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

Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs.	Rulemaking 18-07-005 (Filed July 12, 2018)

RESPONSE OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION TO THE ADMINSTRATIVE LAW JUDGE'S E-MAIL RULING REQUIRING RESPONSES TO THREE QUESTIONS CONCERNING ENERGY USE AND THE PERCENTAGE OF INCOME PAYMENT PLAN

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The California Community Choice Association[1] (CalCCA) respectfully submits these comments in response to the *Administrative Law Judge's E-Mail Ruling Requiring Responses to the Following Three Questions Concerning Energy Use and the Percentage of Income Payment Plan* (ALJ Ruling) issued December 7, 2020.

I. INTRODUCTION

CalCCA represents the interests of operating community choice aggregators (CCAs) and additional affiliated cities and counties interested in exploring the opportunities of community choice energy. CalCCA's members strongly support this proceeding's aim to reduce the number of customers experiencing disconnection after nonpayment. CalCCA supported the implementation of a Percentage of Income Payment Plan (PIPP) pilot in its January 8, 2021

[1] California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

response to the first PIPP Ruling in the PIPP phase of this proceeding. Subsequently, the ALJ Ruling on energy use was issued, asking three questions that explore the application of an energy usage cap and the PIPP's potential impact on energy usage. CalCCA offers in these comments responses to the three questions posed in the ALJ Ruling. CalCCA recommends the following:

1 The Commission should implement the PIPP as a bill credit;

2 The Commission should require PIPP outreach materials to include information about the Energy Savings Assistance (ESA) program and Low Income Home Energy Assistance Program (LIHEAP) Weatherization program;

3 The pilot program should test the concept of an energy usage cap by applying a maximum PIPP bill credit to an experimental group of customers; and

4 The maximum PIPP bill credit should be developed by using the results of the Essential Usage Study and account for the different climate zones in California.

II. RESPONSES TO QUESTIONS

1. Will decoupling bills from energy use impact energy conservation and energy efficiency programs? Responses should be detailed and include as much information as possible.

CalCCA recommends that the Commission use the results of the PIPP pilot to determine if a customer's energy use increases once they are enrolled in the PIPP. At this stage in the proceeding, there is no evidence indicating that the PIPP would negatively affect energy conservation or hinder the achievement of California's energy efficiency goals.

However, to determine whether an energy usage cap for customers enrolled in the PIPP is needed, the PIPP pilot needs to test a control group (without an energy usage cap) and an experimental group (with an energy usage cap in the form of a maximum bill credit). CalCCA's response to Question #2 describes how this maximum bill credit could function. The results of such a pilot would allow stakeholders and the Commission to determine, through the examination of real data, whether decoupling bills from energy use impacts energy usage patterns.

2. Should there be an energy usage cap associated with any customer enrolled in the PIPP? Responses should be detailed and include as much information as possible.

For customers enrolled in the PIPP, the Commission should implement a PIPP bill credit for energy usage up to a certain dollar value, instead of a physical "energy usage cap" on the amount of electricity that a customer can use. Capping actual energy usage would be unlawful, counterproductive, and confusing for customers. Instead, the Commission should cap the maximum PIPP benefit (i.e., the bill credit that is applied to customers enrolled in the PIPP), similar to how the Arrearage Management Program caps the total arrears that can be forgiven at $8,000.

Under the PIPP, a customer pays a monthly bill that is a percentage of their yearly income divided by 12. The Utility Reform Network (TURN) and other parties have recommended that the percentages of income applied to customers on the PIPP be implemented as "a bill cap and not a replacement rate."[2] This would solve the problem that concerns the Public Advocates Office (PAO) and the National Consumer Law Center and the Center for Accessible Technology (NCLC & CforAT): the PIPP, if not implemented as a bill cap, could result in customers paying more for their energy than they would need to if they were paying their regular monthly bill (calculated based on the customer's usage and rate class).[3] The most straightforward way to put into effect the PIPP is to apply the financial benefit of being enrolled in the PIPP as a credit on

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[2] TURN January 8, 2020 Opening Comments, at 3. See additionally, CCSF January 8, 2020 Opening Comments, at 3.

[3] PAO January 8, 2020 Opening Comments, at 2 and NCLC & CforAT January 8, 2020 Opening Comments, at 5.

customer's bills. The customer's monthly bill would be calculated the same way it was before they enrolled in the PIPP. If their monthly bill is under their bill cap amount (based on a percentage of their income), then they pay that bill. If it is over the bill cap amount, then the customer receives a bill credit that appears on their bill as their "PIPP benefit."

Furthermore, a maximum possible credit for this "PIPP benefit" should be adopted. For example, if a customer enrolled in the PIPP uses an amount of energy that results in their energy bill being four times the amount of their bill cap, they should not be credited the entire amount above their bill cap. Instead, the Commission should adopt a maximum PIPP benefit. The maximum PIPP benefit would be applied to the customer's bill and the customer would be responsible for paying for the costs of all usage in excess of their maximum PIPP benefit (see Table 1). This effectively caps the amount of energy usage to which the PIPP benefit could be applied.

Additionally, CalCCA recommends that the Commission move away from using the term "energy usage cap" and instead use the term "maximum PIPP benefit" to prevent confusion between the two caps being discussed in the proceeding: the "bill cap" and the "energy usage cap." The bill cap is calculated based on the customer's percentage of income. If a customer's bill ends up being larger than the bill cap, then the PIPP benefit (i.e., the bill credit) is applied. The maximum PIPP benefit functions as an "energy usage cap" on the amount of usage to which the PIPP benefit is applied but it is not an actual physical energy usage cap.

Table 1: Sample application of Maximum PIPP Benefit

Annual Household Income (4-person household)	$53,000	
Applicable Bill Cap	4% of annual income ($2,120)	
Monthly Bill Cap	$176.67	
Maximum PIPP Benefit (illustrative)	15% more than Monthly Bill Cap = $203.16	
Usage Scenario 1 (low)	**Usage Scenario 2 (high)**	
Monthly bill total (usage * rate): $98	Monthly bill total (usage * rate): $245	
Customer Pays $98	Customer Pays: $176.67 (Monthly Bill Cap) + $41.84 (billed amount above their Maximum PIPP Benefit: $245 - $203.16) = $218.51	

Finally, CalCCA recommends that all customers that are enrolled in the PIPP be strongly encouraged to apply to participate in the ESA and the LIHEAP Weatherization service when they are enrolled in the PIPP because low-income customers are likely to make sacrifices by forgoing heating or cooling due to high energy costs. All PIPP marketing and outreach materials should clearly advertise the ESA and LIHEAP Weatherization programs and enrollment requirements. CalCCA also suggests that call service representatives and/or CBO partners should walk PIPP eligible customers through the application process, including providing technical assistance if needed. CBO partners that work directly with low-income customers could support designing scripts to describe the PIPP, ESA, and LIHEAP programs. By encouraging joint participation in existing energy efficiency services and the PIPP, the Commission can help advance the energy efficiency of low-income households and contribute to the comfort of low-income customers. CalCCA understands that this is one of many strategies for addressing affordability.

3. If there is an energy usage cap associated with the PIPP how should this be determined and what should the cap be? Responses should be detailed and include as much information as possible.

As was mentioned in response to Question 2, a physical energy usage cap should not be adopted. Instead, a maximum PIPP benefit should be developed and adopted. If a customer's energy usage results in a bill that is above their percentage of income bill cap, then a bill credit should be applied to their bill up to a yet-to-be determined maximum. To determine what the maximum PIPP bill credit should be, the Commission should use the results of the Essential Usage Study that is being carried out in A.19-11-019 to inform how much energy usage is essential. This quantity can then be used to calculate the maximum PIPP credit. D.20-09-021 approved the plan for the Essential Usage Study that is being conducted jointly by the investor-owned electric utilities and the draft report and web tool are expected to be completed by October 2021.[4] The web tool and draft report should be discussed as part of the PIPP Working Group and be used to develop the maximum PIPP bill credit.

If for any reason the Essential Usage Study is delayed and development of the PIPP must move forward, then CalCCA recommends that the Commission use the baseline electricity quantities that are currently in place until the Essential Usage Study results are made available. Because there are different baseline quantities in cool, hot, and warm climate areas across California, the maximum PIPP benefit should be set relative to

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[4] D. 20-09-021, at 8.

the different baselines in each baseline territory. The maximum PIPP benefit should also allow for a certain amount of energy use above the current baselines (including medical baseline) to account for the fact that many low-income households have multiple residents living in a single household and may have inefficient appliances.

Furthermore, the Commission should adopt a process to revisit the maximum PIPP benefit. After each investor-owned utility files its annual consolidated revenue requirement and rate change advice letter (e.g., after PG&E's Annual Electric True-Up Advice Letter is filed), the Commission should review the maximum PIPP benefit amount and update it based on the upcoming rate increases. This is essential because rate increases will affect the amount of electricity or gas a customer can consume before reaching their maximum PIPP benefit. Similarly, customers should be able to move to a different bill cap bracket, if they experience a change in income.

III. CONCLUSION

CalCCA appreciates the Commission's consideration of this response and looks forward to continuing to work with the Commission and other stakeholders on the critical issues addressed herein.

Respectfully submitted,

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California Community Choice Association

Dated: February 5, 2021