



## Staff Report Item 14

**TO:** East Bay Community Energy Board of Directors

**FROM:** Dan Lieberman, Senior Manager, Account Services

**SUBJECT:** Update on PG&E Rate Setting Timeline and EBCE Rate Setting Process  
(Informational Item)

**DATE:** February 20, 2019

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### Recommendation

Receive staff update and provide feedback on proposed EBCE rate setting process

### PG&E's 2019 Rate Setting Timeline

The scope of this section is limited to generation rates and the Power Charge Indifference Adjustment (PCIA). Changes to other PG&E billing components, including but not limited to transmission, distribution, and non-bypassible charges, are not addressed. Those charges impact EBCE customers and PG&E bundled customers equally, and are not part of EBCE's domain, so they are not addressed herein.

PG&E's electric generation rates are set through a regulatory mechanism called the Energy Resource Recovery Account (ERRA). ERRA proceedings are used to determine fuel and purchased power costs that can be recovered in rates. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility adjusts rates downward for the upcoming year, and vice versa.

The ERRA regulatory process includes two proceedings:

1. An annual ERRA **Forecast** proceeding to adopt a forecast of PG&E's electric revenue requirement for the coming year.
2. An annual ERRA **Compliance** proceeding to review PG&E's results in the preceding year.

Once the ERRA proceeding is complete, PG&E submits a compliance filing proposing new ERRA rates. PG&E then consolidates all its CPUC-approved rate changes from the prior year (i.e., ERRA plus other rate changes) into its "Annual Electric True-up (AET)" filing. The AET sets rates going forward.

Typically, PG&E’s rates are set for implementation on January 1 annually. However, the 2019 rate setting schedule has been delayed, and PG&E is still operating on the 2018 rate schedules. The following table is a forecast schedule for the finalization of PG&E’s 2019 rates.

2/21/19	ERRA decision made by the CPUC
By 3/20/19	PG&E files Advice Letter (AL) with the CPUC implementing the ERRA decision (this should include new PCIA rate) (“ERRA AL”)
4/9/19 (assuming 3/20 ERRA AL filing)	Protests due on the ERRA AL
5/13/19 (assuming there are protests to the ERRA AL filing)	CPUC draft Resolution on ERRA AL
6/13/19	CPUC vote approving ERRA AL resolution
6/20/19	PG&E files Annual Energy True-up (AET) advice letter (effective on filing unless suspended)
7/1/19	PG&E publishes rates and they go into effect the following day

There is potential for variation in the schedule. For example, the CPUC could push the vote out from 2/21/19 to a later meeting. That would delay the schedule for at least two weeks, possibly more. In the other direction, PG&E could file its ERRA AL sooner than 30 days after a decision (i.e., before 3/20/19 if there’s a 2/21/19 decision). Or the CPUC could delay a resolution on the draft ERRA AL.

The above is premised on PG&E wanting to change all its rates simultaneously, as is their historical practice. It is possible that PG&E could update all rates except its ERRA/PCIA rates at an earlier date of its choosing and let the ERRA/PCIA rates trail.

Therefore, mid-June is a reasonable estimate by when PG&E could update both generation rates and PCIA, to become effective July 1.

**Proposed Process for EBCE to Set Rates**

EBCE’s Implementation Plan and Statement of Intent ([August 2017](#)) states that “EBCE will review its rates at a minimum once a year. EBCE will employ a robust and highly transparent rate setting process for all rate changes that will include both a public hearing and a written public comment period.”

In September 2018, the Board approved a Rate Setting protocol. In sum, EBCE staff is tasked with adjusting rates schedules immediately in the wake of a change to PG&E generation rates and/or PCIA in order to retain EBCE's value proposition. Such a rate adjustment is considered ministerial. Any change to EBCE's value proposition shall be done with the input of stakeholders and approval by the Board. This section provides a suggested approach to evaluating and implementing changes to EBCE's value propositions. Staff requests Board feedback on this proposed approach. A revised approach will be presented to the board for approval at a later meeting. The approved approach will then be implemented by staff.

Staff proposes that EBCE maintain its value proposition through 2019 and begin the following process in June 2019 to determine 2020 rates.

Staff recommends the following approach to annual review and approval of EBCE's value proposition and rates. Ideally this process would occur following PG&E's June ERRA filing, when EBCE has preliminary information about the likely direction of PG&E rates and PCIA for the following calendar year.

1. **Executive Committee meeting.** Staff will provide a staff report containing analysis of PG&E rates and preliminary recommendations for changes to EBCE's value proposition.
2. **Community workshops.** Based on feedback received at the Executive Committee meeting, staff will revise analysis if needed, and solicit comments from the community. This will be achieved through three (3) community meetings in geographically diverse locations (e.g. north, east, and south county). Staff will consolidate feedback from these meetings into a supporting document that will be presented to the Board at their upcoming meeting. Written comments will be accepted in lieu of, or in addition to, verbal comments made during these workshops. A specific email address will be provided to the public to submit comments, along with a clear deadline for submittal.
3. **Community Advisory Committee meeting.** CAC will receive a presentation from staff and discuss the staff recommendation.
4. **Board meeting.** Staff will present analysis, findings, and recommendations derived from feedback from an Executive Committee meeting, Community Workshops and a Community Advisory Committee meeting. The Board will have the opportunity to vote on staff recommendations. If Board requests further analysis, the process will return to the Executive Committee. The Executive Committee can then make a final recommendation that will be brought to the next Board meeting.

This public process allows for robust public input, while not delaying what may be a time-sensitive process. The public will be welcome to participate in all meetings outlined above.

### Fiscal Impact

N/A

### Attachments

None.

### CEQA

Not a project.