| | |
|---|---|
| **From:** | Erika Morgan |
| **To:** | ESD Sustainability |
| **Subject:** | Questions on the CCA Feqasibility Study |
| **Date:** | Thursday, August 10, 2017 9:05:48 PM |
| **Attachments:** | SDED questions on the CoSD CCA Feas Study 08.07.17.pdf |

---

Hola, Sustainability team,

Attached please find a list of questions and confusions following my review of the Study Report. I understand that such an analysis and the report of same is a complex undertaking - I congratulate you all and your consulting team for getting it done - now the public discussion is started for real. Hooray!

Still, as I summarized today in my two minutes at SEAB, there are a number of sections of the report that described things I didn't understand. Please accept these questions in the spirit of seeking clarity for all, and use as you see fit. I do not expect any answer to this email.

Best wishes, Erika

**Erika Morgan**, *Executive Director*
**San Diego Energy District**
www.sandiegoenergydistrict.org
Facebook: San Diego Energy District
E: erika.morgan@sandiegoenergydistrict.org
C: 619-894-6707

## City of San Diego's CCA Feasibility Study

*List of Questions*

prepared by Erika Morgan, Executive Director, SDED

Caveat: The Study and particularly the methodology sections, are quite dense in places. If my question doesn't make sense, or there is an answer that I didn't understand, feel free to explain that.

1) Rate PROXIES – The Study is clear throughout that they did not do a Rate Study to estimate actual CCA rates. Rather, they created "rate proxies" by estimating the amount of revenue required from each customer class, and apportioning it to that class, to get a "proxy" for the likely rates. Yet these proxies do not account for the likely Time of Use patterns that will be required for all rate classes in 2020. **Q:** How does the use of the "rate proxies" provided compare to the rates customers will actually experience if/when actual TOU rates are in effect? CAN we use these results to predict with any confidence that savings will in fact be achieved?
2) EcoChoice – the Study uses the SDGE EcoChoice as a rate proxy for the CCE's 100% R-E rate. How does this comparison work when a) the CCE 100% product will not use any RECs, and b) its rate will be set based on vastly less shareholder- and overhead costs?
3) Smart Inverters – What would be the impact on DG's contribution to the City's load growth/ shape over the study term if "smart inverters" were required /implemented via Title 21 during/ by 2020?
4) Load Forecast vs Net Load Forecast – Figure 13 suggests that the difference between the two lines is atttributable to "organic" growth in rooftop PV and other BtM measures (e.g., increasing amounts of residential storage). If the CCA undertook more aggressive support for PV and other load-reducing measures during the initial years after launch, how would those additional projects affect the Figure 13 cost-projections?
5) Enrollment Phases (Table 6) – What would be the effect of enrolling residential customers first, rather than last?
6) Storage Levels -- The amount of customer storage assumed is said on p. 28 to be the "equivalent to annual peak load" level assumed for the Study period, while on p 43, the storage level is assumed to be **1%** of the annual peak load – please clarify which level was assumed. If **1%** was used, what would be the effect of modeling storage at higher levels, perhaps 5%?
7) Cost of Supply (p. 43) – In forecasting decreasing natural gas supply & generation costs, did the study team do any sensitivities examining the impact of a national price on carbon by/ within the 2020-2035 time frame?
8) PCIA Costs (Tables 12, 13, p. 48) – Where are PCIA costs shown in these tables –has that burden been lumped into "Power Costs"? (Table 18, p. 56) – Do the costs shown in this Table include PCIA, and if so, what assumptions were made to allocate those charges to scenarios and years?
9) Professional Services (p 59) – "Annual fees totalling approximately $550,000 per year in 2020 have been escalated at 2% per year". Please explain the nature of those fees, how these are assessed, and the basis for assuming that they continue to be needed, much less to grow, over the full 15-year period.

10) Start-up Costs (p. 69) – Please include a Table summarizing all the "large upfront investments required to establish the CCA program", drawing from the staffing costs on p. 54 and assumptions of other fees, costs, described in p 58-59.

11) Contingency Funds (p 69) – What are the assumptions used in defining the Contingency and Tate Stabilization Funds, and how are these differentiated? Is it accurate to locate the totals set aside for these purposes by subtracting a) from b) in Table 25?

12) Sensitivity Analyses (Figure 42) – Sensitivity cases 2 and 3 both project actions affecting the CCA's rates, bringing customer savings down, and therefore potentially increasing customer opt-out. What opt-out rates were assumed in these two scenarios?

13) Economic Impacts (p. 80) – Why are economic impacts (direct and indirect), and the "results in terms of..... total value-added activity within the San Diego County region" only provided for one year (2022) and not projected forward for the balance of the study term?

14) Projected Rate Savings (Tables 28, 29, p. 8283) – Why are these benefits shown only for the single year 2026? Please show the cumulative impacts of these one-year estimates, continued over the balance of the 2022-2035 term.

15) Local Investment in Renewables (Table 30, p. 84) – What aren't materials costs counted, just labor costs? PV developers must cover materials costs as well, into the total costs of their projects. What is the rationale for not counting this substantial amount of investment made to/ via local San Diego area PV companies?

16) Economic Impacts of R-E Investment (Table 31, p 86-87) – Please confirm that the modeling assumed 10 MW of PV development as the total investment; is this total to cover the entire 2022-2035 time frame?

    - What assumptions are made about CCA program investments in other areas, i.e., DSM, Storage/RA, EV's – none?
    - If DSM is assumed to be in place over this period, at what levels of investment and associated direct and indirect benefit?
    - Please spell out the savings and economic impacts of this important element of a CCA's program, for the entire study period.

17) Total Projected Economic Impacts (Table 32, p 90) – This Table again appears to address the benefits from the 10MW PV investments, labor only. To be a complete summary of Economic Benefits from the CCA Program, please also include the direct and indirect benefits from the customer savings and DSM components as well.