

BUTTE CHOICE ENERGY AUTHORITY

Staff Report – Item 3 b.

To: Butte Choice Energy (BCE) Board of Directors

From: Brian Ring, Assistant Chief Administrative Officer, County of Butte
Erik Gustafson, Public Works Director, City of Chico

Subject: Approval of Interim Board Secretary

Date: December 9, 2019

Recommendation

Appoint Ashley Snyder, Butte County's Assistant Clerk of the Board, to serve as Interim BCE Secretary until a permanent Secretary is identified.

Background

Section 5.2 of the BCE JPA Agreement states that the Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the JPA, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

As noted, it is anticipated that time and expenses attributable to Ms. Snyder's interim Secretary role will be tracked as a component of Butte County's reimbursable expenses associated with the formation of BCE.

BUTTE CHOICE ENERGY AUTHORITY

Staff Report – Item 4a

To: BCE Board of Directors

From: Brian Ring, Assistant Chief Administrative Officer, County of Butte
Erik Gustafson, Public Works Director, City of Chico

Subject: BCE Operations and Administration Update

Date: December 9, 2019

Recommendation

Receive update and provide direction and feedback as needed.

Background

Staff will provide regular updates to the Board of Directors regarding BCE organizational development, administration and start-up activities. These items are informational only.

Analysis and Discussion

A) JPA/Board: reminders, meeting locations/schedule

- 1) One more calendared meeting for 2019 – December 16th at 5:30pm at 326 Huss Lane, Suite 100 in Chico.
- 2) Expect the following discussion on the 16:
- 3) Implementation Plan approval
- 4) Interim appointments: Executive Directors, General Counsel
- 5) Discussion on Executive Director Recruitment

B) Upcoming Service/Vender RFPs

There are a number of service RFPs that BCE will issue in the coming months to build out our formation and core service team. These include RFPs for the following essential services, some of which will shift over time to become in-house, staffed functions once the Agency is operational:

- 1) Legal Support (Regulatory, Energy Contracting) – ASAP
- 2) Power Supply Manager – ASAP
- 3) Data Management - ASAP
- 4) Banking and Credit Services – Q2 - 2020
 - a. Goal of having additional funding/line of credit and banking partner in Spring 2020
- 5) Marketing – Q2 – 2020
- 6) Energy – Q2 - 2020

C) BCE Start-Up Funding/Expense Tracking

As you are aware, The City of Chico and County of Butte have each authorized a start-up loan in the amount of \$300,000 from each jurisdiction to support initial BCE start up activities. Staff continue to work on an interagency loan agreement and has established a chart of accounts through the County Finance Department to track BCE expenses for reimbursement.

D) Public Outreach/Communications

We are in the process of developing a stand along website for BCE – and have reserved the domain name www.ButteChoiceEnergy.org for the Agency’s long-term use. We expect the temporary site to go live by the end of 2019 and the permanent site to be in place by Q3 2020. In the meantime – we continue to host information and documents on <http://power.buttecounty.net>.

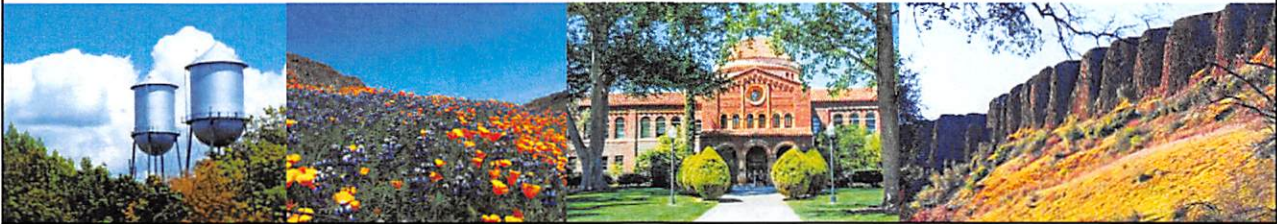
BUTTE CHOICE ENERGY

A Joint Powers Agency Serving Butte County and the City of Chico

Board of Directors Meeting

Monday, December 9

Butte County Board of Supervisors Chambers



Agenda

1. Call to Order
2. Public Comment For Items Not on the Agenda
3. Consent Agenda:
 - a. Approval of Minutes from November 18, 2019 Board meeting
 - b. Approval of Ashley Snyder to serve as Interim BCE Secretary
4. Regular Agenda
 - a. BCE Operations and Administration Report
 - b. BCE Implementation Plan – Discussion of Draft Plan
 - c. Board Member and Staff Announcements
 - d. Adjournment

Item 4a: BCE Operations and Administrative Update

Background:

Staff will provide regular updates to the Board of Directors regarding BCE organizational development, administration and start-up activities.

Analysis and Discussion:

- i. JPA/Board: Reminders, meeting locations/schedule
- ii. Status of Vendor RFPs
- iii. Status of Start-Up Funding/Expense Tracking
- iv. Public Outreach/Communications

Butte Choice Energy

DRAFT

ITEM 4B – BCE IMPLEMENTATION PLAN DISCUSSION BUTTE CHOICE ENERGY JPA BOARD OF DIRECTOR'S MEETING

DECEMBER 9, 2019

Presented by:

EES Consulting, Inc. (EES)
Gary Saleba, President/CEO



A registered professional engineering and management consulting firm
with offices in Kirkland, WA; Portland, OR; Spokane, WA and La Quinta, CA
(425) 889-2700 www.eesconsulting.com

IMPLEMENTATION PLAN SUMMARY

- Organizational Structure
- Startup Plan & Funding
- Program Phase-In
- Load Forecast & Resource Plan
- Financial Plan
- Rate Setting, Terms & Conditions
- Customer Rights and Responsibilities
- Procurement Process
- Contingency Plan

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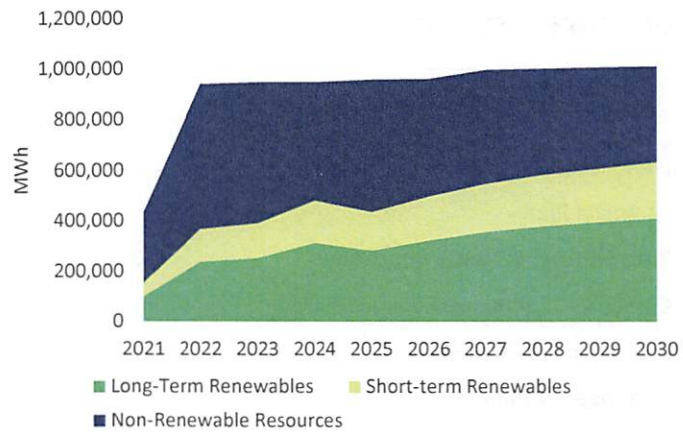
BCE STARTUP AND FUNDING

- **3 Phase Roll-Out**
 - 1: All Non-Residential Accounts April 2021
 - 2: Residential Accounts October 2021
 - 3: Net Energy Metering (NEM) Accounts
- **Cash for Working Capital + Startup costs (January 2020-March 2021)**
 - \$3 Million
 - \$600,000 funded by Chico/County
 - \$2.4 M from Banking options
 - Satisfies PG&E financial security requirement, CPUC bond, labor and consulting costs (\$500,000)
 - Operating reserves to bridge payment for power supply and revenues (\$2.5 M)

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LOAD FORECAST AND RESOURCE PLAN

- Load Forecast Based on Historic Data Adjusted for Changes in Population Since Camp Fire
- 90-95% Program Participation for Bundled Customers (No Direct Access)
- RPS Compliant Portfolio (35%) with Options for 50% and 100% Renewable
- Must Acquire 65% of RPS through long-term Contracts
- Resource Adequacy



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FINANCIAL PLAN

- Start-Up and Working Capital is \$3M
- Offer Bundled Rate Discount of 2% off PG&E Bundled Rates
- Collect 120 days of Operating Expenses for Reserves
- Use Surplus Funds for New Energy-Related Programs
 - New resource investments
 - Demand-side programs
 - Electric vehicles
 - NEM

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WHOLESALE POWER SUPPLY BACKGROUND

- Wholesale Power Supply is >90% of CCA Budget
- Complicated, Detailed but has been Developing for Last 50 Years
- Objective Tonight:
 - Talk through major components
 - De-mystify jargon
 - First briefing of many

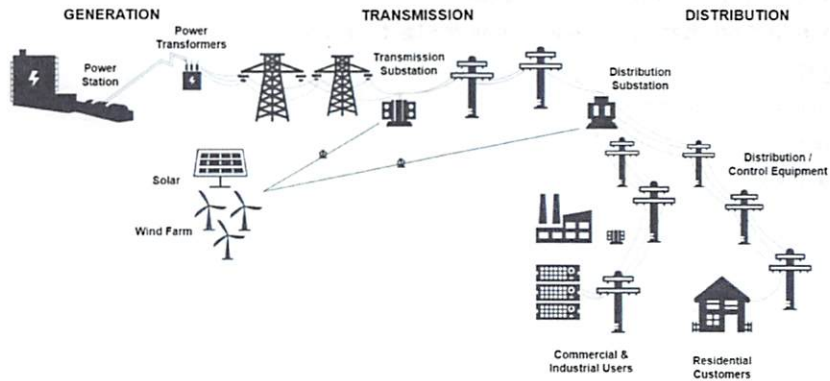
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ORGANIZATION

- Energy Market Overview
- Energy Risk Management
- Resource Adequacy
- Renewable Energy Products

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POWER INDUSTRY



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WESTERN ENERGY COORDINATING COUNCIL (WECC)

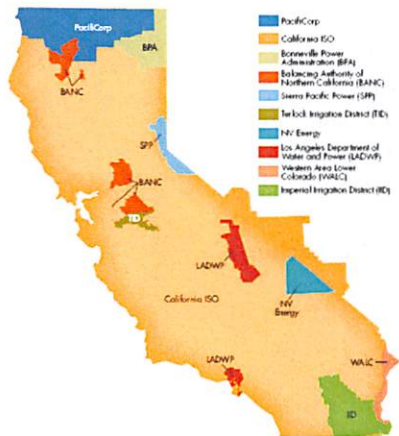
- **Western Interconnection**
 - Multiple BAAs
- **Balancing Authority Area (BAA)**
 - Maintain supply/demand balance – Demand = Supply + Imported Energy
 - Manager inter-tie tagging
 - Manage system frequency
 - Manage coordinate dispatch of generation



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CALIFORNIA BALANCING AUTHORITY AREAS

- CAISO BAA
 - Average peak load 45,000 MW
 - 26,000 circuit miles of transmission
- Role of CAISO
 - Competitive wholesale power market
 - Reliable operations
 - Grid planning and development



WHOLESALE ENERGY MARKET PRODUCTS

- Energy
- Transmission
- Capacity
 - Resource adequacy
 - Ancillary services
 - Operating reserves
 - Regulation services
- Natural Gas
- Congestion Revenue Rights
- Renewable Energy Products

ENERGY

- **Transacting Energy**
 - Bilateral wholesale markets
 - Long-/short-term
 - CAISO day-ahead market
 - CAISO real-time market
 - Fifteen minute market (FMM)
 - Five minute market (RTM)
- **Physical/Financial Transactions**

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ENERGY MARKET PRICE VOLATILITY

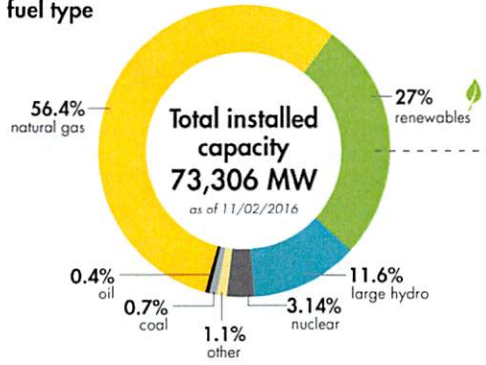
- **Key Drivers of Energy Market Prices**
 - Natural gas
 - Storage
 - Transport
 - Demand
 - Weather
 - Local and regional
 - Hydrology
 - Policy and changing supply composition
 - RPS
 - GHG free objectives



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POWER MIX BY FUEL TYPE

Power mix by fuel type

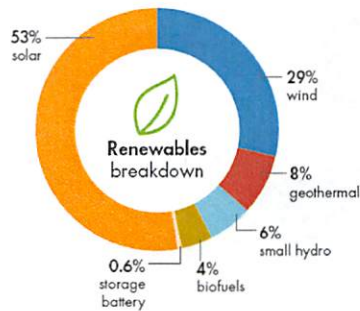


15,755 MW = Maximum import capacity at summer peak for the ISO

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CHANGING GRID

Installed renewable resources (as of 1/08/2019)

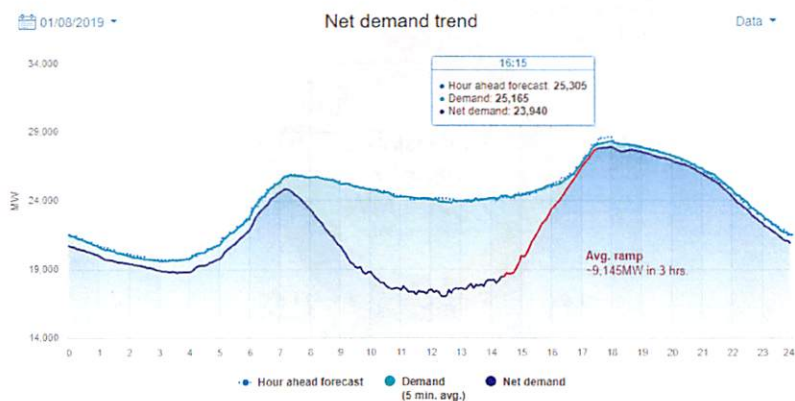


Megawatts

Solar	11,868
Wind	6,505
Small hydro	1,237
Geothermal	1,785
Biofuels	953
Storage battery	136*
TOTAL	22,484

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INTEGRATION OF RENEWABLES

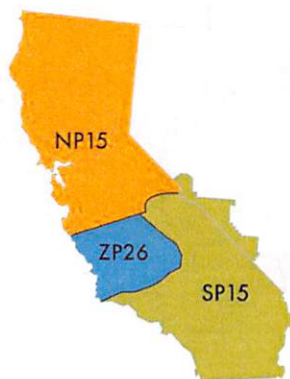


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CAISO NODAL PRICING SETTLEMENT

Load and Supply Nodal Settlement

- Load settlement
- Generation settlement
- Inter-SC trades



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ENERGY RISK MANAGEMENT

- **Risk Management Objectives**

- Mitigate exposure to volatility
- Durable rates
- Financial stability
- Regulatory compliance

- **Key Energy Market Risks**

- Volumetric risk
 - Fluctuations in the volume of supply and demand
- Price risk
 - Price volatility



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LONG-TERM TO SHORT-TERM HEDGE STRATEGY

- **Long-Term Hedging**

- Load forecasting
- Coverage objectives
- Market conditions
- Resource composition

- **Short-Term Hedging**

- Refined load forecast
- Intra-month/intra-day shaping
- Market conditions

- **Fixed Price Energy Hedging**

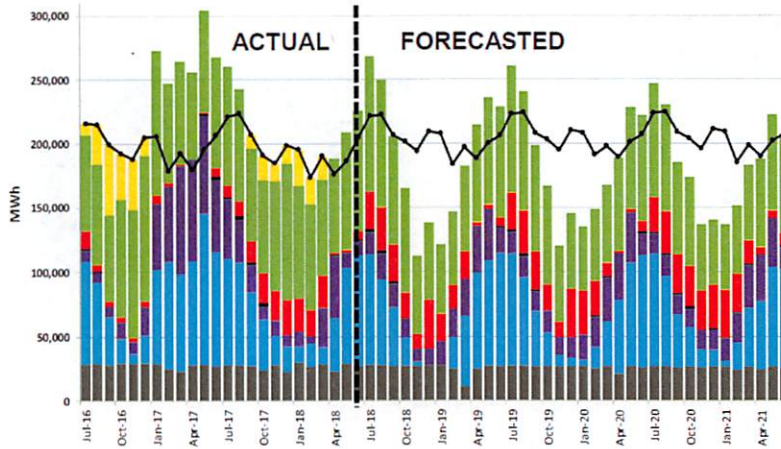
- Inter-SC trades

Months to Delivery		Price Matrix Percentile						
		>60%	60%	50%	40%	25%	10%	<10%
		Covered Position as a % of Forecasted Load						
0+	3	80%	80%	85%	85%	90%	90%	100%
3+	6	70%	70%	75%	80%	80%	90%	100%
6+	9	70%	70%	75%	80%	80%	80%	90%
9+	12	60%	60%	70%	80%	80%	80%	90%
12+		60%	60%	70%	80%	80%	80%	90%



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LOAD/RESOURCE BALANCE

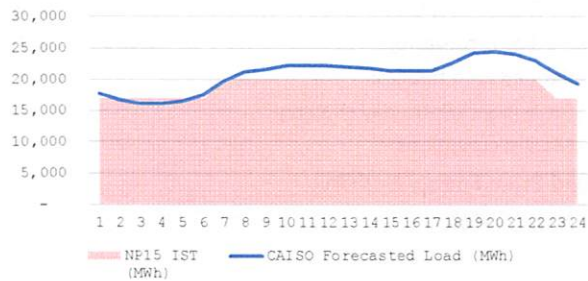


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BASE LOAD VS. SHAPED ENERGY

- **Base Load vs. Shaped Energy**
 - Mix of products purchase to match load profile
 - Establish coverage within risk tolerance

Hourly CAISO Load and ISTs
February 2019



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RESOURCE ADEQUACY REQUIREMENTS

- **Resource Adequacy Program**
 - Developed to ensure CAISO has access to sufficient generating capability to support grid reliability
 - Create an additional revenue stream to maintain existing capacity, and incent development of new capacity
- **CAISO Market is Based on an Energy-Only Design**
 - Cost of energy based on variable cost of operation
 - May not produce sufficient energy rents to support cost of capacity
 - Ensure specific capacity remains available for managing grid operations

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KEY CONCEPTS

- **Resource Adequacy Requirements**
 - Load Serving Entities (LSE) must demonstrate they have purchased a defined amount of capacity
- **System Resource Adequacy**
 - **115% of LSE monthly peak-demand**
 - Supplied from qualified resources
 - Net Qualified Capacity
- **Local Resource Adequacy**
 - **Capacity located in specific geographic locations**
 - Sub-requirement (% of overall capacity must be local)
- **Flexible Resource Adequacy**
 - **Capacity with defined operational characteristics**
 - Sub-requirement (% of overall capacity with ramping)



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SYSTEM RESOURCE ADEQUACY

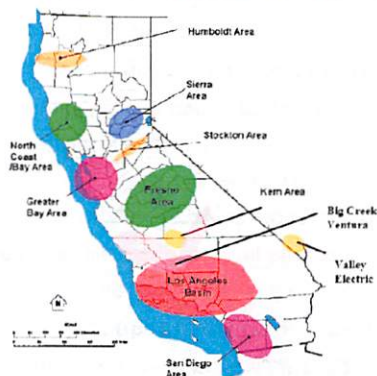
- **Resources Interconnected in CAISO BAA**
 - Generator Net Qualifying Capacity (NQC)
 - Average production capability or defined time (wind/solar)
- **Imports**
 - Firm energy imported into the CAISO
 - Must be bundled with Import Capability
 - To ensure sufficient BAA capacity, imports limited
 - CAISO defines a fixed amount of import capability
- **Other**
 - Limited demand response

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LOCAL RESOURCE ADEQUACY

- **Capacity Located in a Defined Sub-Pocket**
 - PG&E system
 - SCE system
 - SDG&E system
- **Resources Defined by Effectiveness Factors**
 - Modeling based on contingency analysis
 - Designed to maintain load under N-1-1 contingency
- **Requirements Defined Annually**
 - Ensure specific capacity remains available for managing grid operations

Figure 2: LCR Areas within the ISO



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LOCAL RESOURCE ADEQUACY (CONT'D)

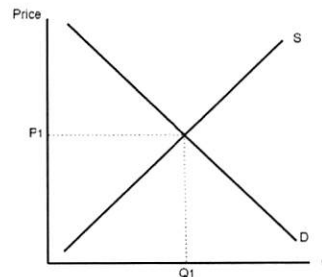
Local Area	2018 August NQC (MW)	2017 Local Req.* (MW)	2018 Local Req.* (MW)
Greater Bay Area	7,070	4,539	3,810
Other PG&E Areas**	7,529		
Fresno	3,224		
Humboldt	202		
Kern	460	4,766	4,942
North Coast / North Bay	865		
Sierra	2,147		
Stockton	631		
TOTAL NP 26	14,599	9,305	8,752
Big Creek-Ventura	5,521	1,534	1,778
LA Basin	10,283	6,595	6,693
San Diego / Imperial Valley	5,356***	3,569	3,833
TOTAL SP 26	21,160	11,698	12,304
TOTAL LOCAL	35,759	21,003	21,056

*Requirements for August 2017 are based on the month ahead RA process and reflect the 2017 local true-up. Requirements for August 2018 are based upon the year ahead RA process and do not reflect the local true-up, which will occur in April 2018.
 **Local reliability areas outside the Bay Area but within the PG&E TAC area are grouped as "Other PG&E Areas" for local RA compliance.

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RESOURCE ADEQUACY CHALLENGES

- **Compliance Requirement**
- **Limited Supply**
 - Resource requirements
 - Changing grid composition
- **Limited Suppliers**
 - Key suppliers maintain material share of supply
- **Lumpiness of Supply**
 - Resource operating limitations
- **Cost Increasing Dramatically**



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RENEWABLE ENERGY CERTIFICATES (RECS)

- **Energy Produced by a CA RPS-Eligible Renewable Energy Resource**
- **Renewable Energy Production Tracked with RECs**
 - REC created and transferred in Western Renewable Energy Generation Information Systems (WREGIS)
- **RPS Portfolio Content Categories**
 - Category 1 REC
 - Energy and REC delivered to California BAA without substitution
 - Category 2 REC
 - Energy and REC that cannot be delivered to a CBA without substituting energy from another source
 - Category 3 REC
 - RECs that have been “unbundled” from energy delivery



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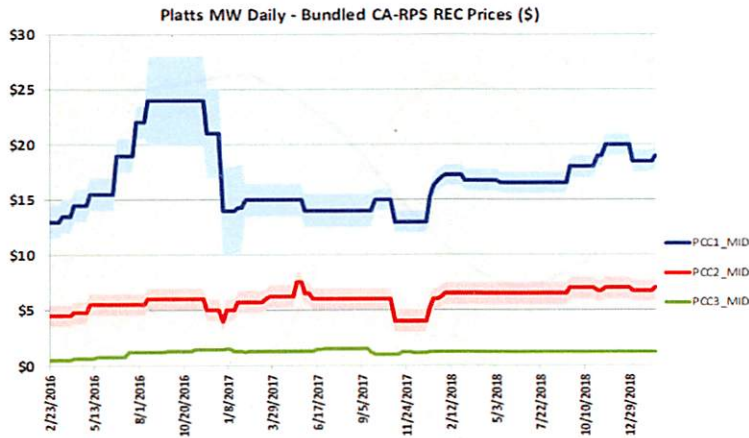
CARBON FREE AND LOW-CARBON ENERGY

- **Carbon Free Energy**
 - Certain types of CA RPS-eligible resources
 - Wind
 - Solar
 - Large hydro resources
 - Greater than 30 MW name plate capacity
 - Not RPS-eligible, not carbon free
 - Carbon free imports
- **Asset-Controlling Supplier (ACS)**
 - Aggregation of resources within a registered emissions factor, majority large hydro
 - Generally associated with power that is imported into the CAISO



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CA-RPS PRICES



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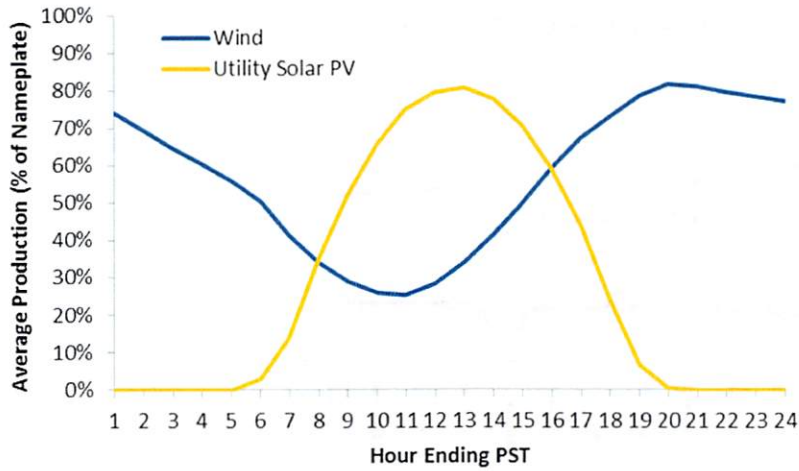
PURCHASING RENEWABLE ENERGY

- **Purchasing Attributes**
 - Category 1, 2 and 3 RECs
 - 1 REC = 1 MWh of renewable production
 - Mitigation exposure to value of energy
 - Index + REC value
- **Firmed/Shaped Energy**
 - Renewable energy delivered from portfolio of resources
 - Defined delivery volume and shape
- **As Delivered/Resource Contingent**
 - Based on output of a specific generator



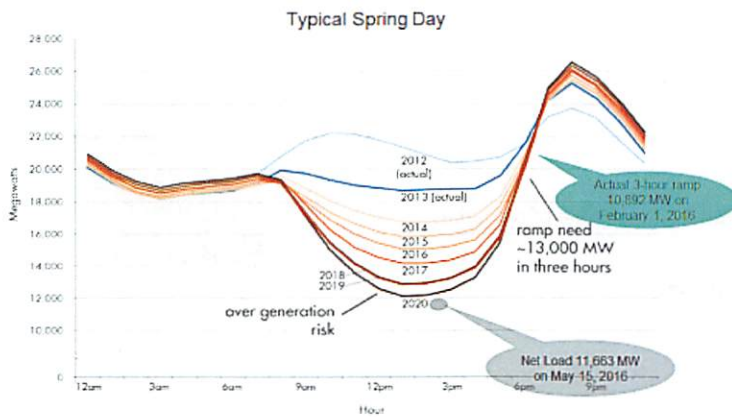
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AVERAGE GENERATION PROFILES IN CALIFORNIA IN JULY



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DUCK CURVE WITH INCREASING SOLAR PENETRATION



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LONG-TERM RENEWABLE DEVELOPMENT

- **Resource Development**
 - Interconnection
 - Value of energy
 - Operational flexibility/shaping
 - Capacity factor
 - Solar and wind average: 30%
 - Integration of storage
 - Distributed energy resources
- **Diversified Portfolio**



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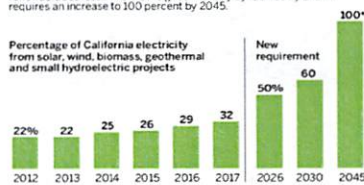
RENEWABLE ENERGY & STORAGE MANDATES

- **California Renewables Portfolio Standard (RPS)**
 - 60% RPS by 2030
 - 100% GHG-free by 2045
- **Energy Storage Procurement Requirements**
 - Statewide target: 1,325 MW
 - CCA targets: 1% of annual 2020 peak load

RENEWABLE ENERGY GROWTH IN CALIFORNIA

California receives 32 percent of its electricity from solar, wind and other renewable sources. A new law signed Monday by Gov. Jerry Brown requires an increase to 100 percent by 2045.

Percentage of California electricity from solar, wind, biomass, geothermal and small hydroelectric projects



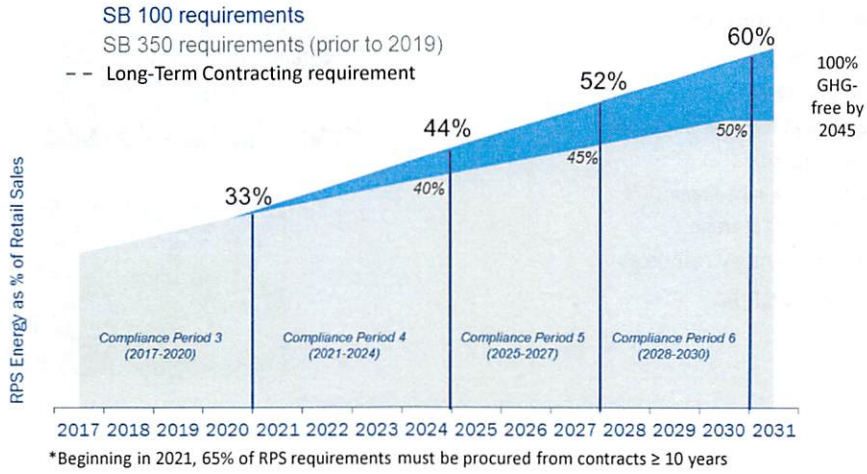
**Non-carbon* sources like nuclear and large dams also can provide up to 40 percent.
Source: California Energy Commission

BAY AREA NEWS GROUP



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STATE RPS PROCUREMENT % REQUIREMENTS



Items 4c – 4d: Announcements and Adjournment



Item 4c: Board Member and Staff Announcements

Item 4d: Adjournment

Butte Choice Energy

DRAFT COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

[December 2019]

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DRAFT Butte Choice Energy Implementation Plan

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Chapter 1 – Introduction

Butte Choice Energy (BCE) is a public agency located within Butte County, formed for the purpose of implementing a community choice aggregation program (CCA). Member Agencies of the BCE includes one (1), the City of Chico, a municipality located within the County of Butte (“County”) as well as the unincorporated areas of the County itself (together, the “Members” or “Member Agencies”), which have elected to allow BCE to provide electric generation service within their respective jurisdictions. Currently, the following Members Agencies comprise BCE:

- Unincorporated Butte County
- City of Chico

This Implementation Plan and Statement of Intent (“Implementation Plan”) describes BCE’s plans to implement a CCA program for applicable electric customers within the jurisdictional boundaries of the County that currently take bundled electric service from Pacific Gas & Electric (“PG&E”). The BCE Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. The planned start date for the Program is April 1, 2021. All current PG&E customers within BCE’s service area will receive information describing the CCA Program and will have multiple opportunities to choose to remain full requirement (“bundled”) customers of PG&E, in which case they will not be enrolled. Thus, participation in the BCE Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled according to the anticipated phase-in schedule later described in Chapter 5 unless they affirmatively elect to opt-out.

Implementation of BCE will enable customers within BCE’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. BCE’s primary objectives in implementing this Program are to provide cost competitive electric services; promote economic development, reduce electric sector greenhouse gas emissions (“GHGs”) within the County; stimulate renewable energy development; implement distributed energy resources; promote energy efficiency and demand reduction programs; and sustain long-term rate stability for residents and businesses through local control. The prospective benefits to consumers include stable and competitive electric rates, increased renewable and other low-GHG emitting energy supplies, and the opportunity for public participation in determining which technologies are utilized to meet local electricity needs.

To ensure successful operation of the Program, BCE will solicit energy suppliers and marketers through a competitive process and will negotiate with one or more qualified suppliers throughout the summer and fall of 2020. Final selection of BCE’s initial energy supplier(s) will be made by BCE following administration of the aforementioned solicitation process and related contract negotiations. Information regarding the anticipated solicitation process for BCE’s initial energy services provider(s) is contained in Chapter 10.

The California Public Utilities Code provides the relevant legal authority for BCE 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 BCE Program. The CPUC also has the responsibility for registering BCE 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 to bundled customers of the incumbent utility.

On December 16, 2019, at a duly noticed public hearing, the BCE Board considered and adopted this Implementation Plan, through Resolution TBD# (a copy of which is included as part of Appendix A). The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E has approved tariffs for imposition of the cost recovery mechanism. Finally, each of BCE’s Members has adopted an ordinance to implement a CCA program through its participation in BCE, and each of the Members has adopted a resolution permitting BCE to provide service within its jurisdiction.¹ With each of these milestones accomplished, BCE submits this Implementation Plan to the CPUC. Following the CPUC’s certification of its receipt of this Implementation Plan and resolution of any outstanding issues, BCE will take the final steps needed to register as a CCA prior to initiating the customer notification and enrollment process.

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 BCE’s 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.

¹ Copies of individual ordinances adopted by the BCE Members are included within Appendix A.

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The remainder of this Implementation Plan is organized as follows:

- Chapter 2: Aggregation Process
- Chapter 3: Organizational Structure
- Chapter 4: Startup Plan & Funding
- Chapter 5: Program Phase-In
- Chapter 6: Load Forecast & Resource Plan
- Chapter 7: Financial Plan
- Chapter 8: Rate setting
- Chapter 9: Customer Rights and Responsibilities
- Chapter 10: Procurement Process
- Chapter 11: Contingency Plan for Program Termination
- Appendix A: BCE Resolution to Adopt the Implementation Plan
- Appendix B: BCE Joint Powers Agreement
- Appendix C: Chico and Butte County Enabling Ordinances for Joining JPA

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

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan & Funding Chapter 7: Financial Plan
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Rate setting
Rate setting and other costs to participants	Chapter 8: Rate setting Chapter 9: Customer Rights and Responsibilities
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Termination of the program	Chapter 11: Contingency Plan for Program Termination

Chapter 2 - Aggregation Process

Introduction

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

Beginning in 2015, Butte County began investigating formation of a CCA Program in the County, pursuant to California state law, with the following objectives: 1) provide cost-competitive electric services; 2) promote local economic development; 3) reduce greenhouse gas emissions related to the use of electric power within the County; and 4) increase the use of renewable energy resources relative to the incumbent utility. A technical feasibility study for a CCA Program serving the County was completed for the Cities of Chico, Paradise, and Oroville as well as for Unincorporated Butte County in August 2018.

After nearly two years of collaborative work by representatives of Butte County, city governments, independent consultants, local experts and stakeholders, BCE was formed in November 2019 for purposes of implementing the BCE Program. Subsequently, BCE approved this Implementation Plan through a duly-noted public hearing, complying with the standards stated in California Public Utilities Code Section 366.2. BCE is continuing discussions with additional Cities regarding membership in the JPA. This Implementation Plan will be updated if and when additional Cities become partners in BCE.

The BCE Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the Member Agencies. BCE plans to offer choices to eligible customers through the creation of innovative programs for voluntary purchases of renewable energy, net energy metering to promote customer-owned renewable generation, energy efficiency, demand responsiveness to promote reductions in peak demand, distributed energy generation, customized pricing options for large energy users, and support of local renewable energy projects through offering of a standardized power purchasing agreement or Feed-In Tariff. The analysis contained in this Plan does not include commercial direct access customers as it is assumed that customers taking direct access service from a competitive electricity provider will continue to remain with their current supplier.

Process of Aggregation

Before they are enrolled in the Program, prospective BCE customers will receive two written notices in the mail from BCE that will provide information needed to understand the Program's terms and conditions of service and explain how customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date

no later than thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. Direct Access customers will not be automatically enrolled. The initial enrollment notices will be provided to the first phase of customers in November 2020. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements and based on schedule(s) determined by BCE. These notices will be sent to customers in subsequent phases twice within 60 days of automatic enrollment.

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

After service cutover, customers will have approximately 60 days (two billing cycles) to opt-out of the BCE Program without penalty and return to the distribution utility (PG&E). BCE customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt-out between the initial 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 BCE but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the BCE Program and to have agreed to the BCE Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 9.

Consequences of Aggregation

Rate Impacts

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

BCE's rate setting policies described in Chapter 8 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). BCE will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by BCE's Board.

Initial BCE Program rates will be established following approval of BCE's inaugural program budget, reflecting final costs from the BCE Program's energy supplier(s). BCE's rate policies and procedures are detailed in Chapter 8. Information regarding final BCE Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment and post-enrollment notices sent to potential customers.

Once BCE gives definitive notice to PG&E that it will commence service, BCE customers will generally not be responsible for costs associated with PG&E's future electricity procurement

contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers².

Local Economic Development Impacts

The indirect effects of creating a BCE includes the effects of increased commerce, and disposable income. The technical feasibility study completed for Butte County included an input-output- (IO) analysis that analyzed indirect effects of implementing a CCA. The IO model turns on the assumption that forming a CCA will lead to lower energy rates for their customers. Three types of impacts are analyzed in the IO model. These are described below.

Local Investment – BCE may choose to implement programs to incentivize investments in local distributed energy resources (DER). Participants in BCE may pursue local clean DER. These resources can be behind the meter or community projects where several customers participate in a centrally located project (e.g. “community solar”). This demand for local renewable resources will lead to an increase in the manufacturing and installation of DER, and lead to an increase in employment in the related manufacturing and construction sectors.

Increased Disposable Income – BCE retail rates may be lower than PG&E rates creating more disposable income for individuals and greater revenues for businesses. These cost savings could then lead to more investment by individuals and businesses for personal or business purposes. This increase in spending could result in increased employment for multiple sectors such as retail, construction, and manufacturing.

Environmental and Health Impacts – With the creation of a CCA such as BCE, other non-commerce indirect effects will occur. These may be environmental, such as improved air quality or improved human health due to the CCA potentially utilizing more renewable energy sources versus continuing use of traditional energy sources which may have a greater GHG footprint.

Renewable Energy Impacts

A second consequence of the Program will be a likely increase in the proportion of energy generated and supplied by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet California's prevailing renewable energy procurement mandate for all enrolled customers. BCE customers will also have the opportunity to participate in a 50 percent or 100 percent renewable supply option. To the extent that customers choose BCE's 50 percent or 100 percent renewable energy option, the renewable content of BCE's aggregate supply portfolio will further increase. Initially, requisite renewable energy supply will be sourced through one or more power purchase agreements. Over time, however, BCE will likely

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

consider independent development of new local renewable generation resources. BCE seeks to establish a resource portfolio that encourages the use and development of cost-effective local renewable and distributed energy resources.

Energy Efficiency Impacts

A third consequence of the Program will be an anticipated increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility are not expected to change as a result of BCE Program implementation. BCE customers will continue to pay the public benefits surcharges to the distribution utility, which will fund energy efficiency programs for all customers, regardless of generation supplier.

The energy efficiency investments ultimately planned for the BCE Program, as described in Chapter 6, will follow BCE's successful application for and administration of requisite program funding (from the CPUC) to independently administer energy efficiency programs within its jurisdiction. Such programs will be in addition to the level of investment that would continue in the absence of BCE-administered energy efficiency programs. Thus, the BCE Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs.

Chapter 3 – Organizational Structure

This section provides an overview of the organizational structure of BCE and its proposed implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of BCE are outlined and discussed below.

Organizational Overview

On November 5, 2019, BCE formed its Board of Directors to serve as its Governing Board. The Board is responsible for establishing BCE Program policies and objectives and overseeing BCE's operation. On December 16, 2019, the Board appointed two Interim Executive Co-Directors to manage the operation of BCE in accordance with policies adopted by the Board. When BCE receives CPUC certification, the executive director will proceed to appoint staff and contractors to manage BCE's activities. These activities include support services (administration, finance and IT), marketing and public affairs (community outreach, key account management and customer advocacy), supply acquisition (energy trading, contract negotiation and system development), and legal and government affairs.

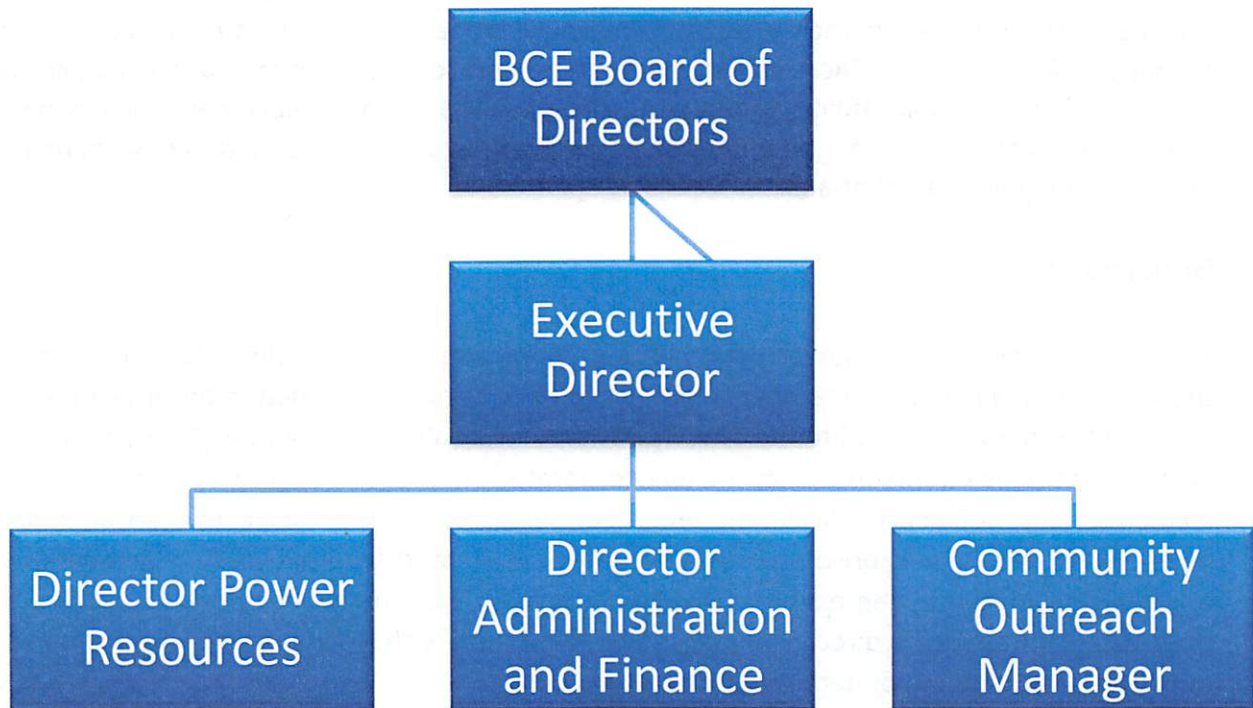
Governance

The BCE Program will be governed by BCE's Board, which shall include two appointed designees from each of the Members. BCE is a joint powers agency created on November 5, 2019 and formed under California law. The Members of BCE include one (1) municipality located within the County as well as the unincorporated areas of the County, all of which have elected to allow BCE to provide electric generation service within their respective jurisdictions. BCE's Board will be comprised of representatives appointed by each of the Members in accordance with the JPA agreement. The BCE Program will ultimately be operated under the direction of an executive director appointed by the Board, with legal and regulatory support provided by a Board appointed General Counsel.

The Board's primary duties are to establish program policies, approve rates and provide policy direction to the Executive Director, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has elected a Chairman and Vice Chairman and may establish an Executive Committee, Finance Committee, and Community Advisory Committee. In the future, the Board may also establish other committees and sub-committees, as needed, to address issues that require greater expertise in particular areas. BCE may also form various standing and ad hoc committees, as appropriate, which would have responsibility for evaluating various issues that may affect BCE and its customers and would provide analytical support and recommendations to the Board in these regards.

Management

The BCE Board of Directors has appointed two Interim Executive Co-Directors, who has management responsibilities over functional areas of Administration & Finance, Marketing & Public Affairs, Power Resources & Energy Programs, and Government Affairs as well as BCE’s General Counsel. In performing his obligations to BCE, the Executive Director may utilize a combination of internal staff and/or contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, may be performed initially by third-party contractors. The organization chart below illustrates the management structure proposed for BCE.



Major functions of BCE that will be managed by the Executive Director are summarized below. Some of these functions will, at least initially, be fulfilled by outside consultants.

Administration

BCE’s Executive Director is responsible for managing the organization’s human resources and administrative functions and will coordinate with the BCE Board, as necessary, with regard to these functions. The functional area of administration will include oversight of employee hiring and termination, compensation and benefits management, identification and procurement of

requisite office space and various other issues.

Finance

The Executive Director is also responsible for managing the financial affairs of BCE, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary; and other financial tools.

Revenues via rates and other funding sources (such as a rate stabilization fund, when necessary) must, at a minimum, meet the annual budgetary revenue requirement, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. BCE will have the flexibility to consider rate adjustments within certain ranges, administer a standardized set of electric rates, and may offer optional rates to encourage policy goals such as economic development or low-income support programs, provided that the overall revenue requirement is achieved.

BCE may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly larger energy users within the commercial sector – with greater rate-related flexibility than what is currently available.

BCE's finance function will be responsible for arranging financing necessary for any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the BCE Program. The finance function will play an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, BCE will be able to take appropriate action, as would be provided for in the electric supply agreement(s).

Marketing & Public Affairs

The marketing and public affairs functions include general program marketing and communications as well as direct customer interface ranging from management of key account relationships to call center and billing operations. BCE will conduct program marketing to raise consumer awareness of the BCE Program and to establish the BCE "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the BCE Program. Outgoing communications will also promote BCE's customer programs. Additionally, BCE will communicate with key policy-makers at the State and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, will enhance BCE's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. BCE will also establish a customer call center designed to field customer inquiries and routine interaction with customer accounts.

The customer service function also encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the BCE Program, maintaining a current database of enrolled customers. 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 with the distribution utility and BCE, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices (which would return affected customers to bundled service), and administration of customer deposits in accordance with credit policies of BCE.

The customer data management services function also manages billing-related communications with customers, customer call centers, and routine customer notices. BCE will initially contract with a third party who has demonstrated the necessary experience and administers an appropriate customer information system to perform the customer account and billing services functions.

Power Resources & Energy Programs

BCE must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives as well as applicable legislative or regulatory mandates. BCE's long-term resource plans (addressing the 10 to 20-year planning horizon) will comply with California Law and other pertinent requirements of California regulatory bodies. BCE may develop and administer complementary energy programs that may be offered to BCE customers, including green pricing, energy efficiency, net energy metering and various other programs that may be identified to support the overarching goals and objectives of BCE.

BCE will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource plans are planning documents used by electric utilities to produce least cost resource planning by looking at both supply-side (solar, natural gas) and demand-side (energy efficiency) resources. Such integrated resource plans will also conform to applicable requirements imposed by the State of California. Integrated resource planning efforts by BCE will make maximum use of demand side energy efficiency, distributed generation and demand response programs as well as traditional supply options which rely on structured wholesale transactions to meet customer energy

requirements. Integrated resource plans will be updated and adopted by BCE on an annual basis.

Electric Supply Operations

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

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy and credit markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop 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.

BCE will initially contract with one or more experienced and financially sound third-party energy services providers to perform all of the electric supply operations for the BCE Program. These requirements include the procurement of energy, capacity and ancillary services, scheduling coordinator services, short-term load forecasting and day-ahead and real-time electricity trading.

Local Energy Programs

A key focus of the BCE Program will be the development and implementation of local energy programs, including energy efficiency programs, distributed generation programs (i.e. behind the meter solar or community projects), and other energy programs responsive to community interests. These programs are likely to be phased in during the first several years of operations. The implementation of such programs will follow the identification of requisite funding sources.

BCE will eventually administer energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-resources. BCE 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, including the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by BCE customers.

Governmental Affairs & General Counsel

The BCE Program will require ongoing regulatory and legislative representation to manage various regulatory compliance filings related to resource plans, resource adequacy, compliance with California’s Renewables Portfolio Standard (“RPS”), and overall representation on issues that will impact BCE, its Members and customers. BCE will maintain an active role at the CPUC, the California Energy Commission, the California Independent System Operator, the California legislature and, as necessary, the Federal Energy Regulatory Commission.

Under the direction of its General Counsel, BCE may retain outside legal services, as necessary, to administer BCE, review contracts and provide overall legal support related to activities of the BCE Program.

Chapter 4 – Startup Plan & Funding

This Chapter presents BCE’s plans for the start-up period, including necessary expenses and capital outlays. The start-up period is defined as the period of time where BCE requires financing for implementation. The start-up period is split into pre-launch and post-launch expenses. The pre-launch period is estimated to start January 1, 2020 and end on March 31, 2021 when BCE plans to begin service to customers. Pre-launch expenses include overhead and notification for program implementation. Post launch financing includes working capital and annual debt repayment. As described in the previous Chapter, BCE may utilize a mix of staff and contractors in its CCA Program implementation.

Startup Activities

The initial program startup activities include the following:

- Hire staff and/or contractors to manage implementation
- Identify qualified suppliers (of requisite energy products and related services) and negotiate supplier contracts
 - Electric supplier and scheduling coordinator
 - Data management provider (if separate from energy supply)
- Define and execute communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
- Post CCA bond and complete requisite registration requirements
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt-out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

Other costs related to starting up the BCE Program will be the responsibility of the BCE Program’s contractors (and are assumed to be covered by any fees/charges imposed by such contractors). These may 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.

Staffing and Contract Services

Personnel in the form of BCE staff or contractors 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. During the startup period, minimal personnel requirements would include an Executive Director, a General Counsel, and other personnel needed to support regulatory, procurement, finance and communications activities.

For budgetary purposes, it is assumed that 5 to 10 full-time equivalents (staff or contracted professional services) supporting the above listed activities would be engaged during the initial start-up period. Following this period, additional staff and/or contractors may be retained, as needed, to support the roll-out of additional value-added services (e.g., efficiency projects) and local generation projects and programs.

Capital Requirements

The start-up of the CCA Program will require capital for three major functions: (1) staffing and contractor costs; (2) deposits and reserves; and (3) working capital. Based on BCE's anticipated start-up activities and phase-in schedule, a total need of \$3 million has been identified to support the aforementioned functions. The finance plan in Chapter 7 provides some additional detail regarding BCE's expected capital requirements and general Program finances.

Related to BCE's initial capital requirement, this amount is expected to cover staffing and contractor costs during startup and pre-startup activities, including direct costs related to public relations support, technical support, and customer communications. Requisite deposits and operating reserves of \$2.5 million are reflected in the initial capital requirement, including the following items: 1) operating reserves to address anticipated cash flow variations (as well as operating reserve deposits that will likely be required by BCE's power supplier(s)); 2) requisite deposit with the California Independent System Operator prior to commencing market operations; and 3) PG&E financial security requirement. In addition, the CCA bond posted to the CPUC (\$100,000) is included in the total capital requirements of \$3 million.

Operating revenues from sales of electricity will be remitted to BCE beginning approximately sixty days after the initial customer enrollments. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. BCE will need working capital to support electricity procurement and costs related to program management, which is included in BCE's initial capital requirements.

Financing Plan

BCE's initial capital requirement will be provided via a combination of cash contributions from the Member Agencies and loans from conventional financial institutes. These loans will be repaid

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by BCE no later than June 30, 2025. BCE will recover the principal and interest costs associated with the start-up funding via retail generation rates charged to BCE customers.

Chapter 5 – Program Phase-In

BCE will roll out its service offering to customers over the course of three phases:

- Phase 1. All Non-Residential Accounts (April 1, 2021)
- Phase 2. Residential Accounts (October 1, 2021)
- Phase 3. Net Energy Metering Accounts (Various)

This approach provides BCE with the ability to initiate its program with sufficient economic scale before building to full program integration for an expected customer base of approximately 106,000 accounts, post customer opt-out. BCE will offer service to all customers on a phased basis, which is expected to be completed within 24 months of initial service to Phase 1 customers.

The Program is targeted to begin on or about April 1, 2021, subject to a decision to proceed by BCE. At start-up, BCE anticipates serving approximately 14,000 larger customer accounts, comprised of all non-residential accounts within Unincorporated Butte County and the City of Chico. Depending on final wholesale power prices, the balance of the BCE customers will be launched in October 2021. Net energy metering accounts will be phased into BCE at the time of their annual true-up.

Chapter 6 – Load Forecast & Resource Plan

Butte County Background

The Camp Fire of 2018 devastated the community within the unincorporated area of the County and the town of Paradise both located in Butte County. Nearly 20,000 structures were damaged or destroyed. Many of the displaced residents relocated to the City of Chico. The population of Chico has increased 20% from an estimated 92,000 before the fire to 112,000 today.³ At the same time, the population in the unincorporated area of Butte County is estimated to have decreased by 3.7% or 3,000 people. The change in population is expected to be directly correlated to changes in electric accounts. An assumption of 2.5 persons per household is used to convert the changes in population to changes in residential electric accounts.

Introduction

This chapter describes the planned mix of electric resources that will meet the energy demands of BCE customers using a diversified portfolio of electricity supplies. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key policies are as follows:

- BCE will manage a diverse resource portfolio to increase control over energy costs and maintain competitive and stable electric rates.
- BCE will likely seek to increase use of renewable energy resources and distributed energy resources in order to reduce reliance on fossil-fueled electric generation for purposes of reducing electric sector GHG emissions.
- BCE will likely apply for the administration of energy efficiency program funding to help customers reduce energy costs through administration of enhanced customer energy efficiency, distributed generation, and other demand reducing programs.
- BCE will benefit the area's economy through lower electric bills and investment in local infrastructure, energy projects and energy programs.

BCE's initial resource mix will include a proportion of renewable energy meeting California's prevailing RPS procurement mandate. As the BCE Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the BCE Program to achieve increased renewable energy content over time.

BCE's commitment to renewable generation adoption may involve both direct investment in new renewable generating resources, partnerships with experienced public power developers/operators and purchases of renewable energy from third party suppliers.

³ State of California Department of Finance. Population Estimates for Cities, Counties, and the State – January 1, 2018 and 2019. <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

The plan described in this section would accomplish the following:

- Procure energy through one or more contracts with experienced, financially stable energy suppliers sufficient to offer three distinct generation rate tariffs: 1) 100 percent renewable energy; 2) 50 percent renewable energy; and 3) a program service option that includes a proportion of renewable energy meeting California’s prevailing renewable energy procurement mandate.
- Member agencies will choose the default option into which their customers will be enrolled when service begins. After enrollment, customers will be allowed to participate in any of the three available energy supply options.
- Continue increasing renewable energy supplies over time to meet or exceed state mandates, subject to resource availability and economic viability.
- Actively pursue energy efficiency projects and programs using program revenues, in collaboration with the other efficiency program administrators in the region. Additionally, if BCE is successful in applying for administration of public funding to support locally administered efficiency programs, it will even more robustly work to reduce net electricity purchases within the region.
- Encourage distributed renewable generation in the local area through the offering of a net energy metering tariff, a possible standardized power purchase agreement or “Feed -In Tariff”, and other creative, customer-focused programs targeting increased access to local renewable energy sources.

BCE will comply with regulatory rules applicable to California load serving entities. BCE will arrange for the scheduling of sufficient electric supplies to meet the demands of its customers. BCE will 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. These rules also ensure that physical generation capacity is in place to serve BCE’s customers, even if there were a need for the BCE Program to cease operations and return customers to PG&E. In addition, BCE will be responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide RPS (33 percent renewable energy by 2020, increasing to 60 percent by 2030). The BCE resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet the aforementioned objectives and satisfy the applicable regulatory requirements pertaining to BCE’s status as a California load serving entity, BCE’s resource plan includes a diverse mix of power purchases, renewable energy, distributed energy, new energy efficiency programs, demand response and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from overreliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of BCE’s resource plan is to

reduce electric sector GHG emissions while offering competitive generation rates to participating customers. The planned power supply is initially comprised of power purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned or controlled by BCE.

Once the BCE Program demonstrates it can operate successfully, BCE may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements, financial constraints and regulatory considerations. Any renewable generation owned by BCE, or controlled under long-term power purchase agreement with a power developer, could provide a portion of BCE's electricity requirements on a cost-of-service basis. A cost-of-service basis means that the cost of power is based on the variable cost to operate the generation asset. Depending upon market conditions and, importantly, the applicability of tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement can be more cost-effective than purchasing renewable energy from third party developers, which will allow the BCE Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

As an alternative to direct investment, BCE may consider partnering with an experienced power developer and could enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to reduce the BCE Program's operational risk associated with capacity ownership while providing its customers with all renewable energy generated by the facility under contract. This option may be attractive to BCE as it works to achieve increasing levels of renewable energy supply and competitive rate levels for its customers.

BCE's resource plan will integrate supply-side resources (solar, natural gas etc.) 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, BCE will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources.

BCE's indicative resource plan for the years 2021 through 2030 is summarized in the following table. Note that BCE's projections reflect a portfolio mix of 35% renewable resources and 65% conventional resources. Subject to the availability of funds, a sizable percentage of the conventional resources reflected in the following table will be replaced with GHG-free resources.

Table 1
Butte Choice Energy
Proposed Resource Plan (GWh)
2021 to 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BCE Demand (GWh)										
Retail Demand	448	922	928	1,150	1,158	1,165	1,206	1,214	1,222	1,230
Distributed Generation	0	0	0	0	0	0	0	0	0	0
Energy Efficiency	0	0	0	0	0	0	0	0	0	0
Losses and UFE	31	65	65	80	81	82	84	85	86	86
TOTAL DEMAND	479	986	993	1,230	1,239	1,247	1,291	1,299	1,308	1,317
BCE Supply (GWh)										
Total Renewable Resources	157	350	371	563	509	583	639	680	709	738
Total Conventional Resources	322	636	622	667	729	664	651	619	599	578
TOTAL SUPPLY	479	986	993	1,230	1,239	1,247	1,291	1,299	1,308	1,317
Energy Open Position	0	0	0	0	0	0	0	0	0	0

Supply Requirements

BCE power supply requirements are developed based on the customer and consumption data provided by PG&E for the city of Chico and the unincorporated areas of the County. Adjustments to the data were made based on the population changes described above. Finally, program participation rates are applied such that 95% of residential and 90% of non-residential customers are included in the load forecast. Hourly load profiles, developed by PG&E, are applied to customer rate classes and summed up to develop BCE system loads by month and hour. The electric sales forecast and load profile will be affected by BCE’s plan to introduce the BCE Program to customers in phases, and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. BCE’s phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the BCE 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. For all phases, BCE anticipates a 90-95% participation of PG&E bundled service customers, based on reported opt-out rates for the Clean Power Alliance, Sonoma Clean Power and Lancaster Choice Energy CCA

programs plus the increase in the cap on Direct Access service. It is assumed that new and existing Direct Access (DA) customers will continue to remain with their current electricity supplier.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that BCE will offer three distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as BCE’s public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by BCE on their regularly scheduled meter read date over an approximately thirty-day period. Approximately 460 service accounts per day will be switched over during the first month of service. The estimated number of accounts by rate class is shown in Table 2 below.

BCE Customers	Phase 1 Eligible Accounts	Phase 2 Eligible Accounts
Residential	--	92,000
Small Commercial	10,000	10,000
Medium Commercial	1,000	1,000
Large Commercial	300	300
Industrial	100	100
Street Lighting & Traffic	1,000	1,000
Agricultural & Pumping	2,000	2,000
Total	14,000	106,310

BCE assumes that customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base (0.7% annual growth) over the noted planning horizon. BCE believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Butte County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by BCE for each of the next ten years is shown in the following table:

Table 3
Butte Choice Energy
Retail Service Accounts (End of Year)
2021 to 2030

BCE Customers	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Residential	92,000	92,607	93,218	93,834	94,453	95,076	95,704	96,335	96,971	97,611
Small Commercial	10,000	10,066	10,132	10,199	10,267	10,334	10,403	10,471	10,540	10,610
Medium Commercial	1,000	1,007	1,013	1,020	1,027	1,033	1,040	1,047	1,054	1,061
Large Commercial	303	305	307	309	311	313	315	318	320	322
Industrial	10	10	10	10	11	11	11	11	11	11
Street Lighting & Traffic	1,000	1,007	1,013	1,020	1,027	1,033	1,040	1,047	1,054	1,061
Agricultural & Pumping	2,000	2,013	2,026	2,040	2,053	2,067	2,081	2,094	2,108	2,122
Total	106,314	107,015	107,721	108,432	109,148	109,868	110,594	111,324	112,058	112,798

Sales Forecast

BCE’s forecast of GWh sales reflects the roll-out and customer enrollment schedule shown above. Annual energy requirements are shown below in GWh.

Table 4
Butte Choice Energy
Annual Energy Requirements (GWh)
2021 to 2030

BCE Energy Requirement (GWh)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retail Energy	448	922	928	1,150	1,158	1,165	1,203	1,211	1,219	1,227
Losses and UFE	31	65	65	80	81	82	84	85	85	86
Total Load Requirement	479	986	993	1,230	1,239	1,247	1,287	1,296	1,304	1,313

Capacity Requirements

The CPUC’s resource adequacy standards applicable to the BCE Program require a demonstration one year in advance that BCE 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, BCE must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of BCE’s capacity requirements must be procured locally, from the PG&E area as defined by the CAISO. Local area resource needs will be defined by the CPUC annually based on the capacity study. A local resource for BCE is likely to be located within the Sierra area on the Figure below. The CPUC may also define local resource needs in the Greater Bay Area or Stockton as well. Local resources ensure system reliability within areas that are not constrained by transmission capacity.

Figure 1 CAISO Local Capacity Area Map⁴



The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on BCE’s forecasted peak load. BCE must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

BCE is also required to demonstrate that a specified portion of its capacity meets certain operational flexibility requirements under the CPUC and CAISO’s flexible resource adequacy framework. The estimated forward resource adequacy requirements for 2021 through 2023 are

⁴ CAISO. 2021 Local Capacity Area Technical Study Draft. October 24, 2019.

shown in the following tables.⁵

Table 5
Butte Choice Energy
Forward Capacity and Reserve Requirements (MW)
2021 to 2023

Month	2021	2022	2023
January		181	182
February		172	173
March		163	163
April	75	179	185
May	96	223	224
June	112	287	287
July	125	328	328
August	125	319	318
September	122	275	275
October	198	193	193
November	183	182	183
December	192	191	192

BCE’s plan ensures that sufficient reserves will be procured to meet its peak load at all times. BCE’s projected annual capacity requirements are shown in the following table:

Table 6
Butte Choice Energy
Capacity Requirements (MW)
2021 to 2030

Demand (MW)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retail Demand	186	320	322	325	327	329	331	333	335	337
Losses and UFE	14	24	24	24	25	25	25	25	25	25
Total Net Peak Demand	200	344	347	349	351	354	356	358	360	362
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	30	52	52	52	53	53	53	54	54	54
Capacity Requirement Including Reserve	230	396	399	401	404	407	409	411	414	416

⁵ The figures shown are estimates. The BCE’s resource adequacy requirements will be subject to modification due to application of certain coincidence adjustments and resource allocations relating to utility demand response and energy efficiency programs, as well as generation capacity allocated through the Cost Allocation Mechanism. These adjustments are addressed through the CPUC’s resource adequacy compliance process.

Local capacity requirements are a function of the PG&E area resource adequacy requirements and BCE’s projected peak demand. BCE will need to work with the CPUC’s Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate its monthly local capacity requirement. A preliminary estimate of BCE’s annual local capacity requirement for the ten-year planning period ranges from approximately 200 MW to 362 MW as shown in the following table:

Table 7
Butte Choice Energy
Local Capacity Requirements (MW)
2021 to 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
BCE Peak	200	344	347	349	351	354	356	358	360	362
Local Capacity Req. (% of Peak)	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
BCE Local Capacity Req., Total	100	172	173	174	176	177	178	179	180	181

The CPUC assigns local capacity requirements during the year prior to the compliance period; thereafter, the CPUC provides local capacity requirement true-ups for the second half of each compliance year.

BCE will coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to BCE during CCA program phase-in. For system resource adequacy requirements, BCE will make month-ahead showings for each month that BCE plans to serve load, and load migration issues would be addressed through the CPUC’s approved procedures. BCE will work with the California Energy Commission and CPUC prior to commencing service to customers to ensure it meets its local and system resource adequacy obligations through its agreement(s) with its chosen electric supplier(s).

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, BCE will be required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining BCE’s renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to BCE.

California’s RPS requires BCE purchase a minimum of 60% renewable energy by 2030. BCE will also adopt an integrated resource plan in compliance with SB 350. BCE understands that various

details related to this planning requirement are continuing to be developed, and BCE intends to monitor and participate, as appropriate, in pertinent proceedings to promote the preparation and submittal of a responsive planning document. Furthermore, BCE will ensure that all long-term renewable energy contracting requirements, as imposed by SB 350, will be satisfied through appropriate transactions with qualified suppliers and will also reflect this intent in ongoing resource planning and procurement efforts.

BCE’s Renewables Portfolio Standards Requirement

BCE’s annual RPS procurement requirements, as specified under California’s RPS program, are shown in the table below. When reviewing this table, it is important to note that BCE projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity, resulting in only a slight upward trend in projected retail electricity sales.

Table 8
Butte Choice Energy
RPS Requirements (GWh)
2021 to 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retail Sales	448	967	977	984	990	997	1,037	1,044	1,051	1,058
Renewable Energy Purchase	157	368	391	482	436	498	550	584	609	635
% of Current Year Retail Sales	35%	38%	40%	49%	44%	50%	53%	56%	58%	60%
65% Long-Term Contracts	102	239	254	313	283	324	357	380	396	412

Table 9 illustrates additional details for renewable procurement and long-term procurement. The table does not include an estimate for the minimum margin of procurement (MMOP) at this time. The MMOP is the amount by which BCE will over-acquire renewable resources to hedge against the risk of underperformance. BCE plans to revise and adopt an MMOP through the IRP process and to include an estimate in its RPS procurement plan. BCE notes that existing CCAs vary in their assessment of MMOP. Some CCAs do not adopt a specific MMOP since their base power portfolio exceeds the RPS requirement. Others assess an MMOP varying from 2% to 10%. MMOP will be established through BCE power procurement and risk policies.

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Table 9 BCE Renewable Procurement 2021-2030										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Net Retail Sales (MWh)	447,854	967,474	977,294	983,744	990,237	996,773	1,036,843	1,043,687	1,050,575	1,057,509
Annual Procurement Target (MWh)	156,749	367,640	390,918	482,035	435,704	498,386	549,527	584,464	609,333	634,505
Minimum Margin of Procurement* (MWh)										
Annual L/T Procurement Target (MWh)	101,887	238,966	254,096	313,323	283,208	323,951	357,193	379,902	396,067	412,428
% of L-T Procurement Target	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Forecasted L-T Procurement (MWh)	101,887	238,966	254,096	313,323	283,208	323,951	357,193	379,902	396,067	412,428
% of L/T Procurement Forecasted	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Surplus of L-T Procurement (MWh)	0	0	0	0	0	0	0	0	0	0

*At this time BCE has not yet evaluated a minimum margin of procurement for renewable energy.

Purchased Power

Power purchased from power marketers, public agencies, generators, or utilities will be a significant source of supply during the first several years of BCE Program operation. BCE will initially contract to obtain all of its electricity from one or more third party electric providers under one or more power supply agreements, and the supplier(s) will be responsible for procuring the specified resource mix, including BCE's desired quantities of renewable energy, to provide a stable and cost-effective resource portfolio for the Program.

Renewable Resources

BCE will initially secure necessary renewable power supply from its third party electric supplier(s). BCE may supplement the renewable energy provided under the initial power supply contract(s) with direct purchases of renewable energy from renewable energy facilities or from renewable generation developed and owned by BCE. At this point in time, it is not possible to predict what projects might be proposed in response to future renewable energy solicitations administered by BCE, unsolicited proposals or discussions with other agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered 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 BCE. 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 BCE's load zone, as defined by the CAISO.

Energy Efficiency

BCE's energy efficiency goals will reflect a commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E's programs. To promote the achievement of this goal, BCE will likely complete the CPUC application process for third party administration of energy efficiency programs and use of funds collected through the existing public benefits surcharges paid by BCE customers. To the extent that BCE is successful in this application process, it will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace BCE's need for traditional electric procurement activities. Additional details related to BCE's energy efficiency plan will be developed once BCE Program phase-in is underway.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., BCE), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's

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 as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be counted for local capacity requirements. This resource plan will likely anticipate that BCE's demand response programs would partially offset its local capacity requirements.

PG&E offers several demand response programs to its customers, and BCE intends to recruit those customers that have shown a willingness to participate in utility programs into similar programs offered by BCE. BCE may also 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.

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 should be included in BCE's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. BCE may utilize experienced third-party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with BCE's policies and the state's Energy Action Plan, clean distributed generation is a component of the integrated resource plan. BCE will work to promote deployment of photovoltaic (PV) systems within BCE's service territory, with the goal of optimizing the use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. BCE also plans to implement a net energy metering program and possibly a feed-in-tariff to promote local investment in distributed generation.

There are clear environmental benefits and strong customer interest in distributed PV systems. To support such systems, BCE may provide direct financial incentives from revenues funded by customer rates to further support use of solar power or other renewable resources within the local area. With regard to BCE's prospective net energy metering program, it is anticipated that BCE will adopt a program that would allow participating customers to sell excess energy produced by customer-sited renewable generating sources to BCE. Such a program would be generally consistent with principles identified in Assembly Bill 920 ("AB 920"), which directed the CPUC to establish and implement a compensation methodology for surplus renewable generation produced by net energy metered facilities located within the service territories of California's large investor owned utilities, including PG&E. However, BCE may choose to offer enhanced compensation structures, relative to

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those implemented as a result of AB 920, as part of the direct incentives that may be established to promote distributed generation development within Butte County. To the extent that incentives offered by BCE improve project economics for its customers, it is reasonable to assume that the penetration of distributed generation within the County would increase.

Chapter 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the startup and customer phase-in period of the BCE Program and identifies the anticipated financing requirements. It includes estimates of program startup costs, including necessary expenses and capital outlays. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

BCE's cash flow analysis estimates the level of capital that will be required during the startup and phase-in period. The analysis focuses on the BCE Program's monthly costs and revenues and specifically accounts for the phased enrollment of BCE Program customers described in Chapter 5.

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
 - ✓ Grid Management and other CAISO Charges
 - ✓ Scheduling Coordination
- Exit Fees
- Staffing and Professional Services
- Data Management Costs
- Administrative Overhead
- Billing Costs
- CCA Bond and Security Deposit
- Pre-Startup Cost
- Debt Service

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 analysis assumes the customer phase-in schedule described herein, and assumes that BCE charges a standard, default electricity tariff similar in rate design as the generation rates of PG&E for each customer class, an optional 50% renewable energy tariff, and an optional 100% renewable energy tariff, both at a

premium reflective of incremental renewable power costs. More detail on BCE Program rates can be found in Chapter 8. In general, CCA generation rates are expected to be 20-30% lower than PG&E generation rates to account for the PCIA rate charged to CCA customers.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of capital required for BCE to move through the CCA startup and phase-in periods. This estimated level of 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 or other cash requirements (e.g., deposits) by BCE, along with estimates 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.

The cash flow analysis identifies funding requirements in recognition of the potential lag between revenues received and payments made during the phase-in period. The estimated financing requirements for the startup and phase-in period, including working capital needs associated with all three phases of customer enrollments, was determined to be \$3 million. This \$3M will be covered via \$600,000 cash outlay by the Member Agencies and roughly \$2.4M from financial institutions.

CCA Program Implementation Pro Forma

In addition to developing a cash flow analysis which estimates the level of working capital required to move BCE through full CCA phase-in, a summary pro forma analysis that evaluates the financial performance of the CCA program during the phase-in period is shown below. The difference between the cash flow analysis and the CCA pro forma analysis is that the pro forma 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. Cash provided by financing activities are shown in the pro forma analysis as are the payments for debt service.

The results of the pro forma analysis are shown in the following tables. In particular, the summary of CCA program startup and phase-in addresses projected BCE Program operations for the period beginning January 2021 through December 2030.⁶ BCE has also included a summary of Program reserves, which are expected to accrue over this same period of time.

⁶ Costs projected for staffing & professional services and other administrative & general relate to energy procurement, administration of energy efficiency and other local programs, generation development, customer service, marketing, accounting, finance, legal and regulatory activities necessary for program operation.

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Table 10
Butte Choice Energy
Summary of CCA Program Start-up and Phase-In

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues from Operations (\$)											
Electric Sales Revenues	\$0	\$39,752,815	\$80,574,409	\$81,192,330	\$81,993,348	\$83,359,849	\$84,135,000	\$84,912,835	\$86,074,086	\$86,734,184	\$88,048,477
Less Uncollected Accounts	\$0	\$144,906	\$312,688	\$324,520	\$329,549	\$340,677	\$353,474	\$325,173	\$330,738	\$337,394	\$344,465
Total Revenues	\$0	\$39,607,909	\$80,261,721	\$80,867,810	\$81,663,798	\$83,019,172	\$83,781,526	\$84,587,662	\$85,743,348	\$86,396,791	\$87,704,012
Cost of Operations (\$)											
Cost of Energy	\$0	\$25,881,011	\$58,661,318	\$60,971,569	\$61,920,217	\$64,274,731	\$67,163,925	\$61,557,640	\$62,608,879	\$63,851,151	\$65,227,209
<i>Operating & Administrative</i>											
Billing & Data Management	\$0	\$442,639	\$1,449,807	\$1,488,562	\$1,788,755	\$1,836,572	\$1,885,667	\$1,936,075	\$1,987,830	\$2,040,969	\$2,095,528
PG&E Fees	\$252,845	\$559,142	\$562,832	\$566,547	\$570,286	\$574,050	\$577,839	\$581,652	\$585,491	\$589,355	\$593,245
Consulting Services	\$0	\$1,037,799	\$1,411,407	\$1,439,635	\$1,468,427	\$1,497,796	\$1,527,752	\$1,558,307	\$1,589,473	\$1,621,263	\$1,653,688
Staffing	\$0	\$792,834	\$1,078,254	\$1,099,819	\$1,121,815	\$1,144,252	\$1,167,137	\$1,190,479	\$1,214,289	\$1,238,575	\$1,263,346
General & Administrative expenses	\$0	\$133,952	\$132,651	\$135,304	\$138,010	\$166,780	\$143,586	\$146,457	\$149,387	\$178,384	\$155,422
Debt Service	\$213,264	\$576,473	\$691,080	\$691,080	\$691,080	\$477,816	\$114,607	\$0	\$0	\$0	\$0
Total O&A Costs	\$466,110	\$3,542,838	\$5,326,031	\$5,420,947	\$5,778,374	\$5,697,265	\$5,416,587	\$5,412,971	\$5,526,470	\$5,668,546	\$5,761,229
Total Cost	\$466,110	\$29,423,849	\$63,987,349	\$66,392,516	\$67,698,591	\$69,971,996	\$72,580,512	\$66,970,611	\$68,135,349	\$69,519,697	\$70,988,438
CCA Program Surplus/(Deficit)	(\$466,110)	\$10,184,060	\$16,274,371	\$14,475,295	\$13,965,208	\$13,047,176	\$11,201,013	\$17,617,051	\$17,607,999	\$16,877,094	\$16,715,574
Reserve Additions											
Net Income	(\$466,110)	\$10,184,060	\$16,274,371	\$14,475,295	\$13,965,208	\$13,047,176	\$11,201,013	\$17,617,051	\$17,607,999	\$16,877,094	\$16,715,574
Cash from Financing	\$1,015,000	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Additions	\$548,890	\$12,184,060	\$16,274,371	\$14,475,295	\$13,965,208	\$13,047,176	\$11,201,013	\$17,617,051	\$17,607,999	\$16,877,094	\$16,715,574
Reserve Outlays											
Bonds and Financial Requirement	\$148,756	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Programs	\$0	\$2,699,992	\$4,948,708	\$13,684,555	\$13,535,813	\$12,229,640	\$10,224,008	\$19,423,723	\$17,225,072	\$16,421,966	\$16,232,700
Total Reserve Outlays	\$148,756	\$2,699,992	\$4,948,708	\$13,684,555	\$13,535,813	\$12,229,640	\$10,224,008	\$19,423,723	\$17,225,072	\$16,421,966	\$16,232,700
Rate Stabilization Reserve Balance	\$400,134	\$9,884,203	\$21,209,867	\$22,000,606	\$22,430,001	\$23,247,536	\$24,224,542	\$22,417,870	\$22,800,797	\$23,255,925	\$23,738,799
CCA Total Bill	\$0	\$89,677,651	\$189,219,736	\$193,439,743	\$197,964,812	\$203,181,539	\$207,937,441	\$212,831,057	\$218,247,782	\$223,307,874	\$229,171,674
PG&E Total Bill	\$0	\$91,487,577	\$192,857,713	\$197,467,435	\$202,205,336	\$207,075,442	\$212,081,917	\$217,229,063	\$222,521,331	\$227,963,324	\$233,559,801
Difference	\$0	\$1,809,926	\$3,637,977	\$4,027,692	\$4,240,524	\$3,893,904	\$4,144,476	\$4,398,006	\$4,273,549	\$4,655,450	\$4,388,127
Savings		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Table 11
Butte Choice Energy
Reserves Summary
2021 to 2030

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Reserve Additions											
Operating Reserve Contr.	\$7,484,069	\$11,325,664	\$790,740	\$429,394	\$817,535	\$977,005	(\$1,806,672)	\$382,928	\$455,128	\$482,874	\$21,338,665
Cash from Financing	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000
Total Additions	\$9,484,069	\$11,325,664	\$790,740	\$429,394	\$817,535	\$977,005	(\$1,806,672)	\$382,928	\$455,128	\$482,874	\$23,338,665
Reserves Outlays											
Start-Up Funding Payments	\$232,652	\$232,652	\$232,652	\$232,652	\$232,652	\$0	\$0	\$0	\$0	\$0	\$1,163,261
Working Capital Repayment	\$343,821	\$458,428	\$458,428	\$458,428	\$245,163	\$114,607	\$0	\$0	\$0	\$0	\$2,078,875
New Programs	\$2,699,992	\$4,948,708	\$13,684,555	\$13,535,813	\$12,229,640	\$10,224,008	\$19,423,723	\$17,225,072	\$16,421,966	\$16,232,700	\$126,626,177
Total Reserve Outlays	\$3,276,465	\$5,639,788	\$14,375,635	\$14,226,893	\$12,707,456	\$10,338,615	\$19,423,723	\$17,225,072	\$16,421,966	\$16,232,700	\$129,868,313
Rate Stabilization Reserve Balance	\$9,884,203	\$21,209,867	\$22,000,606	\$22,430,001	\$23,247,536	\$24,224,542	\$22,417,870	\$22,800,797	\$23,255,925	\$23,738,799	\$23,738,799

The surpluses achieved during the phase-in period serve to build BCE's net financial position and credit profile and to provide operating reserves for BCE in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time. In addition, financial surpluses could be used to increase renewable and GHG-free resources within BCE's resource mix.

BCE Financing

It is anticipated that one or more rounds of financing, inclusive of prospective direct term loans between BCE and its Member Agencies, will be necessary to support BCE Program implementation. Subsequent capital requirements will be self-funded from BCE's accrued financial reserves. The anticipated financing approach is described below.

CCA Program Start-up and Working Capital

As previously discussed, the anticipated start-up and working capital requirements for the BCE Program are \$3 million. This amount is dependent upon the electric load served by BCE, actual energy prices, payment terms established with the third-party supplier and program rates. This figure would be refined during the startup period as these variables become known. Once the BCE Program is up and running, these costs would be recovered from customers through retail rates.

The Member Agencies will provide \$600,000 in initial funding for start-up costs. BCE currently projects repaying this loan by 2025, subject to change based on final power prices. It is assumed that the remaining financing will be primarily secured via a short-term loan or letter of credit, which would allow BCE to draw cash as required. Requisite financing would need to be arranged no later than the fourth quarter of 2020.

Renewable Resource Project Financing

BCE may consider project financings for renewable resources, likely local wind, solar, biomass or geothermal as well as energy efficiency projects. These financings would only occur after a sustained period of successful BCE Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. BCE's ability to directly finance projects will likely require a track record of five to ten years of successful program operations demonstrating strong underlying credit to support the financing.

In the event that such financing occurs, funds would include any short-term financing for the renewable resource project development costs, and financing would likely extend over a 20- to 30-year term. The security for such bonds would be the revenue from sales to the retail customers of BCE.

Chapter 8 – Rate Setting, Program Terms and Conditions

Introduction

This chapter describes the initial policies proposed for BCE in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives and provision for due process in setting Program rates. Program rates are ultimately approved by BCE's Board. BCE would retain authority to modify program policies from time to time at its discretion.

Rate Policies

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

The primary objectives of the rate setting plan are to set rates that achieve the following:

- Rate competitive tariff option including a proportionate quantity of renewable energy meeting California's prevailing renewable energy procurement mandate
- 50 percent renewable energy supply option
- 100 percent renewable energy supply option
- Allow individual member agencies to choose the default energy supply option into which their customers will be enrolled
- Allow customers to participate in any of the three energy supply options after enrollment
- Rate stability
- Equity among customers in each tariff
- Customer understanding
- Revenue sufficiency

Each of these objectives is described below.

Rate Competitiveness

BCE's primary goal is to offer its customers competitive rates for electric services relative to the incumbent utility PG&E. As planned, the value provided by the BCE Program will also include options for a higher proportion of renewable energy and reduced GHG emissions relative to the incumbent utility, enhanced energy efficiency and customer programs, community focus, local investment and control. BCE currently plans to offer customers rates that are lower than PG&E's bundled rates. Final rates for the launch phase will be subject to final power price bids.

As previously discussed, the BCE Program will offer increased renewable energy supply to program customers, relative to the incumbent utility, by offering three distinct rate tariffs. The initial renewable energy content provided under BCE's base Tariff will meet California's prevailing renewable energy procurement mandate, and BCE will endeavor to increase this percentage on a going forward basis, subject to operational and economic constraints. BCE will also offer its customers a 50% and 100% renewable energy Tariff, which will supply participating customers with reflective renewable energy supply at rates equal to the procurement cost for those portfolios.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the standard Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

Rate Stability

BCE will offer stable rates by hedging its supply costs over multiple time horizons and by including longer-term renewable energy supplies that exhibit stable costs. BCE will attempt to maintain general rate design parity with PG&E to ensure that BCE Program rates are not drastically different from the competitive alternative.

Equity Among Customer Classes

BCE's initial rates will be set at a discount to the rates offered by PG&E, subject to final power price bids. The level of the discount will depend upon the default product chosen by the Member Agency. 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 BCE.

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 minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to the BCE Program's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (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).

Revenue Sufficiency

BCE Program rates must collect sufficient revenue from participating customers to fully fund BCE'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 costs of the BCE Program, subject to the disclosure and due process policies described later in this chapter. To ensure rate stability, funds available in BCE's rate stabilization fund may be used from time to time to augment operating revenues.

Rate Design

BCE will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures that would take effect following enrollment in the BCE Program. Currently PG&E is scheduled to move toward time-of-use rates by October 2020. BCE anticipates that rates implemented at launch may be based on the current SCE rate design and moved to TOU once BCE is fully operational. BCE will review SCE rate structure changes and finalize the BCE rate structures closer to the proposed launch date.

Custom Pricing Options

BCE may work to develop specially-tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This will allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. BCE may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

As planned, customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from BCE. 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. The objective is that BCE's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. BCE plans to pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by BCE.

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

Initial program rates will be adopted by BCE following the establishment of the first year's operating budget prior to initiating the customer notification process. Subsequently, BCE will prepare an annual budget and corresponding customer rates. Any proposed rate adjustment will be made to the Board of Directors and ample time will be given to affected customers to provide

comment on the proposed rate changes.

After proposing a rate adjustment, BCE will furnish affected customers with a notice of its intent to adjust rates. The notices may be issued via separate mail to affected customers, as part of the regular billing and/or placed on the various social media options. The notice will provide a summary of the proposed rate adjustment and will include a link to the BCE Program website where information will be posted regarding the amount of the proposed adjustment, a brief statement of the reasons for the adjustment and the mailing address of BCE to which any customer inquiries relative to the proposed adjustment, including a request by the customer to receive notice of the date, time and place of any hearing on the proposed adjustment, may be directed.

Chapter 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the BCE Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment 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 BCE Board from time to time.

By adopting this Implementation Plan, BCE will have approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. BCE retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, 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 days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. BCE will likely use its own mailing service for requisite enrollment notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying BCE using the BCE Program's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they would be transferred to the BCE Program's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two billing cycles (approximately sixty days) after BCE service commences. Opt-out requests made on or before the sixtieth day following start of BCE Program service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by BCE during the time the customer took service from the BCE Program, but will otherwise not be subject to any penalty or transfer fee from BCE.

Customers who establish new electric service accounts within the Program's service area will be automatically enrolled in the BCE Program and will have sixty days from the start of service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing BCE's privacy policy regarding customer usage information. BCE will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate.

Termination Fee

Customers that are automatically enrolled in the BCE Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation but may be subject to payment of a Termination Fee. Customers that relocate within BCE's service territory would have BCE service continued at their new address. If a customer relocating to an address within BCE's service territory elected to cancel BCE service, the Termination Fee could be applied. Program customers that move out of BCE's service territory would not be subject to the Termination Fee. If deemed applicable by BCE, PG&E would collect the Termination Fee from returning customers as part of BCE's final bill to the customer.

For illustrative purposes, BCE Termination Fees could be set at \$5 per residential account and \$25 per non-residential account. Actual fee amounts and requirements to impose Termination Fees are subject to a final determination by BCE.

If adopted, the Termination Fee would be clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could also be changed prospectively by BCE subject to applicable customer noticing requirements.

Customers electing to terminate service after the initial notification period would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Such customers would also be liable for the nominal reentry fees imposed by PG&E and would be required to remain on bundled utility service for a period of one year, as described in the utility CCA tariffs.

Customer Confidentiality

BCE will establish policies covering confidentiality of customer data that are fully compliant with the required privacy protection rules for CCA customer energy usage information, as detailed within Decision 12-08-045. BCE will maintain the confidentiality of individual customer data including service addresses, billing addresses, telephone numbers, account numbers and electricity consumption, except where reasonably necessary to conduct business of BCE or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable BCE to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. BCE will not disclose customer information for telemarketing, e-mail or direct mail solicitation. Aggregate data may be released at BCE's discretion.

Responsibility for Payment

Customers will be obligated to pay BCE Program charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, BCE will not be able to direct that electricity service be shut off for failure to pay BCE bills. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits (if any) would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to 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 would 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 cannot 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 into an escrow account.

Customer Deposits

Under certain circumstances, BCE customers may be required to post a deposit equal to the estimated charges for two months of CCA service prior to obtaining service from the BCE Program. A deposit would be required for an applicant who previously had been a customer of PG&E or BCE and whose electric service has been discontinued by PG&E or BCE during the last twelve months of that prior service arrangement as a result of bill nonpayment. Such customers may be required to reestablish credit by depositing the prescribed amount. Additionally, a customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the prescribed amount. This rule will apply regardless of whether or not service has been discontinued for such nonpayment⁷. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E.

⁷ A customer whose service is discontinued by BCE is returned to PG&E generation service.

Chapter 10 - Procurement Process

Introduction

This chapter describes BCE's initial procurement policies and the key third party service agreements by which BCE will obtain operational services for the BCE Program. By adopting this Implementation Plan, BCE will have approved the general procurement policies contained herein to be effective at Program initiation. BCE retains Authority to modify Program policies from time to time at its discretion.

Procurement Methods

BCE will enter into agreements for a variety of services needed to support program development, operation and management. It is anticipated that BCE 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 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.

BCE 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 BCE's discretion. Authority for terminating agreements will generally mirror the Authority for entering into such agreements.

Key Contracts

Electric Supply Contract

BCE will initiate service using supply contracts with one or more qualified providers to supply sufficient electric energy resources to meet BCE customer demand as well as applicable resource adequacy requirements, ancillary and other necessary services. BCE may complete additional solicitations to supplement its energy supply and/or to replace contract volumes provided under the original contract. BCE would begin such procurement sufficiently in advance of contract expiration so that the transition from the initial supply contract occurs smoothly, avoiding dependence on market conditions existing at any single point in time.

BCE will solicit the services of a certified Scheduling Coordinator to schedule loads and resources to meet BCE customer demand. BCE may designate the primary supplier to be responsible for day-to-day energy supply operations of the BCE Program and for managing the predominant supply risks for the term of the contract. The primary supplier will ensure BCE meets renewable energy

mandates as well as resource-specific mandates such as the storage requirement.⁸ Finally, the primary supplier may be responsible for ensuring BCE's compliance with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

BCE will be commencing the requisite competitive solicitation process to identify its initial energy supplier(s). BCE anticipates executing the electric supply contract for Phase 1 loads in late 2020. The contracts for Phase 2 loads will be executed shortly thereafter. Resource adequacy may be acquired prior to the rest of power supply in order to meet CPUC requirements.

Data Management Contract

A data manager will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing and 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 may be separate from the electric supply contract. It is anticipated that a single contractor will be selected to perform all of the data management functions.⁹

The data manager is responsible for the following services:

- Data exchange with PG&E
- Technical testing
- Customer information system
- Customer call center;
- Billing administration/retail settlements
- Settlement quality meter data reporting
- 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 impose significant information technology costs and take significant time to deploy. Separation of the data management contract from the energy supply contract gives BCE greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

BCE will be commencing the requisite competitive solicitation process to identify its data management services provider. It is anticipated that BCE will execute a contract for data management services by September 2020.

⁸ Assembly Bill 2514 requires LSEs to procure energy storage targets by 2020

⁹ The contractor providing data management may also be the same entity as the contractor supplying electricity for the program.

Electric Supply Procurement Process

Late in 2020, BCE plans to solicit proposals for shaped energy, renewable energy, carbon free energy and resource adequacy capacity from a highly-qualified pool of suppliers. BCE will also solicit proposals for scheduling coordinator services from a separate bidder. Contract negotiations will commence immediately following proposal evaluation. It is anticipated that selection of the final suppliers will be made by BCE in early 2021.

Chapter 11 – Contingency Plan for Program Termination

Introduction

This chapter describes the process to be followed in the case of BCE Program termination. By adopting the original Implementation Plan, BCE will have approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that BCE would terminate the BCE Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. BCE retains authority to modify program policies from time to time at its discretion.

Termination by BCE

BCE will offer services for the long term with no planned Program termination date. In the unanticipated event that BCE decides to terminate the Program, each of its Member Agencies would be required to adopt a termination ordinance or resolution and provide adequate notice to BCE consistent with the terms set forth in the JPA Agreement. Following such notice, BCE's Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that BCE affirmatively votes to proceed with JPA termination, BCE would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would 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 of notice would be provided to PG&E and the CPUC before transferring customers, and BCE would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

BCE will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would 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 reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of re-entry fees is 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. BCE will post financial security in the appropriate amount as part

of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

Appendix A – BCE Resolution to Adopt the Implementation Plan

Appendix B – BCE Joint Powers Agreement

Appendix C – Chico and Butte County Ordinances for Joining JPA
