Local Government
SUSTAINABLE ENERGY
Coalition

P.O. Box 3629 · Oakland · California · 94609
510/459-0667 · www.lgsec.org

December 14, 2015

The Honorable President Michael Picker
The Honorable Commissioner Mike Florio
The Honorable Commissioner Catherine Sandoval
The Honorable Commissioner Carla Peterman
The Honorable Commissioner Liane Randolph
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

RE: The Power Charge Indifference Adjustment Proposed Increase and Proposed Decision in A.15-06-001, PG&E's 2016 ERRA Proceeding

Dear President Picker and Commissioners:

The Local Government Sustainable Energy Coalition (LGSEC) [1] writes today to express concern about PG&E's proposed increase in the Power Charge Indifference Adjustment (PCIA) charged to Community Choice Aggregation (CCA) customers. The LGSEC is not a party to this proceeding, however we are concerned about the ramifications of the potential PCIA increase. Among the LGSEC's membership are current CCAs, CCAs that are about to launch, and many communities that are studying CCA on behalf of residents and businesses. We believe the proposed PCIA increase will profoundly affect the viability of CCA programs operating currently and those under consideration. Operating CCAs and their customers have led the state in achieving Governor Brown's ambitious renewable energy goals. LGSEC members are committed to reducing greenhouse gas emissions and supporting local energy resource projects through CCA, among other strategies.

The LGSEC's concerns about the proposed PCIA include:

Lack of transparency. The PCIA is developed based on numbers developed by the investor-owned utilities (IOUs), with little opportunity for parties to examine and understand. The Commission must be aware that there is an incentive for the IOUs to increase contract exit costs and load these costs unfairly on CCAs. No additional charge should be applied to CCA customers until the validity of the calculation and appropriateness of the process is openly

[1] Across California, cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities are members of the LGSEC. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC's Board.

confirmed. The analysis should also determine if IOUs have changed their own power procurement terms in order to assign added PCIA costs to CCAs.

Extreme Increase. As noted by Commissioner Florio at the December 3 business meeting, the proposed increase doubles the PCIA. This proposed increase is extreme and if the Commission finds it justified (which the LGSEC would strongly oppose) it should be phased in to avoid disruption of CCA programs. CCA programs as currently designed and under consideration are well-positioned to advance California's climate goals. Added new costs would be very disruptive.

Legitimacy of Potential Exit Fees. The Commission should determine if CCAs are being loaded with exit fees otherwise applicable to direct access customers. There are a number of exit fees under consideration in this proceeding. The Commission should be clear that (1) the fees are justifiable and are not enhancing the monopolistic power exercised by the IOUs, and (2) the fees are fairly assessed.

The LGSEC supports the recommendation in the Proposed Decision to explore other ways for the utilities to recover costs sufficient to maintain their grids. We suggest that the Commission consider this in the context of other policy proceedings that are looking at integrated management of energy resources. The Commission may also need to work with the Legislature to identify options for funding a safe electricity grid while realizing the benefits that CCA can provide in terms of local reliability, lower electricity prices, and cleaner energy.

We respectfully urge the Commission reject PG&E's proposed increase to the PCIA and consider alternatives that will mitigate the impacts of proposed rate increases on CCA customers and prospective CCA customers. We also support the CPUC's re-examination of how the PCIA is calculated and applied to CCA customers.

Sincerely,

Jody London

Jody London
Director