In 2022, Governor Newsom signed Assembly Bill 205, mandating the California Public Utilities Commission (CPUC) develop a rule to change the way residential customers’ electric bills are structured. AB 205 is intended to provide customers with more transparency on their electric bills; lower the amount paid by all residential customers for each kilowatt of electricity they use; ensure continued investments in the electric system to support reliability; and support an equitable transition to our clean energy future. The CPUC is considering a range of fixed charge proposals submitted last April and is expected to reach its conclusion by mid-2024.

**HOW WOULD IT WORK?**

Today, customer bills are made up of several parts:

- The fixed infrastructure costs associated with safely building, maintaining and operating the electric grid - including the cost of labor, information technology and facilities needed to safely provide reliable service.
- The cost of electricity use, which can vary month to month. Utilities mostly buy power on the open market and, by law, pass those costs directly to consumers without a markup.

Under AB 205, these two costs will be broken out to restructure how the components of providing and delivering power are shown on your electric bill.

The CPUC is now tasked with crafting its new residential fixed charge amounts to provide at least three levels of fixed charges, with discounted fixed charges for low-income households. No new income-verification will be used; the only data to be used is already being collected from CARE/FERA low-income customers (no income data will be collected for non-CARE/FERA customers with higher incomes at this time).

**BENEFITS OF A FIXED CHARGE**

- **More transparency and bill predictability.** All consumers will be able to see exactly what they are paying to support the grid, and what they are paying for the electricity they use - making it easier for residential customers to manage their electric use and budget accordingly.
- **Lowers many electricity bills.** Low-income families may see meaningful savings depending on the fixed charge amount. Middle-income customers will see a relatively small impact.
- **Assistance for low-income customers.** The cost of living in California has become much more expensive and many low-income families are struggling to make ends meet. This change would, on average, reduce the bills of low-income and disadvantaged customers. This helps move towards greater equity and provides more assistance for those most in need.
- **Helps accelerate 100% clean energy and a carbon-free future.** This proposal will support California’s ambitious climate and energy policies by lowering per kilowatt rate for electricity usage, while also stabilizing investments in the electric grid needed to make it easier for low- and middle-income families to transition to cleaner cars and homes.

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