

R.17-06-026

**Concurrence of Commissioner Clifford Rechtschaffen on D.18-10-019,
Decision Modifying the Power Charge Indifference Adjustment Methodology**

This has been a highly contested and controversial matter, with strong and thoughtful engagement by many parties. It is not, as some have framed it, about undermining the Community Choice Aggregation programs (CCAs) or about enriching the utilities or their shareholders, who will not benefit from our decision here. Rather, this decision is about allocating costs between different ratepayers: CCA customers on one hand and customers of traditional utilities on the other. The Legislature has expressed a strong view that local governments should be able to form CCAs. Close to twenty CCAs are now up and running, giving them more control over their communities' energy mix. I will continue to support CCAs as healthy competition to the IOUs, as well as other options for customer choice that can drive positive change in electricity markets and help us meet our State's climate goals.

I support Commissioner Peterman's Alternate Proposed Decision (APD) because it updates what all parties agree has become a stale Power Charge Indifference Adjustment (PCIA) methodology, and moves us closer to the statutory directive to avoid cost shifts between bundled and departed customers. I agree with the inclusion of utility-owned generation built prior to 2002 and utility-owned generation costs for facilities built after 2002, without a time limit. These generation facilities were approved by the Commission as necessary to serve existing customers and meet statutory mandates, and the customers on whose behalf those costs were incurred should pay for them. Importantly, Phase 2 of this proceeding will have a strong focus on optimizing utility management of their portfolios, including consideration of shareholder responsibility for portfolio mismanagement, if such a finding is made.

While I support the APD as the correct result, I want to acknowledge the potential impacts the decision will have on CCAs. As a result of this decision, CCAs will face changes to the PCIA that will affect their overall budgets beyond what they may have planned for, including those CCAs that launched after careful deliberation. For some that are just starting, the decision may affect their ability to obtain financing, at least in the short run. The total impact of the decision, however, is limited by the fact that the PCIA is typically no more than 15% of a customer's bill, and therefore bill impacts for most customers should be relatively small.

I am encouraged that the decision adds a true-up to reflect real market costs for the brown power value of the resources included in the PCIA, and that our goal is to develop a true up process for Resource Adequacy and Renewables Portfolio Standard values by the end of 2019. In my view the sooner that this can be done, the better.

I also support the decision's cap on future PCIA increases of 0.5¢/kWh per year. I would have preferred that the cap start in 2019 rather than in 2020, to allow CCAs to more time to adjust to the new PCIA methodology. On the other hand, for most customers in at least PG&E and SCE territories, it appears that any bill increases next year from the PCIA will be less than the 0.5¢ cap anyway, so the delay in implementing the cap will not make a material difference.

I also would have preferred that we had been able to make further progress in developing a metric for including the value of GHG-free resources that may not be captured in the brown power component of the PCIA methodology, although I also recognize that we lacked market information to guide us here. It is my hope and expectation that Phase 2 will seriously consider developing such a metric.

In the end, this decision should provide much greater certainty for both utility customers and departing customers, and a path forward in Phase 2 for finding more durable, market-based solutions to resolve these issues.

I respectfully concur in the decision.

A handwritten signature in blue ink that reads "Clifford Rechtschaffen". The signature is written in a cursive, flowing style.

Clifford Rechtschaffen, Commissioner