[Submitted by Audrey Inchonise via email to customerchoice@cpuc.ca.gov on 11/27/17]

Thank you for the opportunity to comment. I am a member of the Berkeley Climate Action Coalition and the East Bay Clean Power Alliance. These groups and many others have been instrumental in the creation of the Community Choice Aggregation (CCA) agency for Alameda County, East Bay Community Energy (EBCE). EBCE recently won certification from the CPUC and will begin rollout on June 1, 2018. We applaud this development as part of California's best response to the increasing local, national and global pressures forced upon us by climate change. This comment makes the following points:

- The CCAs are the legitimate representatives of California's electricity customers and form the backbone of a growing network of public, community-based load-serving entities covering the state.
- EBCE is distinguished by its fundamental commitment to sustaining and developing green businesses and jobs in Alameda County and to broad, equitable access for all its residents.
- CPUC and legislative action is needed to avoid the harms posed to all electricity consumers by the opaque, self-serving activities of the investor-owned utilities (IOU). The CPUC can help by constraining IOU activity and refocusing it on the vital task of maintaining the Grid.

The CCAs are the legitimate representatives of California's electricity customers. It was dismaying to listen to the Oct. 31 morning panel that featured a sampling of four retail electricity markets and their vendors' typical interactions with apathetic customers. CCAs cannot be more different from commercial profit-driven companies. How CCAs have formed shows why they are effective, transformational institutions over the long haul. Citizens, i.e. ratepayers in this context, have chosen to establish not-for-profit public agencies to provide greener electricity on a faster schedule and at lower rates than offered by their IOUs. They act through their duly elected city councils, mayors, county supervisors and other local representatives, processes that demonstrate how transparency and accountability promote cost consciousness, equity, best practices, and the chance to pursue key goals like combating climate change.

The panel's sample cases were generally irrelevant to our situation in California. None suggested any governmental commitment to renewable energy infrastructure or any search for sustainable development that puts the electricity consumer first. With its glimpse at electricity vendors in Britain, the Commission did look abroad to where government plays a far greater role in insuring its citizens access to many basic services. But it would have done better by examining the electricity landscape in Germany, which more closely resembles California's.

Germany's commitment to its "energy transition" rivals California's. Its renewable energy assets are similar: on- and off-shore wind, solar, thermal, biomass. Like California, Germany wrestles with powerful vested interests in fossil fuel industries, especially in brown coal in eastern Germany. But it has committed to a future without nuclear power; its last nuclear power plant is scheduled to shut down in 2022, a few years ahead of our Diablo Canyon. More relevant to the Commission's present inquiry, Germany is dotted with hundreds of large, medium and small publicly-owned municipal utilities that provide electricity, gas, and, in some cases, a host of other services to their residents. (A short list of sources for the following information is appended at the end of this Comment.) These municipal utilities, which numbered 850 in 2012, can be thought to resemble California's emerging CCAs, albeit in advanced, more ambitious form. German municipal utilities are "owned" by cities and smaller communities and are closely interwoven into the local financial, economic and social fabric of the community. In many cases, they do not enjoy a monopoly position among service providers, but nevertheless seem to be the favored choice of their residents.

Munich (capital of Bavaria, population 1.43 million in 2015), for example, boasts the largest municipal utility in Germany, indeed in all of Europe. It offers its residents electricity, gas, drinking water, and through subsidiaries, telecom and transportation (bus, train, subway) services. In 2008, the municipal utility started to expand its use of renewables. Its goal is to source 100% green electricity for Munich and surrounding areas by 2025.

Just as our community-based CCAs hope to do in California, German municipal utilities confer on their cities significant economic and social benefit. In Cologne (largest city in North Rhine-Westphalia in western Germany, population 1.047 million in 2015), for example, city officials point out that the proceeds from their municipal utility's operations in the electricity supply market (it seems to be only one of several suppliers) are invested in valued social, environmental and economic development goals. The municipal utility returned approximately 265 Million Euro to Cologne city coffers in 2011, most of it coming from the utility's energy supply services. City officials appreciate that instead of 100% of the dividends of large commercially financed electricity suppliers disappearing into international capital markets, their municipal utility's revenue stays and works at home.

Alameda County's EBCE stresses the importance of local economic development to smooth the transition away from fossil fuels. EBCE is committed to sustaining and developing green businesses in the County and to insuring broad access and participation to all of its diverse residents. EBCE's singular effort is embodied in its Local Development Business Plan. Site surveys for solar and wind generation in the County, clear guidelines for managing its Feed-In-Tariff (FIT) program, the application of sophisticated analytical tools to such tasks as comparing and choosing among promising renewable energy projects and to fostering county-wide energy conservation are some of the critical parts of EBCE's carefully evolving, extensive business plan. EBCE sees its business plan as the key to maintaining and fueling solid economic growth in the County. Such sustained growth is fundamental to achieving California's climate goals, and it is especially important in furnishing the necessary cushion for reintegrating workers and businesses negatively affected by the transition away from fossil fuels.

CPUC and legislative action is needed to avoid the harm posed to all electricity consumers by IOU activity. The Oct. 31 meeting suggested that the Commission is seeking ways around the reality of California's burgeoning CCAs. The Commission tried to imagine the state as a vast market of largely undifferentiated electricity consumers for whose business load-serving entities compete. But the reality is that there are only two kinds of major load-serving entities, the IOUs and the CCAs (and their publicly-owned municipal utility allies), and the CCAs are clearly gaining the upper hand in the electricity services field. The Commission's schematic view also glossed over the direct access customers and the major corporations with generating capacity like Walmart and Whole Foods as benign market participants. These players, especially the corporate businesses, can indeed contribute much to the California's climate goals, but they also introduce an element of instability and loss of control to large market forces that the State needs to consider very carefully.

The face-off between the IOUs and the CCAs as California's major load-serving entities comes to a head in the issue of the Power Charge Indifference Adjustment (PCIA), the name given to the problem of what to do with the IOUs' massive stranded assets caused by the imminent loss of a large majority of their electricity customers to the CCAs. To satisfy their investors, to meet their staggering workforce commitments, and—to a much lesser extent than they claim—to be fair to their "stranded" customers, the IOUs want to be indemnified for the huge losses represented by their stranded assets. Facing them on the other side of the divide are the proliferating community-backed CCAs. The CCAs want to avoid the crippling, extraneous long-term costs incurred by the IOUs. They want security to develop as reliable, lowest cost renewable energy providers for their communities. And they need financial flexibility for the pursuit of the broader community goals of inclusion and equity.

Clearly, legislative intervention is needed to solve the problem. But CPUC action is also needed. The CPUC must rein in the IOUs and refocus their attention on the electricity grid. As we await further advances in storage and other microgrid technology, the IOUs need to focus on securing and strengthening our transmission lines. In a more efficient, clearly delineated division of labor, the CCAs will continue to transform their communities. If, however, they are burdened long-term with the huge extraneous costs of the PCIA, many pernicious consequences will follow. The CCAs will not be able to meet their customers' demand for the rapid deployment of low cost clean electricity. Consumers will be thrown into major confusion and at worst, be forced to return to the higher costing, seemingly overwhelmed and increasingly distrusted IOUs. Angry voters and local governments will be thrown off track, unable to pursue climate goals, local mitigation and many other essential social and economic goals. In the end, we will all be the losers, not just as individuals, but as Californians stymied in our attempt to reverse climate change.

Conclusion. We urge the CPUC to trust and embrace the "bottom up" movement represented by the CCAs. Their commitment to the most rapid deployment of lowest cost clean energy, to creating green businesses and jobs, and, last but certainly not least, to inclusion and transparency--all embody the CPUC's insistence on "affordability, equity, and decarbonization." The CPUC needs to work with, not against this fast growing network of community-based institutions.

Selected sources on German municipal utilities:

S. Hall, T. Foxon, R. Bolton, "Financing the Civic Energy Sector: How Financial Institutions Affect Ownership Models in Germany and U.K," Energy Research and Social Science (online version ScienceDirect.com), Vol. 12, February 2016, pp. 5-15.

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"Stadtwerke Muenchen,' Wikipedia

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