

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Advance  
Demand Flexibility Through Electric Rates

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Rulemaking 22-07-005  
(Filed September 27, 2022)

**CLEAN COALITION'S OPENING BRIEF ON STATUTORY INTERPRETATIONS OF  
ASSEMBLY BILL 205**

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**I. INTRODUCTION**

Clean Coalition respectfully submits this Opening Brief pursuant to *Administrative Law Judge’s Ruling Requesting Track A Briefs on Statutory Interpretation*, issued on December 9, 2022, and the subsequent December 20, 2022 procedural email in the Order Instituting Rulemaking (“OIR”) to Advance Demand Flexibility Through Electric Rates.

Over the last few years, electric rate increases have far outpaced inflation, a trend that is slated to continue throughout the next decade. These increases come at a time when California is working to decarbonize and deploy renewable resources quickly enough to match the increasing electrical demand associated with electrification. While there are other regulatory proceedings dedicated to crafting the most cost-effective pathway to deploy a sufficient amount of new resources, there is also the important issue of ensuring that the transition— which is necessary to modernize the grid and minimize contributions to climate change— is affordable enough that the average ratepayer is not left behind. Electric rates in California are already among the highest in the nation and between inflation, skyrocketing gas prices, and an increasing cost of living, continued residential rate increases are going to have an adverse impact on those already struggling to make ends meet. With that being said, implementing a fixed charge, as proposed in Assembly Bill (“AB”) 205, should not be considered a silver bullet solution to end the affordability crisis. If anything, a charge should be kept to a minimum, encouraging deployment of distributed energy resources to mitigate the other volumetric portions of the energy bill. Volumetric pricing, with time varying signals, is the most effective price signals that the California Public Utilities Commission (“the Commission”) can implement to promote ratepayer savings. This proceeding should ensure that any solution related to a fixed-charge advances **all** of the state’s ambitious goals rather than focusing on a single issue or balancing all of the factors, but full realizing none.

## II. DESCRIPTION OF PARTY

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (“DER”) — such as local renewables, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

## III. COMMENTS

### Question 1:

*A. Does “no fewer than three income thresholds” mean a minimum of three or four tiers of fixed charge levels?*

Section 739.9(e)(1) should be interpreted as requiring at least three income tiers.

*B. What types of current or potential residential charges and service fees should be considered a “fixed charge” subject to the income-graduation requirements of Section 739.9(e)?*

Only fixed costs, such as public purpose program charges, basic billing and metering requirements should be included in any fixed cost. A fixed charge related to line transformer and a secondary distribution voltage could also be considered by the Commission.

*C. What types of residential charges and service fees should not be considered a “fixed charge” and therefore should not be subject to the requirements of Section 739.9(e)?*

Generation costs and delivery costs (including distribution and transmission) should be assessed based on a volumetric basis, not via a fixed charge. These costs should be allocated based on the amount of infrastructure used to deliver the energy to the end user. Ratepayers should be properly compensated for deploying measures to improve energy efficiency or deploying distributed generation. Importantly, the Commission must consider whether adding a

fixed charge will improve rate affordability as compared to the status quo, given the language of AB 205.

#### **IV. CONCLUSION**

The Clean Coalition respectfully submits this opening brief on the statutory interpretation of AB 205.

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