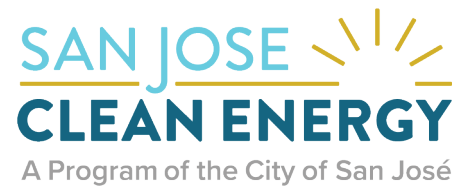


POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA)

ABOVE-MARKET COSTS



WHAT IS THE PCIA?

All California electricity customers, whether they are served by investor-owned utilities (IOUs) or Community Choice Aggregators (CCAs), pay a PCIA fee. The PCIA reflects the difference between the IOU's above-market costs related to legacy power supply commitments, including third-party energy contracts and operating costs for power plants they own, and today's market value for those resources. The California Public Utilities Commission (CPUC) updates each utility's PCIA every year based on updated IOU projected costs and CPUC estimates of IOU portfolio values.

These above-market costs are recovered for an indefinite time after customers leave the IOU to receive service from other providers, including CCAs. CCA customers may pay for above-market costs for the next 20 to 30 years. San José Clean Energy (SJCE) customers pay PG&E for their share of these costs for power previously purchased on their behalf and for the reduced-calculated value of these resources.

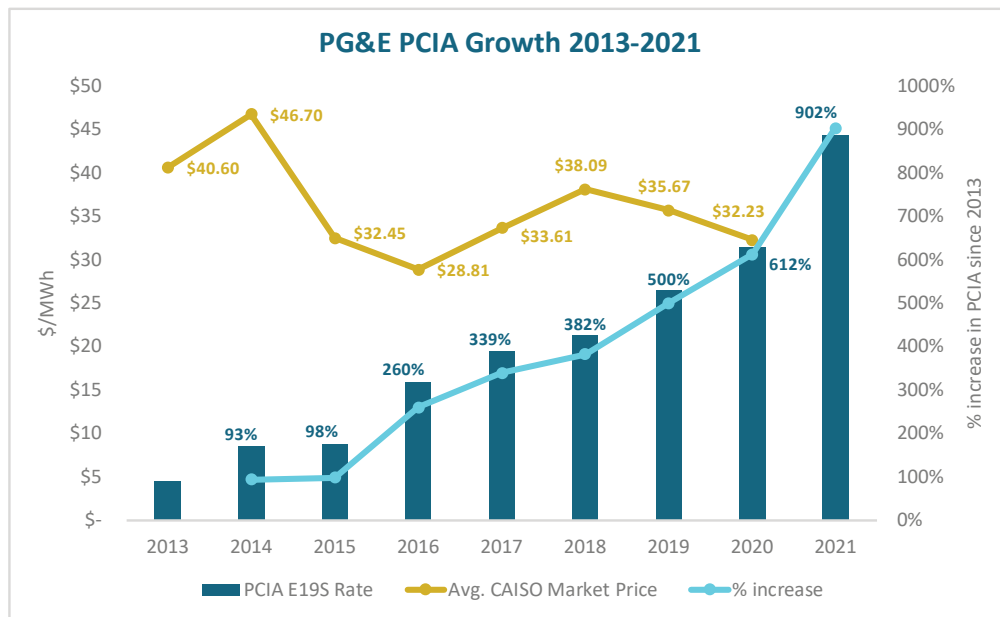


IMPACT ON RATEPAYERS

The economic impact of the PCIA is of major concern as it has increased every year, imposing hundreds of millions of dollars in added costs on California ratepayers. The current regulatory system does not incentivize IOUs to maximize the value of their energy portfolios or keep operating costs down, **unfairly burdening all ratepayers.**

With Californians struggling to meet their monthly expenses, a situation that has been exacerbated by COVID-19, it is more important than ever that we look carefully for ways to scale back ratepayer costs, while simultaneously staying on track to achieve California's clean energy and reliability goals.

PG&E's average PCIA rates have risen 900% since 2013, from \$1.70 per month to \$18.60 per month for the average residential customer in San José.



SJCE customers paid \$150 million in PCIA fees to PG&E in 2020.
SJCE rates are on average 35% lower without the PCIA.

MORE SHOULD BE DONE TO REDUCE THE PCIA

Under the current system, CCA customers pay the above-market costs for IOU-controlled resources, but do not benefit from the value of these resources. To address this inequity, the CPUC charged PCIA Working Group 3 with developing requirements to optimize IOU energy portfolios to more fairly distribute the costs and benefits across all ratepayers, including CCA customers. After nearly a year of work, the Working Group filed a consensus proposal with the CPUC in February 2020. The proposal would require utilities to proportionately sell energy resources attributable to the PCIA to third parties, including CCAs, to provide more equitable access to benefits in return for PCIA payments. The CPUC has yet to act on this proposal.

SJCE and other CCAs continue to advocate for a fair and open PCIA process that would:

- Reduce customer costs and increase rate stability
- Optimize IOU cost management and resource allocation
- Increase CCA and customer benefits from utility resources they pay for

For more information about the PCIA and its impact on all ratepayers, visit www.cal-cca.org/PCIA.