BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.	R.17-06-026 (Filed June 29, 2017)

REPLY COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON FINAL REPORT FOR WORKING GROUP 2 (PREPAYMENT) SUBMITTED BY SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) AND THE DIRECT ACCESS CUSTOMER COALITION AND THE ALLIANCE FOR RETAIL ENERGY MARKETS

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Pursuant to the December 18, 2019, Administrative Law Judge's (ALJ) ruling Modifying Proceeding Schedule, California Community Choice Association (CalCCA) respectfully submits these reply comments to the *Final Report for Working Group 2 (Prepayment) Submitted by San Diego Gas & Electric Company (U 902 E) and the Direct Access Customer Coalition and the Alliance for Retail Energy Markets* (Final Report). CalCCA appreciates the effort put forth by the co-leads and remains cautiously optimistic that Commission leadership on this topic will allow for successful prepayment of above-market-costs.

I. SUMMARY

CalCCA supports the Commission's determination that prepayment of Power Charge Indifference Adjustment (PCIA) obligations is a valuable method to protect customers from rate shock and provides for a stable market. We concur with the positions taken and rationale offered by the Alliance for Retail Energy Markets and the Direct Access Customer Coalition (AReM /DACC). However, CalCCA remains concerned by the barriers to successful prepayment reflected in the Final Report.

The Commission must remain cognizant of foundational facts when evaluating proposals made in this Working Group:

1. The investor-owned utilities (IOUs)—despite being named co-chairs—opposed the option of prepayment in Phase 1 of this proceeding, and the Final Report evidences their reticence to facilitate a prepayment framework workable for load-serving entities (LSEs).

2. Prepayments have a successful track record across many jurisdictions, and the Commission has recently used them for Municipal departing load.

3. No other jurisdiction grants for-profit utilities an infinite time period to continue charging customers they no longer serve.

CalCCA offers the following feedback, discussed in more detail below:

- ✓ IOUs should be expected to transact under equitable terms;

- ✓ IOUs must be required to provide all data necessary for forecasting PCIA obligations in a timely and responsive manner;

- ✓ Load growth within a community being served by a Community Choice Aggregator (CCA) should not be subject to additional PCIA charges, as the IOUs are no longer serving that load;

- ✓ Strategies to manipulate the prepayment amount in favor of one customer class (*e.g.*, shifting all risk to departing load through the Non-Prepayer Protection Reserve (NPPR)), or to provide IOUs with additional means of rejecting prepayment (*e.g.*, IOU-specific financial evaluations of viability) should be rejected; and,

- ✓ Bank financing, future proofing, and slice of load concepts all have merit and should be endorsed by the Commission.

As discussed in previous CalCCA comments, the following principles are key to a successful prepayment framework: [1]

- Transparent: clear delineation of resources included, inputs and assumptions;

- Binding: once a pre-payment is made there will be no true-ups/re-evaluations/re-negotiations—this obviates the central benefit of prepayment: certainty;

- Consistent: prepayment amount should be calculated in uniform manner for all customers (Direct Access (DA), CCA, and even bundled) and include all net costs and benefits; and,

- Unbiased: calculated net present value (NPV) should not be skewed to favor one customer class over another.

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[1] CalCCA Comments on SDG&E/AReM/DACC Suggested Prepayment Approach Workgroup, Apr. 4, 2019.

To implement these principles, CalCCA proposes that IOUs be directed to calculate the net-present-value of future PCIA obligations using publicly-available data or data disclosed under a non-disclosure agreement (NDA). This NPV should be the prepayment price that departing customers pay for price certainty. The customers making prepayment should not be subject to additional cost obligations for the IOU portfolio via true-ups or additional charges related to their existing above-market portfolio.

II. IOUS SHOULD BE EXPECTED TO TRANSACT UNDER EQUITABLE TERMS

CalCCA supports the co-chairs' proposed framework for developing a prepayment amount. This approach would take the total portfolio costs of PCIA-eligible resources and net out future brown power, Resource Adequacy (RA), and Renewable Energy Credit (REC) values based on the most recent Final Adders used to calculate the PCIA charge. The co-chairs call this a "starting point" for calculating PCIA obligations—CalCCA maintains that there is no basis for using different brown power, REC, or RA values than those calculated in the Final Adders used to assess PCIA. Indeed, offering the flexibility for LSEs to develop values that deviate from those calculated by the Commission presents a path for IOU to refuse to transact.

As noted in earlier comments, provided in Appendices A, B and C, the IOU has zero incentive to transact, and in fact has actively advocated against the consideration the prepayment tool in Phase 1 of the PCIA proceeding. The for-profit utilities are in an enviable position. If market values decline, they charge a higher PCIA; however, if market values increase sufficiently such that PCIA goes negative (*i.e.*, results in a refund to departed customers) the IOUs advocate to wipe the slate clean.[2] Departed

[2] Decision Adopting Settlement Agreement Resolving Negative Indifference Amount. Approved Dec. 13, 2019. Available online at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M322/K150/322150633.PDF

customers serve as a free hedge in this "heads I win, tails you lose" scenario. The Commission should order IOUs to calculate prepayment amounts using the adopted Energy Resource Recovery Account (ERRA) values, discounted at relevant IOU's cost of capital.

III. IOUS MUST BE REQUIRED TO PROVIDE ALL DATA NECESSARY FOR FORECASTING PCIA OBLIGATIONS IN A TIMELY AND REPSONSIVE MANNER

Access to IOU data has been a recurring challenge for intervenors, courts, and the public. As departed customers pay an equal share of IOUs' above-market costs, they should be granted equal access to information about the resources they are paying for. Without equal access, a customer's LSE will struggle to forecast future cost obligations, and will enter any prepayment negotiations with an inherent disadvantage. In the case where third parties (*e.g.*, banks) serve as the counterparty in a prepayment arrangement, they will also need access to all relevant data and should be empowered to submit data requests and review all data they deem pertinent under an NDA. Granular information from contracts (*e.g.*, price escalators, curtailment provisions, time of delivery pricing periods) should be aggregated for use, with subsequent data responses provided for contract-specific information.

IV. LOAD GROWTH WITHIN A COMMUNITY BEING SERVED BY A CCA SHOULD NOT BE SUBJECT TO ADDITIONAL PCIA CHARGES, AS THE IOUS ARE NO LONGER SERVING THAT LOAD

The co-chairs suggest that, when forecasting PCIA obligation, "if applicable, the prepayer must provide information related to reasonable foreseeable future plans that could have a material impact on load (*e.g.*, plans to expand a factory served by the DA meter, or plans for a CCA to add additional communities, etc.)."[3] There are two facets to this recommendation, which warrant different treatment.

First, in the case of a CCA expanding to serve additional communities, that incremental load would indeed have a discrete PCIA obligation and vintage. As such, the new load would be subject to

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[3] *Final Report for Working Group 2 (Prepayment) Submitted by San Diego Gas & Electric Company (U 902 E) and the Direct Access Customer Coalition and the Alliance for Retail Energy Markets* (Final Report), Dec. 9, 2019, at 9.

existing PCIA treatment upon the time of launch. Consequently, there is no need to separately consider these circumstances in calculating a prepayment amount.

Second, in the scenario where load within an *existing* community being served by a CCA increases, that additional load should not be subject to additional PCIA. PCIA is not intended to function as an on-going account to which IOUs can charge all above-market costs. It is intended to compensate utilities for unavoidable sunk costs made on behalf of a customer the IOU no longer serves. The co-chairs note that "[i]t was generally agreed that the prepayer would be fully at risk for any overpayments due to load reductions, such as from energy efficiency or other behind-the-meter actions."[4] Load reductions are the responsibility of the LSE serving that load, as are increases in load.

Today, if a departing load customer increases its load, the total above-market obligation is spread across a larger volume of energy than forecasted—this would reduce all above-market obligations in the next year. Moreover, if we indeed adopt the notion that load changes must be accounted for in the PCIA calculation, then both sides of the equation must be addressed. If increased CCA load results in an additional PCIA obligation, then reduced CCA loads must result in a corresponding reduction in PCIA. Thus, the 5 percent of buildings and load that were destroyed by wildfires caused by Pacific Gas and Electric Company's (PG&E) infrastructure in 2017, would result in a 5 percent reduction in Sonoma Clean Power's (SCP) PCIA. While no CCA has advocated for a reduction in PCIA due to destruction wrought by the incumbent utility's infrastructure, this scenario should be considered if we are going to entertain increases in PCIA due to increases in departed load within a community.

[4] *Id*. at 11.

V. STRATEGIES TO MANIPULATE THE PREPAYMENT AMOUNT IN FAVOR OF ONE CUSTOMER CLASS (E.G. THE "NPPR") OR TO PROVIDE IOUS WITH ADDITIONAL MEANS OF REJECTING PREPAYMENT (E.G. IOU-DIRECTED VIABILITY REVIEW) SHOULD BE REJECTED

This working group has seen a host of barriers introduced by IOUs to prevent prepayment from materializing. These include San Diego Gas and Electric Company's (SDG&E) Non-Prepayer Protection Reserve (NPPR), which would artificially inflate the required prepayment amount to offer additional benefit to remaining customers. LSEs in seek of rate stability oppose this concept, as do most stakeholders, on the grounds that it is a true-up. Protect our Communities provides a clear definition, "SDG&E's proposal contains the signature elements of a true-up mechanism. A true-up is the periodic accounting of the difference between a forecasted amount and a realized amount. SDG&E's proposal would include an accounting of the difference between the forecasted PCIA rate (the prepayment amount) and the realized PCIA rate."[5] SDG&E proposal violates Decision (D.) 18-10-019 which concluded "the prepayment shall not be trued-up" and "[o]nce the pre-payment has been made, the customer shall not receive any refunds if it returns to bundled service[.]"[6] Because the NPPR can only benefit non-prepaying customers, it also violates the statutory principle of indifference. It is a one-sided true-up being disingenuously marketed as an insurance premium.

TURN proposes another version of a true-up, the "Circuit Breaker," wherein annual PCIA costs are tracked against a fixed prepayment amount and a tolerance band established around how much forecast error is acceptable. This proposal, like the NPPR, negates the principle benefit of prepayment: certainty of future costs. The tolerance bands proposed in this approach would protect customers from minor—but not significant—volatility. Prepayments would remain fixed if the forecasted PCIA remained close to the annually calculated one. But in the event of significant market volatility, the

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5 Formal comments of Protect our Communities Foundation on Working Group 2 Final Report at 2-3.

6 Decision (D.) 18-10-019, at 163, ordering paragraph 11.

prepayment would be subject to re-negotiation. However, TURN's proposal is at least a symmetrical mechanism that could benefit either prepaying or non-prepaying customers. In either case, it only protects those customers from relatively small fluctuations and risk. Requiring LSEs to re-negotiate during times of extreme market stress also raises the possibility that one of those LSEs will be in significant financial duress. If the next decade sees the same trend of the last two decades—another PG&E bankruptcy filing—the counterparty to all Northern CA prepayments may not be a viable business entity when the circuit breaker is triggered. Moreover, CCAs and energy service providers (ESPs) are also subject to market risk, but both those LSEs types are required to post a bond—which is re-assessed based on market prices—to protect bundled customers in the event the CCA or ESP ceases operation. However, IOUs are not required to post a corresponding bond to protect customers pursuing retail choice. The result is that other LSEs in the market bear the full risk of increasingly common IOU bankruptcies.

Another strategy the IOUs propose to stave-off prepayments is an "initial viability review." This is an evaluation of a prepaying LSE's financial position in addition to a standard, third-party credit evaluation. The IOUs fail to provide specific criteria and metrics by which they would evaluate counterparties, nor do they commit to perform this evaluation in a uniform manner. Adopting this request would be granting IOUs the unilateral option to determine whether an LSE—despite its credit rating—is a viable counterparty. CalCCA supports AReM/DACC's determination that this additional review beyond an evaluation of creditworthiness is unnecessary.

Without litigating the issue further, CalCCA notes other IOU proposals, from SCE's "risk premium," to PG&E's argument that eligibility for prepayment would be restricted and based upon an

IOU-administered lottery system, are strategies designed to neuter the effectiveness of the prepayment option.[7]

VI. BANK FINANCING, FUTURE PROOFING, AND SLICE OF LOAD CONCEPTS ALL HAVE MERIT AND SHOULD BE ENDORSED BY THE COMMISSION

Several parties in this proceeding have developed proposals to alleviate barriers to successful prepayment, these include bank financing, future proofing and slice of load. The Coalition of California Utility Employees ("CUE") proposal to allow prepayment financing through a third party intermediary, such as a bank, is a valuable option. CUE aptly describes the core value proposition: this bank financing approach would alleviate the IOU from having to be the counterparty. Trying to buy something from a counterparty who does not want to sell is a near impossible proposition—CUE's approach could remove this bottleneck. PG&E argues against considering this option. In its opening comments on the Working Group 2 Final Report, PG&E misconstrues the position of SCP to support its conclusion that bank financing is not viable, stating that "[the SCP representative] commented that while banks are comfortable providing loans to CCAs, they are less comfortable with the long-term RPS and RA price risk."[8] The regulatory risk of new Renewables Portfolio Standard (RPS) or RA credit or requirements is not insignificant, but banks are in the business of pricing risk. If banks would not tolerate RPS and RA price risk, they would not provide debt or equity financing to power purchase agreements (PPAs). Thousands of gigawatt (GW) in completed projects across the State highlight that banks can, and do, price in these types of risks.

The Utility Consumer Action Network (UCAN) proposes a "future-proofing" concept to allow LSEs the ability to take on PCIA obligation for their customers. CalCCA agrees that this tool would allow LSEs to offer innovative rate designs that may be very useful in encouraging distributed energy

[7] Informal comments of PG&E on the PCIA Phase 2 Working Group 2 Workshop, May 31, 2019, at 2-3.
[8] Informal comments of PG&E on the PCIA Phase 2 Working Group 2 Final Report at 8.

resource (DER) and adoption of other innovative business models. In addition, it would provide for additional flexibility for LSEs seeking to protect their customers from rate volatility. Similar to the bank financing approach and slice of load tool, CalCCA sees no downside in considering these as options.

Sonoma Clean Power developed a proposal for prepaying a fixed percentage of PCIA, a tool that has come to be called "slice of load." CalCCA supports including this as an option which will inherently reduce the risk of prepayments. Parties opposed to any prepayment based on perceived risk should take solace in this approach as it prevents the need for all-or-nothing prepayment of PCIA. As discussed in earlier comments, CalCCA feels this tool would help mitigate forecast risk for all parties, and will not force LSEs to finance 100 percent of their PCIA obligations—which can be very significant. The IOUs oppose this tool and cite the administrative complexity of updating billing systems to implement it. However, CalCCA notes that utility-sponsored proposals under consideration in Working Group 3—including allocations of various attributes of their portfolios by year—as well as the NPPR proposed in this Working Group are equally complex.

VII. TRACK RECORD OF PREPAYMENT

As AREM/DACC noted in its testimony, each IOU already has in its New Municipal Departing Load tariff the option to have the PCIA and other departing load obligations paid as a negotiated lump sum[9]; yet, none have occurred since the early 2000's. If two parties are expected to negotiate to a mutually-agreeable end, but only one of them has an interest in transacting, there is little chance of an equitable solution.[10] CalCCA remains concerned that while the analytical framework for developing a starting point based on known costs and forecasted values is sound, there remains no carrot or stick to incent the IOUs to act.[11]

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9 Ex. AReM/DACC AD-1 at 27-28, section IV.C.
10 Comments of CalCCA on PCIA Prepayment Proposals Workgroup, Nov. 14, 2019,at 3.
11 *Id*.

SCE and Sonoma Clean Power's Final Report on PCIA noted that Commission Resolution E-3999 directed the investor-owned utilities to offer bilateral agreements to publicly-owned utilities (POUs) as an alternative to the Municipal Departing Load tariff to departing load customers. That Resolution required SCE and PG&E to calculate the NPV of future Non-bypassable charges and offer the departing LSE the option to make a lump-sum payment. Following that payment, no subsequent payments shall be required.[12] In particular:

> Between 2006-2016, PG&E and SCE entered into bilateral agreements with the following POUs: Power and Water Resource Pooling Authority (PWRPA), Merced Irrigation District, Modesto Irrigation District, Turlock Irrigation District, and the Cities of Azusa, Rancho Cucamonga, Moreno Valley, and Victorville. Only 3 of the 8 have publicly available costs: which range from a low of $1.5M under Modesto Irrigation District's agreement to a high of $6.9M under the Turlock Irrigation District's agreement in 2016.
>
> D.09-08-015 concluded that the PG&E/PWRPA agreement fully satisfied the departing load obligations of PWRPA's customers, and that PG&E has no right to seek further payment or pursue any claim against PWRPA's customers for charges under PG&E's departing load tariff. Thus, the Commission has previously approved an agreement that resolves past, present, and future non-bypassable charge (NBC) obligations by payment of amounts that may differ from tariffed charges, that relieves an IOU of its obligations to bill or collect NBCs, and that releases the departing load customers of a POU from liability for the payment of NBCs. (D.10-11-011 at 15-16.)[13]

That joint SCE/SCP report also evaluated the role of prepayments for corporate customers, noting their recent successful track record in both Nevada and Washington State:

> MGM Resorts in Nevada left bundled service form Nevada Power Company in 2015 for a lump-sum of $87M. MGM represents 4.86% of the utilities annual sales with 59 accounts at 19 different locations. Another firm, Switch, was denied the ability to exit by the Nevada PUC on the grounds that it violated the principle of indifference by failing to allocate a share of legislated energy policies into the exit calculation. Nevada, unlike California, is not decoupled, thought the utility may recoup lost revenues

[12] Commission Resolution E-3999. Published April, 2006. Available online at: http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_RESOLUTION/62648.PDF

[13] Southern California Edison Company and Sonoma Clean Power Final Report on PCIA issues, issued April, 2017.

and administrative costs to run demand side management programs. Like California, Nevada has an aggressive RPS (25% by 2025), additional renewable procurement required by legislation, and requires Commission approval for new generation. In the MGM buyout, the Nevada PUC directed Nevada Power Company (NPC) to perform production cost simulations to show the total costs with, and without, MGM. The PUC directed NPC to include resources required by legislation procured while MGM was a customer, but to exclude future compliance obligations and "placeholder resources" not seeking specific approval. In addition, the Nevada PUC directed NPC to include O&M savings resulting from reduced operating due to MGM's departure. The net present value of all costs and savings were calculated based on NPC's cost of capital. It was calculated over a 6 year period to allow for two IRP cycles and to allow for QF contracts to drop off.[14]

VIII. CONCLUSION

CalCCA appreciates the opportunity to provide these comments in support of a prepayment methodology that is transparent, binding, consistent, and applied equitably to customers of all LSE types.

January 13, 2020

Respectfully submitted,

Evelyn Kahl

Counsel to
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14 *Id*.

APPENDIX A

Comments of California Community Choice Association on SDG&E/AReM/DACC Suggested Approach at April 4, 2019 Working Group

Dated April 19, 2019

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COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON SDG&E/AReM/DACC SUGGESTED APPROACH AT APRIL 4, 2019 WORKING GROUP

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COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON SDG&E/AReM/DACC SUGGESTED APPROACH AT APRIL 4, 2019 WORKING GROUP

Pursuant to the Rule 1.9 of the Commission's Rules of Practice and Procedure, California Community Choice Association (CalCCA) submits the following comments.

I. SUMMARY

CalCCA supports the Commission's determination that prepayment of PCIA obligations is a valuable method to protect customers from rate shock and support a stable market.

II. PRINCIPLES

A successful framework for prepayment should be:

- Transparent: clear delineation of resources included, inputs, and assumptions
- Binding: once a pre-payment is made there will be no true-ups/re-evaluations/re-negotiations – this obviates the central benefit of prepayment: certainty
- Consistent: prepayment amount should be calculated in uniform manner for all customers (DA, CCA, and even bundled) and include all net costs and benefits
- Unbiased: calculated NPV should not be skewed to favor one customer class over another

III. OVERVIEW OF SDG&E/AReM/DACC SUGGESTED APPROACH

The first workshop addressed two central topics:

1. Which criteria should the Commission adopt for evaluating and approving prepayments
2. What should be the time periods over which the prepayment can be made?

The proposed approach for developing a prepayment amount is a hybrid between one set by regulators in a Commission-approved docket (the Nevada approach) and one bilaterally negotiated between IOUs and departing/departed LSEs. SDG&E/AReM/DACC ("Co-Chairs") propose establishing a "starting point" based on the net present value of future net liabilities, calculated as: Total Costs – Most Recently Adopted Market Price Benchmark Components for Energy, RECs, and RA. The Co-Chairs suggest that, following this "starting point", both parties independently develop their suggested prepayment price and then negotiate to determine a mutually-agreeable final price.

The fatal flaw in this approach is that the IOU has zero incentive to transact, and in fact has actively advocated against the use of any prepayments in the PCIA proceeding. As AREM/DACC noted in its testimony, each IOU already has in its New Municipal Departing Load tariff the option to have the PCIA and other departing load obligations paid as a negotiated lump sum.[1] Yet none has occurred. If two parties are expected to negotiate to a mutually-agreeable end, but only one of them has an interest in transacting, there is no chance of an equitable solution.

However, two additional concepts were raised by parties at the April 4th workshop that have the potential to address this lack of incentive to transact:

1. A representative from CUE suggested issuing an RFO to accept PCIA obligations. That is, a CCA could issue a bid for a third-party to accept their PCIA obligation for a defined period – say 20 years – in return for a prepayment. There are many entities (insurance firms, financial institutions, etc.) that specialize in valuing future revenue streams, hedging, and pricing risk accordingly. They would likely have both the motivation and incentive to transact.

2. A representative from PG&E questioned whether prepayments would be allowed for bundled customers. The PCIA Decision directed IOUs to identify above-market procurement costs (e.g. PCIA) on bundled customer bills in the same manner they do for departed customers. As noted above, CalCCA supports an unbiased and consistent prepayment methodology for all customers. If IOUs were implementing a prepayment methodology that could be offered to bundled customers as well, one would expect that they would advocate for their customer's interests and would be receptive to negotiations and no longer insist on an "adder" to arbitrarily increase the

1 Rulemaking (R.) 17-06-026. AReM/DACC Exh. AD-1 at IV.C 27-28

prepayment amount. Though this was not envisioned in the PCIA Decision, CalCCA would support jointly filing a Petition for Modification. We welcome more elaboration from PG&E on this timely suggestion as well as input from other stakeholders.

IV. RESPONSE TO SPECIFIC ASPECTS OF SDG&E/AReM/DACC PROPOSAL

Page 7: SDG&E proposes that IOU exposure to market uncertainty be mitigated with either a 1) true-up or, 2) an increase to the calculated prepayment amount departing customers would pay.

Response: CalCCA strongly opposes both of these suggestions, the first of which is contrary to D. 18-11-015 and the second of which is contrary to statute.

To now raise a true-up is an attempt to re-litigate the PCIA Decision, which stated in Ordering Paragraph 11 that DA and CCAs shall be permitted to pre-pay their PCIA obligations and that "The prepayment shall not be trued-up".[2] As a practical matter, introducing a true-up would negate the principal benefit prepayment brings: budget certainty and customer protection.

SDG&E's second suggestion, paradoxically called a "Statutory Indifference Exit Fee" would in fact *prevent* indifference by requiring departing customers to pay more than the estimated net-present-value of future liabilities. Any calculated prepayment should be based on the best information available, and not manipulated to benefit one group of customers at the expense of another.

Page 11: Co-Chairs state that whether or not partial prepayment will be an option is to be determined.

Response: Failing to include partial prepayments as an option may prevent any prepayments by CCAs.

Both IOU and DA providers enjoy a level of certainty that CCAs do not. The former through rate recovery guaranteed by the Commission, and the latter through a fixed load. CCAs have neither. If a CCA forecasted and pre-paid based on a 95% participation rate, and instead saw that participation rate

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[2] D. 18-10-018 Ordering Paragraph #11 at p. 163. Issued Oct. 19, 2018. Available online at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M232/K687/232687030.PDF

decline to 80% over the coming decades, they would have pre-paid an obligation for a customer load they no longer serve. This risk is not solely driven by participation rates; CCAs see load declines due to effective DER programs, wildfires, etc. Additionally, requiring prepayments for 100% of the current load would in turn require CCAs to obtain financing for the full 100%, which may be difficult and/or costly to secure.

Page 12: Co-Chairs proposed Principle #1 "Bundled service customers will not assume volumetric risk."

Response: CalCCA strongly opposes this principle, which would force all volumetric risk on departing customers.

This another attempt by SDG&E to modify the PCIA Decision. In that proceeding, the IOUs argued that prepayment would subject them to "volumetric risk (i.e., the risks associated with forecasting the performance of the vintage resources over a long-term period)"[3] The Decision reasoned that:

> "the record evidence cited by the Joint Utilities does not support their assertion that requiring them to accept a prepayment of a customer's long-term cost responsibility would shift substantial risks to remaining bundled service customers. Furthermore, AReM/DACC effectively rebutted the Joint Utilities' expressed concerns about forecast-related market risk, volumetric risk, and regulatory risk."[4]

Page 12: Co-Chairs proposed Principle #2 states while prepayment would be based on a 3-year historical average load, it remains to be determined "how to account for load growth for existing meters."

Response: Load growth at existing meters already served by a CCA is, by definition, not subject to PCIA.

PCIA is intended to compensate utilities for unavoidable sunk costs made on behalf of a customer. LSEs procure for their own customers, not those served by others. Whether a given CCA customer's load increases or decreases is irrelevant to the IOU. CalCCA agrees that if a CCA expands

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3 D. 18-10-018 at p. 91. Issued Oct. 19, 2018. Available online at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M232/K687/232687030.PDF

4 Ibid. at p.91.

to serve a new community, that load would be subject to an incremental PCIA to the extent that the incumbent utility had procured for those customers (e.g. based on their vintage).

Page 13: SDG&E proposes that "prepayment contracts must address a process for amendments to reflect cost impacts of statutory and/or regulatory changes."

Response: CalCCA disagrees with this principle, which conflates the existing sunk costs with future policy and legislative developments.

As described above, the PCIA is meant to compensate IOUs for unavoidable sunk costs. Future changes to compliance requirements, new policy mandates, and other policy preferences would not go into the PCIA charge for a customer who is taking service from a different LSE. Any such requirements should be met by the LSE serving a given customers, and, in cases where an IOU is directed to procure on behalf of other LSE's customers, recovered in a new non-bypassable charge to reflect that procurement.

Page 14: Co-Chairs propose that "For a levelized prepayment arrangement, prepaying entities must provide sufficient financial information such that their credit worthiness can be established and provide collateral to qualify, if requested."

Response: Co-Chairs should clarify the relevance of requiring departing LSEs to demonstrate credit worthiness when making levelized payments; collateral requirements – if adopted – should be de-minimus and standardized.

Departed customers currently pay PCIA on an annual basis, and post a bond to protect remaining bundled customers from any involuntary-return of those customers. A levelized payment would involve an LSE making significantly higher annual payments than the current PCIA, as they would be paying for a ~30 year obligation in 2-5 years, instead of 30. It is unclear why these higher, front-loaded payments require a credit evaluation by the IOU receiving payment. It is also unclear what benefit requiring collateral provides – aside from additional funds being deposited with the IOU. If an LSE failed to make one of the levelized payments, the prepayment arrangement would be nullified and the LSE would return to annual payments. If the LSE ceased to operate, the IOU would receive the bond or financial security instrument proceeds designed to protect their existing bundled customers from any increased costs as a result in the additional load.

Page 15: Two PCIA Prepayment Options: 1) Full PCIA paid at once, or levelized over 2-5 years, and, 2) Prepaying a certain number of years via one-time payment.

Response: CalCCA recommends that a partial (i.e. for a certain percentage of an LSE's load) prepayment be an option for reasons discussed above, and that this partial prepayment should be accepted as a one-time payment or as a levelized payment over a period of 2-5 years.

Page 23: Illustrative prepayment example using discount rate of 5%.

Response: While this is presented as "illustrative" by SDG&E, we note that SDG&E's weighted average cost of capital is above 8% and there is no rationale for using a different discount rate than the one set by the Commission in cost of capital proceedings.

April 19, 2019

Respectfully submitted,

Evelyn Kahl

Evelyn Kahl

Counsel to
the California Community Choice Association

APPENDIX B

Comments of California Community Choice Association on SDG&E/AReM/DACC Suggested Approach at May 31, 2019 Working Group

Dated June 21, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.	R.17-06-026

COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON SDG&E/AReM/DACC SUGGESTED APPROACH AT MAY 31, 2019 WORKING GROUP

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June 21, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.	R.17-06-026

COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON SDG&E/AReM/DACC SUGGESTED APPROACH AT MAY 31, 2019 WORKING GROUP

Pursuant to the Rule 1.9 of the Commission's Rules of Practice and Procedure, California Community Choice Association (CalCCA) submits the following comments.

I. SUMMARY

CalCCA continues to support the Commission determination that prepayment of PCIA is a valuable tool to protect customers from rate shock and support a stable market. We are dismayed to see that the co-chairs continue to re—litigate the use of a true-up. True-ups were explicitly disallowed in the PCIA Phase 1 Decision, as they obviate the central benefit prepayment affords: certainty of costs. The Commission should recognize and deny the IOUs' brazen attempts to neuter the potential of a prepayment by creating additional cost categories for prepayers, forcing a true-up, refusing to accept third-party financing, and requiring prepayment for 100% of load.

II. PRINCIPLES

A successful framework for prepayment should be:

- Transparent: clear delineation of resources included, inputs, and assumptions
- Binding: once a pre-payment is made there will be no true-ups/re-evaluations/re-negotiations – this obviates the central benefit of prepayment: certainty
- Consistent: prepayment amount should be calculated in uniform manner for all customers (DA, CCA, and even bundled) and include all net costs and benefits

- Unbiased: calculated NPV should not be skewed to favor one customer class over another

III. RESPONSE TO SPECIFIC ASPECTS OF SDG&E/AReM/DACC PROPOSAL

Page 15: SDG&E proposes that prepayment includes a "Non-Prepayer Protection Reserve" (NPPR). The NPPR is a refundable, upfront, negotiated, escrow-like payment that would be used to recover under-collections due to prepayment arrangement.

Response: CalCCA opposes the creation of a NPPR. Requiring departing customers to pay *more* than the estimated net-present value of future liabilities should be seen for what it is: is a bald-faced attempt to discourage prepayments. IOUs regularly decry any effort by LSEs to secure fair and equitable treatment for unbundled customers as inherently unjust to the bundled customers; yet, increasing the cost to prepay would systematically favor bundled customers. How would the IOUs respond if departing customers advocated for the converse of this: a discount to the cost to prepay?

The amount placed in the proposed NPPR is an additional forecasted estimated value placed in a separate bucket that IOUs can use to true-up under collection of PCIA obligation. Ordering Paragraph 11 (c) states "The prepayment shall not be trued-up".[1] Although the NPPR is refundable to the prepayer if funds are available after the term of the obligation, the NPPR still represents a true-up escrow-like account for the IOUs for undercollections. As true-ups are specifically disallowed, this proposed should be rejected.

Page 17: Prepayment Accounting proposed a PCIA "Shadow" Billed where each year, the IOU calculates "shadow bills" for the prepayer of what PCIA would have been paid had they not prepaid.

Response: This proposal would net the difference between a fixed, agreed-upon prepayment amount and what the customer would have otherwise paid through an annual PCIA (now called the "shadow" bill). The purpose of the prepayment calculation is to create a set cost that eliminates any future PCIA burden and uncertainty for both bundled

[1] D. 18-10-019, Ordering Paragraph 11.

customers and those of the LSE making the prepayment. Under the proposed *shadow bill* system, the difference between the fixed prepayment and the floating PCIA would be booked into the PABA balancing account and applied as a credit or additional charge to the customer the next year. So, if the forecast PCIA was $10M, but actual above-market costs were $9M, the $1M difference would be trued-up in the following year.

As true-ups are prohibited under Ordering Paragraph 11 (c), the mechanism of "Shadow" bill netting should be rejected for what it is: a true-up by a different name. No matter what it is called, netting the annually-fluctuating PCIA chargers from a fixed payment and charging or crediting the difference destroys the principal value a prepayment brings: certainty of costs. This re-branding reads as an attempt to obfuscate the truth that shadow billing would operate in the same manner as a true-up, because they are one in the same. Would a true-up by any other name obviate certainty? Yes.

Page 21: Co-chairs state that "Risk associated with a prepayer's "material and unanticipated" load increase will be managed by the refundable NPPR.

Response: The co-chairs conflate previous procurement decisions with future ones. If load increases in a CCA territory, say in 2020, that has nothing to do with PG&E's historic procurement decisions, say for example in 2010. That additional/new load is the sole responsibility of the CCA to serve. The PCIA was created to compensate the IOUs for unavoidable costs from *previous* procurement decisions made on the expectation that they would serve a particular load. That load is defined when it departs in its vintage year and costs are calculated for that particular load. If new load develops, the procurement requirements for that load are the responsibility of the CCA as the default provider and not the IOU.

CalCCA does agree that an expansion of a CCA (i.e. to another city or county) or a new DA customer should receive a PCIA rate in accordance with vintaging rules. However, increases of load within an existing territory that occur after departure from IOU service have no bearing on future IOU procurement planning or purchases hence no PCIA impacts. All LSEs should plan to procure for, and pay for, resources to meet their customers and not the customers of another LSE.

Page 23: Negotiating parties mutually agree, prepayment contracts may address a process for amendment to reflect cost impacts of statutory and/or regulatory changes

Response: CalCCA continues to support disallowing amendments to reflect cost impacts of statutory and/or regulatory changes. PCIA is for the above-market costs of generation *already procured*, and there is a defined list of contracts/UOG in each customer's vintage that does not change. If the Commission or Legislature enacts a new program (e.g. biomass procurement in bark-beetle prone areas), the costs of that procurement should be allocated via a new NBC to any LSE that fails to procure its required allocation. Regulatory and statutory changes are rarely if ever retroactive, and so changes would only apply to current and future LSE loads. This proposal again puts forth a method of cost shifting from bundled customers to unbundled customers by asking the departed load to take on a portion of costs that should rest squarely on the bundled customers' shoulders.

Page 25: SDG&E proposes that each IOU establish an administrative process to handle prepayment requests, which will include an initial viability review to demonstrate financial ability to engage in commercial transactions.

Response: CalCCA notes that separate administrative processes are acceptable so long as the standards and criteria are applied uniformly across IOUs. SDG&E, for example, should not conduct a viability review of a counterparty's financial health using different metrics than PG&E. The CPUC should conduct a workshop to determine what these metrics should be. Following that, established metrics should be made public so that Commission staff and departing load interests know how they are being evaluated.

Page 25: Co-chairs propose that for levelized annual prepayments (e.g. over a period of 2-5 years), prepaying entities must provide sufficient financial information and establish creditworthiness, and must provide reasonable collateral.

Response: Reasonable collateral should be defined in a quantitative manner based on metrics such as annual revenues, credit worthiness or net position, etc. CalCCA notes that CCAs are required to post a bond upon launch to ensure that bundled customers are not exposed to increased costs if there is a mass involuntary return of customers. Thus, if a CCA ceased to exist in year 3 of a 5 year levelized prepayment agreement, the customers

would return to IOU/POLR service and bond proceeds would protect IOU customers from increased rates. Additionally, "sufficient financial information" should be defined and applied in a consistent manner by all IOUs.

Page 27: Time period of prepayment: Co-chairs propose that parties may mutually agree to prepayment of the entire PCIA obligation or may (but not required to) mutually agree to payment of a "segment" of the PCIA obligation.

Response: CalCCA continues to recommend that partial prepayments be an option for prepayers. As discussed in our earlier comments, this will facilitate effective prepayments for two central reasons: 1) CCAs do not enjoy the fixed customer base of ESPs, nor the rate-recovery guarantee of IOUs, and, 2) partial or "sliver" prepayments will facilitate financing for CCAs that may not be able to issue debt for 100% of their PCIA obligation. The magnitude of above-market costs is enormous. For context, Sonoma Clean Power estimates that their customers' PCIA obligation is over one billion dollars – and their territory represents less than 4% of PG&E's load. Requiring all-or-nothing prepayments will create an unnecessary barrier to utilizing this tool.

Page 31: Dispute Resolution process: co-chairs suggest wither mediation followed by binding arbitration, or, taking disputes to State of Federal courts located in the county where the IOU's headquarter is located.

Response: CalCCA recognizes both of these options as useful, though not mutually exclusive. Attempting to resolve disputes in mediation is a reasonable first step, though binding arbitration is not a necessary clause to include in that mediation. Parties entering into mediation should not be precluded from also taking those disputes to court. CalCCA recommends that – owing to the significant financial and staffing resources of IOUs – the court should be in the county closest to where the CCA is located, not the IOU.

Page 32: Co-Chairs propose that both the "Bank-Financing Approach" and "Sliver of Load Concept" are out-of-scope issues.

Response: CalCCA strongly disagrees on both counts.

The bank financing approach, as correctly noted by the co-chairs, is an agreement between the CCA/ESP and a third party. However, the prepayment framework suggested by the co-chairs relies on bilateral negotiations for the terms (amount, payment structure, etc.) Thus, any CCA/ESP making use of third party financing would bilaterally negotiate the terms of that agreement with the relevant IOU. If the IOUs are not directed in this proceeding to consider this as an option and to participate in the process, it will provide another avenue by which an IOU can refuse to consider a prepayment.

The co-chairs contend that the sliver of load concept (also known as partial prepayment or percentage of load prepayment) was, "not contemplated in D.18-10-019". This is factually incorrect. Sonoma Clean Power addressed this issue at length in their comments on the Proposed Decision. The final Decision referred to this advocacy, stating "SCP recommends that in order to encourage interest in pre-payment by CCAs, partial pre-payments should be allowed."[2] Eliminating this practical approach as an option to even be considered will further restrict the likelihood that a prepayment can occur.

Respectfully submitted,

Evelyn Kahl

Evelyn Kahl
Counsel to the
California Community Choice
Association

Dated: June 21, 2019

[2] D.18-10.019 at p.145.

APPENDIX C

Comments of California Community Choice Association on PCIA Prepayment Proposals Discussed at November 4, 2019 Working Group

Dated November 14, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment	R.17-06-026 (Filed June 29, 2017)

COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON PCIA PREPAYMENT PROPOSALS DISCUSSED AT NOVEMBER 4, 2019 WORKING GROUP

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November 14, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment	R.17-06-026 (Filed June 29, 2017)

COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION ON PCIA PREPAYMENT PROPOSALS DISCUSSED AT NOVEMBER 4, 2019 WORKING GROUP

Pursuant to Rule 1.9 of the Commission's Rules of Practice and Procedure, and the *Phase 2 Scoping Memo and Ruling of Assigned Commissioner* filed February 1, 2019, California Community Choice Association (CalCCA)[1] submits the following comments.

I. SUMMARY

CalCCA supports the Commission's determination that prepayment of PCIA obligations is a valuable method to protect customers from rate shock and support a stable market. To facilitate the effective use of prepayment, the Commission should 1) reject attempts to introduce true-ups and other barriers, and 2) allow prepaying LSEs flexibility in the number of years and amount of load they prepay.

II. PRINCIPLES

As discussed in previous comments, CalCCA submits the following principles for a successful prepayment framework: [2]

[1] California Community Choice Association represents the interests of 19 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, and Valley Clean Energy.

[2] CalCCA Comments on SDG&E/AReM/DACC Suggested Prepayment Approach at April 4, 2019 working group.

- Transparent: clear delineation of resources included, inputs, and assumptions.
- Binding: once a pre-payment is made there will be no true-ups/re-evaluations/re-negotiations—this obviates the central benefit of prepayment: certainty.
- Consistent: prepayment amount should be calculated in uniform manner for all customers (DA, CCA, and even bundled) and include all net costs and benefits.
- Unbiased: calculated net present value should not be skewed to favor one customer class over another.

III. SDG&E/AReM/DACC CONSENSUS APPROACH TO DEVELOPING PREPAYMENT "STARTING POINT"

CalCCA supports the consensus approach of SDG&E/AReM/DACC (Co-Chairs) to developing a starting point for prepayment negotiations. This approach for developing a prepayment amount is a hybrid between one set by regulators in a Commission-approved docket (the approach recently used in Nevada) and one bilaterally negotiated between investor-owned utilities (IOUs) and departing/departed load serving entities (LSEs) (recently used in Washington State). The Co-Chairs propose establishing a "starting point" based on the net-present-value of future net liabilities, calculated as:

> Total Costs – Brown Power, Renewable Energy Credits (REC), and Resource Adequacy (RA) values as calculated in Final Adders. The Co-Chairs suggest that, following this "starting point", both LSEs independently develop their suggested prepayment price and then negotiate to determine a mutually-agreeable final price.

However, the fatal flaw in this approach is that the IOU has zero incentive to transact, and, in fact, has actively advocated against the use of any prepayments in the PCIA proceeding. The for-profit utilities are in an enviable position. If market values decline, they charge a higher PCIA. But if market values increase sufficiently such that PCIA goes negative (e.g., results in a refund to departed customers) the

IOUs' advocate to wipe the slate clean. A Proposed Decision issued on November 1, 2019 would eliminate this negative PCIA in PG&E territory for pre-2009 vintage customers.[3]

As AREM/DACC noted in its testimony, each IOU already has in its New Municipal Departing Load tariff the option to have the PCIA and other departing load obligations paid as a negotiated lump sum.[4] Yet none have occurred since the early 2000's. If two parties are expected to negotiate to a mutually-agreeable end, but only one of them has an interest in transacting, there is little chance of an equitable solution. CalCCA remains concerned that while the analytical framework for developing a starting point based on known costs and forecasted values is sound, there remains no carrot or stick to incent the IOUs to act.

IV. RESPONSE TO SDG&E'S ADDITIONAL CHARGE

SDG&E proposes that IOU exposure to market uncertainty be mitigated by imposing a charge on departing customers *in addition* to the calculated prepayment amount. This extra charge, dubbed a Non-Prepayer Protection Reserve (NPPR), would be added to the prepayment cost derived by mutually agreed-upon inputs used to develop the starting point discussed above. SDG&E argues that this is 1) necessary to ensure indifference, and 2) not a true-up.

Requiring departing customers to pay more than the estimated net-present-value of future liabilities would systematically *prevent* indifference. Any calculated prepayment amount should be based on the best information available. This would allow both customer classes to be indifferent at the time of the transaction. The NPPR is an attempt to manipulate the calculation to benefit one group of customers at the expense of another.

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3 *Proposed Decision Adopting Settlement Agreement Resolving Negative Indifference Amount* (Proposed Decision), Application (A.) 16-04-018, Nov. 1, 2019, available at: http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M319/K117/319117122.PDF.

4 Ex. AReM/DACC AD-1 at section IV.C, 27-28.

SDG&E argues that the NPPR is not a true-up, as these are expressly forbidden by Decision (D.) 18-10-019.[5] Instead, they compare it to an insurance product that may be refunded in the future. This metaphor breaks down, though, as insurance is a product that is either required or desired by the buyer. The NPPR is not required for departing load customers, nor is it desired. This is akin to requiring all new home buyers in Marin to purchase hurricane insurance and then refunding the cost of the policy in the future if hurricane damages were less than expected. There is some merit in SDG&E's argument, however, as true-ups offset both positive and negative values. In other words, they flow in either direction and have the potential to benefit either group of customers. That being said, the NPPR cannot benefit departing customers.

If indifference is what is sought by applying an NPPR, then it must be available to all classes of customers on an equal basis. That would result in both the remaining and departing customers paying an equal, additional charge which would go into an escrow account. Then, at the end of the prepayment period, any under- or over-collection would be refunded to the corresponding customer class. However, this is the definition of a true-up. Thus we are in a scenario where the NPPR—by definition—violates the indifference principle. However, correcting this by treating all customer classes equally and allowing benefits to flow in either direction results in a true-up; which is specifically prohibited in D. 18-10-019.

Finally, the amount of the additional NPPR is undefined. If adopted, IOUs could pursue an NPPR which is 200% of the net-present value of future PCIA obligations. This would effectively triple the prepayment amount, a figure which could easily be in the billions of dollars. We must remember

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[5] D.18-10-019, Ordering Paragraph #11 at 163, Oct. 19, 2018, available at: http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M232/K687/232687030.PDF.

that the IOUs have opposed even allowing prepayment as an option to be considered. The Decision adopting new PCIA methodologies reasoned that:

> [T]he record evidence cited by the Joint Utilities does not support their assertion that requiring them to accept a prepayment of a customer's long-term cost responsibility would shift substantial risks to remaining bundled service customers. Furthermore, AReM/DACC effectively rebutted the Joint Utilities' expressed concerns about forecast-related market risk, volumetric risk, and regulatory risk.[6]

V. SLICE OF LOAD TOOL

Both IOU and Direct Access (DA) providers enjoy a level of certainty that CCAs do not. The former through rate recovery guaranteed by the Commission, and the latter through a known and fixed load. CCAs have neither. If a CCA forecasted and pre-paid based on a 95% participation rate, and instead saw that participation rate decline to 80% over the coming decades, they would have pre-paid an obligation for a customer load they no longer serve. This risk is not solely driven by participation rates; CCAs see load declines due to effective DER programs, wildfires, etc. Additionally, requiring prepayments for 100% of the current load would in turn require CCAs to obtain financing for the full 100%, which may be difficult and/or costly to secure.

Ratemaking for the slice of load concept could be done akin to what is being proposed in PCIA Working Group #3 addressing IOU portfolio management. In that context, CalCCA, Commercial Energy, and SCE are evaluating how PCIA would operate for LSEs that take an allocation of attributes (e.g., RECs and RA). The most practical solution being discussed in Working Group #3 is to keep PCIA constant for all LSEs, and charge LSEs that take the allocation of attributes an additional fee. This same concept could be applied to LSEs prepaying a slice of load. Departed customer PCIA would remain the same as it would under the annual construct we have today. Then, any difference in the fixed prepayment amount in a given year would be credited or debited to the LSE.

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6 *Id*. at 91.

It bears noting that the IOUs have raised the risk of the opposite scenario—unexpected load increases of departed LSEs—as a risk to bundled customers. However, load growth in a region in excess of what IOUs initially forecasted and procured for does not pose a risk to bundled customers. PCIA is not intended to function as an on-going account to which IOUs can charge all above-market costs. It is intended to compensate utilities for unavoidable sunk costs made on behalf of a customer the IOU no longer serves. Imagine PG&E was procuring for a forecasted load of 2,500 GWh in Sonoma County. Then, in 2014, Sonoma Clean Power launches and that 2,500 GWh departs. If in the next five years the load increases to 2,600 GWh, that additional 100 GWh is new load not already procured for by PG&E. It will not impact PG&E's remaining customers and is the sole responsibility of Sonoma Clean Power.

VI. CONCLUSION

CalCCA appreciates the opportunity to provide these comments in support of a prepayment methodology that is transparent, binding, consistent, and applied equitably to customers of all LSE types.

Respectfully submitted,

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Evelyn Kahl

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the California Community Choice Association

November 14, 2019