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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company)
for Adoption of Electric Revenue Requirements and)
Rates Associated with its 2017 Energy Resource)
Recovery Account (ERRA) and Generation Non-)
Bypassable Charges Forecast and Greenhouse Gas)
Forecast Revenue and Reconciliation (U39E).)
_____)

Application No. 16-06-003
(Filed June 1, 2016)

**PROTEST OF THE LOCAL ENERGY AGGREGATION NETWORK TO
PG&E'S ENERGY RESOURCE RECOVERY ACCOUNT APPLICATION**

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July 6, 2016

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**PROTEST OF THE LOCAL ENERGY AGGREGATION NETWORK TO
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In accordance with Rule 2.6 of the Commission’s Rules of Practice and Procedure, the Local Energy Aggregation Network (“LEAN”) submits this protest to PG&E’s 2017 Energy Resource Recovery Account (“ERRA”) application.

I. INTRODUCTION

LEAN is a 501(c)(3) nonprofit incorporated in the State of California to support the development of viable Community Choice Aggregation (“CCA”) programs in California and nationwide. LEAN’s primary interests in PG&E’s ERRA forecast application are the reasonableness of PG&E’s proposed revenue requirement for CCA customers, the preservation of bundled customer “indifference,” and the calculation and application of the Power Charge Indifference Adjustment (“PCIA”). These issues are critical to examine in this proceeding because the effect of PG&E’s proposed increase to its 2017 PCIA will be to stifle cost-effective CCA programs in PG&E’s territory. Although PG&E is proposing to reduce bundled customers’ rates by approximately 3.5%, PG&E is seeking to increase the PCIA for CCA (and Direct Access) customers by 24.1%.

II. INTEREST IN THIS PROCEEDING

LEAN is a 501(c)(3) nonprofit membership organization incorporated in the State of California. LEAN's mission is to support the development of sustainable CCA programs nationwide. LEAN was incorporated in 2011 following the launch of Marin Clean Energy, the state's the first operational CCA program, in recognition that successful CCA development would require a clearinghouse of information and support. Currently, LEAN provides information and education to local jurisdictions and stakeholders with regard to CCA opportunities and challenges, advocates for fair public policy and law, and consults with local jurisdictions on CCA program design and planning processes, both pro bono and under contract.

LEAN's interest in this proceeding is to assure that PG&E's proposals are consistent with law and Commission policy, do not unreasonably harm the ability of existing Community Choice Aggregators to provide competitive services, and do not hamper the development of CCA programs in California. Because existing Community Choice Aggregators are well-represented in this proceeding, LEAN plans to emphasize the impacts of PG&E's proposals on the development of future CCA programs in California.

III. PROTEST

LEAN opposes PG&E's 2017 ERRRA forecast application on the basis that its proposed PCIA rate is excessive, anti-competitive, will unreasonably stifle the development of CCA programs in PG&E's territory, and ignores the statutory requirement to preserve bundled customer "indifference." Given the importance of PCIA issues to CCA operations, LEAN urges the Commission to provide a separate venue to assess whether the PCIA in its current form is fair and reasonable. In the meantime, LEAN asks the Commission to consider the following issues in this proceeding.

First, LEAN protests the calculation and reasonableness of PG&E's proposed revenue requirements for PCIA rate components. LEAN requests that the Commission initiate an independent audit of the reasonableness of PG&E's 2017 ERRRA forecast application revenue requirements and rate components, including review of PG&E's efforts, if any, to minimize stranded costs contributing to its over 24% PCIA increase.

Second, and particularly in the context of the independent audit requested above, LEAN encourages the Commission to consider in this proceeding a rate stabilization mechanism that can assure PG&E's bundled customers are indifferent to the effects of departing load, while mitigating the negative impacts on CCA development in California that would be occasioned by adoption of PG&E's proposed 2017 PCIA rate. It is unreasonable for the Commission to continue to rubber stamp PG&E's consecutive year double-digit increases in the PCIA, without also considering a mechanism or mechanisms CCAs and Direct Access providers can use to manage the impact of these massive yearly increases on their customers. LEAN notes that it proposed in PG&E's 2016 ERRRA forecast application that the Commission require PG&E to establish a balancing account that would permit amortization of authorized PCIA revenue requirement increases over a reasonable period and limit rate increases in any given period to 15%.¹ Given PG&E's consistent annual PCIA increases that CCA customers must endure, now is the time to consider this proposal.

Finally, LEAN protests PG&E's proposal in this proceeding to retire its billion-dollar negative indifference amount. LEAN believes that PG&E's suggestion that any negative indifference amount balance should fall to zero with the end of the last DWR contract is simply

¹ As LEAN noted last year in A.15-06-001, this mechanism is standard practice in the Commission's regulation of energy utilities, especially where the effects of a rate increase would otherwise be dramatic. The effect of PG&E's proposed 2017 PCIA rate is dramatic.

wrong and ignores the most relevant decision on this topic (D.08-09-012) in 2008. LEAN does not opine here as to the disposition of the negative indifference amount balance; rather, LEAN's concern stems from PG&E's proposal to eliminate the negative balance entirely which is inconsistent with the concept of bundled customer "indifference" as it would allow bundled customers to remain better off at the expense of departing load customers.²

IV. PROPOSED CATEGORIZATION AND NEED FOR HEARINGS

LEAN agrees that this proceeding should be categorized as ratesetting and expects that evidentiary hearings may be required to address the findings of any independent audit of PG&E's 2017 ERRA forecast application. At this time, LEAN has no objections to PG&E's proposed procedural schedule which includes time for hearings, as necessary.

V. NOTICE

Communications and correspondence regarding this proceeding should be directed to the following individual:

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VI. CONCLUSION

LEAN respectfully requests that the scope of this proceeding include, but not be limited

² See, e.g., D.08-09-012 at 10; emphasis added (“[B]undled customers should be no worse off, nor should they be any better off as a result of customers choosing alternative energy suppliers (ESP, CCA, POU or customer generation).” See also D.08-09-012 at 48 (“It is similarly necessary that negative indifference amounts be carried over for use in subsequent years to maintain bundled customer indifference.”)).

to, the issues identified in this protest.

Dated: July 6, 2016

Respectfully submitted,

/s/

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