



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking to Advance
Demand Flexibility Through Electric Rates.

R.22-07-005

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S REPLY BRIEF

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SUMMARY OF RECOMMENDATIONS

California Community Choice Association recommends that the California Public Utilities Commission:

- Reject proposals by The Utility Reform Network, National Resources Defense Council, and Coalition of California Utility Employees to include the Power Charge Indifference Adjustment (PCIA) in the costs to be collected through the income-graduated fixed charge (IGFC) because the PCIA is a charge that incorporates both fixed and variable costs and including it in the IGFC would be administratively burdensome and unnecessary.

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Pursuant to Rule 13.12 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure,¹ Assigned Commissioner's Phase 1 Scoping Memo and Ruling,² Administrative Law Judge's Ruling Addressing the Track A Procedural Schedule, Opening Briefs Guidance, and Exhibits³ (Ruling) and Email Ruling Clarifying ALJ Ruling on Track A Briefs, Opening Briefs, and Exhibits,⁴ California Community Choice Association⁵ (CalCCA) submits this reply brief.

I. INTRODUCTION

This Reply Brief focuses on the contested issue of whether the Commission should include the Power Charge Indifference Adjustment (PCIA) among the costs recovered through

¹ *State of California Public Utilities Commission, Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1* (May 2021): <https://webproda.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/rules-of-practice-and-procedure-may-2021.pdf>.

² Rulemaking (R.) 22-07-005, *Assigned Commissioner's Phase 1 Scoping Memo and Ruling* (Nov. 2, 2022): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M498/K072/498072273.PDF>.

³ R.22-07-005, *Administrative Law Judge's Ruling Addressing the Track A Procedural Schedule, Opening Briefs Guidance, and Exhibits*: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M517/K847/517847523.PDF>.

⁴ R.22-07-005, *Email Ruling Clarifying ALJ Ruling on Track A Briefs, Opening Briefs, and Exhibits* (Aug.24, 2023): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M518/K155/518155583.PDF>.

⁵ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

the income-graduated fixed charge (IGFC) required by Assembly Bill 205 (Stats. 2022, ch. 61).⁶ Despite CalCCA’s continued explanation and arguments as to why the PCIA should not be included in the costs recovered through the IGFC, The Utility Reform Network (TURN), the National Resources Defense Council (NRDC), and the Coalition of California Utility Employees (CUE) continue to propose it in Opening Briefs.⁷ These parties have provided no evidence or logical counter-arguments in favor of collecting the PCIA through the IGFC to rebut CalCCA’s arguments. Therefore, the Commission should reject party proposals to include the PCIA among the costs collected through the IGFC.

II. THE COMMISSION SHOULD REJECT TURN/NRDC AND CUE’S PROPOSALS TO INCLUDE THE PCIA AMONG THE COSTS COLLECTED THROUGH THE IGFC

The Commission should reject TURN/NRDC and CUE’s proposals to include the PCIA among the costs collected through the IGFC because parties have not provided sufficient evidence to rationalize the administrative burden resulting from this cost recovery. Both TURN/NRDC and CUE included the PCIA in lists of costs for investor-owned utilities (IOU) to recover through the IGFC.⁸ In Opening Briefs, CUE only claims that the PCIA should be collected through the IGFC because the PCIA costs do not vary by the volume of energy. TURN/NRDC do not include any reasoning beyond arguments included in their Reply Brief on Statutory Interpretation of AB 205, which characterizes the PCIA as eligible for inclusion in the IGFC because individual customer usage does not impact PCIA costs.⁹ CalCCA has already addressed the inaccurate statement that the PCIA costs are not all volumetric in both its Opening Brief and Concurrent Reply Testimony, which explains that the PCIA collects both fixed and

⁶ Assembly Bill (AB) 205 (Stats. 2022, Ch. 61) (codified at Public Utilities Code § 739.9).

⁷ See R.22-07-005, *Joint Opening Brief of The Utility Reform Network and the Natural Resources Defense Council on Phase 1 Track A Issues Relating to the First Income-Graduated Fixed Charge*, Appendix A and Appendix B (Oct. 6, 2023), at 2-4 (Tables listing IOU costs for recovery through the IGFC, including 100% recovery of the PCIA through the IGFC for both default rates and electrification rates); and *Opening Brief of the Coalition of California Utility Employees on Track A Issues* (Oct. 6, 2023), at 4 (“The costs that are regular, ongoing components of each total residential rate that do not vary by consumption are properly included in IGFCs. These include...[PCIA] (charge for the above market costs for electric generation resources – the underlying costs recovered through the PCIA do not vary based on volume of energy consumed)”).

⁸ *Ibid.*

⁹ *Ibid.*; see also R.22-07-005, *Reply Brief of the Utility Reform Network and the Natural Resources Defense Council on Statutory Interpretation of the Requirements of Assembly Bill 205* (Feb. 13, 2023), at 5-6.

volumetric costs.¹⁰ In addition, CalCCA’s Opening Brief recognizes the unreasonable burden of implementing this change to the PCIA for the subset of costs that are not volumetric in nature, including time and resources needed to develop this new PCIA structure, the lack of a current Commission venue for doing so, and the ongoing administrative work required to implement it.¹¹ Thus far, no parties have provided additional evidence or rationale for collecting the PCIA through the IGFC. The lack of evidence and rationale is not sufficient to adopt a policy that would have ramifications for numerous stakeholders and customers. Therefore, the Commission should reject these proposals.

III. CONCLUSION

CalCCA appreciates the Commission’s consideration of the recommendations set forth herein.

Respectfully submitted,



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November 3, 2023

¹⁰ See R.22-07-005, *California Community Choice Association’s Opening Brief* (Oct. 6, 2023), at 4 (CalCCA points out that the PCIA collects both fixed and volumetric costs); see also R.22-07-005, *Concurrent Reply Testimony of Brian Dickman and Justin Kudo on Behalf of California Community Choice Association* (June 2, 2023), at 3-4 (“Above-market costs are equal to the net cost of a resource after reflecting the value of the resource attributes, including a credit for revenue earned by selling the resource’s generation output into the wholesale energy market. This wholesale revenue, and therefore PCIA rates, vary based on resource output and market prices over time. Since these costs are indeed volumetric, they should be excluded from any IGFC”).

¹¹ See R.22-07-005, *California Community Choice Association’s Opening Brief* (Oct. 6, 2023), at 4-5 (explaining that separating fixed and volumetric cost components of the PCIA in order to collect the fixed portion of costs through the IGFC).