

Clean Energy Alliance: Regulatory Update

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Overview

- **A.22-05-002:** Income Graduated Fixed Charges for IOU's, Proposed Decision and Comments From Parties
- **A.23-01-008:** GRC Phase 2 GRC: Rate Design and Customer Understanding
- **R.21-03-011:** Provider of Last Resort – *Revised Proposed Decision*

AB 205 amended 739.9 of the Pub. Util. Code:

- Removed current \$10 fixed charge cap for large IOUs.
- The Legislature finds and declares... "The majority of an electrical corporation's revenue requirement...is recovered from customers by a volumetric rate. However, only a portion of the electrical corporation's costs ***directly vary*** based on how much electricity a customer consumes, while many infrastructure and operational costs do not."
- Defined "Fixed charge" to mean "any fixed customer charge, basic service fee, demand differentiated basic service fee, ***demand charge***, or other charge not based on the volume of electricity consumed.
- "The commission ***may adopt new, or expand existing, fixed charges*** for the purpose of collecting a reasonable portion of the fixed costs of providing electrical service to residential customers.
- "For the purposes of this section and Section 739.1, the commission may authorize fixed charges for any rate schedule applicable to a residential customer account. The fixed charge, ***shall be established on an income-graduated basis with no fewer than three income thresholds*** so that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage. ***The commission shall, no later than July 1, 2024, authorize a fixed charge for default residential rates.***"

A.22-05-002: Proposals from Parties

Table 3: Proposed Average Charge for Income-Graduated Fixed Charges

Party	Proposed Average Fixed Charge
SEIA, Clean Coalition	\$8 (PG&E), \$8 (SCE), \$11 (SDG&E)
TURN, NRDC	\$23.50
Cal Advocates	\$23.25 (PG&E), \$24.52 (SCE), and \$25.62 (SDG&E)
Sierra Club	\$28.48 (PG&E), \$36.65 (SCE), \$36.44 (SDG&E)
Large Utilities	\$42 (PG&E), \$41 (SCE), \$60 (SDG&E)

A.22-05-002: Proposed Decision to Implement AB 205

- PD takes a middle ground/incremental approach on IGFC largely due to difficulties income verification (IV), for now.
- Ties default residential fixed charge to be in line with SMUD @ \$24.15
 - **Tier 1:** Customers enrolled in the CARE (0% - 200% of Federal Poverty Guideline) automatically pay the lowest discounted amount: ~ \$6 per month
 - **Tier 2:** Customers enrolled in the FERA program (200% - 250%) or who live in affordable housing (at or below 80% of Area Median Income) automatically pay higher discounted amount : ~ \$12 per month
 - **Tier 3:** All other customers will pay a fixed amount of: \$24.15 per month

A.22-05-002: Proposed Decision to Implement AB 205

Fixed Costs can Recover the Following Costs:	Fixed Costs Can NOT Recover the Following Costs:
<ul style="list-style-type: none">• Marginal Customer Access Costs (unanimous);• PPP charges (e.g., EE and LI program charges) (TURN/NRDC, Cal Advocates, the Large IOUs, and Sierra Club);• Cost Allocation Mechanism, (TURN/NRDC and the Large IOUs); and• Nuclear Decommissioning NBCs (Large IOUs).	<ul style="list-style-type: none">• CTC (unanimous);• PCIA: (TURN/NRDC);• Wildfire Fund /Wildfire Hardening NBCs (TURN/NRDC, Cal Advocates, and Sierra Club);• Recovery Bond charge (Sierra Club);• PUC Reimbursement Fee and the Energy Commission Fee (Sierra Club);• Non-Marginal Distribution Costs. (TURN/NRDC, Sierra Club, Cal Advocates, and the Large Utilities);• Electrification Incentive (Large IOUs)

A.22-05-002: Proposed Decision to Implement AB 205

Impact on CCA rates?

- ERRA will not change to fixed cost recovery, so CCAs should not have to match lower volumetric IOU rates
- CAM can be collected in the fixed charge, but CCAs already pay these costs as a separate NBC
- CPUC rejected PCIA inclusion

Impact on policy?

- Less emphasis on conservation
- More emphasis on affordability and electrification
- CEA programming addresses all of these concerns = some programs may benefit, some may not

A.22-05-002: Proposed Decision to Implement AB 205

Table A-3: Estimated Impact of Adopted Fixed Charges on SDG&E's Rates

SDG&E		Existing Rate Structure	Estimated Rate After Fixed Charge	Estimated Rate Reduction
	Summer - Peak	\$ 0.851	\$ 0.783	\$ 0.068
Non-CARE/FERA Energy Charges (\$/kWh)	Summer - Part-Peak	\$ 0.537	\$ 0.470	\$ 0.068
	Summer - Off-Peak	\$ 0.373	\$ 0.305	\$ 0.068
	Winter - Peak	\$ 0.654	\$ 0.586	\$ 0.068
	Winter - Part-Peak	\$ 0.570	\$ 0.502	\$ 0.068
	Winter - Off-Peak	\$ 0.545	\$ 0.477	\$ 0.068

A.22-05-002: Proposed Decision's Next Steps:

- Utilities' implementation advice letters should include proposals for IGFCs based on each utility's most recently adopted revenue requirements.
- Within 90 days of the issuance date of this decision, each of the Large Utilities must file a Tier 3 advice letter to implement income-graduated fixed charges;
- Between October 1, 2025 and December 15, 2025, SCE and SDG&E must begin to apply fixed charges to residential customers' bills; and
- Between January 1, 2026 and March 31, 2026, PG&E must begin to apply fixed charges to residential customers' bills.
- Public Comment/Potential Revisions to PD or Alternate Decision

A.23-01-008: SDG&E's Phase 2 GRC: Status Update

- PCIA Rate Design for Bundled Customers
- Customer Understanding of Rates due to Confusing SDG&E Bills
 - CARE and FERA Discounts
 - PCIA
- Expect these issues to be litigated and that SDG&E will argue that “bill presentment” is out of scope for this case.

R.21-03-011: Provider of Last Resort Updates

- POLR proposed decision was revised on April 15; Commission approved revised proposed decision on April 18.
- Key Updates:
 - Resolved duplicate submission of audited financials; now, audited financials are only due once per year, in January or July.
 - Expanded Tier 2 trigger: Tier 2 reporting now required if there is a “reasonable expectation” that CCA will become insolvent or bankrupt, not just actual insolvency/bankruptcy.
 - Removed presumption that Tier 2 reporting submissions are confidential; instead, CCAs must follow typical process for securing confidential treatment of submitted materials.

QUESTIONS?

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