



CALIFORNIA PUBLIC UTILITIES COMMISSION

Frequently Asked Questions (FAQs) California Customer Choice Project

1. What is the California Customer Choice (CCC) Project?

Earlier this year, the California Public Utilities Commission (CPUC/Commission) and the California Energy Commission (CEC) commenced an inquiry into the many changes occurring in California's electricity sector. These changes are driven by external events such as an uptake of distributed generation technologies, growth of non-utility electric service providers, and policy measures taken to mitigate climate change, which have provided customers more options to choose how and from whom they obtain electricity. The [May 19, 2017 en banc hearing](#) identified risks and opportunities for California moving toward policies allowing more choices for customers.

These changes pose regulatory challenges. For example, the rapid growth of Community Choice Aggregators (CCAs) required new regulatory proceedings to manage the transition. The Commission must consider this and other shifts in the electric market relating to customer choice. As a result, the Commission formed the **California Customer Choice Project**¹ (Project) to assist with the appropriate next steps.

2. What is "customer choice"?

For the purposes of this Project, "customer choice" is defined as the range of options in electric markets among which a customer (individual or business) may choose. These choices include:

- electric service provider;
- rate plan;
- type of generation procured by provider to serve load;
- behind the meter grid assets to self-generate;
- participation in programs offering benefits to the customer for reducing and shifting load; and
- other accommodations supporting grid reliability, greenhouse gas (GHG) reduction and operation of the electric system.

Customer choice **does not** include the choice of poles and wires distributing electricity.

3. What is the mission/goal of the California Customer Choice Project?

The mission of the California Customer Choice Project is to aid the Commission in making strategic, timely, and informed decisions by:

- a. Evaluating representative national and global models for customer choice in the electric market;

¹ An Evaluation of Regulatory Framework Options for an Evolving Electric Market

- b. Assessing whether the trajectory of the state’s regulatory framework for customer choice in 2020 will allow California to meet fundamental principles of affordability, decarbonization, and reliability (see question #4); and
- c. Conducting comparative analysis to identify trade-offs between the regulatory framework options.

The short term goal of the Project is to produce a White Paper that will help the Commission and other decision makers determine the appropriate next steps to take during the transition of the electric market in California.

The Project will conduct stakeholder outreach to obtain input on the domestic and international customer choice models in the electric markets, including what stakeholders deem essential. A draft White Paper will be released in early 2018 for public comment before a final report will be issued.

4. What is the method/approach for evaluating models for customer choice in different electric markets?

The Project will evaluate the models against three main principles:

- a. Affordability: are the rates and charges designed to ensure affordability?
- b. Decarbonization: does the model meet California’s environmental and climate goals?
- c. Reliability: how does the model maintain safe, reliable, and resilient electricity service?

(Please note that the principles are listed alphabetically. There is no preference or priority to the listing of the principles because they’re equally important.)

In conjunction with the three main principles, the Project will also examine key issues/matters in its comparative analysis, which includes, but is not limited to, the following:

- How does this choice model ensure consumer protections?
- How does this choice model support development and incorporation of innovations driven by customer demand?
- Does this choice model ensure universal electric service?
- How does the choice model leverage investment necessary to finance the evolution of the electric grid?
- How does this choice model consider the transition/transfer of utility obligations?
- Does this choice model have competitively neutral rules among market participants?
- Can customers determine their level of participation and are they informed to participate at their desired level?
- How does this choice model impact and benefit local communities?

Other issues/questions may arise from the public workshops that the Project may take into consideration for further examination.

It is important to note that the Project will not examine how traditional utilities will need to change to provide electric services in the future and the rate structures necessary to pay for those services.

5. How will the Project obtain stakeholder input?

The California Customer Choice Project will hold an informal initial public workshop on October 31, 2017 to gather stakeholder input on national and global electric market choice models, including California’s model. The discussions from this event will assist the Commission in its assessment of the state’s current regulatory structure for customer choice, alternative frameworks, and barriers to implementation. Speakers will include California stakeholders and representatives from out-of-state electric markets who will present key insights to help inform the evolution of California’s customer choice model. Please click on this link for additional information on the workshop: <http://cpuc.ca.gov/ChoiceWorkshop>

A second public workshop is planned after the release of the draft White Paper in early 2018. The workshop will allow the public to provide comments and ask questions about the draft White Paper.

Written public comments will be accepted after the October 31 workshop and following release of the White Paper.

6. What is the objective of the White Paper?

The aim of the White Paper is to set the table for a constructive conversation among decision makers about the next steps to take in managing California’s transition in an evolving electric market by providing a holistic (and strategically agnostic) view of the interdependent attributes related to customer choice in the electric market.

The White Paper will provide an unbiased Evaluation Framework to assess various market structures for customer choice. It will examine key questions and issues including consumer protection, technological innovation, access to capital for investments to meet California’s decarbonization goals, reliability and affordability.

The White Paper **will not** present recommendations for a customer choice model/structure for California. Instead, the intent is for the Commission to use the information provided in the White Paper to decide on appropriate next steps for effective management of this evolving market. Decision makers may use lessons learned from the different electric markets presented in the White Paper to ensure key goals are met and/or avoid pitfalls when deliberating policy and regulatory changes.

7. What is the Evaluation Framework?

A key feature in the White Paper will be the Evaluation Framework, a methodology to assess specific customer choice models in electric markets. The models will be analyzed against the key principles (alphabetically listed) of affordability, decarbonization, and reliability. Questions will be designed to not bias the analysis towards a favorable view of markets with more or less choice for customers. Rather, it will be used to consider the various options for customer choice demonstrated by the different electric markets evaluated in the study in an agnostic way.

8. What is the timeline for the California Customer Choice Project?

Fall 2017: Gather stakeholder input and assess international and domestic market structures, including holding an informal public workshop

Early 2018: Issue draft White paper for public comment

Spring 2018 Issue final White Paper

9. Will there be an Order Instituting Rulemaking (OIR) after the release of the White Paper?

No. The intent of the White Paper is to provide information to the Commission and other decision makers about various existing customer choice models. The report will assist in guiding their next steps on this issue. The White Paper is not intended to provide the basis or reason to institute an order for rulemaking.

California law provides the Commission, at any time, authority to institute rulemaking proceedings to adopt, repeal, or amend rules, regulations, and guidelines for a class of public utilities or of other regulated entities. The Commission has, in the past, embarked on studies prior to issuance of the OIR. However, that is not the intent and/or immediate goal of the Project.

10. Who do I contact if I have questions or want more information about the Project?

For additional information, please email customerchoice@cpuc.ca.gov.

The materials from the May 19 en banc hearing provide an overview of this issue in California. You can obtain the information, as well as watch the hearing at this link:
<http://www.cpuc.ca.gov/general.aspx?id=6442453394>.