COMMUNITY CHOICE AGGREGATION PILOT PROJECT

APPENDIX E:

Community Choice Aggregation Implementation Plan Template

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- DRAFT -

COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN

«Date_of_Implementation_Plan»

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I. INTRODUCTION

A. Overview

The «CCA_Name» ("«CCA_Name_Short»") is a public agency comprised of local governments ("Members"), formed for the purposes of implementing a community choice aggregation (CCA) Program ("Program") serving the «Service_Region» region. This Implementation Plan describes the «CCA_Name_Short»'s plans to implement a voluntary CCA Program for electric customers within the jurisdictional boundaries of its Members that currently take bundled electric service from «IOU_Service_Provider_1» («IOU_1_Abrev»). The CCA Program will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over «IOU_1_Abrev»'s transmission and distribution system. The planned start date for the Program is «CCA_Service_Start_Date» (subject to the final review and approval of the «CCA_Name_Short»'s «Governing_Body»). All current «IOU_1_Abrev» customers within the «CCA_Name_Short»'s service area will receive information describing the Program and will have multiple opportunities to express their desire to remain full requirement customers of «IOU_1_Abrev», in which case they will not be enrolled in the Program. Thus, participation in the CCA Program is completely voluntary; however, customers will be automatically enrolled, as provided by law, unless they affirmatively elect to opt-out of the CCA Program.

The «CCA_Name_Short»'s primary objective in implementing this Program is the desire to enable customers within its service area to take advantage of the opportunities granted by Assembly Bill 117 (AB 117), the Community Choice Aggregation Law. The benefits to consumers include the ability to reduce energy costs; stabilize electric rates; increase local electric generation reliability; influence which technologies are utilized to meet local electricity needs (including a potential increased utilization of renewable energy); ensure effective planning of sufficient resources and energy infrastructure to serve the Members' residents and businesses; and improve the local/regional economy.

Because providing retail electric service can be a complex undertaking and the «CCA_Name_Short» has no operational experience in procuring electricity for retail customers, the «CCA_Name_Short» will receive assistance from experienced energy suppliers and contractors in providing energy services to Program customers and will operate the Program utilizing internal staff as well as private sector contractors and qualified energy suppliers. The «CCA_Name_Short»'s Implementation Plan represents a partnership among the «CCA_Name_Short», the Members and the private sector to bring the benefits of competition and choice to Member residents and businesses. By exercising its legal right to form a CCA Program, the «CCA_Name_Short» will enable its Members' constituents to access the competitive market for energy and exert local control over the community's electricity supply. Absent action by the «CCA_Name_Short» or its individual Members, customers would have no ability to choose an electric supplier other than the incumbent utility.

The California Public Utilities Code provides the relevant legal authority for the «CCA_Name_Short» to become a Community Choice Aggregator and invests the California Public Utilities Commission (CPUC or Commission) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the «CCA_Name_Short»'s CCA Program. The CPUC also has responsibility for registering the «CCA_Name_Short» as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs. Each of these milestones has been accomplished, and the

«CCA_Name_Short» now submits this Implementation Plan to the CPUC. On «Date_of_resolution_adopting_the_Implemen», the «CCA_Name_Short», at a duly noticed public hearing, considered and adopted this Implementation Plan, «CCA_Name_Short» Resolution No. «Resolution_number_adopting_implementatio» and the Implementation Plan was submitted to the CPUC on «CPUC_Submission_Date». In Decisions D.04-12-046, D.06-12-041, and D.07-01-025 the Commission established the methodology that will be used to determine the cost recovery mechanism, and «IOU_1_Abrev» now has approved tariffs for imposition of the cost recovery mechanism. Finally, each of the «CCA_Name_Short»'s Members has issued a resolution to implement a CCA Program through its participation in the «CCA_Name_Short». Following the CPUC's certification of this Implementation Plan and resolution of any outstanding issues, the «CCA_Name_Short» will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

As the Implementation Plan is modified from time to time, the Authority will maintain a current version on file with the CPUC. The current version of the Implementation Plan was adopted on

B. Organization of This Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by Public Utilities Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides the «CCA_Name_Short» statement of intent for implementing a CCA Program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

Chapter II: Aggregation Process
Chapter III: Organizational Structure
Chapter IV: Start-up Plan and Funding
Chapter V: Program Phase-In
Chapter VI: Load Forecast and Resource Plan
Chapter VII: Financial Plan
Chapter VIII: Ratesetting
Chapter IX: Customer Rights and Responsibilities
Chapter X: Procurement Process
Chapter XI: Contingency Plan for Program Termination

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

Table I1
AB 117 Cross References

AB 117 REQUIREMENT	***IMPLEMENTATION PLAN CHAPTER***
Process and consequences of aggregation	*Chapter II: Aggregation Process*
Organizational structure of the Program, its operations and funding	*Chapter III: Organizational Structure* *Chapter IV: Start-up Plan and Funding* *Chapter VII: Financial Plan*
Ratesetting and other costs to participants	*Chapter VIII: Ratesetting* *Chapter IX: Customer Rights and Responsibilities*
Disclosure and due process in setting rates and allocating costs among participants	*Chapter VIII: Ratesetting*
Methods for entering and terminating agreements with other entities	*Chapter X: Procurement Process*
Participant rights and responsibilities	*Chapter IX: Customer Rights and Responsibilities*
Termination of the Program	*Chapter XI: Contingency Plan for Program Termination*
Description of third parties that will be supplying electricity under the Program, including information about financial, technical and operational capabilities	*Chapter X: Procurement Process*
ProgramStatement of Intent	*Chapter I: Introduction*

II. AGGREGATION PROCESS

A. Introduction

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

The «CCA_Name_Short»'s efforts to form a CCA Program began with a detailed feasibility study concerning community choice aggregation. The Feasibility Study, completed in «Month_Year_of_Feasibility_Study_Completi», found that there were numerous benefits (and certain risks) for the «CCA_Name_Short»'s Members to further develop and ultimately implement a CCA Program. Following consideration of the feasibility study results, each of the «CCA_Name_Short»'s Members individually elected to participate in the preparation of this Implementation Plan, which was completed in draft form in «Month_Year_of_Implementation_Plan_Draft_». The «CCA_Name_Short»'s Members includes the following local government entities:

- «Participant_1»
- «Participant_2»
- «Participant_3»
- «Participant_4»
- «Participant_5»
- «Participant_6»
- «Participant_7»
- «Participant_8»
- «Participant_9»
- «Participant_10»
- «Participant_11»
- «Participant_12»

The draft Implementation Plan was published on a public website and was made available at offices of the «CCA_Name_Short». Any person was able to view the draft Implementation Plan and provide comments for consideration in the final version. Once finalized, each Member subsequently adopted an ordinance declaring its election to implement a CCA Program by and through the City/County's participation in the «CCA_Name_Short» as described herein. The Implementation Plan was adopted at a duly noticed public hearing of the «CCA_Name_Short» on «Date_of_resolution_adopting_the_Implemen».

B. Process of Aggregation

Before customers are enrolled in the Program, customers will receive two notices in the mail from the «CCA_Name_Short» 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. Enrolled customers will begin receiving electric service from the CCA at their next regularly scheduled meter read date (following the date of automatic enrollment), subject to the service phase-in plan described in Chapter V.

Customers automatically enrolled in the Program will continue to have their electric meters read and will be billed for electric service by their current electric utility («IOU_1_Abrev»). The electric bill for Program customers will show separate charges

for generation procured by the Program, all other charges related to delivery of the electricity and other utility charges that will continue to be assessed by «IOU_1_Abrev».

Subsequent to automatic enrollment, customers will be given two additional opportunities to opt out of the Program and return to their respective distribution utility («IOU_1_Abrev») following the cutover of service. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for Program charges for the time they were served by the «CCA_Name_Short» but will not otherwise be subject to any penalty for leaving the Program. Customers that have not opted-out within sixty days of cutover to CCA service will be deemed to have elected to become a participant in the Program and to have agreed to the Program's terms and conditions, including those pertaining to requests to terminate service, as further described in Chapter IX.

New customers who establish service within the Program service area will be automatically enrolled in the Program and will have sixty days from the date of enrollment to opt-out of the Program. Such customers will be provided with two opt-out notices within this sixty-day post-enrollment period.

A high level process overview and timeline for Aggregation is shown in Table II-1.

Table II-1
Aggregation Process

ACTIVITY	TIMELINE
Implementation Plan filed with CPUC	Day 0
CPUC certifies receipt of Implementation Plan	Day 90
«CCA_Name_Short» executes power services agreement with Power Services Provider	Day 120
«CCA_Name_Short» executes service agreement with «IOU_1_Abrev»	Day 150
«CCA_Name_Short» provides binding notice of intent to «IOU_1_Abrev»	Day 150
«CCA_Name_Short» submits registration package to CPUC	Day 165
«CCA_Name_Short» finalizes initial rates	Day 165
«CCA_Name_Short» customer outreach and pre-enrollment opt-out notices	Day 180 - 210
Automatic enrollment of customers that have not opted out	Day 270
Customers switched to CCA service on next scheduled meter read date	Day 270 - 300
Post enrollment opt-out notices	Day 330 – 360

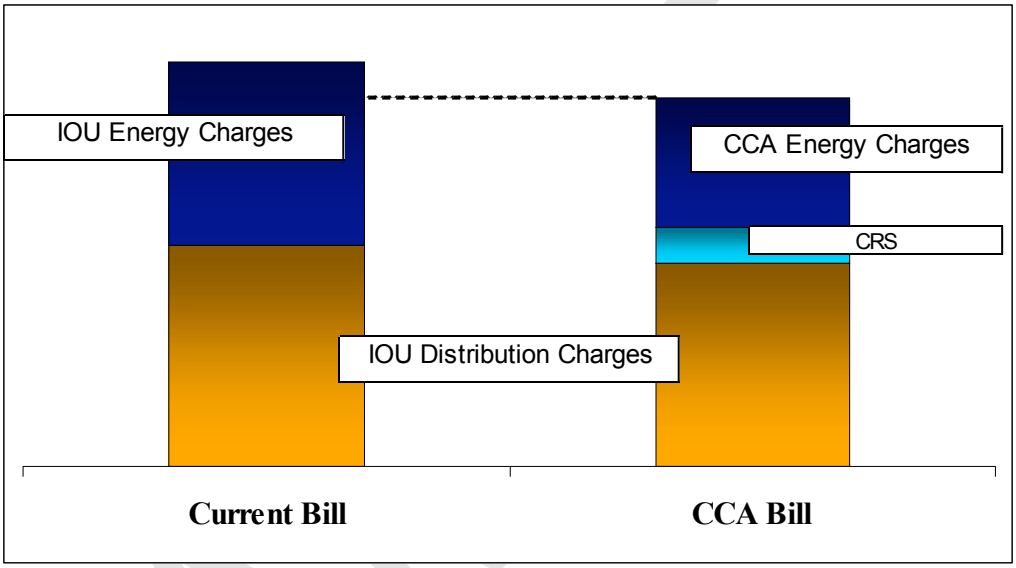
C. Consequences of Aggregation

1. Rate Impacts

Program customers will see no obvious changes in electric service other than the price and composition of their electric bills. Customers will pay the generation charges set by the Program and no longer pay the costs of «IOU_1_Abrev» generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program changes as described in Section IX.

The «CCA_Name_Short»'s rate setting policies described in Chapter VIII establish a goal of providing rates that are lower than the equivalent generation rates offered by the incumbent distribution utility («IOU_1_Abrev»). The «CCA_Name_Short» will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by the «CCA_Name_Short»'s «Governing_Body». The projected impact on customer bills of joining the Program, based on indicative supplier costs, is illustrated in the Figure II-1.

Figure II-1
Changes in Customer Bills



The total electric rate will be reduced for customers if the Program is successful in obtaining electric generation at a lower cost than charged by the current distribution utility. Initial Program rates will be established following approval of the «CCA_Name_Short»'s inaugural Program budget, reflecting final costs from the Program's energy supplier(s). Based on information provided by suppliers in response to «CCA_Name_Short»'s request for proposals, the «CCA_Name_Short» expects to charge rates initially «Rate_Discount»% below those charged by «IOU_1_Abrev». The «CCA_Name_Short»'s rate policies and procedures are detailed in Chapter VIII. Information regarding final Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment opt-out notices sent to potential customers.

Once the Program gives notice to «IOU_1_Abrev» that it will commence service, Program customers, generally, will not be responsible in any way for costs associated with the utilities' future electricity procurement contracts or power plant investments.[1] Certain pre-existing generation costs will continue to be charged by «IOU_1_Abrev» to CCA customers through a separate rate component, called the Cost Responsibility Surcharge or CRS. This charge is shown in «IOU_1_Abrev»'s tariffs, which can be accessed from the utility's website, and is already included in rates currently paid.

[1] CCAs may be liable for a share of unbundled stranded costs from new generation, but would then receive associated Resource Adequacy credits.

2. Renewable Energy Impacts

A second consequence of the Program will be an anticipated increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet up to «Targeted_Renewable_Percentage»% or more of the Program's electricity needs. The majority of this renewable energy will be met by new renewable resources. By 2010, «IOU_1_Abrev» must procure a minimum of 20% of its customers' annual electricity usage from renewable resources due to the state Renewable Portfolio Standard and the Energy Action Plan requirements of the CPUC. However, the incremental change in renewable energy production created by the distribution utility's attainment of the 20% standard is only about 5% because the investor owned utilities have been able to reclassify existing renewable resources in their portfolios as qualifying renewable resources for purposes of meeting the 20% goal. In contrast, the Program will start from a baseline of 0%, and the full amount of the «Targeted_Renewable_Percentage»% renewable target will likely be incremental renewable supply.

3. Energy Efficiency Impacts

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by «IOU_1_Abrev» are not expected to change as a result of the «CCA_Name_Short» forming the Program. CCA customers will continue to pay the public goods charges to the distribution utility which fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the Program, as described in Chapter VI, will be in addition to the level of investment that would continue in the absence of the Program. Thus, the Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

III. ORGANIZATIONAL STRUCTURE

This chapter provides an overview of the organizational structure of the «CCA_Name_Short» and its proposed implementation of the «CCA_Name_Short»'s CCA Program. Specifically, the key agreements, governance, management, and organizational functions of the «CCA_Name_Short» are outlined and discussed below.

A. Organizational Overview

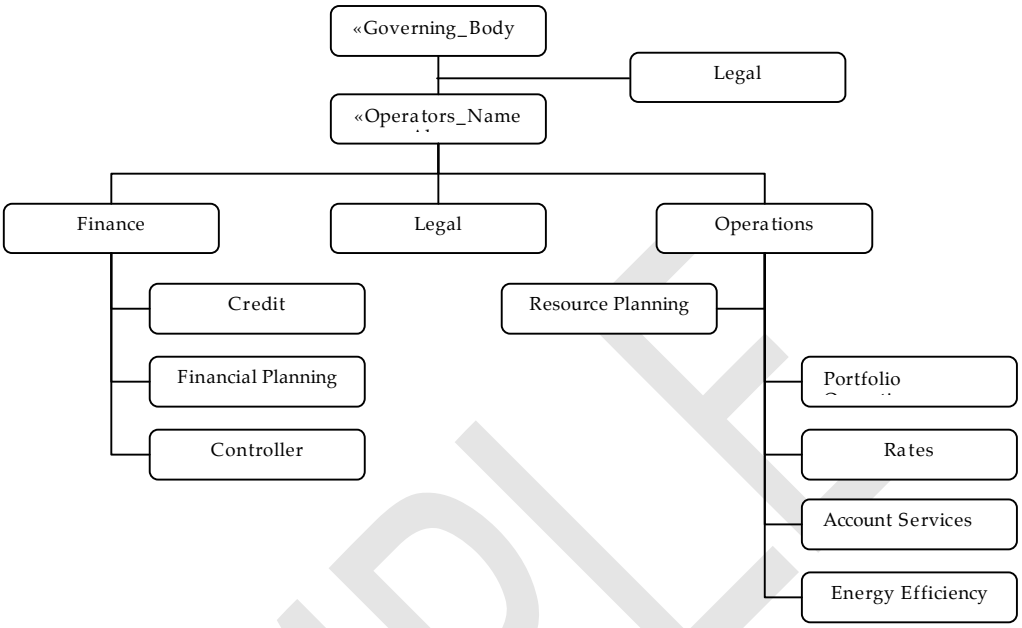
The Program will be governed by the «CCA_Name_Short»'s «Governing_Body», appointed by the Members. The «CCA_Name_Short» is a joint exercise of powers agency created on «Date_of_JPA_Creation» and formed under California law. Municipalities that have elected to offer the Program to their constituents have become Members of the «CCA_Name_Short». The «CCA_Name_Short» is the CCA entity that will register with the CPUC, and it is responsible for implementing and managing the Program pursuant to the «CCA_Name_Short» Joint Powers Agreement (JPA). The Program will be operated under the direction of the «CCA_Name_Short»'s «Operators_Name_Abrev». The «Operators_Name_Abrev» will report to the «Governing_Body» comprised of one representative from each participating Member of the «CCA_Name_Short».

The «Governing_Body»'s primary duties are to establish Program policies, set rates and provide policy direction to the «Operators_Name_Abrev», who will have general responsibility for Program operations, consistent with the policies established by the «Governing_Body». The «Governing_Body» is responsible for evaluating the «Operators_Name_Abrev»'s performance and is ultimately responsible for managing the agreement with the «Operators_Name_Abrev». The «CCA_Name_Short» will maintain a separate legal function as well to support its ongoing governance and administration.

The «Governing_Body» may also establish an Executive Committee and other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or contracts). The Joint Powers Agreement defines the terms and conditions by which the «CCA_Name_Short» will be governed.

The «Operators_Name_Abrev» has responsibilities over the functional areas of Finance, Legal/Regulatory, and Operations. In performing its obligations to the «CCA_Name_Short», «Operators_Name_Abrev» will utilize a combination of internal staff and contactors. Certain specialized functions needed for Program operations, namely the electric supply and customer account management functions described below, will be performed initially by experienced third party contractors. The Program organizational chart showing relationships among the «Governing_Body», the «Operators_Name_Abrev» and the functional areas is shown in the figure below.

Figure III-1
Program Organization



B. Governance

The «Governing_Body» will consist of one representative (Director) from each of the JPA Members. The «Governing_Body» will meet on regular intervals to provide the overall management and guidance for the «CCA_Name_Short».

[INSERT DESCRIPTION OF VOTING PROVISIONS]

1. Officers

The «CCA_Name_Short» will have a Chair and Vice-Chair elected to one-year terms by the «Governing_Body». Both the Chair and Vice-Chair must be members of the «Governing_Body». In addition, the «CCA_Name_Short» will have a Secretary, Treasurer, and Auditor; none of which need be members of the «Governing_Body». The JPA agreement provides further details on each of these positions.

2. Committees

The «CCA_Name_Short» may elect to have additional committees or working groups to address distribution utilities topics. Potential committees include: Resource Committee, Finance/Budget/ Audit Committee, Legal/Regulatory Committee, and Risk Management Committee. Specific committees and their functions will be determined by the «Governing_Body» at the time of the creation of the committee.

3. Addition/Termination of Participation

The JPA provides for the addition of new Members subject to the affirmative vote of the «CCA_Name_Short» «Governing_Body» pursuant to the voting structure described above.

A Member can withdraw itself from the «CCA_Name_Short» subject to the terms and conditions contained in the JPA. Essentially, the withdrawing Member needs to provide

the «CCA_Name_Short» with reasonable notice of its intent to withdraw and the withdrawing Member will be subject to all reasonable ongoing costs incurred by the «CCA_Name_Short» on behalf of that Member.

C. Agreements Overview

There are two principal agreements that will govern the «CCA_Name_Short» and its CCA Program: the «CCA_Name_Short» Joint Powers Agreement and Program Agreement No. 1 (PA-1). Each of these agreements and its functions are discussed below.

1. Joint Powers Agreement

The JPA creates the «CCA_Name_Short» and provides it with broad powers related to the study, promotion, development, and conduct of electricity-related projects and programs.

The JPA describes the «CCA_Name_Short» as having broad authorities and powers, but a very limited role without implementing agreements to carry out specific programs. PA-1, discussed in greater detail below, provides for the development, implementation and operation of a CCA Program. At the «CCA_Name_Short» Members' discretion, future Program agreements could provide for other energy-related programs. The JPA provides for the governance of the «CCA_Name_Short», which is discussed in greater detail above.

2. Program Agreement No. 1

PA-1 provides for the «CCA_Name_Short» to become a CCA provider. PA-1 outlines the framework for the CCA Program, and transfers the participating «CCA_Name_Short» Members authority under AB 117 to the «CCA_Name_Short». Approval of PA-1 by a participant authorizes the initiation of the CCA Program for its jurisdiction.

D. Agency Operations

The «CCA_Name_Short» will conduct Program operations through its own internal staff and through contracting for services with third parties. The «CCA_Name_Short» will have its own General Counsel to manage its legal affairs.

Major «CCA_Name_Short» functions that will be performed and managed by «Operators_Name_Abrev» are summarized below.

1. Resource Planning

The «Operators_Name_Abrev» will be charged with developing both short (one and two-year) and long-term resource plans for the «CCA_Name_Short». The «Operators_Name_Abrev» will develop the resource plan under the guidance provided by the «Governing_Body» and in compliance with California Law, and other requirements of California regulatory bodies (CPUC and CEC).

Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. The «Operators_Name_Abrev»'s CCA planners will develop integrated resource plans that meet Program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. The CCA Program will require a planning function even if the day-to-day supply operations are contracted to third parties. This will ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed, and implemented.

2. Portfolio Operations

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.

- *Risk Management* – standard industry risk management techniques will be employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.

- *Load Forecasting* – develop accurate load forecasts, both long term for resource planning, and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.

- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

The «CCA_Name_Short» will initially contract with a third party with the necessary experience (and balance sheet) to perform most of the portfolio operation requirements for the CCA Program. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. A description of the third parties that will be supplying electricity under the Program, including information about financial, technical and operations capabilities, is contained in Chapter X.

The «CCA_Name_Short» will approve and adopt a set of *Program Controls* that will serve as the risk management tools for the «Operators_Name_Abrev» and any third party involved in the «CCA_Name_Short» portfolio operations. Program Controls will define risk management policies and procedures and a process for ensuring compliance throughout the organization. During the initial start-up period, the chosen full requirements electric supplier will bear the majority of Program risks and be responsible for their management. Development of Program controls can take place during the first few years of Program operations to cover electricity procurement activities that will take place for the period following the term of the initial supply contract.

3. Energy Efficiency

A key focus of the CCA Program will be the development and implementation of an energy efficiency program for the «CCA_Name_Short» Members. A preliminary program is discussed in Section VI. The «Operators_Name_Abrev» will be responsible for further development of this program, and it is anticipated that as experience is gained from the retail energy side of the CCA Program, an increased focus on energy efficiency will follow.

The «CCA_Name_Short» will administer energy efficiency and demand response programs that can be used as cost-effective alternatives to procurement of supply-side resources. The «CCA_Name_Short» will attempt to consolidate existing demand-side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, potentially through the CPUC application process for third-party administration of energy efficiency programs and other demand -side management techniques.

4. Rate Setting

The «Governing_Body» will have the ultimate responsibility for setting the electric generation rates for its customers. The «Operators_Name_Abrev» will develop proposed rates and options for the «Governing_Body» to consider before the finalization of the actual rates. subject to the notice requirements and process described in Section VIII. The final approved rates must, at a minimum, meet the annual revenue requirement developed by the «Operators_Name_Abrev», including any reserves or coverage requirements set forth in bond covenants. The «Governing_Body» will have the flexibility to consider rate adjustments within ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

5. Financial Management/Accounting

Managing the overall financial aspects of the CCA Program is expected to be a significant work activity. The «Operators_Name_Abrev» will be responsible for managing this function to include developing the annual budget and revenue requirement; managing and maintaining cash flow requirements; potential bridge loans and other financial tools; and a large volume of billing settlements.

The Finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. The finance organization plays an important Program risk management function of monitoring the credit of suppliers so that credit risk is managed properly. Credit monitoring is important to keep abreast of changes in a supplier's financial condition and credit rating. The Finance function establishes credit policies that the Program must follow.

It is planned that the settlements (customer billing) will be contracted out to an organization with the necessary infrastructure and capability to handle the approximately «Number_of_CCA_Customers» accounts that are expected to participate in the Program. This function is described under Customer Services, below.

6. Customer Services

In addition to general Program communications and marketing, a significant amount of customer service and key account representation will be necessary. This will include both a call center for questions and actual routine interaction with customer accounts. The «Operators_Name_Abrev» will be responsible for the Customer Services function. The «CCA_Name_Short» will contract with a third party service provider for certain billing related or "Customer Account Services" as described below.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of customers enrolled in the Program. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data between the distribution utility and the «CCA_Name_Short», tracking of customer accounts receivables and payments, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with «CCA_Name_Short» credit policies.

The Customer Account Services function also manages billing related communications with customers, customer call centers, and routine customer notices. The «CCA_Name_Short» will initially contract with a third party with the necessary

experience and computer systems (customer information system) to perform the customer account and billing services functions.

The «CCA_Name_Short» will conduct the general Program marketing and key customer account management functions. These include assignment of account representatives for key accounts to provide high levels of customer service, and implementation of a marketing strategy to promote customer satisfaction with the CCA Program. Ongoing communications, marketing messages, and information regarding the CCA Program to all customers will be critical for the overall success of the CCA Program.

7. Legal and Regulatory Representation

The CCA Program will require ongoing regulatory representation to file resource plans, resource adequacy compliance, compliance with California RPS, and overall representation on issues that will impact the «CCA_Name_Short» and its Members. The «CCA_Name_Short» will maintain an active role at the CPUC, CEC, and as necessary FERC and the California legislature.

The «CCA_Name_Short» will retain legal services, as necessary, to administer the «CCA_Name_Short», review contracts, and provide overall legal support to the activities of the «CCA_Name_Short».

E. Roles and Functions

The «CCA_Name_Short» and «Operators_Name_Abrev» will perform the functions inherent in its policy-making, management and planning roles. The «CCA_Name_Short» will also be the public face of the Program and have a direct role in marketing, communications and customer service. Other highly specialized functions, such as energy supply and account management, will be contracted out to third parties with sufficient experience and technical and financial capabilities. The functions that will initially be performed by the «CCA_Name_Short»'s «Governing_Body», the «Operators_Name_Abrev» and third parties are specified below:

Table III-1
Organizational Roles

Organization	***Roles/Functions/Activities***
«Governing_Body»	*Executive/Policy/Legal*
«Operators_Name_Abrev»	*Finance*
	Legal and Regulatory - *Legal support* - *Participation in regulatory proceedings* - *Regulatory reporting*
	Marketing/Communications
	Rates & Support - *Rate policy* - *Rate design* - *Cost-of-service planning*
	Resource Planning - *Load research* - *Load forecasting* - *Supply-side/Demand side portfolio planning*
	Contract Management
	Customer Service

	- *Account representatives*
Energy Supplier	*Supply Operations* - *Procurement* - *Scheduling coordination* - *Settlements (ISO/Wholesale)* - *Short-term load forecasting*
Customer Account Services Provider/Data Manager	*Account Management (Customer Information System)* - *Customer switching* - *New customer processing* - *Data exchange)* - *Payment processing* - *Billing and retail settlements* - *Call center*

The «CCA_Name_Short», will enter into two key contracts with third parties to provide the day-to-day operational functions necessary to procure electricity and manage customer account data. The first of these contracts is with the Program's energy supplier to perform the Supply Operations. The second key contract is with a data management provider to perform the Account Management functions. The «CCA_Name_Short» will select the contractors for these key roles through a competitive solicitation. Information on the solicitation process and the qualifications of the selected service providers is contained in Chapter X.

F. Staffing

Staffing requirements for the above «CCA_Name_Short» functions are approximately «Staff_FTE» full time equivalent positions, once the phase-in is complete and the Program is fully operational. These staffing requirements are in addition to the services provided by the third party energy suppliers and contractors.

The table below shows the staffing plan for the «CCA_Name_Short» at full-scale operational levels. Program staffing requirements during the pre-start-up and phase-in periods are discussed in Chapter IV.

Table III-2
Staffing Plan for the «CCA_Name» Community Choice Aggregation Program

Position	Staff (Full Time Equivalents)
Management	
Program Manager	
Contract Analyst	
Administrative Assistant	
Finance and Rates	
Manager	
Rates Analyst	
Accounting/Billing Analyst	
Administrative Assistant	
Sales and Marketing	
Manager	
Account Representative	

Position	Staff (Full Time Equivalents)
Communications Specialist	
Administrative Assistant	
Resource Planning	
Planner	
Regulatory	
Regulatory Analyst	
Information Technology	
IT Specialist	
Human Resources	
HR Specialist	
Total Staffing	

Longer term staffing needs will include energy efficiency activities and potentially the creation of an internal organization to perform the portfolio operations and account services functions that will originally be contracted out.

IV. START-UP PLAN AND FUNDING

This Chapter presents the «CCA_Name_Short»'s plans for the Start-up period, including the necessary staffing and capital outlays, which will commence once the CPUC certifies the receipt of this Implementation Plan. As described in Chapter III, the «CCA_Name_Short» will utilize a mix of internal staff and contractors in its CCA Program implementation. The following table illustrates the expectations for start-up, near-term (two to five years), and long-term anticipated staffing roles.

Table IV-1
«CCA_Name» Staffing Roles Through Time

Function	Start-Up	Near-Term (2 to 5 Years)	Long-Term
Program Governance	«CCA_Name_Short» «Governing_Body»	«CCA_Name_Short» «Governing_Body»	«CCA_Name_Short» «Governing_Body»
Program Management	«Operators_Name_Abrev»	«Operators_Name_Abrev»	«Operators_Name_Abrev»
Outreach	«Operators_Name_Abrev»	«Operators_Name_Abrev»	«Operators_Name_Abrev»
Customer Service	«Operators_Name_Abrev»	«Operators_Name_Abrev»	«Operators_Name_Abrev»
Key Account Management	«Operators_Name_Abrev»	«Operators_Name_Abrev»	«Operators_Name_Abrev»
Regulatory	Third Party («Operators_Name_Abrev» support)	«Operators_Name_Abrev» (third party support)	«Operators_Name_Abrev»
Legal	«CCA_Name_Short»/ «Operators_Name_Abrev»	«CCA_Name_Short»/ «Operators_Name_Abrev»	«CCA_Name_Short»/ «Operators_Name_Abrev»
Finance	«Operators_Name_Abrev»	«Operators_Name_Abrev»	«Operators_Name_Abrev»
Rates: Approve	«CCA_Name_Short» «Governing_Body»	«CCA_Name_Short» «Governing_Body»	«CCA_Name_Short» «Governing_Body»
Rates: Develop	«Operators_Name_Abrev» (third party support)	«Operators_Name_Abrev» (third party support)	«Operators_Name_Abrev»
Resource Planning	Third Party («Operators_Name_Abrev»)	«Operators_Name_Abrev» (third party support)	«Operators_Name_Abrev»
Energy Efficiency	Third Party	Third Party («Operators_Name_Abrev» support)	«Operators_Name_Abrev»
Resource Development	«Operators_Name_Abrev» (third party support)	«Operators_Name_Abrev» (third party support)	«Operators_Name_Abrev»
Portfolio Operations	Third Party	Third Party («Operators_Name_Abrev» support)	«Operators_Name_Abrev»
Scheduling Coordinator	Third Party	Third Party	Third Party (potentially «Operators_Name_Abrev»)
Data Management	Third Party	Third Party	Third Party (potentially «Operators_Name_Abrev»)

A. Staffing Requirements

Staffing is a key component to the Start-up Plan. Staff will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. Additional staff will be added during the Phase 1 customer enrollment period and following commencement of service. Additional sales and marketing staff will be added prior to the notification and enrollment period for Phase 2 customers, many of which will have assigned customer account representatives. The organization should be nearly fully staffed by the time Phase 2 customers are enrolled.

The following table is an estimate of the appropriate staff additions that the «CCA_Name_Short» will require to implement and operate the CCA Program. Actual staff will be dependent upon several factors including the ability to recruit and hire qualified staff and personnel policies ultimately established by the «CCA_Name_Short»'s «Governing_Body».

Table IV-2
«CCA_Name»
Community Choice Aggregation Program
Internal Staffing Estimates

Staffing Plan (FTEs)	Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operations	Notification and Enrollment Period		Cutover 2
Staff	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Management												
Manager	-	-	-	-	-	-	-	-	-	-	-	-
Contract Analyst	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Assistant	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Rates												
Manager	-	-	-	-	-	-	-	-	-	-	-	-
Rates Analyst	-	-	-	-	-	-	-	-	-	-	-	-
Accounting/Billing Analyst	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Assistant	-	-	-	-	-	-	-	-	-	-	-	-
Sales And Marketing												
Manager	-	-	-	-	-	-	-	-	-	-	-	-
Account Representatives	-	-	-	-	-	-	-	-	-	-	-	-
Communications Specialist	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Assistant	-	-	-	-	-	-	-	-	-	-	-	-
Regulatory												
Regulatory Analyst	-	-	-	-	-	-	-	-	-	-	-	-
Resource Planning												
Planner	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology												
IT Specialist	-	-	-	-	-	-	-	-	-	-	-	-
Human Resources												
HR Specialist	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Staffing	-	-	-	-	-	-	-	-	-	-	-	-

B. Capital Requirements

The Start-Up of the CCA Program will require a significant amount of capital for three major functions: (1) staffing and contractor costs; (2) Program initiation; and (3) working capital. Each of these functions and their anticipated funding requirement are discussed below. The Finance Plan contained in Chapter VII provides a detailed overview of the longer term capital requirements.

Staffing costs for the twelve-month start-up period beginning six months prior to the enrollment of the Program's initial phase of customers are estimated to be approximately $«Staffing_Startup» million. Actual costs may vary depending on the ability of the «CCA_Name_Short» to recruit qualified staff to fill the roles described above. Contractor costs for the same time period are estimated to be approximately $«Contractors_Startup» million. These costs include: advertising, consulting, legal, and data management services. Again, actual costs will vary; however, this is a reasonable estimate for the anticipated contractor costs.

Program initiation costs include the infrastructure that the «CCA_Name_Short» will require as well as the distribution utility fees for initiating the CCA Program. Infrastructure costs are estimated to be approximately $«Infrastructure_Startup» million and the distribution utility fees are estimated to be approximately $«Utility_Fees_Startup» million.

Therefore, the total staffing, contractor and Program initiation costs are expected to be approximately $«Total_Startup» million. These are costs that ultimately will be collected through CCA Program rates; however, most of these costs will be incurred prior to the «CCA_Name_Short» selling its first kWh of electricity. In addition, as discussed in Chapter VII (Financial Plan), it is anticipated that additional working capital will be required to purchase electricity for Program customers prior to revenue being collected from those customers.

Short-term financing instruments, such as a letter of credit or commercial paper (CP) will be used to cover these start-up costs and working capital requirements. The amount of CP required supporting the CCA Program through start-up and implementation of all three customer phases is estimated to be $«Total_Startup» million, of which approximately $«Total_Capital_1» million is to support start-up through Phase 2. The actual amount of CP required will be primarily dependent upon power purchase requirements.

C. Start-up Activities and Costs

The initial start-up funding estimate of $«Total_Startup» million is budgeted to fund the following activities and costs:

- Define and execute communications plan
  - Media campaign
  - Informational materials and customer notices
  - Customer call center
- Hire Program Manager, Sales and Marketing representatives, and Finance staff
- Negotiate supplier/vendor contracts
  - Electric supplier
  - Data management provider
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting

- Finalize rates
- Legal and regulatory support
- Financial reporting
- General consulting costs

Other costs related to starting up the Program will be the responsibility of the Program's contractors. These include capital requirements needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements systems costs.

1. Start-up Cost Summary

Monthly costs associated with Program start-up and phasing of customer enrollments are shown below for Program staff, associated infrastructure, contractor costs and fees payable to the distribution utilities for CCA implementation and transactions costs. The estimated start-up costs include capital expenditures and one-time expenses as well as ongoing expenses that will be accrued before revenues from Program operations commence. These costs have been characterized as start-up costs for purposes of the financing plan.

Table IV-3
Start-up Cost Summary

Start-up Costs		Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operation	Notification and Enrollment Period		Cutover 2
Staffing	Startup	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
FTEs	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Infrastructure													
Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contractor Costs													
Advertising/Comm.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consulting	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Data Management	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Contractor Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
IOU Fees (Including Billing)													
Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grand Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2. Estimated Staffing Costs

The following table provides the estimated staffing budgets for the start-up period, reflecting the staffing plan shown above. Staffing budgets include direct salaries and benefits loading.

Table IV-4
Estimated Staffing Costs

Staffing Costs ($/Month)	Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operations	Notification and Enrollment Period		Cutover 2
Staff	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Management												
Manager	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract Analyst						$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administrative Assistant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Finance and Rates												
Manager	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rates Analyst	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounting/Billing Analyst									$ -	$ -	$ -	$ -
Administrative Assistant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sales And Marketing												
Manager	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Account Representatives						$ -	$ -	$ -	$ -	$ -	$ -	$ -
Communications Specialist	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administrative Assistant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Regulatory												
Regulatory Analyst	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Resource Planning												
Planner	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Information Technology												
IT Specialist	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Human Resources												
HR Specialist	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Staffing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

3. Estimated Infrastructure Costs

Infrastructure or overhead needed to support the organization includes computers and peripheral equipment, office furnishings, office space and utilities. Office space and utilities are ongoing monthly expenses that will begin to accrue before revenues form Program operations commence and are therefore assumed to be financed along with other start-up costs. The monthly estimated infrastructure costs are shown in the following table.

Table IV-5
Estimated Infrastructure Costs

Infrastructure Costs ($/Month)	Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operations	Notification and Enrollment Period		Cutover 2
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Computers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Furnishings	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Office Space	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal Infrastructure	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

4. Utility Implementation and Transaction Charges

The estimated costs payable to the distribution utility for services related to the CCA Program start-up period include costs associated with initiating service with the «CCA_Name_Short», processing of customer opt-out notices, customer enrollment, post-enrollment opt-out processing, and billing fees. Most of the distribution utility fees are explicitly stated in the relevant CCA tariffs. One unknown potential cost is any specialized service fee that may be imposed by the distribution utility to support the planned phase-in of customer enrollments. This potential cost is captured in the estimated service initiation fee.

Table IV-6
Estimated Implementation and Transaction Units

Utility Transaction Fees ($/Month)	Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operations	Notification and Enrollment Period		Cutover 2
Utility Fees	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Opt-Out Notifications												
Per Account	0	0	0	0	0	0	0	0	0	0	0	0
Per Event	0	0	0	0	0	0	0	0	0	0	0	0
Post enrollment notification	0	0	0	0	0	0	0	0	0	0	0	0
Per Account	0	0	0	0	0	0	0	0	0	0	0	0
Service Initiation	0	0	0	0	0	0	0	0	0	0	0	0
Per Hour	0	0	0	0	0	0	0	0	0	0	0	0
Customer List	0	0	0	0	0	0	0	0	0	0	0	0
Per Event	0	0	0	0	0	0	0	0	0	0	0	0
Mass enrollment	0	0	0	0	0	0	0	0	0	0	0	0
Per Account	0	0	0	0	0	0	0	0	0	0	0	0
Per Event	0	0	0	0	0	0	0	0	0	0	0	0
Opt-Out Fees	0	0	0	0	0	0	0	0	0	0	0	0
Per Opt Out	0	0	0	0	0	0	0	0	0	0	0	0
Customer Contact Fee	0	0	0	0	0	0	0	0	0	0	0	0
Per Minute	0	0	0	0	0	0	0	0	0	0	0	0
Billing Fee												
Per Account	0	0	0	0	0	0	0	0	0	0	0	0

Table IV-7
Estimated Implementation and Transaction Costs

Utility Transaction Fees ($/Month)	Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operation	Notification and Enrollment Period		Cutover 2
Utility Fees	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Opt-Out Notifications												
Per Account	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Event	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Post enrollment notification	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Account	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Service Initiation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Hour	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer List	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Event	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mass enrollment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Account	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Event	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Opt-Out Fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Opt Out	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Contact Fee	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Per Minute	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Billing Fee												
Per Account	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

5. Estimates of Third Party Contractor Costs

Contractor costs include outside assistance for advertising, legal services, resource planning, implementation support, customer enrollment, customer service, and payment processing/accounts receivable and verification. The latter three will be provided by the Program's customer account services provider, and these preliminary estimates will be refined as the services and costs provided by the selected contractor are negotiated. The table below shows the estimated contractor costs during the start-up period.

Table IV-8
Estimated Contractor Costs

Contractor Costs ($/Month)	Pre-Startup					Enrollment 1 - Pilot Phase		Cutover 1	Phase 1 Operations	Notification and Enrollment Period		Cutover 2
Contractor Costs	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
General advertising	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Resource Planning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Implementation Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Enrollment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Care (Call Center)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Receivable and Verification	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Contractor Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

D. Financing Plan

The initial start-up funding will be provided by the «CCA_Name_Short» via a short-term financing, likely a letter of credit or issuance of Commercial Paper. The «CCA_Name_Short» will recover the principal and interest costs associated with the start-up funding via retail rates. It is anticipated that the start-up costs will be fully recovered within the first couple of years of the Program operations through retail rates.

1. Working Capital

Operating revenues from sales of electricity will be remitted to the «CCA_Name_Short» beginning on approximately day 47 of Program operations, based on «IOU_1_Abrev»'s standard meter reading cycle of 30 days and «IOU_1_Abrev»'s payment/collections cycle of 17 days. Either the electric supplier or the «CCA_Name_Short» will be responsible for providing the working capital needed to support electricity procurement, subject to the outcome of negotiations with the selected electric supplier. If it is the electricity provider, this cost will be reflected in its price for providing full requirements electric service to the Program. Regardless of this being provided by the third party supplier or the «CCA_Name_Short», the «CCA_Name_Short» will meet working capital requirements related to Program management, which will be included in the credit facility associated with start-up funding.

2. Pro Forma

Ongoing operating expenses will be recovered from revenues accruing from sales of electricity to Program customers and, where applicable, sales of excess power to other entities. Pro forma projections for the initial four years of Program operations are shown in Chapter VII below.

V. PROGRAM PHASE-IN

The «CCA_Name_Short» plans to phase-in its CCA Program over the course of three stages:

1. Participant Accounts
2. Commercial and Industrial Accounts
3. All Remaining Accounts

This approach provides the «CCA_Name_Short» with the ability to start slow, address any problems or unforeseen challenges of a small manageable program, before gradually building to full program integration for an expected «Number_of_CCA_Customers» plus customer base. This approach also provides for the «CCA_Name_Short» and its primary contractors to address all system requirements (billing, collections, payments) under a phase-in approach to minimize potential exposure to uncertainty and financial risk by "walking" prior to ultimately "running".

A. Phase 1 – Participant Accounts

Phase 1 of the Program is targeted to begin on «CCA_Service_Start_Date»; or as soon as practical following CPUC certification of its receipt of the «CCA_Name_Short» Implementation Plan;, final approval of the Program by the Parties (via approval of Program Agreement No. 1); and completion of all necessary implementing agreements including those with suppliers, the investor-owned utilities, and potentially others.

Phase 1 will consist solely of the direct electric accounts of the Program Participants' («CCA_Name_Short» Members) loads. Under this approach it is expected that the opt-out rate for accounts (and load) for the Members will be zero percent. This will result in approximately «Phase_1_Accounts» accounts representing a load of «Phase_1_Sales» GWh annually.

B. Phase 2 – Large Accounts

Phase 2 of the Program is targeted to begin approximately «Phase_1_Length» months after Phase 1; however the «CCA_Name_Short»'s «Governing_Body» has the authority to potentially adjust this starting date depending upon the performance of the Program under Phase 1. The intent is to ensure that the Program is operating properly, including proper procurement and delivery of electricity, as well as billing and receivables from the Member's own loads prior to rolling the Program out to commercial customers.

Phase 2 of the Program is focused on medium and large electric users; those accounts that typically have demands in excess of 50 kW, in addition to the customers already included in Phase 1. For modeling purposes it is assumed that 10 percent of these customers will opt-out of the CCA Program. This provides for an estimate incremental Phase 2 customer class of approximately «Phase_2_Accounts», with an annual load of «Phase_2_Sales» GWh.

C. Phase 3 – All Accounts

The final Phase (Phase 3) provides for all remaining electric customers within the service territory of the «CCA_Name_Short»'s Members to have the option of participating in the CCA Program. Again an opt-out rate of 10 percent of the customers is assumed. However, this represents a significant increase in the number of customers and the overall energy requirements for the Program as the incremental growth for Phase 3 is «Phase_3_Accounts» customers and «Phase_3_Sales» annual GWh.

The assumed start date for Phase 3 of the Program is «Phase_2_Length» months after the commencement of Phase 2, again subject to the final review and approval of the «CCA_Name_Short» «Governing_Body».

VI. LOAD FORECAST AND RESOURCE PLAN

A. Introduction

This chapter of the Implementation Plan describes the «CCA_Name_Short»'s ten year resource plan, which strives to create a diversified portfolio of electricity supplies capable of meeting the electric demands of the «CCA_Name_Short»'s retail customers, plus sufficient reliability reserves. As a Community Choice Aggregator, the «CCA_Name_Short» is responsible to arrange for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its customers. The «CCA_Name_Short» must also adhere to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. In addition, the «CCA_Name_Short» will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide renewable portfolio standards

Several criteria were used to guide development of the «CCA_Name_Short»'s resource plan. The «CCA_Name_Short» has developed a supply portfolio that strives to achieve the following attributes:

- Reliability
- Stability
- Cost effectiveness
- Environmental responsibility

To meet these objectives and the applicable regulatory requirements, the «CCA_Name_Short»'s resource plan includes a diverse mix of generation, power purchases, renewable energy and ultimately new energy efficiency programs. Similar to how diversification benefits an investment portfolio by reducing risk and exposure to a particular market sector, the «CCA_Name_Short»'s diversified resource plan reduces the risk and volatility that would occur from an over-reliance on a single resource type or fuel source. The ultimate goal of the «CCA_Name_Short»'s resource plan is to source «Targeted_Renewable_Percentage» percent of the resource mix from renewable resources by 2017. The planned resource mix is comprised primarily of power purchases from third party electric suppliers and also includes renewable generation assets (likely a «Renewable_Resource_Type» resource) owned by the «CCA_Name_Short».

The «CCA_Name_Short»'s renewable generation would provide a portion of the «CCA_Name_Short»'s electricity requirements on a cost-of-service basis, which is more cost-effective than purchasing renewable energy from third party developers.

The «CCA_Name_Short»'s resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, the «CCA_Name_Short» intends to actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

The «CCA_Name_Short»'s proposed ten year resource plan is summarized in Table 13.

Table VI-1
Ten Year Resource Plan

Energy Balance
(GWH)
Years 1 Through 10

	1	2	3	4	5	6	7	8	9	10
Program Demand (GWh)										
Retail Demand	-	-	-	-	-	-	-	-	-	-
Energy Efficiency/DG	-	-	-	-	-	-	-	-	-	-
Losses and UFE	-	-	-	-	-	-	-	-	-	-
Total Demand	-	-	-	-	-	-	-	-	-	-
Program Supply (GWh)										
Renewable Resources										
Generation	-	-	-	-	-	-	-	-	-	-
Power Purchase Contracts	-	-	-	-	-	-	-	-	-	-
Total Renewable Resources	-	-	-	-	-	-	-	-	-	-
Conventional Resources										
Generation	-	-	-	-	-	-	-	-	-	-
Power Purchase Contracts	-	-	-	-	-	-	-	-	-	-
Total Conventional Resources	-	-	-	-	-	-	-	-	-	-
Total Supply	-	-	-	-	-	-	-	-	-	-
Energy Open Position (GWh)	-	-	-	-	-	-	-	-	-	-

B. Supply Requirements

The starting point for the «CCA_Name_Short»'s resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the Program's "load profile". The electric sales forecast and load profile will be affected by the «CCA_Name_Short»'s plan to introduce the Program to customers in phases and the degree to which customers choose to remain with «IOU_1_Abrev» during the customer enrollment and opt-out period. The «CCA_Name_Short»'s phased roll-out plan and assumptions regarding customer participation rates are discussed below.

C. Load Forecast

1. Roll-Out Schedule

The «CCA_Name_Short» plans to begin serving its first customers «Month_of_Service_Start» and to have offered service to all customers by «End_of_Implementation_Period». Eligible customers will be provided the opportunity to enroll in the Program according to the three-phased implementation schedule outline in the table below

Table VI-2
Phase-In Schedule

Phase	Start	Eligibility
Phase 1		Participant Accounts
Phase 2		Commercial and Industrial Accounts
Phase 3		All Others

By the end of «End_of_Implementation_Period», the Program will have been offered to all electric customers within the jurisdictional boundaries of the Authority's Members.

2. Customer Participation Rates

Customers will be automatically enrolled in the «CCA_Name_Short»'s electricity Program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. The «CCA_Name_Short» anticipates an overall customer participation rate of 100 percent during Phase 1, when service is being offered to the service accounts that are affiliated with the «CCA_Name_Short»'s participating members. Participation rates are expected to be 90 percent during Phases 2 through 3 based on experience with similar opt-out style municipal aggregation programs developed in other states; these have ranged from 5 percent in Massachusetts to 10

percent in Ohio. The participation rate is not expected to vary significantly among customer classes, in part due to the fact that the «CCA_Name_Short» expects to offer lower and more stable rates than «IOU_1_Abrev» for all participating customers and that focused marketing efforts will be directed at the commercial and industrial customers who may otherwise be more inclined to remain with a known entity like «IOU_1_Abrev». The assumed participation rates will be refined as the «CCA_Name_Short»'s marketing and communications plan is executed and experience is gained by other California CCA programs.

3. Customer Forecast

Upon enrollment of customers in each implementation phase, customers will be switched over to service by the «CCA_Name_Short» on their next regularly scheduled meter read date over an approximately thirty-day period. Approximately «Phase_1_Transfers» service accounts per day will be switched over during the first month of service. Enrollments planned for Phase 2 will be relatively few in number; however, during Phase 3, the «CCA_Name_Short»'s customer account systems must be capable of processing customer enrollments of nearly «Phase_3_Transfers» accounts per day. The number of accounts served by the «CCA_Name_Short» at the end of each phase is shown in Table 15.

Table VI-3
Projected Customer Enrollments

Retail Service Accounts
Phase-In Period (End of Month)

Program Customers	Phase 1	Phase 2	Phase 3
Residential	-	-	-
Small Commercial	-	-	-
Medium Commercial	-	-	-
Large Commercial	-	-	-
Industrial	-	-	-
Street Lighting & Traffic	-	-	-
Ag & Pump.	-	-	-
Total	-	-	-
Customer Additions	-	-	-

The forecast of service accounts (customers) served by the «CCA_Name_Short» for each of the next ten years is shown in Table 16, which reflects an estimated annual growth of 2.5%.

Table VI-4
Projected Service Accounts

Retail Service Accounts (End of Year)
Years 1 Through 10

Program Customers	1	2	3	4	5	6	7	8	9	10
Residential	-	-	-	-	-	-	-	-	-	-
Small Commercial	-	-	-	-	-	-	-	-	-	-
Medium Commercial	-	-	-	-	-	-	-	-	-	-
Large Commercial	-	-	-	-	-	-	-	-	-	-
Industrial	-	-	-	-	-	-	-	-	-	-
Street Lighting & Traffic	-	-	-	-	-	-	-	-	-	-
Ag & Pump.	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

4. Sales Forecast

The «CCA_Name_Short»'s forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve the «CCA_Name_Short»'s retail customers increases from just over «Year_1_Sales» GWh in the first year to over «Year_2_Sales» GWh in year 2 and over «Year_3_Sales» GWh at full roll-out by year 3. Annual energy requirements are shown below.

Table VI-5
Projected Annual Energy Requirements

Energy Requirements
(GWH)
Years 1 Through 10

Program Demand (GWh)	1	2	3	4	5	6	7	8	9	10
Retail Demand	-	-	-	-	-	-	-	-	-	-
Energy Efficiency/DG	-	-	-	-	-	-	-	-	-	-
Losses and UFE	-	-	-	-	-	-	-	-	-	-
Total Load Requirement	-	-	-	-	-	-	-	-	-	-

5. Capacity Requirements

The CPUC's resource adequacy standards applicable to the «CCA_Name_Short» require a demonstration one year in advance that the «CCA_Name_Short» has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, the «CCA_Name_Short» must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of the «CCA_Name_Short»'s capacity requirements must be procured locally, from the «CAISO_Region» area as defined by the CAISO. The «CCA_Name_Short» would be required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total («IOU_1_Abrev» service area) local capacity requirements adopted by the CPUC based on the «CCA_Name_Short»'s forecasted peak load. The formula is as follows:

«CCA_Name_Short» Local Capacity Requirement = [«CCA_Name_Short» Capacity Requirement/Total «IOU_1_Abrev» Service Area Capacity Requirement]*Total Local Capacity Requirement in «IOU_1_Abrev»'s Service Area

The «CCA_Name_Short» must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available. If necessary, the «CCA_Name_Short» would be able to request relief from the local procurement obligation with a demonstration that it has made every commercially reasonable effort to contract for local capacity resources. A waiver request would have to demonstrate that the «CCA_Name_Short» actively sought products and either

received bids with prices in excess of an administratively determined local attribute price ($40 to $73 per kW-year) or received no bids.

The waiver applies to Commission-imposed penalties only. If deficient, the «CCA_Name_Short» would be responsible for any applicable backstop procurement costs even if it received a waiver from penalties. The CAISO would procure local capacity as a backstop and would charge a fee based on its costs of procuring the capacity. For 2007, the backstop cost is approximately $73 per kW-year.

The «CCA_Name_Short»'s resource adequacy filings will take place in October of each year, according to the schedule established by the California Energy Commission for evaluating statewide resource adequacy based on resource plans filed by all load serving entities in the state. The forward resource adequacy requirements for the initial three years are shown in the following table.

Table VI-6
Forward Capacity Requirements

Summer Peak Loads (MW) Years 1 Through 3			
Month	**1**	**2**	**3**
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-

Forward Capacity and Reserve Requirements (MW) Years 1 Through 3			
Month	**1**	**2**	**3**
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-

The «CCA_Name_Short»'s plan ensures sufficient reserves are procured to meet its peak load at all times. The «CCA_Name_Short»'s annual capacity requirements are shown in the following table.

Table VI-7
Estimated Annual Capacity Requirements

	Capacity Requirements (MW) Years 1 Through 10									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Program Demand (MW)										
Retail Demand	-	-	-	-	-	-	-	-	-	-
Energy Efficiency/DG										
Losses and UFE	-	-	-	-	-	-	-	-	-	-
Total Net Peak Demand	-	-	-	-	-	-	-	-	-	-
Reserve Requirement (%)	-	-	-	-	-	-	-	-	-	-
Capacity Reserve Requirement	-	-	-	-	-	-	-	-	-	-
Capacity Requirement Including Reserve	-	-	-	-	-	-	-	-	-	-

Local capacity requirements are a function of the «IOU_1_Abrev» area resource adequacy requirements and the «CCA_Name_Short»'s projected peak demand. The «CCA_Name_Short» will need to work with the CPUC's Energy Division and potentially staff at the California Energy Commission to obtain the data necessary to calculate the «CCA_Name_Short»'s monthly local capacity requirement. A preliminary estimate of the «CCA_Name_Short»'s annual local capacity requirement is contained in the following table.

Table VI-8
Local Capacity Requirements

Local Capacity Requirements
(MW)
Years 1 Through 10

	1	2	3	4	5	6	7	8	9	10
Utility Planning Area System Peak (MW)	-	-	-	-	-	-	-	-	-	-
Total Capacity Requirement (115%)	-	-	-	-	-	-	-	-	-	-
Authority Peak (MW)	-	-	-	-	-	-	-	-	-	-
Authority Share of Planning Area	-	-	-	-	-	-	-	-	-	-
Local Capacity Requirement - Greater Bay Area	-	-	-	-	-	-	-	-	-	-
Authority Local Capacity Requirement	-	-	-	-	-	-	-	-	-	-

6. Renewable Portfolio Standards Energy Requirements

a) Basic RPS Requirements

As a CCA, the «CCA_Name_Short» is required by law and ensuing CPUC regulations to procure a minimum percentage of its retail electricity sales from qualified renewable energy resources. Under the California renewable portfolio standards (RPS) program and policies established in Senate Bill 107 (SB 107), the «CCA_Name_Short» must generally increase its percentage utilization of renewable energy by no less than 1 percent per year, achieve a minimum of 20 percent by 2010 and maintain 20 percent for each year thereafter. The same standards and rules governing RPS compliance that are applicable to the distribution utilities apply equally to all CCAs.

The Commission has so far ruled that CCAs must comply with five fundamental aspects of the RPS program: 1) meeting the 20 percent requirement by 2010; 2) increasing their renewable sales by at least 1 percent per year; 3) reporting their progress to the Commission; 4) allowing the utilization of flexible compliance mechanisms; and 5) being subject to penalties and penalty processes. Additional specifics of how CCAs, unregulated energy service providers and multi-jurisdictional utilities are to comply with the RPS and how their compliance may be different in some respects than the rules that are applicable to the distribution utilities are being addressed in the ongoing CPUC proceeding, R.06-02-012. The rules ultimately adopted for CCAs may provide greater flexibility than assumed in this plan, for instance, by allowing use of unbundled renewable energy certificates for RPS compliance. Future resource plans will incorporate any changes in these assumptions that result from the Commission's rulemaking process.

b) RPS Compliance Rules

CPUC Decision No. 06-10-050 clarifies the methodology for calculating the annual renewable energy requirements needed to comply with the RPS. In that decision, the Commission defines two related terms to measure a load serving entity's progress toward meeting its RPS obligations. The "Annual Procurement Target" (APT) is the total amount of renewable energy needed to meet the requirement to increase renewable procurement by at least 1 percent of retail sales per year, subject to Commission rules for flexible compliance. It is the sum of the baseline, representing renewable generation needed to continue to satisfy obligations under the RPS targets of the previous year, and the "Incremental Procurement Target" (IPT), which is at least 1 percent of the previous year's total retail electrical sales or the amount needed to attain and maintain 20% from 2010 and beyond.

The CPUC's flexible compliance rules articulated in D.06-10-050 allow a load serving entity to defer up to 25 percent of the IPT without explanation, as long as the shortfall is made up within three years. Shortfalls from the APT greater than 25 percent of IPT will be permitted upon demonstration of one or more of the following: 1) insufficient response to a request-for-offers; 2) contracts in hand that will make up the deficit in future years (Earmarking); 3) inadequate public goods funds to cover above market renewable contract costs; and 4) seller non-performance. Flexible compliance, as

currently interpreted by the CPUC does not currently extend the 20 percent by 2010 requirement, although this is currently under review at the CPUC. Noncompliance will result in penalties of 5 cents per kWh, capped at $25 million per year.

c) The «CCA_Name_Short»'s Renewable Energy Goals

The «CCA_Name_Short»'s initial year of service will set the baseline as the first calendar years's renewable procurement. The following year's renewable procurement target would then be the baseline plus 1% of the previous year's sales or 20% of the previous year's sales after 2009. The «CCA_Name_Short»'s annual RPS requirements are shown in the Table 21 below.

Table VI-9
Renewable Portfolio Standards Requirements

RPS Requirements (MWH) Years 1 Through 10	1	2	3	4	5	6	7	8	9	10
Retail Sales	-	-	-	-	-	-	-	-	-	-
Baseline	-	-	-	-	-	-	-	-	-	-
Incremental Procurement Target	-	-	-	-	-	-	-	-	-	-
Annual Procurement Target	-	-	-	-	-	-	-	-	-	-
% of Current Year Retail Sales		-	-	-	-	-	-	-	-	-

The «CCA_Name_Short» will target matching «IOU_1_Abrev»'s renewable energy percentage from the first day of its operations, and then exceeding the RPS as it incrementally builds towards the «Targeted_Renewable_Percentage»% goal by 2017. The «CCA_Name_Short» will therefore significantly exceed the minimum RPS requirements as shown in Table 22 below; provided that the competitive wholesale market provides qualified responses to the «CCA_Name_Short»'s resource solicitations.

Table VI-10
Renewable Energy Resource Plan

RPS Requirements and Program Renewable Energy Targets (MWH) Years 1 Through 10	1	2	3	4	5	6	7	8	9	10
Retail Sales (MWh)	-	-	-	-	-	-	-	-	-	-
Annual RPS Target (Minimum MWh)	-	-	-	-	-	-	-	-	-	-
Program Target (% of Retail Sales)	-	-	-	-	-	-	-	-	-	-
Program Renewable Target (MWh)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus (MWh)	-	-	-	-	-	-	-	-	-	-
RPS MW (@ 90% C.F.)	-	-	-	-	-	-	-	-	-	-
Program Target MW (@ 90% C.F.)	-	-	-	-	-	-	-	-	-	-
Annual Increase (MWh)	-	-	-	-	-	-	-	-	-	-

D. Resources

The «CCA_Name_Short» will seek to maximize use of local, cost-based renewable generation resources in its resource plan, subject to the «CCA_Name_Short»'s ability to finance such projects. The ability to invest capital in generation resources using tax-exempt financing is an important factor in the «CCA_Name_Short»'s ability to increase use of renewable energy while offering rates that are competitive with «IOU_1_Abrev». Power purchases from renewable and non-renewable (natural gas-fired) resources will supply the remaining majority of the resource mix. The «CCA_Name_Short»'s electric portfolio will be managed by a third party electric supplier, at least during the initial implementation period. Through a Power Services Agreement, the «CCA_Name_Short» will obtain full requirements electric service for the «CCA_Name_Short»'s retail customers, including providing for all electric and ancillary services and the scheduling arrangements necessary to provide delivered electricity to the retail customers' end use meters through «Initial_Supply_Termination_Date». A subsequent power services agreement would provide for integration of the «CCA_Name_Short»'s renewable generation or power purchase contracts; or alternatively, the «CCA_Name_Short» may gain the expertise by that time to manage the portfolio with internal staff.

The «CCA_Name_Short»'s resource plan anticipates the development of a «Renewable_Resource_Type» generation resource within the «IOU_1_Abrev» service area planned to be online by «Renewable_Resource_Online». The plan calls for development of «Renewable_Resource_Capacity» MW of «Renewable_Resource_Type» resources to meet approximately «Renewable_Resource_Share_of_Portfolio»% of the «CCA_Name_Short»'s annual electricity requirements. The remainder of the renewable energy supply is anticipated to come from power purchases from third party renewable energy developers. Non-renewable baseload, peaking and shoulder load requirements would generally be met with power purchase contracts for the balance of this planning horizon.

E. Purchased power

Power purchased from utilities, power marketers, public agencies, and/or generators will be the exclusive source of supply from start-up through «Initial_Supply_Termination_Date» and will be a supplemental source of supply once the «CCA_Name_Short»'s own generation begins producing electricity in «Renewable_Resource_Online». During the start-up period, the «CCA_Name_Short» will obtain all of its electricity from a third party electric provider under a full requirements contract, and the supplier will be responsible for procuring a mix of power purchase contracts, including specified renewable energy targets, to provide a stable and cost-effective resource portfolio for the Program.

Initially, the Program's third party electric supplier will be responsible for managing the overall supply portfolio. Details of the electric supply portfolio and risk management practices that will be employed by the Program's electric supplier will be established as the contract is negotiated with the selected electric supplier. It is anticipated that a mix of short and long term power purchases will be used to meet the hour-by-hour demand requirements of the «CCA_Name_Short»'s customers. The «CCA_Name_Short»'s power supply may come from a mix of standardized contracts for electricity during peak (6 X 16), super-peak (5 X 8), and base load (7 X 24) hours. Non-standard products may also be utilized to provide for shaped energy, load following and balancing services.

Contracts of various lengths and pricing terms will be explored during negotiations with suppliers to hedge price risk and avoid exposure to adverse market conditions along the time horizon. The «CCA_Name_Short»'s resource plan defines three time horizons to categorize the time frames in which supply contract terms are grouped:

Table VI-11
Electric Procurement Time Horizons

Time Horizon	Length
Short-term	1 to 3 years
Medium-term	3 to 5 years
Long-term	5 to 10 years

The proportion of contracts or volumes falling into each time horizon will reflect market conditions at any point in time. Specific price hedges can be executed as supply contracts are negotiated and the mix may be adjusted frequently to optimize the supply portfolio and adhere to risk management policies established by the «CCA_Name_Short». For planning purposes, the «CCA_Name_Short» anticipates the following initial price hedging guidelines for its power purchase contracts in the post implementation period:

Table VI-12
Electric Price Hedging Guidelines

Time Horizon	Percentage of Portfolio
Short-term	20-25%
Medium-term	15-20%
Long-term	10-15%

The remainder of the portfolio can be supplied by index priced (variable), load following electricity products.

F. Renewable Resources

To meet the near term RPS standard and planning goals the «CCA_Name_Short» will secure power purchase contracts for qualified renewable energy resources. To qualify as eligible for California's RPS, a generation facility must use one or more of the following renewable resources or fuels:

- Biomass
- Biodiesel
- Fuel cells using renewable fuels
- Digester gas
- Geothermal
- Landfill gas
- Municipal solid waste
- Ocean wave, ocean thermal, and tidal current
- Photovoltaic
- Small hydroelectric (30 MW or less)
- Solar thermal
- Wind

Renewable technologies that are predominant and generally commercially available are wind, geothermal, biomass, land fill gas, and solar (concentrating solar or photovoltaic). Studies sponsored by the CEC show over 7,000 MW of eligible renewable resources are

economically developable statewide by 2010.[2] The vast majority of this resource potential is located in Southern California and concentrated in four areas: Tehachapi area and Riverside County wind resources (2,800 MW), utility-scale solar in the Southern California deserts (1,000 MW), and geothermal in the Imperial Valley (1,600 MW). There are an estimated 450 MW of resources in the PG&E territory economically developable by 2010, primarily represented by wind resources in Solano and Alameda Counties (400 MW) and geothermal (45 MW) near the Geysers.

While renewable resource potential within the state is vast, the lack of existing transmission facilities necessary to interconnect the renewable resource areas – which are typically far from population centers – and the lack of sufficient transfer capability on key transmission paths to enable delivery to load centers may be a limiting factor in acquiring renewable energy to meet the «CCA_Name_Short»'s resource planning goals. Transmission constraints generally limit the quantity of renewable energy that can be delivered to the «CCA_Name_Short»'s customers from resources located outside of the larger host utility («IOU_1_Abrev»«IOU_3_Abrev») service territory. Considering transmission constraints and current transmission expansion plans of the investor owned utilities, there are an estimated 14 million MWh per year of newly developable renewable resources available by 2010 as shown in Table VI-10.

Table VI-13
Resources Identified for Potential CCA Development by 2010, Considering Existing and Planned Network Transmission System Capacity (MWh)

Resource Type	PG&E Area	SCE Area	SDG&E Area[3]
Geothermal	1,576,800	0	5,085,180
Wind	525,236	4,780,800	394,200
Biomass	525,000	1,094,562	156,366
Total	2,627,036	5,875,362	5,635,746

Source: Community Choice Aggregation Demonstration Project; Draft Renewable Resource Development Roadmap; Navigant Consulting, Inc, February 2006.

Transmission capacity for energy imports from outside the host utility service area is available during certain times of the year, but is not sufficient to ensure delivery of electricity to loads at all times. Electricity transmitted from points outside of the region would be subject to potential charges for use of congested transmission lines. Congestion charges will become a more significant economic factor as the CAISO transitions from the current zonal congestion pricing model to a nodal model as it implements its Market Redesign and Technology Update (MRTU).[4] Ideally, the energy source would be located within the region, near the load center. The next best alternative would be for the resource to be located outside of the CCA's boundaries but within or deliverable to the «IOU_1_Abrev» service territory.

[2] *Strategic Value Analysis for Integrating Renewable Energy Technologies in Meeting Target Renewable Penetration; In Support of the 2005 Integrated Energy Policy Report; Davis Power Consultants, June 2005.* Costs are in 2005 dollars. Resources identified as being economically developable by the CEC were those found to have positive impacts on the transmission system, if developed and for which the levelized costs are estimated to be at or below a market price benchmark of 6.05 cents per kWh.

[3] The geothermal resources are located in Imperial Valley and will be deliverable to San Diego area loads following completion of Phase 1 of SDG&E's proposed Sunrise Powerlink in 2010. Wind resources in Eastern San Diego County are planned to be connected via tap lines to the Sunrise Powerlink.

[4] Under the current zonal model, there are potential congestion costs for transferring electricity between any of the three zones within California (NP15, ZP26 and SP15). The nodal model will expand the number of congestion pricing points, creating thousands of locational pricing nodes.

The resource plan includes the anticipated development by the «CCA_Name_Short» of a «Renewable_Resource_Type» resource located within the «IOU_1_Abrev» service territory. The «Renewable_Resource_Type» resource is planned to become operational in «Renewable_Resource_Online». For planning purposes, the «CCA_Name_Short» anticipates possible procurement from the following types of renewable resources:

Near Term

- Existing Qualifying Facilities with expiring contracts
- Expansion and re-powering of wind resources in Alameda County
- Geothermal in Lake and Sonoma Counties
- Local biomass projects
- Market Wind Purchases

Longer Term

- Local development of biomass and solar projects
- Wind imports from the Tehachapi Area
- Wind imports from the Pacific Northwest
- Wind resources in Solano County
- Geothermal imports from Nevada
- Geothermal in the Imperial Valley
- Concentrating Solar Power (CSP) in Southern California (Imperial, Riverside and San Bernardino Counties)
- Expansion and re-powering of wind resources in Riverside and San Bernardino Counties
- Wind resources in Eastern San Diego County
- Solar CSP in San Diego

The purpose of identifying likely resource areas is not to pre-judge the outcome of future renewable procurement efforts but rather to ascertain whether the renewable energy goals are realistically attainable based on the best information currently available.

Initially, the electric supplier selected for the Program will be responsible for meeting the RPS requirements under a full requirements electricity agreement. In the longer term, the «CCA_Name_Short» may request proposals directly from renewable developers to meet its RPS requirements, and responses to the solicitations will determine the specific resource types and locations that will be utilized. Although this resource plan identifies likely resource types and locations, it is not possible to predict what projects might be proposed in response to the «CCA_Name_Short»'s solicitations for renewable energy. Offers can be considered from renewable energy developers located virtually anywhere in the Western Interconnection as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by the «CCA_Name_Short»'s «Governing_Body». The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of the «CCA_Name_Short»'s load zone, as defined by the CAISO.

It bears mentioning that the «CCA_Name_Short» will be in competition for renewable resources with the three investor owned utilities, which together require nearly 12 million MWh annually to meet their RPS requirements by 2010. The «CCA_Name_Short», working with third party electric suppliers, will need to be aggressive in pursuing the

renewable resources that are available to ensure that «IOU_1_Abrev» and the other utilities do not lock up the available resources for their own portfolio needs. Over the longer term, the transmission expansion plans of the utilities will provide additional resource options for the «CCA_Name_Short».

G. Energy Efficiency

California electric distribution utilities (investor owned utilities and municipal utilities) are required by law to include a separate line item on customer bills containing a surcharge to fund Public Purpose Programs or Public Good Programs (PGC). PGC funded programs include energy efficiency, renewable energy, low-income, and research and development programs. The PGC surcharge is non-bypassable, subject to payment regardless of whether the serving distribution utility provides the energy commodity. Therefore, customers purchasing energy from a private Energy Service Provider (ESP) or a CCA must pay the PGC and may participate in PGC funded programs. Additionally, under CCA, enabling legislation[5] permits CCAs to apply to administer cost-effective energy efficiency programs. All electric utilities in the state include energy efficiency programs in their resource portfolios and annual budgets for California's distribution utilities are approximately $700 million. Energy efficiency programs provide a least-cost resource and enhance customer service.

This section addresses the treatment of energy efficiency as a component of an integrated resource plan. As described below there are opportunities for significant cost effective energy efficiency programs within the region, and the «CCA_Name_Short» would seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs, forming new programs that displace the «CCA_Name_Short»'s need for procuring electric supply, and eventually administering all energy efficiency programs within its jurisdiction that are funded through public goods charges.

1. Applicable Energy Efficiency Policy

The CPUC and state energy policy, as expressed in the Energy Action Plan and reaffirmed in Decision (D.) 04-12-048, is to make energy efficiency the highest priority procurement resource. As such, cost-effective energy efficiency should be first in the "loading order" of resources used to meet customers' energy service needs.[6] In order to promote the resource procurement policies articulated in the Energy Action Plan and by the CPUC, energy efficiency activities funded by ratepayers should focus on programs that serve as alternatives to more costly supply-side resource options.[7]

Accordingly, the primary indicator of cost effectiveness is the Total Resource Cost (TRC) in keeping with the focus on resource alternatives to supply-side options. The TRC test measures net resource benefits in terms of avoided costs of the supply-side resources avoided or deferred. TRC costs encompass the cost of the measures (equipment installed) and the costs incurred by the Program administrator. If the net-present-value of avoided supply-side costs, over the estimated useful life of the equipment, is greater than the equipment and program costs, the project is deemed cost-effective (a TRC cost test ratio > 1).

In addition to the TRC test, the Program Administrator Costs (PAC) test is employed comprising what is called the "Dual-Test". The PAC test of cost-effectiveness treats

[5] AB 117, Chapter 838, Chaptered September 24, 2002, adding Section 381.1 to Public Utilities Code
[6] CPUC Rulemaking R.01-08-028, ATTACHMENT 3 ENERGY EFFICIENCY POLICY MANUAL FOR POST-2005 PROGRAMS, Page 2, Rule II.1
[7] Ibid., Page 3, Rule II.3

benefits the same as with the TRC test, but costs include only those incurred by the administrator. To support comparisons of all resources in the load serving entity's procurement portfolio, program administrators are required to also provide levelized unit cost estimates at the portfolio, end-use and measure level.[8]

2. The Energy Action Plan

Following the biggest electricity and natural gas crisis in its history, California recognized that the State's economic prosperity and quality of life are increasingly reliant upon dependable, high quality, and reasonably priced energy. In April 2003, the state's principal energy agencies joined to create the Energy Action Plan with the following goal:

> *Ensure that adequate, reliable, and reasonably priced electrical power and natural gas supplies, including prudent reserves, are achieved and provide through policies, strategies and actions that are cost-effective and environmentally sound for California's consumers and taxpayers.*

To ensure such energy supplies are achieved, the state requires significant development of its energy infrastructures, including increased capacity in natural gas transport pipelines and storage facilities, increased and updated electric generation facilities and expansion of its electric transmission system. None of these will be achieved in the near term and energy efficiency, having just proven itself viable in the summer of 2001, came to the forefront as the most expedient and least cost energy resource alternative. The Energy Action Plan identified six actions of critical importance to be undertaken immediately in a sequential loading order:

- Optimize Energy Conservation and Resource Efficiency
- Accelerate the State's Goal for Renewable Generation
- Ensure Reliable, Affordable Electricity Generation
- Update and Expand the Electricity Transmission and Distribution Infrastructure
- Promote Customer and Utility Owned Distributed Generation
- Ensure a Reliable Supply of Reasonably Priced Natural Gas

3. Existing Programs

In consideration of the levels of funding and service provided it is helpful to view potential «CCA_Name_Short» energy efficiency programs against the current baseline of the investor-owned utilities energy efficiency programs.

[8] Cost-effectiveness indicators referred to above are described in the California Standard Practices Manual (SPM): Economic Analysis of Demand-Side Management Programs. Program administrators and implementers are directed to perform cost-effectiveness analyses consistent with indicators and methodologies included in the SPM (Id.)

Table VI-14
Pacific Gas & Electric Energy Efficiency Programs 2006 - 2008

Program Type	Pacific Gas & Electric Programs	2006		2007		2008		Total	
Residential Retrofit	Mass Market - Residential	$96,368,062	39.4%	$118,939,725	42.6%	$145,434,713	42.4%	$360,742,499	41.6%
Residential New Construction	Residential New Construction	$9,944,239	4.1%	$11,690,504	4.2%	$14,411,324	4.2%	$36,046,067	4.2%
Nonresidential Retrofit	Mass Market - Nonresidential	$24,092,015		$29,734,931		$36,358,678		$90,185,625	
	Industrial	$38,789,723		$40,178,257		$42,872,399		$121,840,379	
	AG & Food Processing	$13,986,001		$14,861,500		$18,675,630		$47,523,131	
	Commercial (Office Buildings)	$10,510,686		$11,342,972		$15,045,397		$36,899,055	
	Medical	$7,575,132		$7,925,714		$12,918,178		$28,419,024	
	Retail	$5,148,264		$5,667,321		$8,053,199		$18,868,784	
	High Technology	$4,870,934		$5,136,153		$9,330,136		$19,337,223	
	School, Colleges & Universities	$4,510,204		$4,448,700		$9,432,966		$18,391,870	
	Hospitality (Lodging)	$1,581,996		$1,860,632		$2,532,844		$5,975,472	
	total	$111,064,955	45.4%	$121,156,180	43.4%	$155,219,427	45.2%	$387,440,563	44.7%
Nonresidential New Construction	Not Identified	N/A		N/A		N/A		N/A	
Other	Marketing & Outreach	$8,982,794		$8,982,794		$8,982,794		$26,948,382	
	Education & Training	$13,117,200		$13,379,544		$13,897,857		$40,394,601	
	Emerging Technologies	$3,672,000		$3,745,440		$3,842,937		$11,260,377	
	Codes & Standards	$1,504,500		$1,534,590		$1,596,664		$4,635,754	
	total	$27,276,494	11.1%	$27,642,368	9.9%	$28,320,252	8.2%	$83,239,114	9.6%
	Total Energy Efficiency Programs	$244,653,750	100.0%	$279,428,777	100.0%	$343,385,716	100.0%	$867,468,243	100.0%
EM&V		$21,274,235		$24,298,155		$29,859,627		$75,432,017	
Total Energy Efficiency Expenditures		$265,927,985		$303,726,932		$373,245,343		$942,900,260	

4. Energy Efficiency in the «CCA_Name_Short»

[INSERT DESCRIPTION OF ANY PLANNED ENERGY EFFICIENCY PROGRAMS]

5. Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., the «CCA_Name_Short»), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to capacity otherwise needed to comply with the resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be allowed to count for local capacity requirements. The CPUC found that it may not be possible to count dispatchable demand response resources until 2008.[9] This plan assumes that the «CCA_Name_Short»'s demand response programs will offset its local capacity requirements beginning in «Month_of_Service_Start».

«IOU_1_Abrev» offers several demand response programs to its customers, and the «CCA_Name_Short» intends to recruit those customers that have shown a willingness to participate in utility programs into the «CCA_Name_Short»'s demand response programs. Consistent with statewide targets, the goal for this resource plan is to meet «Demad_Response_Target»% of the Program's total capacity requirements through dispatchable demand response programs that qualify to meet local resource adequacy requirements. Achievement of this goal would displace a portion of the «CCA_Name_Short»'s local capacity requirement as shown below.

[9] D.__-__-___.

Table VI-15
Demand Response Resources

	Demand Response Goals (MW) Years 1 Through 10									
	1	2	3	4	5	6	7	8	9	10
Total Capacity Requirement (MW)	-	-	-	-	-	-	-	-	-	-
Demand Response Target	-	-	-	-	-	-	-	-	-	-
Percentage of Local Capacity Requirment										

The «CCA_Name_Short» intends to adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high. The level of customer payments will be pegged to the cost of local capacity that can be avoided as a result of the customer's willingness to curtail usage upon request. This value can range from $50 to $125 per kW-Year. For planning purposes, the customer incentive is assumed to be $75 per kW-year, which is near the backstop price for local capacity resources and above the incentive levels currently offered by the investor owned utilities.[10]

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called will be included in the «CCA_Name_Short»'s demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations. Performance measurement will include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. The «CCA_Name_Short» will likely utilize experienced third party contractors to design, implement and administer its demand response programs.

H. Distributed Generation

Consistent with the «CCA_Name_Short»'s environmental policies and the state's Energy Action Plan, clean distributed generation is a significant component of the integrated resource plan. The «CCA_Name_Short» intends to work with state agencies and «IOU_1_Abrev» to promote deployment of photovoltaic (PV) systems within the «CCA_Name_Short»'s jurisdiction, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public goods surcharges. PV systems are relatively expensive sources of electricity, even after considering the available buy-downs, tax incentives and benefits of net energy metering. Average production costs are in the 35 to 45 cents per kWh range as shown below.

Table VI-16
Residential Solar PV Costs

[10] For example, the annual customer incentive in the current Capacity Bidding Program is fixed at $43.35 per kW-year in 2007 - 2008.

Residential Photovoltaic Costs

Size (KW)	1	2	3	4	5
Capacity Factor	17%	17%	17%	17%	17%
Production (KWh/Year)	1,489	2,978	4,468	5,957	7,446
Installed Cost	$ 10,000	$ 20,000	$ 30,000	$ 40,000	$ 50,000
CEC Incentive	$ (2,600)	$ (5,200)	$ (7,800)	$ (10,400)	$ (13,000)
Federal Tax Credit	$ (2,000)	$ (2,000)	$ (2,000)	$ (2,000)	$ (2,000)
Net Cost	$ 5,400	$ 12,800	$ 20,200	$ 27,600	$ 35,000
Loan Term	30	30	30	30	30
Rate	8.5%	8.5%	8.5%	8.5%	8.5%
Monthly Payment	$41.52	$98.42	$155.32	$212.22	$269.12
Average Cost ($/KWh)	$ 0.33	$ 0.40	$ 0.42	$ 0.43	$ 0.43

Although distributed PV is not cost competitive with other sources of renewable supply available to the «CCA_Name_Short» (e.g., large scale wind, biomass, and geothermal), there are significant associated environmental benefits and strong customer interest in distributed PV systems. The economics of PV should improve over time as utility rates continue to increase and the costs of the systems decline with technological improvements and added manufacturing capacity. The «CCA_Name_Short» can promote distributed PV without providing direct financial assistance by being a source of unbiased consumer information and by facilitating customer purchases of PV systems through established networks of pre-qualified vendors. It may also provide direct financial incentives from revenues funded by customer rates to further support use of solar power within the «Service_Region» region. Finally, the «CCA_Name_Short» will provide direct incentives for PV by offering a net metering rate to customers who install PV systems, as discussed in Chapter VIII.

The «CCA_Name_Short»'s CCA customers would contribute funds to the California Solar Initiative through the public goods charge collected by «IOU_1_Abrev», and would be eligible for the incentives provided under that program for installation of PV systems. The California Solar Initiative provides $2.9 billion of funding to target installation of 3,000 MW of solar systems by 2017. All electric customers of PG&E, SCE, and SDG&E are eligible to apply for incentives. Assuming solar deployment would be proportionate to funding, approximately «Target_Solar_PV_Deployment» MW would be deployed within the jurisdictional boundaries of the «CCA_Name_Short».

Table VI-17
Distributed Solar Resources

California Solar Initiative Deployment

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Statewide Target (MW)	273	545	818	1,091	1,364	1,636	1,909	2,182	2,455	2,727	3,000
Total Funding ($Millions)	350	350	350	275	275	275	175	175	175	100	0
Incumbent Utility Funding ($Millions)	-	-	-	-	-	-	-	-	-	-	-
Utility Incentives Share	-	-	-	-	-	-	-	-	-	-	-
Utility Area Deployment (MW)	-	-	-	-	-	-	-	-	-	-	-
CCA Share of Utility Load	-	-	-	-	-	-	-	-	-	-	-
CCA Solar Deployment (MW)	-	-	-	-	-	-	-	-	-	-	-

The «CCA_Name_Short» will work to ensure that customers within its jurisdiction take full advantage of the solar incentives, with the goal of exceeding the deployment targets shown above. Additional solar programs developed by the «CCA_Name_Short» will also increase use of solar in the «Service_Region» region.

I. Impact of Resource Plan on Greenhouse Gas Emissions

Reductions in greenhouse gas emissions as a result of the Program' resource plan are estimated to range from «GHG_Impact_Low» to «GHG_Impact_High» tons per year by 2017. The basis for the estimate is an increase from 20% to «Targeted_Renewable_Percentage»% in the contribution of renewable resources to the resource mix used to serve electric customers within the Member's jurisdictional boundaries. The baseline for comparison is the resource mix used by «IOU_1_Abrev» versus the resource mix planned for the CCA Program. This comparison assumes «IOU_1_Abrev» will meet the 20% RPS target. The actual impact would be less if «IOU_1_Abrev» exceeds the target, either voluntarily or by future mandate.

The precise impact on greenhouse gas emissions will depend upon the resources that will be displaced by the «CCA_Name_Short»'s renewable resources. New resources will generally displace the least efficient, highest cost resources in the system as resources are dispatched on the basis of variable operating costs. The baseload nuclear, coal and hydro resources currently in the system resource mix will likely not be displaced because of their low operating costs. The low end of the estimate assumes that new renewables compete with new, efficient natural gas fired resources, while the higher estimate assumes displacement of the less efficient existing fleet of gas-fired resources. The CO_2 conversion factors for avoided air emissions used in these estimates were obtained from figures reported by the California Energy Commission (400 tons per GWh vs. new gas-fired resources, and 707 tons per GWh vs. existing resources).[11]

Table VI-18
Greenhouse Gas Impacts

Greenhouse Gas Impact
Year 1 Through 10

	1	2	3	4	5	6	7	8	9	10
CCA Renewables (MWh)	-	-	-	-	-	-	-	-	-	-
Status Quo	-	-	-	-	-	-	-	-	-	-
Program Renewable Impact	-	-	-	-	-	-	-	-	-	-
CO2 Reduction - Low	-	-	-	-	-	-	-	-	-	-
CO2 Reduction - High	-	-	-	-	-	-	-	-	-	-

The estimated impacts do not count renewable resources that are simply transferred from the «IOU_1_Abrev» portfolio to the CCA portfolio, unless the transferred resources are replaced with new renewable resources. For example, if «IOU_1_Abrev» is unable to meet the 20% RPS standard because the «CCA_Name_Short» contracted with existing Qualifying Facilities formerly under contract to «IOU_1_Abrev», there would be no net increase in renewable energy production. However, if «IOU_1_Abrev» contracted with new renewable resources to replace the renewable energy supply "lost" to the «CCA_Name_Short» as it surpassed the RPS, there would be a net increase in renewable energy and the greenhouse gas impact would appropriately be characterized as a benefit of the Program.

[11] California Renewable Technology Market and Benefits Assessment, November 2001.

Considering the challenges faced by «IOU_1_Abrev» in achieving the 20% RPS minimum by 2010 described in its renewable resource plans filed with the CPUC, it is unlikely that «IOU_1_Abrev» would voluntarily seek to exceed this level in the foreseeable future. However, some state policy makers, including the Governor, are advocating a 33% renewable portfolio standard by 2020, and a CPUC study found that such a goal could be achieved. The greenhouse gas reduction mandate of Assembly Bill 32 (2006) may also add momentum to a 33% renewable portfolio standard, although the compliance rules will not be known for several years. Under the assumption that the statewide standard is increased to 33%, the greenhouse gas benefits of the CCA Program would be reduced to a range of «GHG_Impact_w_33_RPS_Low» to «GHG_Impact_w_33_RPS_High» per year.

VII. FINANCIAL PLAN

This Section examines the monthly cash flows expected during the implementation period of the CCA Program and identifies the anticipated financing requirements for the overall CCA Program by the «CCA_Name_Short».

A. Description of Cash Flow Analysis

This Cash Flow Analysis estimates the level of working capital that would be required until full implementation of the CCA Program is achieved. For the purposes of this analysis, it is assumed that the implementation period begins in «Month_of_Service_Start» and continues through the end of «End_of_Implementation_Period». In general, the components of the Cash Flow Analysis can be summarized into two distinct categories: (1) Cost of CCA Program Operations, and (2) Revenues from CCA Program Operations. The Cash Flow Analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the Cash Flow Analysis is to focus primarily on the monthly costs and revenues associated with the CCA Program implementation period, and specifically account for the transition or "Phase-In" of CCA Customers from «IOU_1_Abrev»'s service territory. The Cash Flow Analysis assumes the Phase-In schedule for the «CCA_Name_Short»'s CCA Program as described in Section V and shown in Table 14.

1. Cost of CCA Program Operations

The first category of the Cash Flow Analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement
- Ancillary Service Requirements
- Exit Fees
- Staffing Requirements
- Contractor Costs
- Infrastructure Requirements
- Billing Costs
- Scheduling Coordination
- Grid Management Charges
- Franchise Fees

A key element of the Cash Flow Analysis is the assumption that electricity will be procured under a power purchase arrangement until the «CCA_Name_Short»'s own generation resources would be installed and operational. After that time, supply cost reductions are expected as the «CCA_Name_Short»'s resource displaces power purchases. The focus of this Cash Flow Analysis is during the implementation period when opportunities for supply cost savings are more limited.

2. Revenues from CCA Program Operations

The Cash Flow Analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the Cash Flow Analysis assumes the Customer Phase-In schedule noted above, and assumes that the «CCA_Name_Short»'s CCA Program provides a discount of «Rate_Discount»% from the existing distribution utility generation rate for each

customer class. Based on this assumed discount, the following table provides a comparison of the projected blended distribution utility rate and the «CCA_Name_Short»'s blended electric rate over the CCA Program Implementation period.

Table VII-1
Comparison of Electric Rates – «CCA_Name_Short» versus «IOU_1_Abrev»
Implementation Period

CATEGORY	1	2	3	4
CCA Electric Rate ($/MWh)	-	-	-	-
IOU Electric Rate ($/MWh)	-	-	-	-
Variance ($/MWh)	-	-	-	-
Variance (%)	-	-	-	-

3. Cash Flow Analysis Results

The results of the Cash Flow Analysis provide an estimate of the level of working capital required for the «CCA_Name_Short» to move through the CCA implementation period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (Revenues from CCA Operations minus Cost of CCA Operations) based on assumptions for payment of costs by the «CCA_Name_Short», along with an assumption for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit. With regard to the assumptions related to payments streams, the Cash Flow Analysis assumes that customers will make payments within 60 days of the service month, and that the «CCA_Name_Short» will make payments to suppliers within 30 days of the service month.

In terms of reviewing the results of the Cash Flow Analysis, it is important to note that from a feasibility standpoint, the CCA Program is viable, meaning that the CCA Program is feasible while providing cost savings to customers when compared to the costs for electricity those same customers pay under the distribution utility regime. The feasibility of the CCA Program during the implementation period is summarized further below.

With the assumptions regarding payment streams, the Cash Flow Analysis itself identifies funding requirements while recognizing the potential lag between payments received and payments made during the implementation period. The estimated financing requirements for the implementation period, including start-up and working capital, based on the phase-in of customers as described above, is approximately $«Total_Capital_3» million. Working capital requirements reach this peak immediately after enrollment of the Phase 3 customers.

B. CCA Program Implementation Feasibility Analysis

In addition to developing a Cash Flow Analysis which estimates the level of working capital required to get the «CCA_Name_Short» through full CCA implementation, a

summary analysis that evaluates the feasibility of the CCA Program during the implementation period has been prepared. The difference between the Cash Flow Analysis and the CCA Program Implementation Feasibility Analysis ("Feasibility Analysis") is that the Feasibility Analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program Operations and rates charged to customers remain the same.

The results of the Feasibility Analysis are in the following table. Over the entire implementation period, while providing a «Rate_Discount»% electricity savings estimated at over $[TBD] to customers, the Analysis demonstrates that the Program will generate an estimated positive cash flow of approximately $[TBD] million. This amount is subject to change depending upon final terms and conditions of the third-party power purchase agreement, and would probably form the basis of a rate-stabilization or reserve fund. It may also be utilized for the development and implementation of renewable energy projects, energy efficiency programs, and/or low-income assistance programs.

Table VII-2
«CCA_Name»
Summary of CCA Program Implementation
Start-up and Implementation Period

CATEGORY	1	2	3	4	TOTAL
I. REVENUES FROM OPERATIONS ($):					
(A) ELECTRICITY SALES:					
RESIDENTIAL	-	-	-	-	-
GENERAL SERVICE (A-1)	-	-	-	-	-
SMALL TIME-OF-USE (A-6)	-	-	-	-	-
ALTERN. RATE FOR MEDIUM USE (A-10)	-	-	-	-	-
500 - 900kW DEMAND (E-19)	-	-	-	-	-
1000 + kW DEMAND (E-20)	-	-	-	-	-
STREET LIGHTING & TRAFFIC CONTROL	-	-	-	-	-
AGRICULTURAL PUMPING	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-
II. COST OF OPERATIONS ($):					
(A) ADMINISTRATIVE & GENERAL (A&G):					
STAFFING	-	-	-	-	-
INFRASTRUCTURE	-	-	-	-	-
CONTRACTOR COSTS	-	-	-	-	-
IOU FEES (INLCUDING BILLING)	-	-	-	-	-
SUBTOTAL - A&G	-	-	-	-	-
(B) CCA PROGRAM OPERATIONS:					
ELECTRICITY PROCUREMENT	-	-	-	-	-
ANCILLARY SERVICES PROCUREMENT	-	-	-	-	-
GRID MANAGEMENT CHARGES	-	-	-	-	-
EXIT FEES	-	-	-	-	-
SCHEDULING COORDINATION	-	-	-	-	-
FRANCHISE FEES	-	-	-	-	-
BILLING	-	-	-	-	-
OTHER	-	-	-	-	-
SUBTOTAL - CCA PROGRAM OPERATONS	-	-	-	-	-
TOTAL COST OF OPERATION	-	-	-	-	-
CCA PROGRAM SURPLUS /(DEFICIT)	-	-	-	-	-

As previously noted, the surplus shown in the above table provides for a «Rate_Discount»% savings in electricity costs for customers compared to the costs

under the distribution utility regime. This «Rate_Discount»% reduction in electricity costs (generation component) provides benefits for all customer classes during the implementation period as shown in the following table.

Table VII-3
«CCA_Name»
Summary of CCA Program Savings by Customer Class
Implementation Period

CUSTOMER CLASS	1	2	3	TOTAL
RESIDENTIAL	-	-	-	-
GENERAL SERVICE (A-1)	-	-	-	-
SMALL TIME-OF-USE (A-6)	-	-	-	-
ALTERN. RATE FOR MEDIUM USE (A-10)	-	-	-	-
500 - 900kW DEMAND (E-19)	-	-	-	-
1000 + kW DEMAND (E-20)	-	-	-	-
STREET LIGHTING & TRAFFIC CONTROL	-	-	-	-
AGRICULTURAL PUMPING	-	-	-	-
TOTAL	-	-	-	-

C. «CCA_Name_Short» Financings

It is anticipated that at least three financings will be necessary and possibly as many as six or more, in support of the CCA Program. The anticipated financings are listed below and discussed in greater detail.

1. CCA Program start-up and working capital (Phases 1 and 2) – estimated at $«Total_Capital_1» million
2. CCA Program working capital (Phases 3) – estimated at $«Working_Capital_Incremental» million
3. Renewable generation project financing – up to $«Renewable_Project_Financing» million

1. <u>CCA Program Start-up and Working Capital (Phases 1 and 2)</u>

The anticipated start-up costs discussed in Section IV combined with the working capital requirements for the CCA Program through Phase 2 totals approximately $«Total_Capital_1» million. Depending upon the arrangements made between the «CCA_Name_Short» and the third party supplier the amount could potentially be as low as $«Total_Capital_1_Ex_Float» million because $«Float_1» million is for working capital related to power purchases that may ultimately be carried by the Program's electric supplier rather than the «CCA_Name_Short». Once the CCA Program is up and running, these costs would be recovered from the retail customers through retail rates. It is likely that in order to provide the targeted «Rate_Discount»% discount to the retail customers, these costs may need to be carried until such time as the «CCA_Name_Short»'s generation resource begins operations. Actual recovery of these costs will be dependent on third-party electricity purchase prices and the «CCA_Name_Short»'s decisions regarding initial rates for Phase 1 and 2 customers.

It is assumed that this financing will be via a letter of credit (LOC), which would allow the «CCA_Name_Short» to draw cash as required and that the LOC could be sized (or increased) should it be needed for working capital in the future. This financing would need to commence in «Financing_Date_1».

2. CCA Program Working Capital (Phase 3)

The next potential financing would be working capital for Phase 3. As mentioned above, this could be just an extension (increase) of the LOC for the Program's start-up and working capital. Depending upon market conditions, and payment terms with the third-party supplier, it may be necessary for an additional $«Working_Capital_Incremental» million in "float" for the start of Phase 3. This number will be refined as the CCA Program becomes operational and negotiations are conducted with power providers. The need for this level of working capital can be greatly reduced if the «CCA_Name_Short» can put the payment "float" to the third-party energy supplier.

3. Renewable Resource Project Financing

This is the large project financing for the renewable resource (likely «Renewable_Resource_Type»), currently estimated to be in the $«Renewable_Project_Financing» million range. This financing would occur once a specific project is completely sited and the CCA Program is up and running. The anticipated date for financial close for the base load project is «Financing_Date_3». This financing will take out any short-term financing for the base load development costs. This financing will be in the range of a 20- to 30-year term.

The security for these bonds will be a hybrid of the revenue from sales to the retail customers of the «CCA_Name_Short», including a nominal Termination Fee (discussed in greater detail in Chapter IX) and the generation project itself. The Termination Fee would generate revenues of approximately $«Termination_Fee_Revenue» million in the extreme contingency where all Program customers elected to terminate service in the Program and the debt service could not be covered by remarketing the asset. These revenues are expected to provide security to support financing of up to $«Debt_Carrying_Capacity» million.

All financial pro formas prepared for this Implementation Plan assume that the debt service costs associated with the generation project, as well as all fixed and variable costs, will be recovered in the retail rates charged to the CCA Program customers. In addition, the financial pro forma includes a debt service coverage ratio of at least 1.25. Actual debt service coverage ratios will be determined during the financing phase of the generation project; however, an increase in the coverage requirements, or increase in the total costs of the generation project (within reason) should not have a material impact on the overall CCA Program.

The following table summarizes the potential financings in support of the CCA Program.

Table VII-4
Summary of Potential Financings

Proposed Financing	Estimated Amount	Estimated Term	Estimated Issuance
1. Start-Up and Working Capital	$«Total_Capital_1» million	No longer than 7 years	«Financing_Date_1»
2. Working Capital (Phase 3)	$«Working_Capital_Incremental» million	No longer than 5 years	«Financing_Date_2»
3. Renewable Resource Project Financing	$«Renewable_Project_Financing» million	20-30 years	«Financing_Date_3»

VIII. RATESETTING

A. Introduction

This chapter describes the initial policies for the «CCA_Name_Short» in setting its rates for electric aggregation services. These include policies regarding rate design, objectives, and due process in setting Program rates. This section also presents a comparison of preliminary Program rates to the distribution utility rates projected to be in effect at Program initiation. Final Program rates will be approved by the «Governing_Body» and included in the initial customer opt-out notices.

By adopting this Implementation Plan, the «CCA_Name_Short»'s «Governing_Body» approved the rate policies and procedures contained herein to be effective at Program initiation. The «Governing_Body» retains authority to modify Program policies from time to time at its discretion.

B. Rate Policies

The «CCA_Name_Short» will establish rates sufficient to recover all costs related to operation of the Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the «Governing_Body». As a general policy, rates will be uniform for all similarly situated customers enrolled in the Program throughout the service area of the «CCA_Name_Short», comprised of the jurisdictional boundaries of its Members.

The primary objective of the ratesetting plan is to set rates that achieve the following:

- Rate competitiveness
- Rate stability
- Equity among customers
- Customer understanding
- Revenue sufficiency

Each of these objectives is described below.

1. Rate Competitiveness

The «CCA_Name_Short»'s goal is to offer competitive rates for the electric services it provides to participating customers. The goal is for «CCA_Name_Short» rates to be approximately «Rate_Discount» percent lower than the equivalent generation rates offered by the otherwise applicable electric utility, («IOU_1_Abrev»). The financial projections included in this Implementation Plan indicate that this target is achievable on a long term basis due, in part, to the «CCA_Name_Short»'s access to low cost generation sources.

Competitive rates will be critical to attracting and retaining key customers, especially the high margin commercial and industrial customers enrolled during Phase 2 that would provide the majority of the Program's revenues.

2. Rate Stability

The «CCA_Name_Short» will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that rates at any point in time may offer somewhat greater or lesser savings than the general rate targets set for the Program. Although the «CCA_Name_Short»'s rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly year-to-year based on energy market conditions such as natural

gas prices, the utility's hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base.

3. Equity among Customer Classes

The «CCA_Name_Short»'s policy is to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the «Governing_Body».

4. Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only helps minimize customer confusion and dissatisfaction but will also result in fewer billing inquiries to the «CCA_Name_Short»'s customer service call center. Customer understanding also requires rate structures to make sense (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

5. Revenue Sufficiency

The «CCA_Name_Short»'s rates must collect sufficient revenue from participating customers to fully fund the «CCA_Name_Short»'s annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of the «CCA_Name_Short»'s costs, subject to the disclosure and due process policies described in Section F

C. Rate Design

The «CCA_Name_Short»'s rate designs will, at least initially, generally mirror the structure of «IOU_1_Abrev»'s generation rates so that similar rate benefits can be provided to the «CCA_Name_Short»'s customers. For example, «IOU_1_Abrev»'s residential rates include different rates applicable to five increasing tiers of consumption; as customers use more energy, the rate progressively increases to encourage conservation. The «CCA_Name_Short»'s rates will similarly follow a five tier structure. Rates for other customer classes include peak demand charges and other charges that vary based on the time period during which the energy or peak demand is consumed (time-of-use rates). The «CCA_Name_Short» will generally match the rate structures from «IOU_1_Abrev»'s standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in the «CCA_Name_Short»'s Program. The «CCA_Name_Short» may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within the «CCA_Name_Short»'s service area.

The proposed rate design approach will apply an equal percentage discount to the otherwise applicable rate for all of the various rate schedules offered by «IOU_1_Abrev». All customers, including low use residential customers receiving low income discounts, would receive the same rate benefit on a percentage basis.

The "equal benefits" rate design will facilitate easy rate comparisons and provide for a smooth transition of customers from «IOU_1_Abrev» service to CCA service. The «CCA_Name_Short»'s «Governing_Body» has the discretion to modify its rate design

policies, and it is likely that over time the «CCA_Name_Short»'s rates will become less tied to those offered by «IOU_1_Abrev».

Low-income customers who stay with the CCA will still be eligible for the California Alternative Rate for Energy (CARE) plan through «IOU_1_Abrev». This program is funded by all customers through either the public purpose program charge or the IOUs distribution rates and would not impose additional costs on the CCAs customers. However, the CCA may create additional programs to benefit low income customers.

D. Net Energy Metering

Customers with on-site generation eligible for net metering from «IOU_1_Abrev» would be offered a net energy metering rate from the «CCA_Name_Short». Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. CPUC decisions have made CCA customers ineligible for continued service on the utilities' net energy metering tariffs, pending proposals that may be made by a CCA for how to treat net energy metering customers. The «CCA_Name_Short»'s objective is that the «CCA_Name_Short»'s net energy metering tariff would apply to the generation component of the bill, and the «IOU_1_Abrev» net energy metering tariff would apply to the utility's portion of the bill. To the extent that current CPUC regulations governing provision of net energy metering to CCA customers are unresolved, the «CCA_Name_Short» would work with «IOU_1_Abrev» and the CPUC to establish a net energy metering tariff that accomplishes this objective.

E. Rate Impacts

Based on projected costs for the first year of service, the «CCA_Name_Short»'s projected class average rates for its initial phase customers are shown in Table 35 below.

Table VIII-1
«CCA_Name_Short» Estimated Initial Program Rates

Customer Class	Program Rates – «IOU_1_Abrev» Area (Cents Per kWh)	«IOU_1_Abrev» Generation Rate (Cents Per kWh) *
Residential		
Small Commercial		
Medium Commercial		
Medium Industrial		
Large Industrial		
Agricultural		
Street and Area Lighting		
System		

* The Cost Responsibility, which will be charged by the utilities to Program customers, has been subtracted from the utilities' generation rates in order to make the rates comparable. The CPUC will determine the CRS for 2007 in December 2006 on a forecast basis. There will be no change in the charges for delivery services, for which the utilities will bill Program customers at the same rates, terms, and conditions as applicable to utility bundled generation service customers.

Individual customers within rate classes may pay higher or lower average rates than those shown above depending on their electricity usage and load profile. The «CCA_Name_Short»'s rates shown include all costs expected to be incurred by the «CCA_Name_Short» related to the aggregation Program, including power supply costs, operations and administration costs, reserves, and billing and metering fees charged by «IOU_1_Abrev» to the «CCA_Name_Short». «IOU_1_Abrev» rates are shown for generation services only, net of the cost responsibility surcharges that the «CCA_Name_Short»'s customers will pay directly to «IOU_1_Abrev». Program rates are designed to provide participating customers with discounts of «Rate_Discount» percent, on average.

F. Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Initial Program rates will be adopted by the «Governing_Body» following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, the «CCA_Name_Short» will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the «Governing_Body». The rates must be approved at a public meeting of the «CCA_Name_Short» no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

The «CCA_Name_Short» will initially follow customer noticing requirements similar to those the CPUC requires of «IOU_1_Abrev»«IOU_2_Abrev». These notice requirements are described as follows:

Notice of rate changes will be published at least once in a newspaper of general circulation in the county within ten days of after submitting the application. Such notice will state that a copy of said application and related exhibits may be examined at the offices of the «CCA_Name_Short» as are specified in the notice, and shall state the locations of such offices.

Within forty-five days after the submitting an application to increase any rate, the «CCA_Name_Short» will furnish notice of its application to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed increase expressed in both dollar and percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of the «CCA_Name_Short» to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

IX. CUSTOMER RIGHTS AND RESPONSIBILITIES

This chapter discusses customer rights, including the right to opt-out of the CCA Program, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt-out within 60 days of enrollment in the Program (after having received the fourth opt-out notice) will have agreed to become full status Program participants and must adhere to the obligations set forth below, as may be modified and expanded by the «Governing_Body» from time to time.

By adopting this Implementation Plan, the «CCA_Name_Short»'s «Governing_Body» approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The «Governing_Body» retains authority to modify Program policies from time to time at its discretion.

1. Customer Opt-Out Rights, Notices and Process

a) Customer Notices

A total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty to ninety days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. Customers who do not affirmatively opt-out within this period shall be automatically enrolled in the Program.

Following automatic enrollment, a third opt-out notice will be included with the final bill containing utility generation charges, and a fourth and final opt-out notice will be included with the first bill containing Program charges. Opt-out requests made on or before the sixtieth day following enrollment will result in customer transfer to utility service with no penalty. Such customers will be obligated to pay the «CCA_Name_Short»'s charges for electric services provided during the time the customer took service from the program, but will otherwise not be subject to any penalty or transfer fee from the «CCA_Name_Short».

The «CCA_Name_Short» will either use its own mailing service for opt-out notices or will take advantage of including the notices in the distribution utility's monthly bills. The «CCA_Name_Short» and «Operators_Name_Abrev» will work with the distribution utility ro determine the best means to provide the retail customers with this notice. As required by CPUC regulations, the «CCA_Name_Short» will use the utilities opt-out processing service. Customers may opt-out by notifying the distribution utility using the automated telephone system or Internet opt-out processing service. All opt-out elections will be processed by the local distribution utility. Consistent with CPUC regulations, notices returned as undelivered mail will be treated as failure to opt-out and the customer will be automatically enrolled.

b) Termination Fee

Customers that are automatically enrolled in the Program can elect to transfer back to the incumbent utility without penalty within the first two billing cycles of service. After this free opt-out period, customers may terminate their participation in the Program at regular three-year intervals, subject to payment of a Termination Fee. The Termination Fee will apply to all Program customers that elect to return to bundled utility service or elect to take "direct access" service from an energy services provider.

The Termination Fee will consist of two parts: an Administrative Fee set to recover the costs of processing the customer transfer and other administrative costs and a Cost Recovery Charge (CRC) that would apply in the event the «CCA_Name_Short» is unable to recover the costs of supply commitments attributable to the customer that is terminating service. «IOU_1_Abrev» will collect the Termination Fee from returning customers as part of the final bill to the customer from the CCA Program.

The administrative fee will vary by customer class as set forth in Table IX-1 below.

Table IX-1
Administrative Fee for Service Termination

Customer Class	Fee
Residential	
Small Commercial	
Medium Commercial	
Large Commercial	
Industrial	
Street Lighting	
Agricultural and Pumping	

The CRC will be equal to a pro rata share of any above market costs of the «CCA_Name_Short»'s supply portfolio at the time the customer terminates service. The purpose of the CRC is to prevent shifting of The CRC will be set on an annual basis by the «CCA_Name_Short»'s «Governing_Body».

The financial projections contained in Section VII indicate that the «CCA_Name_Short»'s rates are expected to be below those charged by the local distribution utility and that the «CCA_Name_Short»'s supply portfolio is projected to be competitive in the marketplace because of the financing advantages that the «CCA_Name_Short» enjoys. Under those conditions, most customers would not be expected to terminate their service with the «CCA_Name_Short» to return to the utility. Furthermore, if customers do terminate service, the «CCA_Name_Short» should be able to re-market the excess supply and fully recover its costs. Although the Cost Recovery Charge will likely not be needed for recovery of stranded costs (expected value is zero), the «CCA_Name_Short»'s ability to assess a Cost Recovery Charge, if necessary, is an important condition for obtaining financing for the «CCA_Name_Short»'s power supply. The low cost financing will, in turn, enable the «CCA_Name_Short» to charge lower rates than the local utility.

The Termination Fee will be clearly disclosed in the four opt-out notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee can be changed prospectively by the «CCA_Name_Short»'s «Governing_Body», subject to the «CCA_Name_Short»'s customer noticing requirements. Customers will be provided advance notice of the change and will have the opportunity to terminate service prior to the effective date of the new Termination Fee.

Customers electing to terminate service will be transferred to the new electric service provider on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Customers who voluntarily transfer back to «IOU_1_Abrev» will also be liable for the nominal reentry fees imposed by «IOU_1_Abrev» as set forth in the applicable utility CCA tariffs. Such customers

will also be required to remain on bundled utility service for a period of three years, as described in the utility tariffs.

2. Customer Confidentiality

The «CCA_Name_Short» will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data may be released at the discretion of the «CCA_Name_Short» or as required by law or regulation.

3. Responsibility for Payment

Pursuant to CPUC regulations, electricity service will not be shut off for failure to pay the «CCA_Name_Short»'s bill. In most circumstances, customers will be returned to utility service for failure to pay bills in full and customer deposits will be withheld in the case of unpaid bills. Two late payment notices will be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service will be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service will not be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC and that customer has paid the disputed amount in to an escrow account.

Customers will be obligated to pay the «CCA_Name_Short» charges for services provided through the date of transfers, including any applicable Termination Fees. The «CCA_Name_Short» must have an enforceable collection mechanism to support its credit and will attempt to negotiate collection arrangements with the distribution utility that will satisfy the «CCA_Name_Short»'s credit requirements. The «CCA_Name_Short» may petition the Commission to obtain shut-off rights for a customer non-payment of CCA charges, if a satisfactory collections agreement cannot be negotiated with the distribution utility.

4. Customer Deposits

Customers may be required to post a deposit equal to two month's estimated bills for the «CCA_Name_Short»'s charges to obtain service from the Program. Failure to post deposit as required will cause the account service transfer request to be rejected, and the account will remain with the local distribution utility. Customer deposits will be required based on the Program's credit policy to be adopted by the «Governing_Body».

X. PROCUREMENT PROCESS

A. Introduction

This Chapter describes the «CCA_Name_Short»'s initial procurement policies and the key third party service agreements by which the «CCA_Name_Short» will obtain operational services for the CCA Program.

By adopting this Implementation Plan, the «CCA_Name_Short»'s «Governing_Body» approved the general procurement policies contained herein to be effective at Program initiation. The «Governing_Body» retains authority to modify Program policies from time to time at its discretion.

B. Procurement Methods

The «CCA_Name_Short» anticipates entering into agreements for a variety of services needed to support Program development, operation and management. The «CCA_Name_Short» will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured. Direct procurement, or sole source procurement, is the purchase of goods or services without competition when multiple sources of supply are available. Sole source procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

The «CCA_Name_Short» will utilize a competitive solicitation process to enter into agreements with entities providing electrical services for the Program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of the «CCA_Name_Short»'s «Operators_Name_Abrev» or «Governing_Body».

The «Operators_Name_Abrev» will report quarterly to the «Governing_Body» a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into the agreements.

C. Key Contracts

1. Electric Supply Contract

From the initial commencement of service in «Month_of_Service_Start» through «Initial_Supply_Termination_Date», a third party energy services provider will supply electricity to customers under a full requirements contract. Under a full requirements contract, the supplier commits to serve the composite electrical loads of customers in the CCA Program. If the initial contract extends beyond «Initial_Supply_Termination_Date» it should also include provisions for integration of any generation resources developed by the «CCA_Name_Short». The supplier is responsible for ensuring a certified Scheduling Coordinator schedules the loads of all customers in the Program and is also responsible for obtaining meter data from «IOU_1_Abrev» to submit to the CAISO settlement process. The supplier is wholly responsible for the portfolio operations functions and managing all supply risks for the term of the contract. The supplier must meet the Program's renewable energy goals and comply with all resource adequacy and other regulatory requirements imposed by the CPUC or FERC.

Risks related to customer opt-outs and changes in program loads during the term of the agreement are borne primarily by supplier. The supplier contract provides for different prices for sales to the various customer classes to help mitigate opt-out risks related to uncertainty in the load profile of the final customer mix.

The supplier must also specify the renewable content of the supply portfolio that will be used to supply the Program for each year of the agreement term as specified by the «CCA_Name_Short». The renewable resources provided by the electric supplier must qualify to meet the California Renewable Portfolio Standard.

2. Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (EDI with «IOU_1_Abrev», remittance processing, account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract. A single contractor will perform all of the data management functions.[12]

The data manager is responsible for the following services:

- Data exchange with «IOU_1_Abrev»
- Technical testing
- Customer information system
- Customer call center
- Billing administration/retail settlements
- Reporting and audits of utility billing

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from five to ten million dollars to implement and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the account services contract from the energy supply contract gives the «CCA_Name_Short» greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

The «CCA_Name_Short» will issue a request for bids and request qualifications from contactors for each of these roles through a competitive solicitation process. A short list of potential energy suppliers and account services providers selected, as a result of this process, should reflect a highly qualified pool of suppliers for further negotiations, which will be completed prior to registration of the «CCA_Name_Short» with the CPUC.

The timeline for the initial solicitation is as follows:

Table X-1
Timeline for Initial Third Party Services Solicitation

Action	Date
Request for bids issued	
Pre-bidders conference	
Proposals due	
Selection of supplier(s)	

[12] The contractor performing account services may be the same entity as the contractor supplying electricity for the Program.

Contracts negotiations and due diligence	
Market Price Adjustment	
Contract Execution	
Commence Service	

XI. CONTINGENCY PLAN FOR PROGRAM TERMINATION

D. Introduction

This Chapter describes the process to be followed in the case of Program termination. In the unexpected event that the «CCA_Name_Short» would terminate the Program and return customers to «IOU_1_Abrev» service, the proposed process is designed to minimize the impacts on its customers and on «IOU_1_Abrev». The termination plan follows the requirements set forth in «IOU_1_Abrev»'s tariff Rule 23 governing serviced to CCAs.

Program

E. Termination by «CCA_Name_Short»

There is no planned Program termination date. In the unanticipated event the «Governing_Body» decides to terminate the Program and any applicable restrictions on such termination have been satisfied, notice will be provided to customers six months in advance that they will be transferred back to «IOU_1_Abrev». A second notice will be provided the last sixty days in advance of the transfer. The notice will describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice will be provided to «IOU_1_Abrev» and the CPUC before transferring customers, and the «CCA_Name_Short» will coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers will be transferred *en masse* on the date of their regularly scheduled meter read date.

The «CCA_Name_Short» will maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves will be maintained against the fees imposed for processing customer transfers ("CCASRs"). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover re-entry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees are the responsibility of the energy services provider or the Community Choice Aggregator, except in the case of a customer returned for default or because its contract has expired. The «CCA_Name_Short» will self-insure against the risk of customer reentry fees.

F. Termination by Members

As set forth in the JPA Agreement, Members may withdraw from the «CCA_Name_Short» upon six months written notice provided that such Members will be obligated to pay their pro-rata share of all encumbrances and indebtedness of the «CCA_Name_Short» as of the date of notice of termination on the «CCA_Name_Short». As a consequence of a Member's withdrawal from the «CCA_Name_Short», customers within the Member's jurisdiction will be returned to «IOU_1_Abrev» bundled service at their regularly scheduled meter read date prior to the effective data of the Member's withdrawal from the «CCA_Name_Short», following the 60-day notice period described above.

In accordance with the distribution utility tariffs, the «CCA_Name_Short» will execute a revised service agreement or specialized service agreement, as appropriate, with the distribution utility to coordinate the removal of the withdrawing Member from the CCA Program.