

VIA EMAIL: costsenbanc@cpuc.ca.gov

March 19, 2021

Marybel Batjer, President
California Public Utilities Commission
505 Van Ness Ave, 4th Floor
San Francisco, CA 94102



RE: Comments on the En Banc on Energy Rates and Costs

Dear President Batjer,

We appreciate the Commission taking the time to convene the En Banc on Energy Rates and Costs to discuss the critical issue of energy affordability in California. However, we were quite disappointed and displeased with the assertion that distributed energy resources (DER) compromise affordability and impose a “cost shift” on California ratepayers.

The Commission’s own report highlights the major reasons for California’s energy affordability challenges very plainly:

- **Unquestioned, excessive, unsupervised transmission spending by the IOUs** - with PG&E being a particularly egregious culprit.
- **Wildfire mitigation costs** - largely being incurred due to the IOUs negligence in maintaining and upgrading their own infrastructure to mitigate wildfire risk over time.
- **Utility shareholder return on equity** - which has surpassed double digits for all 3 IOUs and is significantly higher than the national average.

It is paramount that the Commission encourage and nurture the growth of DERs and BTM resources, rather than discourage customers from adopting these resources. *Tariffs promote cost sharing, not cost shifting.* Tariffs and market signals encourage private investment in the technologies and infrastructure that will help California achieve our climate goals and other public policy initiatives at lower ratepayer cost than IOU spending. Effectively, private capital (and public agency capital) can be secured at a much lower interest rate than IOU capital.

Cleantech companies, local governments, public agencies, small businesses, and individual customers are trying to invest their own capital in meeting California’s decarbonization and climate goals, but are being actively thwarted by the IOUs, which are only concerned with their own profits. DERs and BTM resources are a small drop in the investment bucket compared to transmission and other utility investments.

DERs and advanced energy technologies like microgrids represent dynamic load, not departed load. The Commission needs to stop treating DER customers as if they have defected from the grid and claiming they are “not paying their fair share.” To the contrary, many studies show that DER resources provide significant uncompensated value and avoided costs to grid operators.

Furthermore, we are outraged by the IOU’s attempt to use the concepts of “equity” and “environmental justice” as a weapon against DER deployment. The Commission must resist the temptation to fall for this absurd utility propaganda. The IOUs have shown over the past century that they do not care about economic, environmental, or social justice.

They have sited power plants in poor communities of color, caused gas leaks and gas explosions to level entire neighborhoods, sparked wildfires resulting in untold billions of dollars in damages, neglected rural community infrastructure, driven up electric rates through their own negligence, and thwarted the economic benefits of local clean energy development at every opportunity. Do not be fooled by empty rhetoric, expensive marketing campaigns, and manipulative comparative statistical analyses.

Even more importantly, the Commission must stop making self-serving policy decisions that harm the public in order to keep itself relevant as a utility regulator. Tariffs and price signals for DERs are helping to facilitate public-private partnerships and leverage private capital so that investment costs for our clean energy transition are not all borne by ratepayers. Regulators should not perceive the growth of DERs as a threat or as a move towards deregulation: DERs installed by customers will still have government oversight and must adhere to well-established safety and industry regulations that are constantly being updated and modernized.

Distributed solar and microgrids are helping to *reduce costs for all ratepayers*. DERs reduce the need for expensive, vulnerable, risky transmission infrastructure, and save money for everyone. Attempting to stymie customer investment in new clean energy technologies only serves to preserve an expensive monopoly value proposition. It saddles ratepayers with unaffordable bills for a century-old grid with outdated technology that is prone to outages and to causing catastrophic wildfires.

If the Commission is actually concerned about energy affordability, it should reduce the approved rate of return on equity for IOU shareholders. There is no reason that California ratepayers should be struggling to afford rate hikes while IOU shareholders make record profits. Least of all during a global pandemic and recession where millions of Californians have lost their jobs or suffered reduced wages.

If the Commission is actually concerned about energy affordability, it should more fully investigate self-approved transmission projects by the IOUs. The cost overruns articulated in the Commission's own presentation are worthy of class action lawsuits.

If the Commission is actually concerned about energy affordability, it should eliminate the barrier to retail competition that makes California's IOU energy rates amongst the highest in the U.S. The Power Charge Indifference Adjustment (PCIA) fee, for example, has been used by the IOUs as a weapon against competition from the state's 24 Community Choice energy programs. The PCIA, which has been gamed by the IOUs, has resulted in all IOU customers paying bloated energy bills. Diablo Canyon nuclear energy, for example, costs PG&E customers over \$1 billion per year more than the cost of energy on the market.

Finally, we insist that the Commission fully investigate and put a stop to IOU lobbying and energy policy advocacy that is funded by ratepayers. As a government-sanctioned monopoly, allowing utilities to use ratepayer funds for "astroturfing" fake grassroots coalitions like fixthecostshift.com is blatant abuse of power and misuse of ratepayer funds.

All three IOUs should be investigated by the State Attorney General for lobbying, advocacy, and regulatory activities on their shareholders behalf, with all costs and expenditures heavily scrutinized. Ratepayers should not be *subsidizing* these activities – it is an egregious form of corporate welfare, and an expense that California ratepayers should not be paying.

Sincerely,



Al Weinrub

California Alliance for Community Energy

CC:

Commissioners

marybel.batjer@cpuc.ca.gov
genevieve.shiroma@cpuc.ca.gov
clifford.retschaffen@cpuc.ca.gov
martha.guzman-aceves@cpuc.ca.gov
darcie.houck@cpuc.ca.gov

Staff

shannon.o'rourke@cpuc.ca.gov
nora.hawkins@cpuc.ca.gov

leuwam.tesfai@cpuc.ca.gov
christina.tan@cpuc.ca.gov
cheryl.wynn@cpuc.ca.gov

sean.simon@cpuc.ca.gov
yuliya.shmidt@cpuc.ca.gov
sandy.goldberg@cpuc.ca.gov

pilar.manriquez@cpuc.ca.gov
jonathan.koltz@cpuc.ca.gov
justin.fong@cpuc.ca.gov

christine.powell@cpuc.ca.gov
maryclaire.brown@cpuc.ca.gov

Ed Randolph
Director, Energy Division
edward.randolph@cpuc.ca.gov

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