FOR IMMEDIATE RELEASE: April 2, 2018

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California Community Choice Association Proposes Bold Reform of the CPUC's Exit Fee

SAN FRANCISCO, April 2, 2018 – In testimony filed today at the California Public Utilities Commission (CPUC), the California Community Choice Association (CalCCA) unveiled transformative strategies to reduce electricity costs and support the transition to a new vision for California's competitive retail energy market.

"The Community Choice Aggregators (CCAs) have been waiting for the opportunities presented in this rulemaking to comprehensively address the equitable sharing of utility power costs among customers of the utilities, CCAs and Electric Service Providers." said Beth Vaughan, Executive Director of CalCCA. "As more communities embrace the opportunity to achieve their climate and economic goals through the purchase and development of power, concern has grown about the lack of transparency and predictability of the Power Charge Indifference Adjustment (PCIA)."

The PCIA methodology calculates net unavoidable power procurement costs attributable to the customer that departs utility service. Debate has raged for years regarding perceived "cost shifts" between bundled customers and departing load (CCAs and Direct Access) customers and how to fairly allocate stranded costs.

Using the 2018 PCIA market price benchmark as a measure, the combined cost of PG&E and SCE's portfolios over the next twelve years is estimated to be a staggering $28 billion above market. That's bad news for all customers.

What's the answer? CalCCA presents a package of solutions designed to reduce stranded costs for the benefit of all customers, along with proposed modifications to the current PCIA market benchmark to more accurately value the utility's portfolio. More than $2 billion in cost reductions can be achieved for all customers through securitization of utility owned generation, power purchase agreement buydown and portfolio optimization. Combining these benefits with the modifications to the PCIA benchmark would have reduced the portion of the 2018 PCIA-eligible portfolio treated as "stranded" costs by roughly $1.7 billion for PG&E and $908 million for SCE, resulting in a more equitable sharing of utility power costs among customers.

CalCCA's proposals are guided by the following key principles:

1. Minimize costs borne by all customers;
2. Protect customers from rate shock through predictable and stable rates;
3. Ensure transparency in the solution to allocate cost responsibility;
4. Accurately reflect long-term and short-term value streams in PCIA-eligible portfolios;
5. Encourage prudent IOU resource procurement and portfolio management;
6. On a voluntary basis, provide access to the resources in the utilities' portfolios; and
7. Enable California to continue its progress toward achieving its environmental and climate goals.

CalCCA looks forward to the opportunity to elaborate on these ideas at the procedural hearing scheduled next month at the CPUC.

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About CalCCA: CalCCA represents the interests of California's community choice electricity providers in the legislature and at the state regulatory agencies. Community Choice Aggregation is a model that allows for communities to join together to purchase electricity on behalf of their community members. CalCCA member programs have a track record of delivering savings on customers' electric bills while providing clean power to the grid.