

Item 4 – Joint Rate Comparison Mailer

**Legislative and Regulatory Committee
May 27, 2020**

Introduction

- CPA will send its annual Joint Rate Comparison (JRC) mailer in July
- This year SCE's Green Tariff program for 100% renewables will show a lower cost than CPA's 100% Green rate
 - SCE's Green Tariff program is a mandated regulatory program offering renewables from specific projects to a limited number of customers
 - CPA's core rate offerings are available to all CPA customers and sourced from a diverse portfolio of resources
- This presentation explains the JRC process and provides additional background on SCE's Green Tariff program
 - Although the JRC presents CPA's rates alongside SCE's programs, they are fundamentally different and do not represent an apples to apples comparison
- CPA may explore future modifications to the JRC mailer process

Joint Rate Comparison Overview

- CPA sends a Joint Rate Comparison (JRC) mailer to all customers by July 1 each year
 - The JRC includes information comparing SCE and CPA rates and generation mix to assist customers in making informed decisions about their energy provider based on neutral and accurate information
 - The CPUC's Code of Conduct, which governs the IOUs' conduct relative to CCAs, sets the JRC requirements and content
 - The cost to produce this annual mailer for CPA's customers is about \$380,000 and is divided evenly between CPA and SCE
- The 2020 mailer will be CPA's third JRC since 2018
 - The previous JRCs have included comparisons of CPA's three rate products to SCE's base rate and to SCE limited-participation green energy programs

CPA's 2019 JRC – Rate and Power Content Data

| 2019 Schedule TOU-GS-1-E Rate Comparison |  SOUTHERN CALIFORNIA EDISON® | | |  CPA CLEAN POWER ALLIANCE | | |
|--|--|---------------------------------|----------------------------------|--|------------------------------|------------------------------------|
| | SCE Base rate | SCE Green Rate 30% renewable | SCE Green Rate 100% renewable | Lean Power 36% renewable | Clean Power 50% renewable | 100% Green Power 100% renewable |
| Generation Rate (\$/kWh) | \$0.08832 | \$0.09109 | \$0.09386 | \$0.06235 | \$0.06412 | \$0.08001 |
| SCE Delivery Rate (\$/kWh) | \$0.08903 | \$0.08903 | \$0.08903 | \$0.08400 | \$0.08400 | \$0.08400 |
| Surcharges (\$/kWh) | N/A | \$0.01170 | \$0.02339 | \$0.02922 | \$0.02922 | \$0.02922 |
| Total Costs (\$/kWh) | \$0.17735 | \$0.19182 | \$0.20628 | \$0.17557 | \$0.17734 | \$0.19323 |
| Average Monthly Bill (\$) | \$176.82 | \$191.24 | \$205.66 | \$175.04 | \$176.81 | \$192.65 |

| Electric Power Generation Mix* |  SOUTHERN CALIFORNIA EDISON® | | |  CPA CLEAN POWER ALLIANCE | | |
|-----------------------------------|--|-------------------------|--------------------------|--|----------------|---------------------|
| | SCE (Base) | SCE Green Rate (50%) | SCE Green Rate (100%) | Lean Power | Clean Power | 100% Green Power |
| Specific Purchases | Percent of Total Retail Sales (KWh) | | | | | |
| Renewable | 36% | 68% | 100% | 36% | 61% | 100% |
| Biomass & biowaste | 1% | 0% | 0% | 0% | 0% | 0% |
| Geothermal | 8% | 4% | 0% | 0% | 0% | 0% |
| Eligible hydroelectric | 1% | 0% | 0% | 0% | 0% | 0% |
| Solar | 13% | 37% | 100% | 0% | 38% | 100% |
| Wind | 14% | 7% | 0% | 36% | 23% | 0% |
| Coal | 0% | 0% | 0% | 0% | 0% | 0% |
| Large hydroelectric | 4% | 2% | 0% | 64% | 39% | 0% |
| Natural gas | 17% | 8% | 0% | 0% | 0% | 0% |
| Nuclear | 6% | 3% | 0% | 0% | 0% | 0% |
| Other | 0% | 0% | 0% | 0% | 0% | 0% |
| Unspecified Power** | 36% | 18% | 0% | 0% | 0% | 0% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

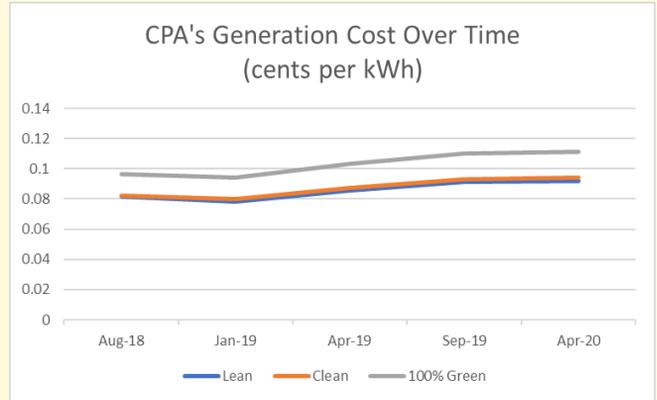
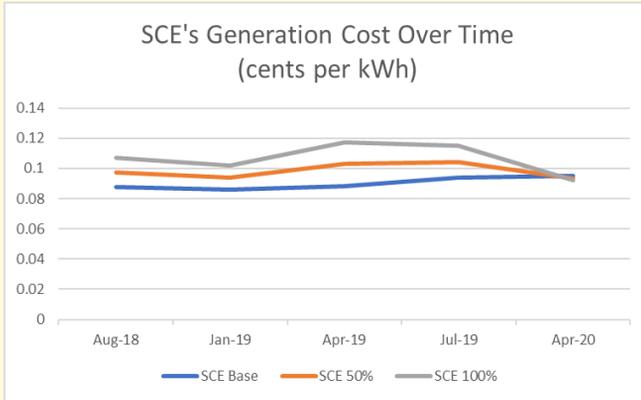
* Generation data for SCE and CPA represents preliminary 2018 data provided through the California Energy Commission's Power Source Disclosure program.

** Unspecified sources of power mean electricity from transactions that are not traceable to specific generation sources.

SCE's Green Rate Program

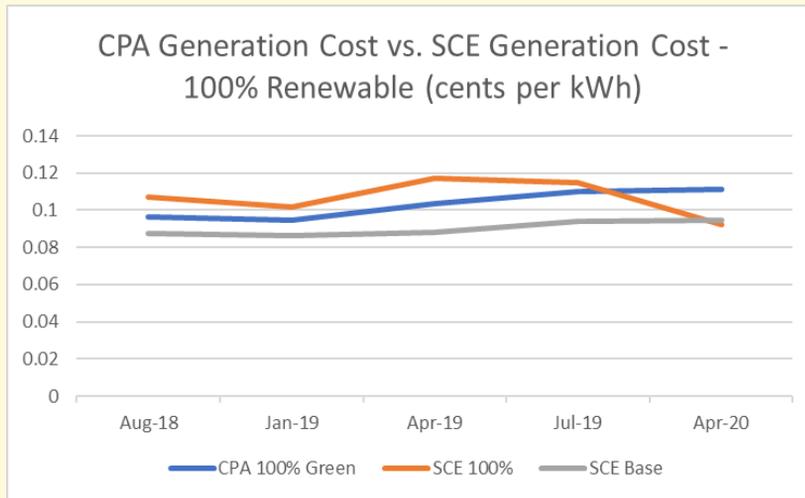
- In 2015 the CPUC directed the IOUs to implement Green Tariff programs by Decision 15-01-051, pursuant to Senate Bill (SB) 43
 - These programs were intended to allow customers unable to take advantage of NEM, such as renters, to meet their electricity needs with renewable generation
 - In SCE's Green Tariff program, called the Green Rate program, customers can choose either 50% or 100% renewable energy
- Green Rate program customers pay an “adder” on top of their generation rate that covers SCE's cost to procure the renewable power plus administrative costs of the program and the PCIA
 - SCE's Green Rate adder has been volatile over the last several years, but higher than CPA's Clean and 100% Green products until their most recent rate change in April 2020
 - The most recent SCE Green Rate adder for small business customers is negative

Comparison of Renewable Generation Cost Over Time (Generation Rate + PCIA) – TOU-GS-1E



- SCE's Green Rates are subject to significant volatility
- CPA's renewable rate premiums are predictable, because CPA offers consistent rate comparison targets and has regularly adjusted its rates to account for fluctuations in the PCIA

CPA vs SCE – 100% Renewable Generation Cost Over Time- TOU-GS-1E



SCE's Green Rate Program

SCE's Green Rates are CPUC-mandated programs, not broad-based rate offerings like CPA's rate products:

- Participation is capped
 - SCE's Green Tariff program cap is 269 MW
 - Currently, SCE's program has only enrolled an estimated 500-1000 SCE customers on one of their Green Rates
- SCE Green Rates are subject to greater rate volatility
 - The program premium varies with the cost to procure solar power
 - Customers are subject to the volatility of the PCIA, but SCE does not adjust rates to account for changes to the PCIA like CPA does
- The future of the program is uncertain
 - SCE sought to terminate the program due to “low subscription rates” and “unsustainable” finances (Advice Letter 3722-E, Dec. 22, 2017)
 - The CPUC rejected the termination in 2019, so the program continues

SCE Green Rate Program vs. CPA Rate Products

| | SCE Green Rate Program | CPA Rate Products |
|-------------------------------------|---|--|
| Description | Mandated regulatory program offering renewables from specific projects to a limited number of customers | Core rate offerings available to all CPA customers and sourced from a diverse portfolio of resources |
| Availability | Participation capped at 269 MW | No participation caps |
| Current Participation Levels | Estimated at 500-1000 customers | ~800,000 customers on Clean and 100% Green rates |
| Cost | Volatility in renewable costs and PCIA | Predictable cost premium and adjustment for PCIA |
| Financial Viability | Not recovering its costs according to SCE | Financially viable |
| Program Future | Uncertain | Growing with more jurisdictions opting up to 100% Green in 2020 |

2020 JRC Mailer

- Historically, CPA's Clean and 100% Green products have cost less than SCE's 50% and 100% Green Rate program
 - This was true even though CPA rates are indexed to SCE's base rate, not SCE Green Rate program
 - This resulted in a favorable comparison for CPA on the JRC
- This year, several factors will contribute to a lower price for the SCE Green Rate program compared to some of CPA's rates
 - SCE Green Rate premium is falling due to lower cost for solar contracts, marketing & admin expenses and a lower PCIA
- Additionally, the SCE Green Rate on this year's mailer look even more favorable due to the use of the 2019 PCIA rate
 - Customers enrolling after July 1 will be subject to the higher 2020 PCIA rate (no CPA customers are subject to the 2020 PCIA rate)

2020 JRC Mailer – Rate Results

| 2020 Domestic Schedule Rate Comparison |  | | |  | | |
|--|---|------------------------------|-------------------------------|--|---------------------------|---------------------------------|
| | SCE Base rate | SCE Green Rate 50% renewable | SCE Green Rate 100% renewable | Lean Power 36% renewable | Clean Power 50% renewable | 100% Green Power 100% renewable |
| Generation Rate (\$/kWh) | \$0.09609 | \$0.08832 | \$0.08056 | \$0.06989 | \$0.07181 | \$0.08910 |
| SCE Delivery Rate (\$/kWh) | \$0.12309 | \$0.12309 | \$0.12309 | \$0.11729 | \$0.11729 | \$0.11729 |
| Surcharges (\$/kWh) | \$0.00000 | \$0.01169 | \$0.02338 | \$0.03003 | \$0.03003 | \$0.03003 |
| Total Costs (\$/kWh) | \$0.21918 | \$0.22310 | \$0.22703 | \$0.21721 | \$0.21913 | \$0.23642 |
| Average Monthly Bill (\$) | \$116.82 | \$118.91 | \$121.01 | \$115.77 | \$116.80 | \$126.01 |

Monthly Usage: 533 kWh

SCE rates current as of April 2020, CPA rates current as of May 2020.

| 2020 Schedule TOU-GS-1-E Rate Comparison |  | | |  | | |
|--|---|------------------------------|-------------------------------|--|---------------------------|---------------------------------|
| | SCE Base rate | SCE Green Rate 50% renewable | SCE Green Rate 100% renewable | Lean Power 36% renewable | Clean Power 50% renewable | 100% Green Power 100% renewable |
| Generation Rate (\$/kWh) | \$0.09482 | \$0.08454 | \$0.07427 | \$0.07401 | \$0.07591 | \$0.09298 |
| SCE Delivery Rate (\$/kWh) | \$0.09732 | \$0.09732 | \$0.09732 | \$0.09152 | \$0.09152 | \$0.09152 |
| Surcharges (\$/kWh) | \$0.00000 | \$0.00904 | \$0.01807 | \$0.02474 | \$0.02474 | \$0.02474 |
| Total Costs (\$/kWh) | \$0.19214 | \$0.19090 | \$0.18966 | \$0.19027 | \$0.19217 | \$0.20924 |
| Average Monthly Bill (\$) | \$188.11 | \$186.89 | \$185.68 | \$186.28 | \$188.13 | \$204.85 |

Monthly Usage: 979 kWh

SCE rates current as of April 2020, CPA rates current as of May 2020.

Future JRC Considerations

- Due to the substantial cost to produce these annual mailers, plus concerns staff has over the relevance of the information they provide to customers, CPA may explore paths to modify this process
 - SCE Green Rates and CPA's generation products are not apples to apples
 - As both SCE and CPA adopt additional rate options and green programs, the mailer becomes less relevant for more customers
- Last year AB 1362 was passed, which contains further instructions for the CPUC to make a consolidated website for JRC and other program information.
- This may create an opportunity for a discussion about future modifications to the JRC mailer process