Pricing for CCA Energy Services
- Rethink Rate Design

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We can't solve problems by using the same kind of thinking we used when we created them

- Albert Einstein
Why Rate Design?

- Financial objectives
  - Fiscal health
  - Build reserves to absorb market and policy changes
  - Staying power to achieve policy objectives

- Policy objectives
  - Affordability
  - Decarbonization
  - Reliability
  - Equality
  - Community economic development
Today’s Market Reality – Local Oligopoly

Suppliers | 21
Customers | 42K
Load Served | 24 GW

Suppliers | 3
Customers | 12M
Load Served | 134 GW

Sources: CPUC, CEC

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# CCA vs. IOU Business Models

<table>
<thead>
<tr>
<th></th>
<th>CCA</th>
<th>IOU</th>
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</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td>Local Oligopoly</td>
<td>Local Monopoly</td>
</tr>
<tr>
<td><strong>Business Model</strong></td>
<td>Competitive Not For Profit</td>
<td>Guaranteed Return</td>
</tr>
<tr>
<td><strong>Pricing</strong></td>
<td>IOU Price Minus</td>
<td>Cost Plus</td>
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</tbody>
</table>

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### Differences between IOU and CCA Rate Designs

<table>
<thead>
<tr>
<th></th>
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<th>IOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>Cost Minimization</td>
<td>Cost Minimization/ Allocation</td>
</tr>
<tr>
<td>Cost Components</td>
<td>Generation</td>
<td>Generation, Transmission &amp; Distribution</td>
</tr>
<tr>
<td>Treatment of</td>
<td>Avoided Energy Supply</td>
<td>Avoided Generation &amp; Distribution</td>
</tr>
<tr>
<td>Distributed Generation</td>
<td></td>
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<tr>
<td>Constraint</td>
<td>Limited by Data</td>
<td>Not Limited by Data</td>
</tr>
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Impact of Retail Pricing on Wholesale Energy Cost

LMP for “FORTORD_6_N001”

MBCP T+8

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“IOU Minus” Pricing Revisited – Some Food for Thought

› Pricing
  › Custom contracts/personalized pricing
  › Bundle pricing
  › Promotion pricing

› Value Added Services
  › Energy management services
  › Wholesale energy supply services
  › Bill management services

› Channel/affiliate marketing
Uses of Data for Rate Designs

- Pricing Proposal
- Simulation
- Implementation
- Test Marketing
- Evaluation
- Financial Analyses

Interval Data
Bill Impact Analyses for Rate Design Proposals
Revenue Impact by Pricing Proposals

- Proposal #1: $26,978,486
- Proposal #2: $36,403,476
- Proposal #3: $27,970,467
- Proposal #4: $9,424,990
- Proposal #5: $991,981

0

$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0

$35,000,000
$40,000,000

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