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CalCCA Responds to Commission's PCIA Proposal

The California Public Utilities Commission on Aug. 1 released a proposed decision that recommends reforms to the Power Charge Indifference Adjustment (PCIA), a charge paid by departing-load customers for energy resources purchased by investor-owned utilities prior to their exit from bundled, IOU service.

The proposed decision recognizes the strength of the California Community Choice Association's recommendations for reforming the PCIA. "We find CalCCA's analysis of the challenges facing the utilities, departing load interests, other stakeholders, and this Commission to be very thoughtful and well informed," the proposal notes.

CalCCA advocated for and supports a number of measures in the proposed decision, including provisions that would end the practice of charging community choice aggregation customers for pre-2002 utility-owned generation (UOG); affirm that the recovery of costs associated with post-2002 UOG is limited to ten years; and provide a means for aggregators to pre-pay their PCIA obligation.

These changes would begin to address unfair allocation of costs through the PCIA and create more certainty for existing and future CCA programs. CalCCA estimates that the current PCIA methodology results in a cost shift from bundled to departing load customers for 2018 of up to $492 million annually by Pacific Gas & Electric and up to $25 million annually by Southern California Edison – amounts that will increase as more customers switch to CCA.

The proposed decision rightly rejects a proposal put forth by the IOUs—the Green Allocation Methodology and Portfolio Monetization Mechanism, or GAM/PMM—which would allocate portfolio resources to aggregators on a mandatory basis, in violation of the statutory right of CCAs to control their own energy procurement.

"CalCCA appreciates the Commission's efforts to create a fair and level playing field for both departing load and IOU bundled-service customers," said Beth Vaughan, executive director of CalCCA.

CalCCA disagrees with some aspects of the proposed decision including the method by which the market price benchmark (MPB) that is used to calculate the PCIA would be determined. Under the proposed decision, the MPB uses short-term capacity market transactions to value long-term IOU contracts. CalCCA maintains that long-term resources should be valued using long-term valuation measures so the PCIA more accurately reflects true cost.

On Aug. 2, CalCCA participated in oral arguments at the Commission as part of the ongoing PCIA proceeding. The association will also submit formal comments on the proposed decision and participate in an all-party meeting, to take place in the next few weeks. The Commission may consider the proposed decision at its September 13 business meeting.

The proposed decision calls for a second phase of the proceeding that would include a "working group" process focused on portfolio optimization and cost reduction. CalCCA looks forward to engaging with the Commission and stakeholders on these critical issues.

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About CalCCA: California Community Choice Association supports the development and long-term sustainability of locally-run Community Choice Aggregation (CCA) electricity providers in California. CalCCA is the authoritative, unified voice of local CCAs, offering expertise on local energy issues while promoting fair competition, consumer choice and cost allocation and recognizing the social and economic benefits of localized energy authorities.

For more information about CalCCA, visit www.cal-cca.org.