

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report – Item 7

TO: Community Advisory Committee

FROM: Edward Burnham, Director of Finance & Internal Operations

SUBJECT: Receive 2023 Customer Rate & PCIA update (Information)

DATE: January 26, 2023

RECOMMENDATION

Informational – no action requested.

BACKGROUND/ANALYSIS

The Board adopted the 2023 VCE Budget and Customer Rates on December 8, 2022. The adopted budget included key objectives as highlighted in the staff report. In addition, the Board adopted the Rate Adjustment Policy. The Board staff reports can be found here:

[Item 19](#) - 2023 Operating Budget & Customer Rates (valleycleanenergy.org)

[Item 20](#) - Rate Adjustment Policy (valleycleanenergy.org)

The 2023 Customer Rates and Budget included estimated adjustments based the Energy Resource Recovery Account (ERRA) proceedings used to determine PG&Es annual bundled rate and power charge indifference adjustment (PCIA).

On November 28, 2022, the California Public Utilities Commission (CPUC) issued the proposed decision (PD) for 2023 bundled rates, inclusive of setting PCIA and generation rates for PG&E. Based on information from VCE and CalCCA’s analysts, VCE incorporated the following assumptions in its Customer Rates and Budget for 2023.

Summary of CPUC ERRA Forecasts for January 2023

- PCIA: 88% reduction over 2022 PCIA (net zero charge) - Approximately \$17M in additional net revenue compared to 2022
- PG&E Bundled rates (PCIA & Generation): 3% increase – Approximately \$2M in additional revenue

In the proposed decision, PG&E was allowed to update the actuals financial results for the remainder of 2022 and adjust rates accordingly for 2023. In the November Preliminary filing, PG&E had indicated they were not planning to update the December filing for additional 2022 actual financials for the

Portfolio Allocation Balancing Account (PABA) & ERRRA balancing accounts. However, PG&E did file updated with recorded balances through November 2022 which has caused the change in the PCIA rates used in the budget adoption. The adjusted customer and PCIA rates for 2023:

Summary of CPUC ERRRA Forecasts for January 2023

- PCIA: 84% reduction over 2022 PCIA
- PG&E Bundled rates (PCIA & Generation): 2.5% increase.

Staff is currently reviewing the financial impacts from the updated filings and plan to update the board at their February Meeting.

CONCLUSION

Staff will update the financial forecast and propose budget adjustments, if required, to maintain the Board adopted 2023 customer rates and budget.