WHY IS THE CPUC CONSIDERING A FIXED CHARGE?
In 2022, the state legislature passed and Governor Newsom signed Assembly Bill 205 (AB 205), mandating the California Public Utilities Commission (CPUC) develop a rule to change the way customers’ electric bills are structured. AB 205 and the resulting CPUC rulemaking are intended to support customers with greater 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 move towards a 100% clean energy and carbon free future.

HOW WOULD IT WORK?
Today, customer bills are made up of several parts:

• One part is 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.
• Another part is 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.

Today, both fixed costs and costs associated with electricity use are combined on residential customers’ bills. Under AB 205, these two costs will be broken out.

Under AB 205, the CPUC is also instructed to look at basing the new residential fixed amount, that stays the same every month, on a customer’s household income level, by providing low-income households discounted fixed charge levels using existing income data they provide on their CARE/FERA form. This ensures low-income customers will pay a lower fixed charge than higher income households. No income information will be collected beyond that used by the CARE/FERA program.

IS THIS A NEW OR ADDITIONAL CHARGE?
No. These are not new charges or costs, but a restructuring of the components of providing and delivering power. In fact, low-income families can see significant savings and receive additional saving costs as they electrify. Many middle-income customers will see a relatively small impact.

WHAT ARE THE BENEFITS OF A FIXED AMOUNT?
A fixed amount will have several other important benefits for customers, including:

• Support greater transparency and bill predictability. All customers will be able to see 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 their bills, and budget accordingly.
• Lowers electricity bills. Low-income families can see significant savings. About half of customers will see lower bills. Many 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 CPUC change would, on average, reduce the bills of low-income and disadvantaged customers who need the most help. This helps move towards greater equity and provides greater assistance for those most in need.
• Help accelerate 100% clean energy and carbon free future. This proposal will support California’s ambitious climate and energy policies by lowering per kilowatt electric rates, while also stabilizing investments in the electric grid needed to electrify our state’s vehicle fleet and our homes and appliances. This will make it easier for low- and middle-income families to transition to cleaner cars and homes.
WHY IS THE STATE LOOKING TO BASE THE NEW FIXED CHARGE’S LEVELS ON HOUSEHOLD INCOME?
AB 205 required at least a three-tiered fixed charge because the cost of living in California has become much more expensive and many low-income families are struggling to make ends meet, including their utility bills. These bill restructuring changes would, on average, reduce the bills of low-income and disadvantaged customers who need the most help. This helps support promoting equity and assistance for those most in need. It will also lower the per kilowatt rate for electricity for all customers, making it more affordable for everyone to transition to cleaner cars, homes and appliances – and especially so for low-income families.

IS THIS A UTILITY DRIVEN PROPOSAL?
No. The Fixed Charge reforms are a directive of state law passed by the Governor and legislature, who instructed the CPUC to make these changes.

In joint filings with the CPUC in 2023, the state’s three investor-owned utilities (PG&E, SCE and SDG&E) provided their perspectives on how the CPUC could structure the Fixed Charge. Utilities support a proposal that lowers rates and bills for the most customers possible, increases fairness among customers, promotes more transparency, and supports the state’s clean energy and greenhouse gas reduction goals. Various other proposals were simultaneously filed by a wide range of consumer advocates, including environmental, low-income, labor, and CPUC ratepayer advocates.

WILL UTILITIES MAKE MORE MONEY UNDER THIS PROPOSAL?
No. Under all of the Fixed Charge proposals, utilities would receive the same total amount as they receive today for CPUC-approved investments into the electric grid.

WHO WOULD HAVE TO PAY A FIXED CHARGE?
All residential customers. That means both homeowners and renters, including those with solar panels.

HOW WILL SOLAR CUSTOMERS BE IMPACTED?
This change will affect all customers, not just solar customers. Solar customers will still pay less than non-solar customers, but they will just pay a little more than they do now to ensure they are paying their fair share for grid maintenance and upkeep. We all benefit from the electric grid, even solar customers who rely on it at night, on cloudy days, or to sell their excess power back to other customers. This proposal ensures that everyone who uses the electric grid pays for its maintenance and upkeep.

WHEN WILL THIS DECISION BE MADE AND WHEN WILL IT APPEAR ON MY BILL?
The CPUC has been considering a wide range of Fixed Charge proposals, and will issue a draft decision in April with its final decision expected in mid-2024. Although July 1, 2024 is the statutory deadline for the CPUC to authorize a fixed amount structure, whatever changes to customer bills are approved are expected to start being launched to customers around the end of 2025, at the earliest.

HOW WILL ELECTRIC UTILITIES DETERMINE INDIVIDUAL HOUSEHOLD INCOMES?
Under this proposal, the utilities will not be collecting any new income data. Only existing self-disclosed data already collected from low-income customers as part of the utilities’ longstanding CARE/FERA programs, would be used to define which of two discounted fixed charge levels each low-income household would receive. No income data will be collected or reviewed for the majority of customers who do not participate in California’s CARE/FERA low-income rate discount programs.