



## Community Choice Aggregation Terms Glossary

### Key Legislation

**AB 32 – Assembly Bill 32, the Global Warming Solutions Act of 2006:** AB 32 is an environmental law in California that establishes a timetable to bring California into near compliance with the provisions of the Kyoto Protocol.

**AB 117 – Assembly Bill 117, Community Choice Aggregation Enabling Legislation:** AB 117 is the California legislation passed in 2002 that enabled community choice aggregation, authored by then Assemblywoman Carole Migden.

**SB 790 – Senate Bill 790, Charles McGlashan Community Choice Aggregation Act:** SB 790, authored by state Senator Mark Leno, was passed in 2012. This bill institutes a code of conduct, associated rules, and enforcement procedures for IOUs' regarding how they interact with CCA. This bill also clarified a CCA's equal right to participating in ratepayer-funded energy efficiency programs.

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## Terminology

**Bundled Customers:** receive both their electricity generation and distribution services from the same entity, typically the resident IOU.

**Capacity** – The amount of generation available to serve load, typically measured in megawatts (MW).

**Energy:** the amount of work that can be (or has been) performed. When electrical appliances are run to wash cloths, watch television, chill food, or create light, these are all instances of electricity performing work. Within the electric sector, the amount of electricity (or energy) that it takes to perform this work is expressed in units of kilowatt-hours (kWh) or megawatt-hours (MWh). The amount of electricity usage that appears on one's electricity bill is a common expression of energy consumption and is typically noted in units of kWh.

**Investor Owned Utility (IOU):** The incumbent energy provider. If customers opt out of CCA service, they will be provided energy by the IOU. While served by the CCA, they will continue to receive bills, as well as transmission and distribution service, from the IOU.

**Kilowatt-hour (kWh):** A unit of energy used to bill utility customers. Revenue is primarily based on sales of kWh.

**Kilowatt (kW):** A unit of power, used to quantify the rate of energy transfer. For large agricultural and commercial users, there is a demand charge based on the peak kW used over a specified time-period.

**Megawatt-hour (MWh):** One-thousand kWh

**Megawatt (MW):** One-thousand kW

**Power:** the amount of energy generated, transmitted, or consumed per unit of time. Within the electric sector, power is expressed in units of kilowatts (kW) or megawatts (MW). In this context these measurements of power are often used to describe (i) the capacity (i.e. bandwidth) of a generation facility to supply electricity to the grid, (ii) the amount of electricity a portion of the grid infrastructure can transmit, and (iii) the rate of consumption (i.e. demand) of electricity by customers.

**Resource Adequacy (RA):** To ensure load-serving entities have enough power contracted to meet peak demand, the CPUC requires retail sellers of electricity, including CCAs, to make annual and monthly filings demonstrating they have procured specified percentages of capacity commitments. There are separate requirements for system, local, and flexible RA. The RA program is established in PU Code § 380.

**Unbundled Customers:** receive their electricity generation and distribution services from separate entities. Customers of EPIC are considered unbundled customers because they purchase their electricity generation from EPIC and their electricity distribution from SCE.

## Key Acronyms

**CAISO – California Independent System Operator:** The CAISO maintains reliability and accessibility to the California transmission grid. The CAISO manages, but does not own, the transmission system and oversees grid maintenance.

**CAM – Cost Allocation Mechanism:** CAM relates to the socialized costs of capacity (i.e. power) and is a mechanism for passing through RA-related procurement costs within an IOU's service territory. In cases where there is a system or local reliability need, the Commission may authorize an IOU to procure RA on behalf of other LSEs and to recover the related capacity costs through a NBC.

**CARB – California Air Resources Board:** CARB was established by California's Legislature in 1967 to: 1) attain and maintain healthy air quality; 2) conduct research to determine the causes of and solutions to air pollution; and 3) address the issue of motor vehicles emissions.

**CCA – Community Choice Aggregation:** CCA allows cities and counties to aggregate the buying power of individual customers within a defined jurisdiction to secure alternative energy supply. As of 2020, there are more than 21 operating CCAs in the State of California.

**CEC – California Energy Commission:** The CEC is California's primary energy policy and planning agency. It has responsibility for activities that include forecasting future energy needs, promoting energy efficiency through appliance and building standards, and supporting renewable energy technologies.

**CHP – Combined Heat and Power:** CHP (also referred to as Cogeneration) is the use of a heat engine or a power station to convert waste heat (usually steam) into additional electricity. Not necessarily considered renewable energy, CHP is still encouraged by state policy and regulations because it is more energy efficient than conventional power generation systems.

**CPUC – California Public Utilities Commission:** The CPUC, also simply called the Commission, is the entity that regulates privately-owned utilities in the state of California, including electric power, telecommunications, natural gas, and water companies. The CPUC has limited jurisdiction over CCAs.

**DA – Direct Access:** DA is an option that allows eligible customers to purchase their electricity directly from competitive ESPs. There are legislatively mandated caps on DA that have gradually increased since the energy crisis. Large energy users seek the cost certainty associated with being on DA service.

**DER – Distributed Energy Resource:** Distribution-connected distributed generation resources (demand-side), such as energy efficiency, self-generation, advanced metering, energy storage, electric vehicles, and demand response technologies that may be integrated to participate as grid resources.

**DG – Distributed Generation:** DG refers to small, modular electricity sources sited at the point of electricity consumption. One example of residential distributed generation is an array of solar panels installed on a home’s roof.

**DR – Demand Response:** DR refers to intentional changes in electric usage by customers from their normal consumption patterns in response to changes in the price of electricity over time, or to incentive payments designed to induce lower electricity use.

**EE – Energy Efficiency:** EE is a way of managing and restraining the growth in energy consumption. It refers to using less energy to provide the same service. For example: In the summer, efficient windows keep the heat out so that the air conditioner runs less often which helps save electricity.

**ES – Energy Storage:** ES refers to various types of technologies that store energy to perform useful operation later. ES devices can provide various benefits to electricity suppliers, electricity customers, and the electricity grid depending upon how they are leveraged. ES devices can be located at many different levels within the electricity grid (customer-sited, generation-sited, or within the distribution or transmission grid infrastructure), and where these devices are located influences what benefits these devices can provide.

**ESP – Electricity Service Provider:** ESPs are non-utility entities that offer DA electric service to customers within the service territory of an electric utility. ESPs share various regulatory interests with CCAs because the customers of both types of entities face departing load charges through the PCIA and other non-bypassable charges.

**EV – Electric Vehicle:** EV is a general term for an electric vehicle. Within EV there are many subtypes. The two main types are Plug-in Hybrid Electric Vehicles (PHEV) and Battery Electric Vehicles (BEV). PHEV use a combination of gasoline and electricity (e.g. Plug-In Hybrid Prius and Chevy Volt). BEV use only electricity to fuel the vehicle (e.g. Tesla Model S, Tesla Roadster, and Nissan Leaf). Because EVs depend on batteries to store their energy, they can behave like ES devices as well.

**FC – Flexible Capacity:** FC is a specialized type of capacity that can respond more quickly than conventional RA (see below) resources to fluctuations in the supply and demand of electricity within the grid. Obligations to procure FC resources may soon be required for all LSEs (see below) in order to help offset increased instability within the grid due to wider-spread usage of intermittent generation resources such as solar and wind and changes in customer usage patterns.

**FFS – Franchise Fee Surcharge:** The Franchise Fee is a small percentage of gross receipts collected by PG&E to pay for the right to use public streets to run gas and electric service. In the case of MCE, a “Franchise Fee Surcharge” is added to bills to represent MCE’s share of the Franchise Fee which must be paid.

**FIT – Feed-In Tariff:** FITs are long-term, standard-offer, must-take contracts offered by electricity

retailers to small-scale renewable developers for the procurement of DG renewable energy. MCE currently offers a FIT.

**IOU – Investor Owned Utility:** IOU refers to an electric utility provider that is a private company, owned by shareholders. The three largest IOUs in California are Pacific Gas and Electric (PG&E), Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E).

**LSE – Load Serving Entity:** LSEs are a categorization term that refers to IOUs, ESPs, CCAs, and any other entity serving electricity load to end-use or wholesale customers. POUs are excluded from this categorization.

**NBC – Non-Bypassable Charge:** NBCs are line item charges that all distribution customers (both Bundled and Unbundled) must pay. Types of NBCs include transmission access charges and nuclear power plant decommissioning costs.

**NEM – Net Energy Metering:** NEM allows a customer to be credited when their renewable generation system generates more electricity than is used on site. The customer continues to pay for electricity when more electricity is used on site than the system produces.

**PCIA – Power Charge Indifference Adjustment:** The PCIA is an “exit fee” imposed on departing load that is intended to protect bundled utility customers. When customers leave bundled service to purchase electricity from an alternative supplier, such as MCE, the IOU, who had previously contracted for generation to serve these customers on a going-forward basis, is able to charge these departing customers the above market costs of that electricity (i.e. energy).

**PDP – Peak Day Pricing:** The primary demand response program offered by PG&E. Demand response programs allow customers to receive credit for reducing their electrical usage during certain high-usage periods. Continued usage during these periods can result in penalties. This program is one of the only PG&E programs unavailable to CCA customers.

**POU – Publicly Owned Utility:** POUs are locally publicly owned electric utilities that are administered by a board of publicly appointed representatives (similar to a CCA). POUs are not within the jurisdiction of the CPUC, and are thus subject to different regulation and enforcement than IOUs, CCAs, and ESPs.

**PV – Photovoltaic:** PV is solar electric generation by conversion of light into electrons. The most commonly known form of solar electric power is roof panels on homes.

**RA – Resource Adequacy:** RA refers to a statewide mandate for all LSEs to procure a certain quantity of electricity resources that will ensure the safe and reliable operation of the grid in real time. RA also provides incentives for the siting and construction of new resources needed for reliability in the future.

**RPS – Renewable Portfolio Standard:** The RPS was created in 2002 under Senate Bill 1078 with the initial requirement that 20% of electricity retail sales must be served by renewable resources by 2017. In 2015, under SB350, the program was accelerated further mandated a 50% RPS by 2030. In 2018, SB 100 was signed into law, increasing RPS to 60% by 2030 and requires all of California’s electricity to come from carbon-free resources by 2045. The CPUC implements and administers RPS compliance rules for California’s retail sellers of electricity which include investor-owned utilities (IOUs), publicly owned utilities (POUs), electric service providers (ESPs) and community choice aggregators (CCAs).

**VNEM – Virtual Net Energy Metering:** VNEM allows credit for renewable generation from a single account to be distributed to several other accounts, typically on-site. It otherwise generally functions the same as NEM.