

CITY COUNCIL RESOLUTION NO. 124-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RICHMOND CALLING ON THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO REEXAMINE THE FAIRNESS OF THE POWER CHARGE INDIFFERENCE ADJUSTMENT FEE

WHEREAS, the City of Richmond (“City” or “Richmond”) is committed to elevating the quality of life for its residents, businesses, and electricity consumers by pursuing innovative public policies that advance sustainable development, environmental justice, and economic prosperity; and

WHEREAS, on June 19, 2012, the City Council voted to join Marin Clean Energy (MCE), a regional Joint Powers Authority and California’s first Community Choice Aggregation (CCA) program, in order to provide all electricity consumers with competitively-priced renewable energy options; and

WHEREAS, the mission of MCE is to address global climate change by reducing energy-related GHG emissions, and securing energy efficiencies, rate stability, and local economic and workforce benefits; and

WHEREAS, MCE provides Richmond’s electricity consumers the option to purchase 50-100% renewable energy at generation rates currently lower than those offered by Pacific Gas & Electric (PG&E), previously the incumbent provider of energy supply; and

WHEREAS, in 2014, MCE’s electric customers collectively saved approximately \$5.9 million in electric rates and are expected to save \$10.6 million in 2015; and

WHEREAS, due to MCE’s lower electric generation rates, Richmond’s energy consumers collectively saved approximately \$2 million in 2014 on their electricity-related energy expenses, while the City itself saved over \$100,000 on its municipal electric accounts; and

WHEREAS, the California Alternate Rates for Energy (CARE) program provides financial support to energy consumers who have a total gross annual household income of 200% of the Federal Poverty Guidelines (\$48,500 for a family of four), or less, for their routine energy usage; and

WHEREAS, CCA customers pay Investor Owned Utilities (IOUs), such as PG&E, an exit fee known as the Power Charge Indifference Adjustment (PCIA); and

WHEREAS, the Power Charge Indifference Adjustment (PCIA) fee is designed for IOUs to recover the cost of purchasing electricity for consumers who depart from their energy supply portfolio by choosing a local CCA’s service options; and

WHEREAS, excess energy procurement inflates the PCIA and requires CCA customers to pay for over-procurement by the IOU; and

WHEREAS, the California Public Utilities Commission (CPUC) found in Decision 12-01-033 that PG&E did not properly plan its procurement for the departure of MCE’s electric load; and

WHEREAS, the PCIA fee undermines the economic competitiveness of Community Choice Aggregation programs throughout the State of California by inflating electric costs for CCA customers; and

WHEREAS, PG&E has received a benefit from departing loads of more than \$1 Billion (\$1,000,000,000) and proposed to absorb this benefit by retiring the account where it is held instead of passing it along to CCA departing load customers; and

WHEREAS, PG&E is presently requesting an increase of approximately 100% to the residential PCIA fee from the CPUC in Application 15-06-001; and

WHEREAS, all customers in MCE’s service area have spent over \$32 million in PCIA fees in 2014-2015; and

WHEREAS, PG&E is the only utility in California levying the PCIA fee upon CARE customers; and

WHEREAS, approximately 15.5% of MCE’s electricity consumers rely on CARE to help make their electricity costs more affordable; and

WHEREAS, approximately 11,000 electricity consumers in the City of Richmond rely on CARE to help make their electricity costs more affordable (25.5% of all Richmond electric accounts); and

WHEREAS, the proposed 2016 PCIA would be approximately 20% of an average MCE CARE electricity bill; and

WHEREAS, in 2015-2016, MCE’s Richmond CARE customers are projected to collectively spend almost \$1.5 million in PCIA fees; and

WHEREAS, in 2015-2016, MCE’s CARE customers in all service areas are projected to collectively spend almost \$4 million in PCIA fees; and

WHEREAS, in 2006, the State of California (“State”) passed Assembly Bill 32, the Global Warming Solutions Act, which requires the State to reduce its GHG emissions to 1990 levels by 2020; and in 2015, the State of California passed Senate Bill 350, the Clean Energy and Pollution Reduction Act, which requires 50% of the electricity sold to consumers be generated from eligible renewable resources by 2030, as defined by the State’s Renewable Portfolio Standard (RPS); and

WHEREAS, MCE voluntarily exceeds the RPS standard and has reduced GHG emissions by approximately 60,000 metric tons within its first three years of providing service to electricity customers; and

WHEREAS, Richmond was the first city outside of Marin County to join MCE, and its leadership has inspired other communities to follow its example, including those of unincorporated Napa County, the City of Benicia, and the West Contra Costa Cities of San Pablo and El Cerrito.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richmond calls on the California Public Utilities Commission to 1) reexamine the fairness and reasonableness of the PCIA on CCA customers, and particularly those who rely on low-income assistance programs, such as CARE, and 2) direct PG&E to use revenue already received for departing loads before imposing costs on CCA customers; and

BE IT FURTHER RESOLVED that the City Council of the City of Richmond opposes volatile increases in the PCIA exit fee charged to CCA electricity customers.

I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond at a regular meeting thereof held December 15, 2015, by the following vote:

AYES: Councilmembers Bates, Beckles, Martinez, McLaughlin, Pimplé,
Vice Mayor Myrick, and Mayor Butt.

NOES: None.

ABSTENTIONS: None.

ABSENT: None.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

TOM BUTT

Mayor

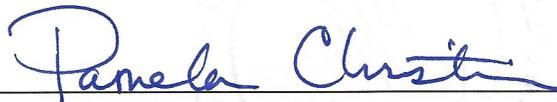
Approved as to form:

BRUCE GOODMILLER

City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 124-15**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on December 15, 2015.



Pamela Christian, Clerk of the City of Richmond