

Pioneer Community Energy Services Agreement

Facilities Committee
September 20, 2017

Background

- Placer County has formed a JPA for the purpose of establishing and managing a Community Choice Energy (CCE) program
 - Pioneer Community Energy (PCCE)
- PCCE has expressed an interest in taking certain scheduling and portfolio management services from NCPA
- NCPA has been working with PCCE regarding high level concepts of portfolio design and composition, but such advice has been limited in nature
- It is forecasted that PCCE will serve a majority of the load in Placer County
 - Excluding the City of Roseville

Services Agreement Structure

- NCPA is working to develop a draft Services Agreement for PCCE
 - Scope of Services
 - Defined Compensation
 - Escalated at 2% per year
 - Liability Protection and Limited Liability
 - Liability based on insurance limits
 - Collateral / Security Requirements
 - CAISO security requirements (estimated aggregate liability)
 - ◆ Est. Gross Amount: \$1,000,000
 - ◆ Est. Net Amount: \$210,000
 - NCPA security requirements (est. highest 3 monthly invoice amounts)
 - ◆ Est. Gross Amount: \$12,625,525
 - ◆ Est. Net Amount: \$2,759,790
 - Term
 - Initial Term of two (2) years (with automatic extension)

Scope of Services – Services Agreement

- Proposed Scope of Services
 - Scheduling Coordination Services
 - Submission of Bids
 - Outage Coordination
 - Meter Data Validation (Limited in Scope)
 - Control Center Services
 - Real-Time Monitoring and Coordination (Limited in Scope)
 - Portfolio Management and Optimization
 - Pre-Scheduling
 - Forecasting
 - Resource Management
 - Risk Management

Scheduling Coordinator Structure

- SC Options
 - Option 1
 - NCPA act as Scheduling Coordinator
 - ◆ Register new SCID with CAISO for PCCE scheduling
 - Option 2
 - NCPA temporarily act as Scheduling Coordinator, transfer SC obligations to PCCE Scheduling Coordinator when fully registered
 - ◆ Register new SCID with CAISO for PCCE scheduling under the NCPA SCA
 - ◆ Transfer PCCE load to PCCE SC portfolio when fully registered
 - Option 3
 - NCPA act as SC Agent on behalf of PCCE
 - ◆ PCCE to register as Scheduling Coordinator; NCPA to act as SC Agent
- Recommendation
 - Authorize Option 2 with transition to Option 3
 - Pending option selected, develop the proper level of protection to limit NCPA's liability associated with PCCE CAISO transactions

SMUD CCA Services Offering

Valley Clean Energy Alliance (VCEA) and SMUD

- VCEA Selected SMUD to provide CCA services
 - SMUD is excited to be involved with California CCA movement
 - Publicly owned, value driven mission alignment
- SMUD
 - Vertically integrated publicly owned utility in Sacramento
 - ~600,000 accounts, established for 70+ years
 - focus on community investment and innovative customer energy solutions
- VCEA
 - CCE program in Yolo County, serves City of Davis, City of Woodland, and Unincorporated Yolo County
 - Mitch Sears, Interim General Manager
 - ~65,000 accounts
 - Launch in June 2018 – 1 phase



SMUD's CCA Services

- SMUD's Comprehensive Services
 - Wholesale Energy Services
 - Procurement, SC, Settlements, Regulatory, Credit Sleeve, Enterprise Risk Management
 - Data Management and Call Center Services
 - Cloud based CRM/EDI, JD Power award winning call center and customer operations
 - Operational Services
 - Able to access SMUD operational services through hybrid cost + materials and fixed cost placement of staff on-site
 - Budgeting, planning, accounting, and other operational services
 - Access to planning function for Day-2 services, including DER planning



- Key Elements of SMUD Service Proposal:
 - SMUD proposing to front credit for CCAs
 - SMUD will take title to energy project and power portfolio
 - Direct SC services (no agent model)
 - Full Suite (including call center and retail support services)

Compensation

- Proposed approach:
 - Develop an estimate of the cost of service using the Nexant Cost Allocation Model
 - Adjust the results of the estimate, as needed, to account for market alternatives
- Commission previously authorized NCPA's General Manager to negotiate a PCCE cost of service within a defined range
- Staff are now seeking to modify the Commission authorization to delegate authority to NCPA's General Manager to negotiate the cost of service with PCCE, within a predefined range

Modeling Assumptions - Nexant

- Load
 - Muni Load – 65,000 per year
 - Non-Residential Load – 600,000 per year
 - Residential Load – 600,000 per year
- Contracts
 - 3 24x7 power supply contracts (Energy, RPS, Capacity)
 - 1 On-Peak power supply contract
 - 1 Off-Peak power supply contract
- Schedules
 - DAM
 - 6 x 365 (1 Load and 5 Supply Contracts)
 - RTM (100 schedules)
- Direct Assignments
 - Forecasting: 5% of Direct Assignment
 - Resource Planning: 10% of Direct Assignment
 - Pre-Scheduling: 5% of Direct Assignment
 - Risk Management: 25% of Direct Assignment
- Integrated Systems: 3 IT Units (Load, Trades, System)

Model Estimate

- Based on Full Buildout of PCCE
 - \$425,000 per year
 - Escalated annual at a rate of 2%

	General Power Mgt	Direct Assignments	Pool Allocation	System Integration	FY 2018 Power Mgmt Total Pwr Mgmt	Increase (Decrease)
Alameda	\$638,014		\$262,396	\$24,808	\$925,218	(\$36,830)
BART	\$384,619	\$184,416	\$98,638	\$9,497	\$677,170	(\$40,811)
Biggs	\$38,597		\$21,434	\$864	\$60,895	(\$3,171)
Gridley	\$45,539		\$28,362	\$4,156	\$78,057	(\$4,325)
Healdsburg	\$107,428		\$50,260	\$2,001	\$159,688	(\$6,412)
Lodi	\$706,209		\$309,248	\$12,714	\$1,028,171	(\$41,117)
Lompoc	\$183,447		\$86,088	\$3,559	\$273,093	(\$11,853)
Palo Alto	\$998,646		\$532,142	\$48,553	\$1,579,340	(\$64,832)
Plumas Sierra	\$180,944		\$105,359	\$10,093	\$296,396	(\$13,302)
Port of Oakland	\$217,832		\$115,825	\$5,101	\$338,758	(\$20,343)
Roseville	\$461,914	\$53,788	\$0	\$31,657	\$547,359	(\$15,765)
Santa Clara	\$2,954,081	\$53,788	\$0	\$101,302	\$3,109,170	(\$123,664)
PCCE	\$277,898	\$136,654	\$0	\$9,497	\$424,049	\$424,049
Truckee-Donner	\$0	\$0	\$0	\$0	\$0	\$0
Turlock Irrigation District	\$97,445	\$7,684	\$0	\$18,994	\$124,123	(\$4,479)
Ukiah	\$270,389		\$123,709	\$8,448	\$402,547	(\$17,230)
	\$7,563,001	\$436,329	\$1,733,461	\$291,243	\$10,024,033	\$19,918
Direct to Programs - LEC	\$1,170,536	\$145,996		\$25,325	\$1,341,857	(\$19,918)
	\$8,733,537	\$582,325	\$1,733,461	\$316,568	\$11,365,891	\$0

- Note: PM cost reductions shown for discussion purposes only; any revenues generated would be allocated back to members based on the adopted Commission revenue allocation policy

Staff Proposal

- Based on the output of the Nexant Cost Allocation Model, define a preauthorized range in which the General Manager of NCPA may negotiate the amount of compensation for the Services rendered
- Staff Recommendation:
 - Cost of Service
 - \$425,000
 - Escalated at 2% per year
 - Negotiation Authority:
 - Plus / Minus 15% of model estimate

Next Steps / Timeline

- **Approval Process**
 - UD Discussion and Review (9/14/2017)
 - *UD feedback was supportive of recommendations*
 - Special Facilities Committee (9/20/2017)
 - Commission Review and Approval (9/29/2017)
 - Pending Commission Review and Approval (10/26/2017)
- **Integration**
 - Oct 2nd – NCPA to begin process of registering new SCID
 - Internal database / software configuration
 - Oct 23rd – Coordinate development and submittal of load forecast for CRRs and Resource Adequacy
 - Nov 15th – Submission of RA demonstration
 - Jan 1st – First day to schedule load
 - Within 6 months – complete PCCE SCID registration process and load migration (transfer)

Key Integration Activities

- Registration of new NCPA SCID (early Oct 2017)
 - No GMC costs until measured activity in the SCID
 - \$1,000 per month once activated
- Coordinated development of RA load forecast
 - Assist PCCE with submission of RA load forecast to CPUC
 - CPUC submission of forecast to CEC (Late Oct 2017)
 - Will not result in direct CAISO costs
- Submission of PCCE RA Demonstration (Nov 15th)
 - At this point, NCPA could begin incurring costs from CAISO
 - Service Contract must be executed
- Load registration, assignment and association (to NCPA SCID)
 - Dec 2017
- Initiate scheduling services
 - Jan 2018

Recommendation

- NCPA staff seeks the Facilities Committee's recommendation for Commission approval to:
 - (i) enable NCPA to develop and negotiate a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to PCCE, as further described herein; and
 - (ii) to delegate authority to the General Manager of NCPA to negotiate the amount of compensation to be charged to PCCE for NCPA's provision of Services, within a defined range as determined by the Commission, and as further described herein.

Questions / Comments