

# A Perspective on PCIA from Northern California

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# Outline

Impact of PCIA on SCP Residential Customers

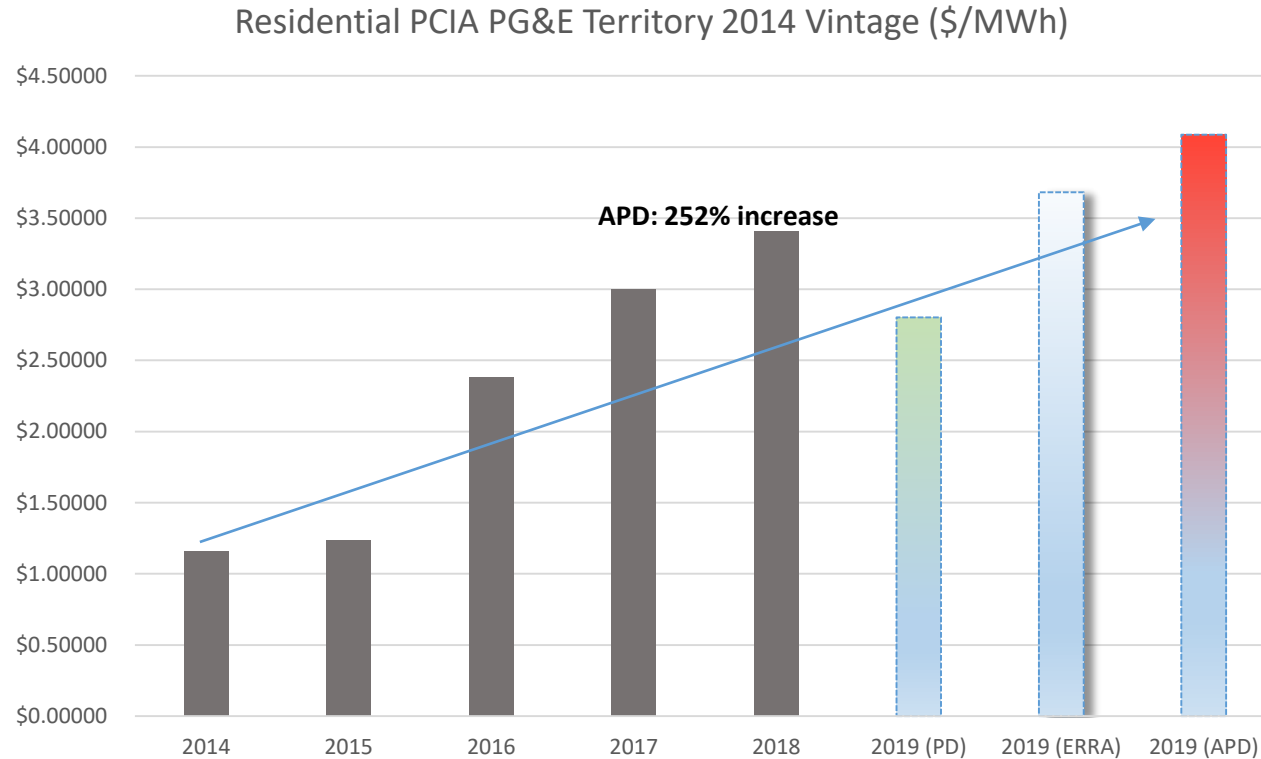
What the customer sees

RPS Procurement Prices

Protecting Customers



# PCIA Impact on Residential Customers Since Launch




- **2018 PCIA was 194% higher** than when SCP launched (\$3.41/MWh vs \$1.16)
- 2019 PCIA would range from: 142% higher under PD (\$2.803) to 217% higher in business-as-usual case, to **252% higher under APD (\$4.087)**
- Removing ten-year-limit on cost recovery means all customers will pay above-market costs for unlimited time period



# What the Customer Sees

Residential Electric Rate Comparison, E-1\*

		<b>PG&amp;E Solar Choice</b>	<b>Sonoma Clean Power</b>	
			<b>CleanStart</b>	<b>EverGreen</b>
Generation Rate (\$/kWh)	\$0.10780	\$0.09436	\$0.06948	\$0.09448
PG&E Delivery Rate (\$/kWh)	\$0.14275	\$0.14275	\$0.14275	\$0.14275
PG&E PCIA/FF (\$/kWh)	N/A	\$0.03346	\$0.03401	\$0.03401
Total Electricity Cost (\$/kWh)	\$0.25055	\$0.27057	\$0.24624	\$0.27124
Average Monthly Bill (\$)	\$125.58	\$135.62	\$123.42	\$135.96

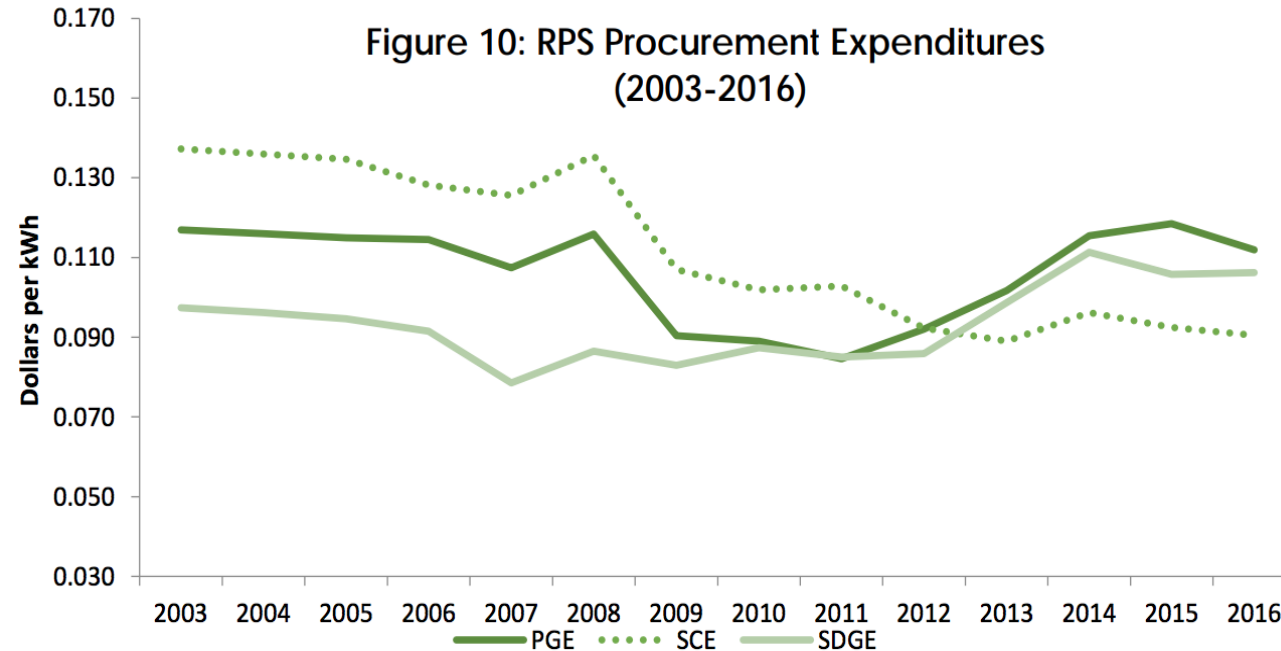
- PD: PG&E Bundled Rates fall to \$0.1009 (6% decrease)
- APD: PG&E Bundled Rates fall additional 10% to \$0.09047 (16% decrease)
- Rate decreases are good, but this compresses head room
- Combined with \$0.04087 PCIA produces headroom of \$0.04960; CCAs must offer residential rates below this to remain competitive



SCP – PG&E Joint Rate Comparisons, Current as of July 2018, available online at:

[https://www.pge.com/pge\\_global/common/pdfs/customer-service/other-services/alternative-energy-providers/community-choice-aggregation/scp\\_rateclasscomparison.pdf](https://www.pge.com/pge_global/common/pdfs/customer-service/other-services/alternative-energy-providers/community-choice-aggregation/scp_rateclasscomparison.pdf)

# Examining the Narrative of Falling Costs



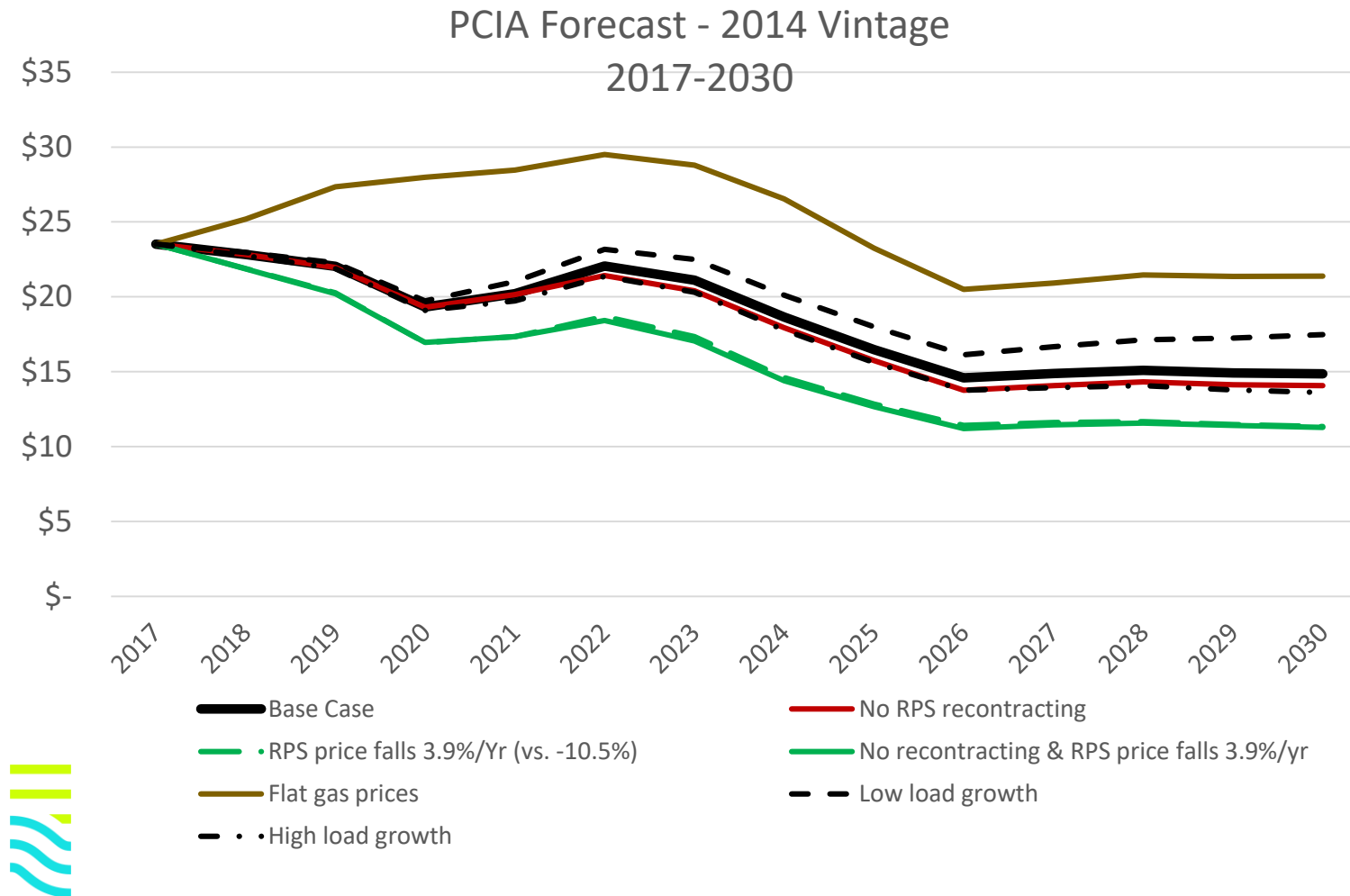
Data Source: IOU RPS Weighted Average RPS Procurement Expenditures, submitted 2016

- PG&E and SDG&E's average RPS cost per MWh increased since 2011
- SCE appears to be only utility to capture falling RPS costs, with average cost per MWh declining since 2003
- Most recently available RPS costs range from ~ \$90 to \$110/MWh



CPUC Annual Report to the Legislature on RPS Progress, submitted November 2017 and available online at:  
[http://www.cpuc.ca.gov/uploadedFiles/CPUC\\_Website/Content/Utilities\\_and\\_Industries/Energy/Reports\\_and\\_White\\_Papers/Nov%202017%20-%20RPS%20Annual%20Report.pdf](http://www.cpuc.ca.gov/uploadedFiles/CPUC_Website/Content/Utilities_and_Industries/Energy/Reports_and_White_Papers/Nov%202017%20-%20RPS%20Annual%20Report.pdf)

# Protecting Customers from the semi-known Unknown



- Downward trend to plateau, driven by Diablo Canyon
- High sensitivity to NG prices & heat rate
- One scenario shows a potential for increasing PCIA rates to 2022—continued low gas prices at today’s cost and renewable PPA prices continuing to fall at 10% a year, but even then the PCIA peaks and falls.
- Low PCIA doesn’t mean a free lunch, but it does allow more control over costs



# PCIA Structure Drives CCA Business Model: What Kind of CCA Does the Commission Want?

Scenario	CCA Portfolio	Term?	Programs?	Benefits?
Proposed Decision	Primarily PCC1	Primarily Long-term	Innovative, aimed at market development	Customers
Current PCIA	PCC1 & PCC2 blend	Many Long-term	Dependent on Board	Mixed
Alternate PD	Unspecified, maximum PCC3	Short-term, compliance minimum	None	Shareholders

Alternate PD would force CCAs to act like public DA

- No programs, no GHG/RPS leadership, portfolio maximizing unspecified energy, RECs, and PNW hydro

Removing 10-year limit would grant limitless recovery period to shareholders at expense of all ratepayers

- DACs disproportionately impacted by extending life of UOG facilities, many of which are in DAC communities



Alternate PD would punish existing CCAs with long-term contracts – especially for PCC1 renewables - and those who invest in programs

Proposed Decision provides financial incentive for utilities to minimize costs and is most likely to produce savings for all ratepayers

# Gracias

