California Public Utilities Commission
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CPUC ENSURES CHANGING ELECTRIC MARKET IS EQUITABLE FOR CUSTOMERS

SAN FRANCISCO, October 11, 2018 - The California Public Utilities Commission (CPUC), in its ongoing efforts to address the state's changing electric markets in a way that continues to ensure reliable, clean, and affordable electricity for customers and equitable treatment for all market participants, today revised the fee that Community Choice Aggregation (CCA) and Direct Access customers pay.

The CPUC adopted a decision by Commissioner Carla J. Peterman that ensures that customers who remain with an investor-owned utility, such as Pacific Gas and Electric Company (PG&E), Southern California Edison, or San Diego Gas & Electric (SDG&E), are not required to pay costs the utility incurred on behalf of customers who left the utility to become customers of a CCA or Direct Access provider—and that departing customers do not take on costs that were not incurred on their behalf.

The fee that was revised is called the Power Charge Indifference Adjustment (PCIA). The fee is comprised of financial obligations the utilities made on behalf of customers to build power plants and, more commonly, enter into long-term power purchase contracts with independent power producers.

"We are updating the PCIA formula now because everyone agrees it is broken," said Commissioner Peterman. "I support the creation of alternative electric providers to expand customer choice, and our legal obligation is to make sure this happens without increased costs to customers who do not, or cannot, join a CCA. Today's proposal ensures a more level playing field between customers."

Bill impacts will vary depending on customer class, service provider, energy usage, the energy markets, and a utility's resources. Evaluating CCA residential customers departing in 2018, there is an estimated 1.68 percent increase in bills of residential CCA customers over 2018 bills as a result of today's decision in PG&E's territory; in Edison's territory, that figure is 2.50 percent; and in SDG&E's territory, that number is 5.24 percent. Any rate increases for one group of customers will be offset by rate decreases for other sets of customers.

"The CPUC has spent more than a year collecting testimony through multiple hearings and filed testimony to establish the most accurate formula to comply with the statutory requirement that there should be no shifting of costs between customers of CCAs and customers of the utilities," said Commissioner Peterman. "Our decision is about what customers of the utilities pay. Changing the PCIA formula means costs go up for some customers and down for others. It does not change utility profits."

Said Commissioner Liane M. Randolph, "Determining the PCIA methodology involves looking at both facts and policy. In the end, the CPUC has voted for a methodology that is fair to all customers, is based on the facts, and properly allocates the costs for all resources providing electricity service to Californians."

"We are in a critical transition in balancing a more competitive environment for buying energy for customers," said Commissioner Martha Guzman Aceves. "This decision will allow the Community Choice Aggregators to move forward without harming customers that are left with the utility. I look forward to seeing local governments through their CCAs get more involved in CPUC energy issues by bringing innovative, diverse, and representative voices to our decision-making process."

The proposal voted on is available at:
http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M232/K140/232140817.PDF.

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