

TOWN OF ROSS

RESOLUTION NO. 1928

A RESOLUTION OF THE TOWN COUNCIL OF TOWN OF ROSS URGING THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO RE-EXAMINE THE POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA) ON COMMUNITY CHOICE AGGREGATION (CCA) CUSTOMERS AND DIRECT PG&E TO USE REVENUE ALREADY RECEIVED BEFORE IMPOSING COSTS ON CCA CUSTOMERS

WHEREAS, the Town of Ross is committed to elevating the quality of life for its residents, businesses, and electricity consumers by pursuing innovative public policies that advance sustainable development, environmental justice, and economic prosperity; and

WHEREAS, on October 13, 2011, the Town Council voted to join Marin Clean Energy (MCE), a regional Joint Powers Authority and California's first Community Choice Aggregation (CCA) program, in order to provide all electricity consumers with competitively-priced renewable energy options; and

WHEREAS, the mission of MCE is to address global climate change by reducing energy-related GHG emissions, and securing energy efficiencies, rate stability, and local economic and workforce benefits; and

WHEREAS, MCE provides electricity consumers the option to purchase 50-100% renewable energy at generation rates currently lower than those offered by Pacific Gas & Electric (PG&E), previously the incumbent provider of energy supply; and

WHEREAS, in 2014, MCE's electric customers collectively saved approximately \$5.9 million in electric rates; and

WHEREAS, the California Alternate Rates for Energy (CARE) program provides financial support to energy consumers who have a total gross annual household income of 200% of the Federal Poverty Guidelines (\$48,500 for a family of four), or less, for their routine energy usage; and

WHEREAS, CCA customers pay Investor Owned Utilities (IOUs), such as PG&E, an exit fee known as the Power Charge Indifference Adjustment (PCIA); and

WHEREAS, the PCIA fee is designed for IOUs to recover the cost of purchasing electricity for consumers who depart from their energy supply portfolio by choosing a local CCA's service options; and

WHEREAS, excess energy procurement inflates the PCIA and requires CCA customers to pay for over-procurement by the IOU; and

WHEREAS, the California Public Utilities Commission (CPUC) found in Decision 12-01-033 that PG&E did not properly plan its procurement for the departure of MCE's electric load; and

WHEREAS, the PCIA fee undermines the economic competitiveness of Community Choice Aggregation programs throughout the State of California by inflating electric costs for CCA customers; and

WHEREAS, PG&E has received a benefit from departing loads of more than \$1 Billion (\$1,000,000,000) and plans to absorb this benefit by retiring the account where it is held instead of passing it along to CCA departing load customers; and

WHEREAS, PG&E is presently requesting an increase of approximately 100% to the residential PCIA fee from the CPUC in Application 15-06-001; and

WHEREAS, all customers in MCE's service area have spent over \$32 million in PCIA fees in 2014-2015; and

WHEREAS, PG&E is the only utility in California levying the PCIA fee upon CARE customers; and

WHEREAS, approximately 15.5% of MCE's electricity consumers rely on CARE to help make their electricity costs more affordable; and

WHEREAS, in 2016, MCE's CARE customers are projected to collectively spend over \$2 million in PCIA fees; and

WHEREAS, in 2006, the State of California ("State") passed Assembly Bill 32, the Global Warming Solutions Act, which requires the State to reduce its GHG emissions to 1990 levels by 2020; and in 2015, the State of California passed Senate Bill 350, the Clean Energy and Pollution Reduction Act, which requires 50% of the electricity sold to consumers be generated from eligible renewable resources by 2030, as defined by the State's Renewable Portfolio Standard (RPS); and

WHEREAS, MCE voluntarily exceeds the RPS standard and has reduced GHG emissions by approximately 60,000 metric tons within its first three years of providing service to electricity customers;

NOW, THEREFORE, BE IT RESOLVED, by the Town Council of the Town of Ross, that the California Public Utilities Commission should 1) reexamine the fairness and reasonableness of the PCIA on CCA customers, and particularly those who rely on low-income assistance programs, such as CARE, and 2) direct PG&E to use revenue already received for departing loads before imposing costs on CCA customers.

The foregoing resolution was duly and regularly adopted by the Town Council of the Town of Ross at its regular meeting held on December 10, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Kathleen Hoertkorn, Mayor

ATTEST:

Linda Lopez, Town Clerk

December 11, 2015

The Honorable California Public Utilities Commission President Michael Picker
The Honorable California Public Utilities Commissioner Mike Florio
505 Van Ness Avenue
San Francisco, CA 94102

RE: The Power Charge Indifference Adjustment Proposed Increase in A.15-06-001

Dear President Picker and Commissioner Florio:

On behalf of the Town of Ross of Marin County, we express strong concern about the proposed 95% increase of the Power Charge Indifference Adjustment (PCIA) exit fee charged to Community Choice Aggregation (CCA) customers in Application 15-06-001. As a member-community of Marin Clean Energy (MCE), California's first CCA program, our citizens will be profoundly impacted by the proposed increase.

In the past two years, MCE customers have collectively paid **more than \$32 million** in PCIA fees. MCE customers are projected to pay more than \$30 million in PCIA fees in 2016 alone, without including the latest increases submitted by Pacific Gas & Electric (PG&E). In addition, PG&E is currently seeking to retire an account with \$1 billion in excess PCIA fees. We urge the Commission to consider whether it is appropriate to use a small portion of this account to offset PCIA fees charged to CCA customers.

At a larger level, the fairness and reasonableness of the PCIA fee and how it is applied to CCA customers must be examined. In Decision 12-01-033, the Commission found that PG&E did not properly plan for the loss of CCA electric load. This poor planning can inflate the PCIA costs that CCA customers must pay. Moreover, the PCIA methodology most heavily impacts residential customers and PG&E is the only utility in the state to levy PCIA fees on customers on the utility bill discount program, California Alternate Rates for Energy (CARE). CARE customers throughout MCE service territory are projected to pay more than \$2 million in 2016 with the proposed 95% increase to the PCIA.

Our citizens have led the state in achieving Governor Brown's ambitious renewable energy goals. They should not be penalized for being the early adopters of innovative renewable energy programs. We therefore respectfully urge the California Public Utilities Commission reject PG&E's

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proposed increase and apply a portion of the excess \$1 billion account towards PCIA fees for CCA customers.

Sincerely,

Kathleen Hoertkorn
Mayor