



CALIFORNIA PUBLIC UTILITIES COMMISSION
Frequently Asked Questions (FAQs)
Draft Green Book
California Customer Choice: An Evaluation of Regulatory
Framework Options for an Evolving Electricity Market
May 3, 2018

1. What is the purpose of the draft Green Book?

Mission critical to the California Public Utilities Commission (CPUC) is to ensure that everyone in California has access to safe, reliable, and affordable energy. Nearly a year ago, the CPUC launched the California Customer Choice Project to examine and address the rapid changes occurring in California's electric sector. These changes have been driven by external factors, such as an increase in distributed energy technologies, growth of non-utility electric service providers such as Community Choice Aggregators (CCAs), and policy measures enacted to mitigate climate change. Consequently, customers now have more options to choose how and from whom they obtain electricity. That has created challenges and opportunities for the existing, successful regulatory framework.

2. What is the California Customer Choice Project?

It is the goal of the Choice Project to better understand the challenges and opportunities this new reality presents so the Legislature, the CPUC, and other decision-makers can respond appropriately. The Choice Project's draft white paper, also referred to as the "Green Book," was issued on May 3, 2018, for public comment to begin a constructive statewide conversation among decision-makers and stakeholders about the best way to manage the transition occurring in California's electric sector.

3. Why is this issue important to decision-makers/Californians?

Providing safe, reliable, clean, and affordable electricity is essential to California's economy and to the quality of life of its residents. Electricity was deregulated in California in the late 1990s, but the plan was flawed and led to a crisis. Now, we are effectively decentralizing and reshaping electric markets through dozens of different decisions and legislative actions, but we have no comprehensive plan. If we are not careful, we can drift into another crisis. It is the responsibility of the CPUC, in partnership with other state agencies, the California Independent System Operator, and the Legislature to do everything it can to make sure the transition is handled as smoothly and as efficiently as possible while ensuring reliability and protecting consumers.



4. What are the sources of the paper's research?

In addition to extensive research conducted by the authors of the paper, the Customer Choice Project has engaged stakeholders to-date extensively. The project began a year ago with an En Banc organized jointly by the CPUC and the California Energy Commission. At the En Banc, we began to identify and develop an understanding of the challenges and opportunities California is facing as the result of fast-moving changes in how electricity is delivered and purchased. During the hearing and over the course of the past 12 months, we heard from the state's three largest investor-owned utilities, Community Choice Aggregators, consumer groups, and other stakeholders about changes in the electricity market. We also examined how New York, Texas, Illinois, and Great Britain were responding to and managing these changes to learn from their successes and avoid pitfalls. We studied their experience through the prism of affordability, reliability, and decarbonization, which are core principles of California energy policy.

5. What are the major findings in the Green Book?

More and more of California electricity users are getting their power from different sources, whether it is rooftop solar, self-generation or CCAs. Through these changes, we are seeing some of the same trends that preceded the last energy crisis in California:

- Fragmented decision-making;
- Poorly coordinated procurement of the specific resources needed to ensure reliability;
- No plan for the possibility of energy providers to fail and strand customers.

The major conclusion of the research about California's history and the other jurisdictions studied is that **we need a clear long-term vision** for our regulatory framework that provides a lasting, stable platform that goes beyond short-term fixes.

But more than anything, the paper asks a series of questions that policymakers must address, such as:

- How do we plan for today so Californians can turn the lights on tomorrow?
- How do we protect safe delivery of electricity to meet customer demand in an increasingly fragmented market?
- How will we ensure that all the different ways in which customers are choosing to get their electricity will add up to meet our ambitious clean energy goals?
- We need the poles and wires irrespective of who is providing the electricity. Who should pay to develop and maintain this infrastructure?
- What preparations should we make for customers who might become stranded without service if their electric provider fails, as many did in the previous California deregulation?
- What is the best way for a fair, affordable, and durable transition?

6. Does the paper present recommendations for a path forward?

The paper does not recommend specific policy actions. Instead, it establishes a framework for all stakeholders to share their views so that policymakers have the information they need to make sound decisions.



7. Who wrote the paper?

The paper was prepared by the CPUC's Policy and Planning Division staff, with extensive input from energy experts in California, and across the country as well as representatives from facets of the California market.

8. How can I submit comments about the paper or get updates about the Project?

Information about the Project, draft paper, and upcoming events can be found on the Customer Choice website at www.cpuc.ca.gov/customerchoice. Interested parties can submit comments or questions to customerchoice@cpuc.ca.gov. To help manage the process effectively, comments on the draft Green Book must be submitted by June 4, 2018.

9. Will there be a public forum to discuss the findings in the paper?

Yes, there will be another En Banc in mid-June. Additional information will be provided at a later date and available on the Customer Choice website at www.cpuc.ca.gov/customerchoice.

10. When will the final paper be issued?

We will issue the final paper in late June after we have engaged in conversations with stakeholders and interested parties, held the En Banc, and reviewed all public comments submitted by the June 4, 2018 deadline.