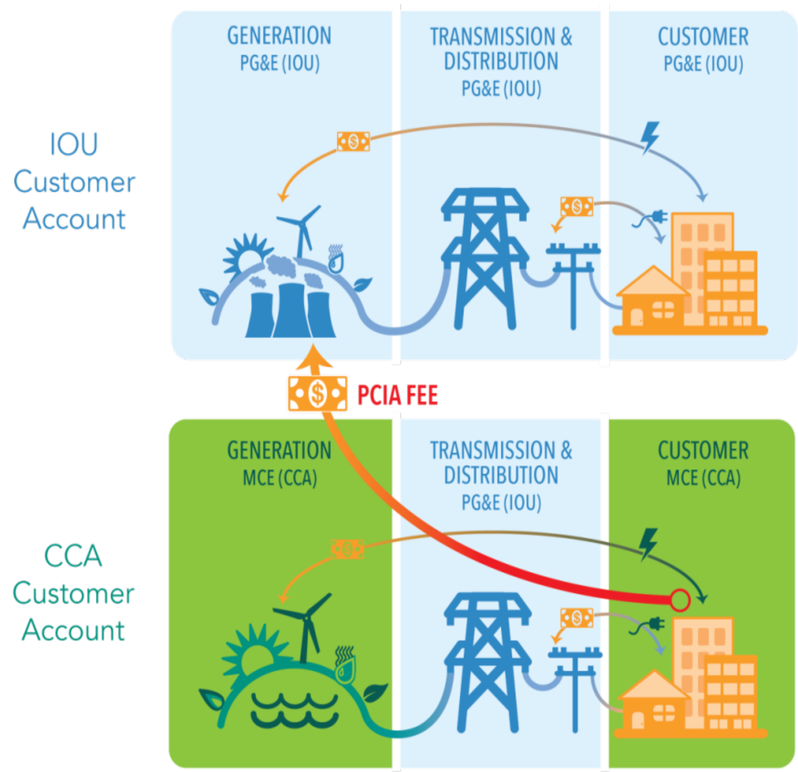
MCE Clean Energy
My community. My choice.

The Power Charge Indifference Adjustment (PCIA) and its Impacts on CCA Customers

What is the PCIA?



When a customer of an Investor Owned Utility (IOU), such as Pacific Gas and Electric (PG&E), decides to purchase their energy from a provider other than the IOU, such as a Community Choice Aggregation (CCA) program like Marin Clean Energy (MCE), the IOU charges that customer various fees for their departure from IOU service.

Although the IOU's customer base has decreased and it needs less power, the IOU is still responsible for the cost of fulfilling the energy it bought when its customer base was larger.

The IOU sells the excess power it has on the open market. The IOU can recover the difference between the contract price paid for the energy and the market price at which it sells the excess energy. The price difference is charged to the departed customers as the PCIA.

The PCIA, often referred to as an "exit fee" or "departing load charge", is the allocation of the price difference to each customer of the above market cost of power purchased on a customer's behalf prior to their departure from IOU service. California is the only state to allow these charges.

How does the PCIA impact CCA Customers?

The PCIA results in CCA customers paying for energy that was procured on their behalf by an IOU but that these customers will never use.

In 2014, MCE customers paid $12.9M in PCIA fees. In 2015, MCE customers are projected to pay $19.3M and in 2016 are projected to pay $30.6M.

The PCIA has a disproportionate impact on residential customers relative to other customer classes and is approximately 10% of their electric charges. The PCIA is *especially* disproportionate for those customers that are eligible for the low-income CARE (California Alternate Rates for Energy) program.

PG&E is the only IOU to impose the PCIA on CARE customers. Southern California Edison has proposed to levy PCIA fees on both CARE and Medical Baseline customers. PG&E does not levy PCIA fees on Medical Baseline customers.