STATE CAPITOL
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California Legislature

August 31, 2018

President Michael Picker
Commissioner Carla J. Peterman
Commissioner Liane M. Randolph
Commissioner Martha Guzman Aceves
Commissioner Clifford Rechtschaffen

RE: California Public Utilities Commission Proposed Decision and Alternate Proposed Decision on the Power Charge Indifference Adjustment

Dear President Picker and Commissioners:

We write to strongly urge you to adopt the recently issued Proposed Decision (PD) issued August 1, 2018 regarding the Power Charge Indifference Adjustment (PCIA) and express our concerns with the Alternate Proposed Decision (APD).

California has been a leader in climate change and continues to seek solutions to improve and protect the environment. However, there is still more to do. Our state has adopted ambitious climate goals, and Community Choice Aggregators (CCAs) embody the voluntary actions local communities are taking to reduce greenhouse gas (GHG) emissions as quickly as possible. According to a new study[1] by UCLA's Luskin Center for Innovation, the growing number of CCAs in California are not only delivering a higher percentage of renewable energy than the Investor Owned Utilities (IOUs), they are also causing the share of the IOUs renewable energy to rise. This is helping the state to achieve its 2030 Renewables Portfolio Standard (RPS) targets about ten years in advance.

The California State Legislature has consistently affirmed policies to require fairness and equity for both the Investor Owned Utilities and CCAs. The PD strikes such balance by maintaining policies that encourage the IOUs to prudently manage their existing resources, which will benefit all ratepayers. Under the PD, CCAs will continue to grow and develop innovative local energy programs that benefit the energy sector broadly and IOUs will be incentivized to improve their portfolio management practices.

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[1] http://innovation.luskin.ucla.edu/sites/default/files/CCAs%20and%20the%20Grid_0.pdf

In contrast, the APD rewards IOUs portfolio mismanagement of resources by disproportionately shifting costs to CCA customers in a manner that is contrary to statute. The cost shifts to CCA customers introduced by the APD would significantly jeopardize CCAs' ability to invest in long term renewable resources and customer programs, thus hindering the efforts of local governments across California from achieving their sustainability and GHG goals. For these reasons, we believe the APD does not reflect the Legislative intent of fairness and equity and would instead introduce unnecessary customer rate volatility and impede progress towards achievement of the state's climate goals.

The Commission engaged in a year-long evidence-based process that yielded a result in the PD that, albeit imperfect, balances the interests of all stakeholders. We strongly urge the Commission to adopt the PD in order to ensure stability in California's energy market and to reflect the Legislature's directives fostering CCAs.

Sincerely,

Jim Beall

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