

Evaluation Criteria for Affordability En Banc Proposals

Jack Chang

Analyst, CPUC Energy Division

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 - Gas rates have been scoped into Phase 3.
- A ruling is scheduled for March/April 2022 soliciting recommendations from parties on proposed strategies to mitigate energy rate increases.
- A staff proposal is scheduled to be issued in Q1 2023 on recommended strategies to mitigate energy rate increases.

Evaluation Criteria

- The following criteria have been proposed to evaluate affordability proposals in this en banc and in the overall proceeding.
 - Affordability impact
 - Equity impact
 - Environmental and social justice impact
 - Revenue requirement and rate impact
 - Economic impact
 - Regulatory and statutory reforms and political feasibility

Affordability Impact

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- The use of the Affordability Ratio (AR) metric and/or Affordability Ratio Calculator Tool (ARC) established in phases I and II of this proceeding are not necessarily a requirement of this point of evaluation, but they are strongly encouraged where applicable, particularly when revenue requirement impacts can be assessed and quantified.

Equity Impact

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- Utilities would then use the Affordability Ratio Calculator developed by the CPUC to determine the share of essential household income proposed electricity rates represented in SEVI-DACs.

Environmental & Social Justice Impact

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 - This metric measures whether the rate proposal will disproportionately impact areas already suffering from air quality problems.
 - It also measures whether the proposal will incentivize overall activities that will increase greenhouse gas emissions and air pollution, possibly by incentivizing fossil-based energy use rather than renewable energy use.

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 - This metric measures whether the rate proposal will disproportionately impact areas already suffering from air quality problems.
 - It also measures whether the proposal will incentivize overall activities that will increase greenhouse gas emissions and air pollution, possibly by incentivizing fossil-based energy use rather than renewable energy use.
- This metric also measures the proposal's impact in relation to the CPUC's ESJ Action Plan 2.0's nine goals.

ESJ Action Plan 2.0's Nine Goals

The nine goals of the ESJ Action Plan 2.0 (based on its October 26, 2021 draft), are as follows:

1. Consistently integrate equity and access considerations throughout CPUC regulatory activities.
2. Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health.
3. Strive to improve access to high-quality water, communications, and transportation services for ESJ communities.
4. Increase climate resiliency in ESJ communities.
5. Enhance outreach and public participation opportunities for ESJ communities to meaningfully participate in the CPUC's decision-making process and benefit from CPCU programs.
6. Enhance enforcement to ensure safety and consumer protection for all, especially ESJ communities.
7. Promote high road career paths and economic opportunity for residents of ESJ communities.
8. Improve training and staff development related to environmental and social justice issues within the CPUC's jurisdiction.
9. Monitor the CPUC's environmental and social justice efforts to evaluate how they are achieving their objectives.

Revenue Requirement and Rate Impact

- Eligible proposals should include measurable revenue requirement as well as rate and bill impacts, to the extent feasible. Greater weight will be afforded to proposals that offer prudent, quantifiable cost containment benefits for ratepayers.

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- The Cost & Rate Tracking tools (CRTs) developed in phase I of this proceeding can be leveraged by parties to supplement this evaluation measure with illustrative rate and bill impacts.

Economic Impact

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- Another economic impact could be rate design-initiated wealth transfers that increase the rate burden for one ratepayer class while lowering the rate burden for another ratepayer class.

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- Each proposal should be evaluated based on the legislative, statutory, and/or political considerations and dependencies that may be required to enact them.
- This evaluation measure is more challenging to define than others and requires a qualitative review of more oblique factors.

Thank you.

Contact:

Jack.Chang@cpuc.ca.gov

