



PCIA Update

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PCIA Update

- On Thurs., Feb. 27, the CPUC voted out Decision 20-02-047 approving PG&E's 2020 ERRA Forecast Application, setting PG&E bundled customer generation rates and the departed customer PCIA rate for 2020
- CalCCA advocacy, led by EBCE, resulted in a \$93 million decrease to the proposed PCIA in the final decision versus the initial proposed decision – this is due to requiring PG&E to properly value its banked renewable energy credits. This both decreases the PCIA and increases bundled customer rates, resulting in a ~\$186 million net impact
- Next Steps:
 - PG&E to file its tariff sheets by May 1 implementing the Decision and the associated rate changes
 - EBCE to follow PG&E's bundled customer rate change with an EBCE generation rate change to maintain the current value proposition for EBCE customers

Summary

- CPUC's proposed decision issued on January 24 is estimated to increase the average PCIA charged to EBCE customers by 45% and decrease PG&E gen rates by 8%
- PCIA and Rate changes are anticipated to go into effect May 1, 2020
- Revenue changes will primarily impact the Fiscal year 2020-2021 budget
- A range of scenarios are possible related to how the CPUC rules on the management of the PCIA Under collection Balancing Account (PUBA), which takes form through the under collection trigger, cap, and recovery timeframe
- Further influencing this is PCIA Working Group 3, which will provide guidelines on the future disposition of assets

Revenue Scenarios (FY2020-2021)

- PCIA and Rate changes are anticipated to go into effect May 1, 2020
- PCIA increase is limited to \$0.005/KWh, which results in an under collection in 2020
- Under collection cap set at 7% is expected to be reached in August 2020 timeframe
- The under collection requires a decision by the CPUC to determine the timeframe to recover this under collection

	Low Impact	Medium Impact	High Impact
Projected 2020-2021 Revenue	\$404MM	\$349MM	\$333MM
7% Cap that remains under collected	\$15MM	\$15MM	\$0
Under collection in excess of cap that is deferred	\$55MM	\$0	\$0

Note: Totals may vary due to rounding

Revenue Scenarios (FY2020-2021) (Cont.)

- Open areas for potential improvement include PG&E's valuation of unsold RECs and RA

	Low Impact	Medium Impact	High Impact
Projected 2020-2021 Revenue	\$408MM	\$361MM	\$346MM
7% Cap that remains under collected	\$15MM	\$15MM	\$0
Under collection in excess of cap that is deferred	\$43MM	\$0	\$0

Note: Totals may vary due to rounding

Methodologies for Adjusting EBCE Bright Choice Power Content

- EBCE’s Bright Choice is delivered to customers at a lower cost and high carbon-free content than PG&E electric service.
- PG&E provides multiple sources for their expected and actual power content, but the actual values are not fully validated until their Power Content Label is produced – which occurs in the fall of the year after the power is procured. As a result, it can be challenging to compare EBCE Bright Choice to PG&E Power Content due to this reporting lag.

	Renewable	Large Hydro	Nuclear	Gas/Unspecified
2018 PG&E Power Content Label	39%	13%	34%	15%
2019 PG&E Forecast	34.5%	Not reported		
2020 PG&E Forecast	49%*	Not Reported – subject to allocation to CCAs		Not Reported

*49% Renewable is based on renewables sales that are significantly below PG&Es 2019 levels (2020: 3600 GWh v 2019: 8000 GWh) and as PG&E executes additional sales, this renewables level is expected to fall

Methodologies for Adjusting EBCE Bright Choice Power Content cont.

- In an effort to address increases in the PCIA, EBCE staff is evaluated what level of renewable and carbon free energy could be procured to ensure that EBCE continues to be cleaner than PG&E but while also reducing procurement costs sufficiently to support lower rates
- With allocation of carbon-free energy coming in 2020 and a broader allocation of resources from PG&E's portfolio expected in 2021, comparing EBCE's Bright Choice power content and PG&E power content will continue to be challenging.
- One approach to consider in 2020 – and to evaluate thereafter – is to focus EBCE's power content comparison with PG&E on relative levels of renewable energy. This approach is particularly useful given the once PG&E allocates its carbon-free energy, PG&E and CCAs will have the same quantity of that resource

	Renewable	Large Hydro	Nuclear
PG&E Power Content (After Allocation)	PG&E	Same as PG&E due to allocation	Same as PG&E due to allocation (if accepted)
EBCE Power Content (After Allocation)	PG&E +5%		