



Stanford
WOODS
INSTITUTE *for the*
ENVIRONMENT

Equity in Energy Markets

Reflecting on the CA Experience with a focus on CETA

Michael Wara

June 10, 2020

Reflections on equity in energy markets



Sprinkbok 3 Power Plant, Kern County, CA

- Equity = participation.
- Utility scale renewables not a threat to equity.
- Legacy costs can be large and must be managed with equity in mind.
- 21st C. energy access requires new paradigms for retail rates.

Equity means participation in decision making



Empowered stakeholders/customers at the SJV AEP Proceeding

- Low income, rural residents often face very different energy tradeoffs than average utility customers.
- Programs designed to empower DAC to achieve their goals require unconventional process.
- San Joaquin Valley Affordable Energy Proceeding (CPUC 15-03-010).

Utility scale renewables are not a threat to equity

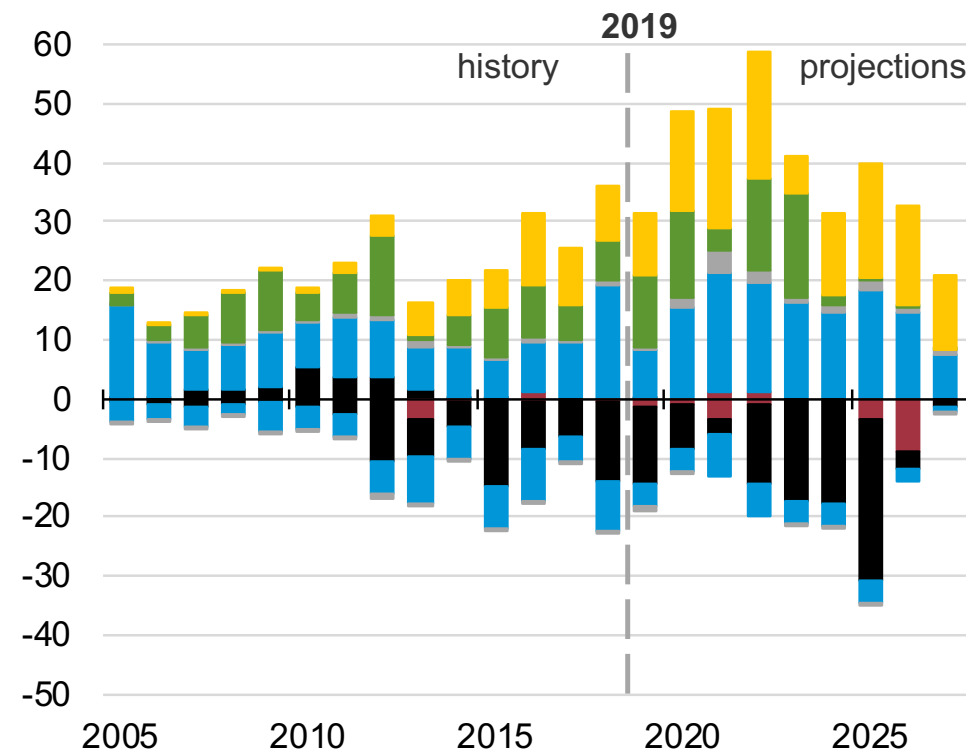
- PG&E bankruptcy and other fire related expenses have brought all costs to the foreground.
- Some calls to “pause” SB100 implementation.
- CPUC analysis indicates no additional procurement costs associated with current RPS PPAs.
- Significant costs from earlier ('07-'09) contracts.



Wind turbine at Golden Hills North, Altamont Pass, CA

Legacy costs must be managed with equity in mind

- Big challenge is coal-to-gas transition followed by gas-to-clean transition.
- Securitization of stranded assets is a way to unlock change/lower costs.
- Securitization can (and should) be designed to protect low-income ratepayers.
- California energy crisis experience as a model.



Annual Energy Outlook 2020, Energy Information Administration

21st C. energy access requires new rate paradigms



- NEM cross-subsidy has grown significantly larger than low-income cross subsidy in CA rates.
- Current low-income paradigms do not support DER adoption.
- But stream of cross-subsidies could be used to capitalize resiliency investments as costs fall.
- Close attention to value creation opportunities from resilience – SGIP and PSPS.

Reflections on equity in energy markets



Sprinkbok 3 Power Plant, Kern County, CA

- Equity = participation.
- Utility scale renewables not a threat to equity.
- Legacy costs can be large and must be managed with equity in mind.
- 21st C. energy access requires new paradigms for retail rates.

