

## CHAPTER 2 – Aggregation Process

### *Introduction*

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

The effort to form Monterey Bay Community Power began in 2013 as a regional collaborative partnership comprised of all 21 local governments within the greater Monterey Bay area, including the Counties of Santa Cruz, Monterey, San Benito and all 18 cities located therein. During this process, each local government within the Monterey Bay area was given the option of appointing a representative to the Project Development Advisory Committee, which was responsible for evaluating the viability of forming a regional CCA program. Key objectives of the prospective CCA program included: 1) reducing greenhouse gas emissions related to the use of electricity in the Monterey Bay area and neighboring regions; 2) providing electric power and other forms of energy to customers at rates that would be competitive with the incumbent utility; 3) stimulating and sustaining the local economy by lowering electric rates and supporting local energy projects; and 4) promoting long-term electric rate stability and energy security, as well as system reliability, for program participants through local control of electric generation planning and procurement. A technical feasibility study was completed for the prospective CCA program in May 2016, and in February 2017 the Monterey Bay Community Power Joint Powers Authority was formed, the membership of which included the three noted counties and 16 of the cities located therein.

The Implementation Plan was shared and discussed with the MBCP Operations Board on August 2, 2017, and was duly adopted by the MBCP Policy Board during its meeting on August 16, 2017. Resolution 4-2017, which is attached hereto as Appendix A, addresses MBCP's adoption of this Implementation Plan and Statement of Intent.

The MBCP Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of MBCP's Members. MBCP plans to offer choices to eligible customers through creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, demand response programs to promote reductions in peak demand, customized pricing options for large energy users, and support of local renewable energy projects through the administration of a standardized power purchasing agreement, also known as a Feed-In-Tariff ("FIT").

### *Process of Aggregation*

Before they are enrolled in the Program, prospective MBCP customers will receive two written notices in the mail, from MBCP, that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the

customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to the first phase of prospective MBCP customers in December 2017. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by MBCP. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

Customers enrolled in the MBCP Program will continue to have their electric meters read and will continue to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by MBCP as well as charges related to electricity delivery and other utility charges assessed by PG&E.

After enrollment in MBCP, customers will have approximately 60 days (two billing cycles) to opt-out of the MBCP Program without penalty and return to the distribution utility (PG&E) – this period is known as the post-enrollment opt-out period. MBCP customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial enrollment date and the close of the post-enrollment opt-out period will be responsible for program charges for the time they were served by MBCP but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the MBCP Program and to have agreed to the MBCP Program’s terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

### *Consequences of Aggregation*

#### **Rate Impacts**

MBCP Customers will pay the generation charges set by MBCP and will no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program’s terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

MBCP’s rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive, if not identical, to the projected generation rates offered by the incumbent utility (PG&E). MBCP will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by MBCP’s Policy Board.

Initial MBCP Program rates will be established following approval of MBCP’s inaugural program budget, reflecting final costs from the MBCP Program’s energy supplier(s). MBCP’s rate policies and procedures are detailed in Chapter 7. Information regarding final MBCP Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once MBCP gives definitive notice to PG&E that it will commence service, MBCP customers will generally not be responsible for costs associated with PG&E' future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers.<sup>2</sup>

### **Green House Gas Reduction**

A second consequence of the Program will be an increase in the proportion of energy generated and supplied by eligible renewable and carbon-free resources. MBCP's resource plan includes procurement of eligible renewable energy sufficient to meet or exceed California's prevailing renewable energy procurement mandate for all enrolled customers. In addition, the plan calls for procurement of carbon-free resources sufficient to promote significant reductions in electric sector GHG emissions attributable to the electric energy usage of MBCP customers. MBCP customers may also voluntarily participate in a 100 percent California Carbon Free supply option. To the extent that customers choose MBCP's 100 percent California Carbon Free energy option, the local eligible renewable content of MBCP's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, MBCP may consider independent development of new renewable generation resources.

### **Energy Efficiency Impacts**

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the incumbent utility are not expected to change as a result of MBCP Program implementation. MBCP customers will continue to pay public goods surcharges to the distribution utility, which will fund energy efficiency programs for all customers, regardless of the generation supplier. The energy efficiency investments ultimately planned for the MBCP Program, as described in Chapter 6, will follow MBCP's successful application for and administration of requisite program funding to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of MBCP-administered energy efficiency programs. Thus, the MBCP Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency program administration.

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<sup>2</sup> For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in PG&E's tariffs as separate rates/charges paid by all customers (with limited exceptions).