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Key Legislation

AB 32 - Assembly Bill 32, the Global Warming Solutions Act of 2006

AB 32 is an environmental law in California that established 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 instituted a code of conduct, associated rules, and enforcement procedures for IOUs regarding how they interact with CCAs. This bill also clarified a CCA's equal right to participating in ratepayer-funded energy efficiency programs.

SB 350 - Senate Bill 350, Clean Energy and Pollution Reduction Act of 2015

SB 350 established California's 2030 greenhouse gas reduction target of 40% below 1990 levels. It sets 2030 targets for energy efficiency and renewable electricity, along with other actions aimed at reducing emissions across the energy and transportation sectors as a step towards the 2050 goals of reducing emissions to 80% below 1990 levels.

How California's Energy System Works

CAISO - California Independent System Operator

The CAISO maintains reliability and accessibility to the California transmission grid, and is sometimes referred to as the "air traffic controller" of the grid. The CAISO manages, but does not own, the transmission system, and oversees grid maintenance.

CARB - California Air Resources Board

CARB is the State's agency 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. Today CARB is tasked with implementing the State's efforts to reduce and track the reduction of greenhouse gases (GHGs) emitted statewide, by overseeing the AB 32 Scoping Plan and managing major GHG-related programs like Cap-and-Trade and the Low Carbon Fuel Standard. CARB with guidance from the Governor and Legislature controls how revenues from these programs are spent to further the State's GHG reducing efforts.

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, railway, for-hire passenger carriers, natural gas and water companies. The CPUC has limited jurisdiction over CCAs.

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.

FERC - Federal Regulatory Energy Commission

The federal agency that regulates interstate electricity markets, transmission, and wholesale energy sales. FERC oversees regional grid operators like CAISO.

Core Terminology

Bundled & Unbundled Renewable Energy Certificates (RECs)

All renewable-based electricity generators produce two distinct products, physical electricity and renewable energy certificates (RECs). At the point of generation, both product components can be sold together or separately, as a bundled or unbundled product. In response to customer and community feedback, MCE is committed to having no more than 3% of its total energy supply represented by unbundled RECs.

Bundled Customers & Unbundled Customers

Bundled customers receive both electricity generation and delivery services from a single provider (PG&E). Unbundled customers receive electricity generation and generation services from different providers. MCE customers are unbundled because they purchase electricity generation from MCE and PG&E delivers it.

Day Ahead Market

The Day-Ahead Market is the wholesale electricity market operated by CAISO in which electricity is bought and sold one day before it is delivered. Load-serving entities, including CCAs and IOUs, submit forecasts of expected demand and schedule resources to meet that demand at prices determined through a competitive market process.

Demand Response

Programs that encourage or automatically enable customers to reduce or shift their electricity use outside of peak hours or during times of grid stress. By moving usage away from high-demand periods, DR helps maintain grid reliability, lower system costs, and reduce the need for additional generation resources.

Duck Curve

The "Duck Curve" refers to the daily pattern of electricity demand in California, where midday demand drops due to high solar generation and then rises steeply in the

evening as solar production declines and customer usage increases. This creates operational and cost challenges for grid operator (CAISO) and load-serving entities, particularly during the sharp evening ramp.

Fossil Fuels

Fossil fuels are non-renewable energy sources—primarily coal, petroleum (oil), and natural gas—formed over millions of years from the buried, decayed remains of prehistoric plants and animals. They contain high amounts of carbon and hydrogen, which release energy **and greenhouse gases** when burned to power vehicles, generate electricity, and heat homes.

Greenhouse Gas (GHG)

Gases in the atmosphere – such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) – that trap heat and contribute to climate change. Reducing GHG emissions is a central goal of California’s energy and environmental policies. MCE’s mission is to eliminate fossil-fuel greenhouse gas emissions.

Peak and Off-Peak

“Peak” refers to periods when electricity demand is highest – typically late afternoon and early evening – and electricity prices are generally more expensive. “Off-peak” refers to periods when demand is lower and electricity prices are typically less expensive. These time periods influence grid reliability, market prices, and certain customer rate structures.

Tiered Rates

A rate structure in which the retail price of electricity increases incrementally as a customer reaches certain thresholds (or ‘tiers’) of total monthly usage. In other words, at ‘Tier 1’ (up to XXX kWh/month), a customer pays \$0.0X/kWh; while at ‘Tier 2’ usage (above XXX kWh/month) a customer pays \$0.XX/kWh.

Key Acronyms

CalCCA – California Community Choice Association

CalCCA is a trade association consisting of the currently operating CCAs around the state of California. Other groups that are considering CCA or in the process of launching can join as affiliate members.

CAM – Cost Allocation Mechanism

CAM is a mechanism for passing through Resource Adequacy costs of generation resources – generally new resources brought online by an investor-owned utility (IOU) such as PG&E – to customers that do not receive generation service from the IOU. The generation facility is supposed to fulfill a system or local area reliability need.

CARE - California Alternate Rates for Energy

CARE is a program that allows low-income energy customers to receive a 30-35 percent discount on their electric and natural gas bills. Customers may be eligible for CARE if they are enrolled in public assistance programs such as Food Stamps and Temporary Assistance for Needy Families (TANF). There are no changes to the CARE discount for CCA customers.

CCA - Community Choice Aggregation

CCA refers to the statutory authority of cities and counties to procure energy on behalf of electricity customers within their jurisdictions. In other words, CCA allows cities and counties to aggregate the buying power of individual electricity customers within their borders to secure an alternative energy supply. MCE is the first operational CCA in California.

DER - Distributed Energy Resource

DER is a relatively new term that refers to a broad number of energy resource types (roof-top solar, fuel cells, energy storage, demand response, electric vehicles, energy efficiency controls, etc.) that are deployed along the distribution grid level. DERs can be controlled in aggregate to behave like localized generation resources there by increasing local grid reliability while meeting the constraints of broader grid reliability needs.

DG - Distributed Generation

DG refers to small, modular power sources sited at the point of power consumption. One example of residential distributed generation is an array of solar panels installed on a home's roof.

DR - Demand Response

DR is a way of controlling customers' electricity demand through either voluntary or obligatory programs via either manual or automated control systems. While there are many different flavors of DR designed to attain distinct types of benefits, DR is generally intended to shift electricity demand to better align with the real-time electricity supply.

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.

FERA - Family Electric Rate Assistance

FERA is a monthly bill discount program that is eligible to customers who income qualify and have three or more individuals living in their household.

Hedge Contracts

A financial agreement that locks in electricity prices to reduce exposure to market volatility. Hedge contracts help MCE manage rate stability by reducing the risk of sudden wholesale price spikes.

IOU - Investor Owned Utility

IOU refers to an electric utility provider that is a private company, owned by shareholders. The three 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 investor-owned utilities (IOUs), electric service providers (ESPs), and CCAs, all of which offer generation service in the IOU's service territory. POUs are excluded from this categorization.

NEM - Net Energy Metering

NEM is a rate category for customers with onsite energy generation (e.g. rooftop solar), in which the amount a customer pays each month is the 'net' amount between what they generate and what they use. NEM allows a customer to be credited when their renewable generation system generates more power than is used on-site. The customer continues to pay for electricity when more power is used on site than the system produces.

PCIA - Power Charge Indifference Adjustment

The PCIA is an "exit fee" that is intended to protect bundled utility customers from paying the "stranded costs" associated with the IOU previously procuring energy on behalf of the customer now being served by a CCA. When customers leave bundled service to purchase electricity from an alternative supplier, such as MCE, the IOU, which had previously contracted for wholesale energy generation to serve these customers, is able to charge these departing customers the cost of that power.

PPA - Power Purchase Agreement

This is the method through which MCE procures wholesale electricity. These agreements are signed with electric generators to ensure enough energy is purchased on behalf of MCE customers behalf.

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 load-serving entities (LSEs) to procure a certain quantity of electricity resources that will ensure the safe and reliable operation of the grid in real time, over the course of the calendar year (117%). RA also provides

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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 and most recently modified by SB (1X) 2 (2011). A RPS is a requirement that all Load-Serving Entities (LSEs) maintain a minimum percentage of renewable electricity resources within their broader generation supply portfolio. California's RPS currently requires: 60% renewable electricity by 2030 (SB 100) and 100% zero-carbon electricity by 2045.