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March 19, 2021

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

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

Dear President Batjer,

On behalf of the Sustainable Systems Research Foundation, Santa Cruz, CA

We appreciate the Commission taking the time to convene an En Banc on Energy Rates and Costs for many diverse stakeholders to discuss the critical issue of energy affordability in California. However, we are quite concerned about the volume of discussion and commentary about distributed energy resources (DER), such as rooftop solar, posing a problem and hearing so much discussion about behind-the-meter (BTM) resources imposing a “cost shift” on California ratepayers.

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

- **Questionable, 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 climate 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 critical 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 with a lower return on equity than IOU spending. Effectively, private capital (and public agency capital) can be secured at significantly lower interest rates than IOU capital. Finally, DERs and BTM resources are a small drop in the cost bucket compared to transmission costs and other utility expenditures.

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.” Otherwise, in a few short years, solar users might actually defect – and the Commission will have much greater equity challenges than it is equipped to handle.

We are also very concerned about the IOUs attempts to mobilize “equity” and “environmental justice” as weapons against DERs and the solar industry. The IOUs have repeatedly demonstrated their indifference to those values, siting power plants in poor communities of color, causing gas leaks and gas explosions to level entire neighborhoods, neglecting rural community infrastructure, sparking wildfires with untold

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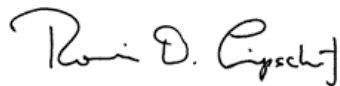
billions of dollars in damages and thwarting the development of local clean energy at virtually every opportunity. These actions speak for themselves. Do not be misled by empty words, expensive marketing campaigns, and manipulative comparative statistical analyses.

Furthermore, the Commission must stop making self-serving policy decisions that serve only to remain in business. The growth of DERs should not be perceived as a threat to the regulator or move towards deregulation. DERs installed by customers will still require government oversight and adhere to well-established safety and industry regulations that are constantly being updated and modernized.

Tariffs and price signals for distributed solar and microgrids are helping to *reduce costs for all ratepayers*. DERs reduce the need for expensive, vulnerable, risky transmission infrastructure, which saves money for everyone.

If the Commission were actually concerned about energy affordability, it would reduce the approved rate of return on equity for IOU shareholders. It should more fully investigate self-approved transmission projects by the IOUs. It should fully investigate and stop ratepayer funded lobbying and advocacy on energy policy by the IOUs. As a government sanctioned monopoly, allowing utilities to use ratepayer funds for “astroturfing” fake grassroots coalitions on DER cost shifting like [fixthecostshift.com](http://fixthecostshift.com) is blatant abuse of power and misuse of ratepayer funds. Ratepayers should not be *subsidizing* these activities – it is an egregious form of corporate welfare that California ratepayers can no longer afford.

Sincerely,



Ronnie D. Lipschutz  
President & Codirector, Sustainable Systems Research Foundation

CC:

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