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Press Contact: Leora Broydo Vestel
(415) 999-4757 | leora@cal-cca.org

California CCAs Seek Rehearing of CPUC's Inequitable 'Exit Fee' Decision

Decision thwarts competition by shifting avoidable costs to community choice customers

Concord, Calif. – The California Community Choice Association (CalCCA) and two of the state's community choice aggregators, CleanPowerSF and Solana Energy Alliance, filed an application for rehearing today with the California Public Utilities Commission in response to the CPUC's October 11 decision to revise the Power Charge Indifference Adjustment (PCIA).

The PCIA is an "exit fee" charged by the state's investor-owned utilities (IOUs) to community choice aggregation (CCA) and other departing load customers to compensate for electricity generation built or contracted in the past at prices that are now above-market. The CPUC's decision is expected to result in a sharp increase in PCIA rates for CCA customers and may make it uneconomic for new CCAs to launch.

"The PCIA decision fails to ensure equitable treatment of all market participants in California," said Beth Vaughan, executive director of CalCCA. "It favors incumbent utilities by shifting costs, including recovery of shareholder returns, from IOU bundled customers to CCA customers."

In the application, the CCA parties request that the Commission correct a number of legal errors in the PCIA decision that run afoul of the California Public Utilities Code, California Code of Civil Procedure, as well as other statutes. The errors include:

- Failing to exclude the costs of utility-owned generation (UOG) in the PCIA imposed on CCA departing load customers
- Failing to reduce the net PCIA portfolio costs of the IOUs by the value of any benefits that remain with bundled service customers
- Failing to exclude from the PCIA portfolio costs that are not "unavoidable" or "attributable to" departing load customers

The parties are seeking expedited review of the application on the basis that the decision will in some cases result in PCIA rates that prevent CCAs from serving their customers at the same total generation rates that an IOU can charge its customers. The PCIA rates may also cause CCAs to suspend or cancel the launch of service to new customers.

There are 19 CCA programs serving approximately 8 million customers in California. The higher PCIA rates will have local as well as statewide impacts, particularly when it comes to energy decarbonization. CCAs have signed long-term contracts with new renewable energy facilities totaling more than 2,000 megawatts, and they serve their customers with electricity that is cost-competitive, and in many cases greener, with the supplies of investor-owned utilities.

As UCLA's Luskin Center for Innovation notes in a 2018 study, "the rise of CCAs has had both direct and indirect positive effects on overall renewable energy consumed in California, leading the state to meet its 2030 RPS targets approximately ten years in advance."

The precise effects of the new PCIA on 2019 rates will ultimately depend on the outcome of Energy Resource Recovery Account proceedings that are now underway at the CPUC. ERRA proceedings are where the PCIA methodology is combined with an IOU's actual cost and contract data to calculate the PCIA that will go into effect at the beginning of each year (January 1).

CalCCA is preparing for Phase 2 of the PCIA proceeding and remains undeterred in its efforts to support a new PCIA that lowers costs for all consumers and fosters a competitive environment that offers communities more energy options.

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About CalCCA: The California Community Choice Association supports the development and long-term sustainability of locally-run Community Choice Aggregation (CCA) electricity providers in California. CalCCA is the authoritative, unified voice of local CCAs, offering expertise on local energy issues while promoting fair competition, consumer choice and cost allocation and recognizing the social and economic benefits of localized energy authorities.

For more information visit www.cal-cca.org.