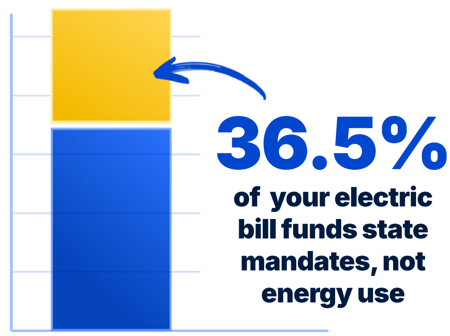
RATE REALITIES

The Right & Wrong Ways to Address Electricity Affordability

Real electricity savings require tough choices — not political posturing and risky policies that will increase costs, jeopardize safety and reliability.

Any serious discussion about electric bill affordability must start by understanding that California's enactment of Public Purpose Programs (PPP) and **other state mandates now account for roughly 36.5 percent of the average customer's electric bill.** While many of these policies serve important societal goals, California legislators must ask tough questions about whether ***all*** are necessary, whether ***all*** justify higher electric bills and whether there are alternative ways to pay for worthy programs without placing all responsibility on electricity customers.



Instead of taking on these tough choices, many current legislative proposals contain hundreds of pages of **arcane, risky and costly policies that will increase, not decrease, customer electricity bills** while jeopardizing safe, reliable power and threatening important priorities like wildfire mitigation and clean energy.

Below are rate realities and the right and wrong way to address electricity affordability.

Tough But Effective Proposals

✔ **Consider funding state-mandated PPPs with state resources,** not through middle income customer electricity bills, or eliminating some programs: **36.5% Savings.**

- Discount programs:
  - California Alternate Rates for Energy (CARE): Provides bill discounts to qualified customers.
  - Family Electric Rate Assistance (FERA): Provides bill discounts to qualified customers with larger families.

Unworkable, Risky & Costly Proposals

✘ **Creating new government agencies to finance and operate large-scale energy transmission and generation projects.** Putting the state government in charge of financing and oversight of energy infrastructure – *with little or no experience* – will increase costs for taxpayers and ratepayers, while jeopardizing system reliability and safety.

- These proposals would also make it more costly for utilities to access capital for critical infrastructure investments, **increasing customer rates by billions**.

(Continued on next page)

Tough But Effective Proposals (cont.)	**Unworkable, Risky & Costly Proposals** (cont.)
◦ Percent of Income Payment Program (PIPP): Caps qualified household's energy bill at 4% of their income. • California Schools Healthy Air, Plumbing, and Efficiency Program (CalSHAPE): Provides grants to school districts for plumbing and air conditioning. • Electric Program Investment Charge (EPIC): Funds research to accelerate the state's clean energy transition. ✔ **Reduce or shift the cost of residential rooftop solar incentives (Net Energy Metering),** which are paid mainly by customers who don't have solar panels and tend to be lower-income customers. ✔ **Reduce or find alternative funding for the Renewables Portfolio Standard,** a state mandate that requires utilities to buy solar, wind and hydroelectric energy, often at above market costs of electricity. ✔ **Restructure the Climate Credit** program. ✔ Fund portions of wildfire mitigation that benefit all Californians through alternative sources.	✘ **Restricting utilities' ability to recover infrastructure investments.** These short-sighted proposals will jeopardize utilities' ability to finance necessary priorities like wildfire prevention, clean energy and electrification. • These proposals would also make it more costly for utilities to access capital for critical infrastructure investments, **increasing customer rates by billions**. ✘ **Tying electricity rates to arbitrary cost of living caps.** Arbitrary rate caps will limit investments in reliability, wildfire mitigation, clean energy and other grid safety projects. • Caps will also jeopardize utilities' ability to finance necessary infrastructure, **making it more costly and increasing customer bills**.

"...revenue generated through electricity rates also pays for various other activities that generally are not directly related to providing electricity services..." - Legislative Analyst Report, January 2025