



PCIA Update

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Summary

- CPUC's proposed decision issued on January 24 is estimated to increase the average PCIA charged to EBCE customers by 45% and decrease PG&E gen rates by 8%
- PCIA and Rate changes are anticipated to go into effect May 1, 2020
- Revenue changes will primarily impact the Fiscal year 2020-2021 budget
- A range of scenarios are possible related to how the CPUC rules on the management of the PCIA Undercollection Balancing Account (PUBA), which takes form through the undercollection trigger, cap, and recovery timeframe
- Further influencing this is PCIA Working Group 3, which will provide guidelines on the future disposition of assets

Revenue Scenarios (FY2020-2021)

- PCIA and Rate changes are anticipated to go into effect May 1, 2020
- PCIA increase is limited to \$0.005/KWh, which results in an undercollection in 2020
- Undercollection cap set at 7% is expected to be reached in August 2020 timeframe
- The undercollection requires a decision by the CPUC to determine the timeframe to recover this undercollection

	Low Impact	Medium Impact	High Impact
Projected 2020-2021 Revenue	\$404MM	\$349MM	\$333MM
7% Cap that remains under collected	\$15MM	\$15MM	\$0
Under collection in excess of cap that is deferred	\$55MM	\$0	\$0

Note: Totals may vary due to rounding

Revenue Scenarios (FY2020-2021) (Cont.)

- Open areas for potential improvement include PG&E's valuation of unsold RECs and RA

	Low Impact	Medium Impact	High Impact
Projected 2020-2021 Revenue	\$408MM	\$361MM	\$346MM
7% Cap that remains under collected	\$15MM	\$15MM	\$0
Under collection in excess of cap that is deferred	\$43MM	\$0	\$0

Note: Totals may vary due to rounding

Projected Expenses

- Energy: Approximately \$362MM
 - Energy and RA: \$312
 - RECs and Carbon Free: \$50MM
- Overhead: Approximately \$28MM
 - Data/Billing: \$9MM
 - Personnel: \$6.5MM
 - Local Development: \$6MM
 - Other SG&A: \$6MM
 - Interest/Commitment Fees: \$1MM

Mitigation Strategies

- Revenue Enhancement
 - Rate changes:
 - Reduce Bright Choice discount: \$3-8MM
 - Increase Brilliant 100 rate: \$1-5MM
- Cost Mitigation
 - Power Content Changes:
 - Reduce Renewables to RPS minimum (2020: 33% / 2021: 35%) for Bright Choice: \$2MM
 - Reduce Carbon free energy procurement: \$2-7MM
 - Accept nuclear allocation (assumes half year of generation): \$5MM
 - Accept hydro allocation (assumes half year of generation): \$2MM
 - Overhead expense reduction: \$1-2MM
 - Local development reduction: \$1-2MM
 - Other:
 - Execute on Energy Pre-pay: \$0.5-1.5MM annual savings
 - Adjust energy hedging strategies to reduce hedging levels, increasing volatility

Rate Changes

- Impact of changing Bright Choice discount relative to high impact scenario

	1.5 % Discount	1.0% Discount	0.5% Discount	0.0% Discount
Projected 2020-2021 Revenue (excluding any PUBA obligation)	\$333MM	\$336MM	\$338MM	\$341MM

- Impact of changing Brilliant 100 Rate relative to high impact scenario

	PG&E Gen Rate	1.0% Premium	2.0% Premium	3.0% Premium	4.0% Premium	5.0% Premium
Projected 2020-2021 Revenue (excluding any PUBA obligation)	\$333MM	\$334MM	\$335MM	\$336MM	\$337MM	\$338MM

Power Content Adjustments

- Reduce Renewables to RPS minimum (2020: 33% / 2021: 35%) for Bright Choice: \$2MM
- Reduce Carbon free energy procurement

Bright Choice Carbon Free %	80%	75%	65%
\$ Budget Savings	\$1.7MM	\$3.5MM	\$7MM

- Accept nuclear and hydro allocations from PG&E (assumes half year generation)

	Accept Nuclear Allocation	Accept Hydro Allocation
\$ Budget Savings for July-Dec 2020	\$5MM	\$2MM

PCIA Decision Timeline

- February 13, 2020: ERRA Comments due
- February 18, 2020: Reply Comments due
- February 27, 2020: Earliest CPUC can take action on 2020 PCIA
- May 1, 2020: PCIA/rate change anticipated