also with no increase in price over PG&E.

3.4 Is there sufficient renewable power available for Marin since all utilities are required to meet the state mandated requirements for 20% renewable energy by 2010?

There are recent studies examining the potential for renewable energy generation within and outside the state that demonstrate significant potential for renewables. A study conducted by the Center for Resource Solutions released in November 2005 documents substantial and abundant renewable resources in California and throughout the West. The CPUC sponsored study determined that there are sufficient developable renewable energy resources of commercial quality within California to serve a 33%

Renewable Portfolio Standard by 2020 proposed by Gov. Schwarzenegger. If out-of-state resources are included in the equation, the picture looks even brighter. The report documents 11,810 MW of wind power not located in California available by 2010. Even more solar power supply (14,800 MW both in-state and out-of-state) is available by the same date. Current law only requires utilities power supply portfolios to contain 20% renewable energy by 2010.

While prices for wind all generation projects have gone up recently and the demand for renewable generation is increasing, manufacturing capacity is expected to expand and additional resource areas for wind, geothermal, central solar thermal and other technologies are being opened up as transmission capacity is developed. The general cost trends don't always reflect significant variation in costs for individual projects, which are very specific to each project, the timing of projects, and other terms and conditions of contracts.

There are many factors that can cause the availability and cost of renewable generation (or any generation) to increase or decrease. MCE would not go into business without the contractual obligations in place to ensure the source and price of the energy supply. The business plan assumes that renewable energy goals will be met within technical and economic constraints and does not suggest that these goals would be met at any cost.

While the business plan has identified a mix of purchased and owned resources, with the owned resources modeled as wind and biomass, MCE has the ability for relatively flexible renewable procurement. First, because the whole MCE peak demand is 170 MW, MCE has the ability to procure (either by purchasing or owning) smaller projects that may be of little interest to a larger utility. MCE can also work on developing local resources from within the county (e.g., landfill gas, wind). Once MCE exceeds the 20% California renewable standard, it could procure renewables flexibly (i.e., by buying from out-of-state, using contracts of varying lengths, buying RECs, or by buying or contracting for projects that use renewable resources but otherwise may not qualify under the California RPS).

MCE also has the ability to enter into agreements with other CCAs that might be formed or with municipal utilities (such as the Sacramento Municipal Utility District or the Northern California Power Agency) to buy smaller pieces of larger renewable projects. Such arrangements diversify operational risk across a number of projects.

3.5 Where and what kinds of power plants are expected to be developed in Marin?

The proposed supply plan proposed by Navigant assumes no power plants will be built in Marin County initially for either conventional or renewable power. Marin County lacks wind resources of sufficient scope to support commercial wind farms, though there may be limited applications for small wind turbines. Marin also has no known geothermal resources. Central solar thermal-electric plants require significant land area and are only viable in areas with a very low incidence of cloudy days. This generally limits this technology to desert areas. While solar thermal technology produces electricity at roughly half of the cost of a solar PV system, it is still more expensive than most wind, geothermal or biomass power.

The County has identified substantial potential for solar PV on businesses and homes in Marin and increasing use is expected. However, PV is currently too expensive to be sold at wholesale power prices. It is cost-effective only for end-users today because the systems offset the retail price of electricity including the cost of transmission, distribution and other service charges. California regulations restrict rebates for solar and small wind electric systems to systems sized to meet the customer's on-site electricity needs. Under current law, a customer wanting to oversize a system for sale of power back to a CCA would not be eligible for state rebates.

There may be other opportunities for local power generation from landfill gas, biomass and small or micro hydro. Co-generation may be possible at some industrial and commercial sites as well. However, it is impractical to plan to exploit these opportunities until they have been adequately identified and assessed. MCE would provide the financial means to undertake a thorough assessment of local resources once it is in operation.

3.6 Would MCE have difficulty participating in the development of renewable energy projects in other counties because of environmental justice issues?

Generally, renewable energy development has been embraced by counties because it provides jobs and economic development without the adverse impacts associated with many other kinds of development. Renewable energy can also solve other environmental problems such as use of agricultural waste products that are otherwise burned, and be compatible with existing land uses such as wind power on agricultural land.

Renewable resources are, by definition, far more environmentally friendly than fossil fuel-based generation. The environmental justice issues generally concern air quality and health impacts from fossil-fuel power plants, and the impacts from extraction, processing and transport of fossil fuels. Environmental issues related to renewable energy are more limited and localized, such as the potential for bird kills from wind turbines, location of geothermal plants in sensitive wildlife habitat, and air quality issues with certain types of older biomass power generation.

3.7 How would MCE be financed?

MCE would be financed from the revenues received for electricity delivered to participating customers. The initial start-up costs and reserves for MCE can be funded by loans secured by future revenues. In the long term, tax-exempt revenue bonds can be issued to build and own generation. California law provides CCAs with both ratemaking authority and the ability to impose exit fees, both of which are necessary to ensure repayment of bonds. Please refer to the business plan for greater detail on the costs and financial options.

3.8 What financial or other obligation does a city or county incur by establishing MCE?

The participating cities and county have created MCE through a joint powers authority that assumes various powers and responsibilities such as assuming ratemaking authority for retail customers and the responsibility to procure power for customers in its jurisdiction. The authority and responsibilities of MCE versus the individual cities will be determined by the participating cities. Under state law governing joint powers authorities, a city or county assumes no liability for any financial obligations of the authority unless it specifically chooses to do so.

3.9 How many customers make MCE economically viable in Marin County?

There is no absolute rule as to the scale of customers or the amount of electricity demand size necessary to implement a CCA. Electricity use varies greatly among different customer types. Consumption patterns and levels of demand differ in each jurisdiction. Rather than assuming which jurisdictions might participate, the business plan assumes percentages of participants from each customer rate class without regard to jurisdictions. The ultimate feasibility will be determined once the participating jurisdictions are known.

3.10 Will creating MCE require setting up a new bureaucracy? Isn't the private sector better at managing the complexity of today's electricity markets than the public sector?

While setting up MCE will require a new Joint Powers Authority, it does not require hiring a large staff to

administer the program. Many of the principal tasks and functions of MCE can be handled through contracts with existing private and public sector organizations with significant expertise and experience.

The private sector will be employed to carry out many of the functions associated with a MCE program. MCE allows for public control over resources to sustain our communities and a way to take advantage of unique and cost-effective financial opportunities available only to the public sector. MCE would be a public-private partnership that takes advantage of the opportunities offered by both the private and public sectors.

Public utilities have a long track record of providing these services at less cost than their private-sector counterparts. See the draft business plan for more detail on staffing, contracting and related costs.

3.11 Why aren't Marin communities working to create a CCA with jurisdictions outside of Marin County?

There is no reason why Marin communities can't join with other jurisdictions in the future. Logistically, however, it would be difficult to involve more than the communities within Marin County in the investigation and business planning. The initial and ongoing analysis has been conducted for Marin's jurisdictions using customer data specifically for Marin's communities. Other communities in the state investigating CCAs also are in different phases of work. Marin has collaborated with other local governments at the CPUC and through Navigant on initial phases of the analysis. The joint powers agreement can permit other jurisdictions to join MCE and can allow collaboration with other CCAs on power supply and operations.

IV. OTHER RISK AND LIABILITY QUESTIONS

4.1 Can cities and counties be legally shielded from the actions of MCE?

Yes. Cities and the County have firewalled their general funds through the formation of a joint powers authority (JPA). The debts and liabilities of the JPA do not extend to the member cities and county. This firewall is protected by state law. The key elements for repayment are ratesetting authority and the ability to recover costs from customers leaving the system, both of which MCE has authority to do.

4.2 Would a default on MCE bonds cast a long shadow for local governments in the bond market?

Such events tend to have a negative psychological impact on financial markets, even if unwarranted. However, the conditions necessary for, and likelihood of such a default, need to be understood. As explained in the answer above, a CCA has the two critical elements required by investors to ensure repayment of bonds – rate-setting authority and the ability to impose exit fees on departing customers, if necessary. In addition, the bonds supporting a CCA will also have tangible steel-in-the-ground generation assets backing them up.

4.3 A recent Supreme Court decision implies raising rates for local government services is subject to Prop 218. How does this ruling affect MCE?

The federal Supreme Court ruled that utility water rate increases were impacted by Prop 218, which was passed by voters in 1996 and requires voter approval of local tax increases. It appears the primary issue with Prop. 218 in this specific ruling is the use of funds for purposes other than intended. One example would be collecting revenue through the electricity rates to contribute to a city's general fund. The MCE business plan does not include any plans for the CCA to be used to raise revenue for unrelated municipal

activities.

4.4 Is the CCA subject to the same energy price fluctuations that undermined investor-owned utility financial stability in 2000?

Due to the restructuring law passed in 1996, the CPUC prevented utilities from entering into long-term purchase contracts because it was assumed that market competition would lower prices. At the time of California's energy crises, PG&E was caught in a unique situation of having to purchase power from the spot (very short term) market, where prices went very high due to market manipulations, escalating natural gas prices, and other factors. Since the energy crisis of 2000-2001, the CPUC has changed power purchase rules that eliminate many of the risks exposed by California's experimentation with market restructuring. The CCA legislation was approved in California in 2003 in response to this energy crisis.

The Navigant study assumes that MCE would purchase no more than 15% of the total energy demand on the spot market, an accepted industry standard for meeting variable peak demand needs, thereby limiting exposure to the volatility of day-to-day price swings. In the near term, MCE would contract for fixed prices that would substantially reduce the risk of near term price volatility that customers now have under the current utility. In the long term, MCE would own renewable energy-based generation providing long term price security not available with the current utility. This is a much more conservative approach than what we are subjected to today under state regulation and utility decision making over which we have little control.

4.5 Can the current utility raise transmission rates on MCE customers above those of its own customers?

Transmission and distribution systems and costs fall under a complicated set of rules controlled by the CPUC, California Independent System Operator (which manages the state's transmission grid), and the Federal Energy Regulatory Commission. Due to these regulations, MCE would have no direct control over transmission rate costs, nor does PG&E. However, MCE would have the ability to plan and fund participation in the regulatory proceedings and be at the table—like PG&E—to advocate for ratepayer interests.

V. RENEWABLE 101

5.1 What is renewable energy?

Renewable Energy is defined as energy derived from resources that cannot be depleted. Types of renewable energy resources include moving water (hydro, tidal and wave power), thermal gradients in ocean water, biomass, geothermal energy, solar energy, and wind energy. Neither fossil fuels (oil, coal, natural gas) nor nuclear power are considered to be renewable. State law defines Eligible Renewables more narrowly. For example, only small hydroelectric facilities under 30 megawatts in size are considered Eligible Renewable.

Types of Renewable Energy

Biomass and waste-to-energy— Biomass fuels are residues produced from logging, mill operations and the manufacture of wood, pulp, paper, and fiberboard, agricultural field and orchard crops, livestock and poultry growing operations, food processing, and demolition (urban wood waste). Waste fuels include combustible residues from industrial processes, municipal liquid wastes and municipal solid waste. For example, "garbage," includes household solid waste, and tires but not garden trimmings because these are considered "biomass" fuels. In general, solid biomass fuels are converted to electricity by burning the

fuel in a boiler, which generates the steam used to turn a turbine generator. These fuels may also be gasified and burned to produce electricity. Liquid biomass fuels are converted to electricity by capturing and burning the gases they give off.

Geothermal—Geothermal electricity is produced using heat from deep within the earth (often evidenced by the presence of hot springs or geysers). This heat is captured and used to turn an electric turbine.

Solar—Solar electricity can be generated in two ways. One way involves focusing the heat of the sun on a central point that heats up. This heat is then used to produce steam, which turns an electric turbine. Another way to harness solar power for electricity is using photovoltaic (PV) cells such as those seen on rooftops. PV cells convert energy from the sun to electricity.

Small hydroelectric (30 megawatts capacity or smaller)—Hydroelectric power plants convert the energy in falling water into electrical energy. Small hydroelectric facilities may either use a small dam or river flows to harness the energy of the moving water. Federal law defines small hydroelectric as having a capacity of 30 megawatts or less, and California uses this definition for purposes of the power content label as well as other programs.

Tidal Power— Tidal power is a variation of hydroelectric power and comes in two main forms. The first uses kinetic energy in flowing water, rivers, tides and open currents and the second uses potential energy, similarly to hydroelectric power, but using the differing heights of low and high tides.

Wind— Wind energy is derived from the movement of air caused by the uneven heating of the earth's surface by the sun. Power from the wind is captured using wind turbines—blades that turn as the wind blows—to generate electricity.

5.2 What is the Renewable Portfolio Standard (RPS)?

Senate Bill 1078, signed into law in 2002, created a Renewable Portfolio Standard (RPS) for the state of California, calling for the state to double its renewable supply capacity from 10 to 20 percent between 2003 and 2017. California utilities were required to increase their renewable energy supply by 1 percent annually over a 14 year period. The CPUC moved the date for compliance from 2017 to 2010. This was reaffirmed by new state legislation that also allowed the utilities to avoid meeting the deadline for extenuating circumstances.

An RPS ensures that a minimum amount of renewable energy is included in the supply portfolio of electricity resources serving a country, state or other jurisdiction. An overall renewable energy target is set by government policy makers, but the market then determines which fuels and specific projects will be built to meet the target.

The RPS is a flexible, market-based public policy that has been the most effective in developing lowest cost new renewable resources both here and abroad. Some states include set-asides for specific technologies (e.g., Colorado), most often solar photovoltaics, a technology geared to retail not wholesale transactions. Because it is a market standard, the RPS relies almost entirely on private capital to develop new state-of-the-art renewable energy projects.

Fuels and technologies eligible for the California RPS include: solar photovoltaics; solar thermal electric; wind, geothermal electric; biomass; landfill gas; digester gas; municipal solid waste; hydroelectric; tidal energy; wave energy; ocean thermal energy; and fuel cells powered by any of these renewable fuels.

VI. ACRONYMS AND DEFINITIONS

AB117: California legislation passed in 2002 that established community choice aggregation, authored by then Assemblywoman Carole Migden

CCA: Community Choice Aggregation

CEC: California Energy Commission

CPUC: California Public Utilities Commission

CRS: Cost Responsibility Surcharge, also referred to as an “exit fee”

CTC: Competition Transition Charge: a usage-based charge imposed by the utility on customers to provide for full recovery of stranded costs resulting from deregulation

DA or Direct Access: A customer is allowed to choose an alternative supplier than that of its host distribution utility. In essence, the end-use customer has “direct access” to a power plant not controlled or owned by the company providing his distribution and billing services.

DG or Distributed Generation: Small, modular power sources sited at the point of power consumption. These systems can operate as a stand-alone system or can be connected to the electricity grid. Residential homeowners might install a solar photo voltaic system on their rooftop. For commercial customers, distributed generation may come in the form of on-site gas-fired cogeneration, a fuel cell or an array of diesel generators.

DSM or Demand-Side Management: Methods used to manage and shift demand for energy, most often to times of the day when the cost of energy is less. DSM activities include energy efficiency programs, electricity load shifting activities and devices, and fuel substitutions.

ESP or Energy Service Provider: a person or entity other than the retail distribution utility, which provides electric energy to an electric utility customer

IOU or Investor-Owned Utility: A private company providing electricity or water to a monopoly service area and governed by the California Public Utilities Commission (e.g. Pacific Gas Electric.)

kW: kilowatt: a common unit measurement for electricity capacity or demand. (1 kW=1000 watts)

kWh: kilowatt hour: a common unit measurement for electricity use (1kWh=1 kW demand for one hour)

MW or megawatts: 1 megawatt=1000 kilowatts

PPA: Power Purchase Agreement

Power Charge Indifference Adjustment (PCIA): This adjustment (either a charge or credit) is intended to ensure that customers who purchase electricity from non-utility suppliers pay their share of cost for generation acquired prior to 2003.

PV: Photo-voltaic: Solar electric generation by conversion of light into electrons. The most commonly known form of solar electric power is roof panels on homes.

RFI: Request for Information

RFP: Request for Proposals