

Winners and Losers of a High Fixed Charge

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Things we probably agree on

- Electricity prices are too high.
- Millions are struggling to make ends meet under California's high cost of living.
- To address climate change, we need to transition off fossil fuels via a simultaneous growth in renewables and alternative fuels, while "electrifying everything".
- We have to do this quickly. That is doable, necessary, and really hard.

Level setting

National fixed charge average is about \$11 per month.

\$30+ per month fixed charge would be three times the national average.

For CA, it would be like going from zero to 100 on a curvy stretch of Highway 1.

AB 205 was introduced & passed in three days. There was no public discussion of the fixed charge provision. Even legislators are saying it was rammed through by the Governor's office.

Things we know from Clean Coalition/Flagstaff analysis

A high fixed charge won't solve the problem of high electricity prices.

A high fixed charge will increase bills on millions of low energy users who don't qualify for CARE or FERA.

Who are "low energy users" who don't qualify for CARE or FERA?

Live in an apartment, condo, or small home.

1-2 person household making more than \$39,440/yr

4 person household making more than \$75,000/yr

Examples

- Single parent making \$40k living in an apartment
- Family of four making \$76K living in a condo
- Retired couple on social security and a little bit of savings living in a small house.
- Teachers, cops, nurses, and other "working class professionals" who seem wealthy on paper but in high-cost CA are barely making it.

Even a \$30/mo fixed charge will increase their electricity bills.

High fixed charge won't solve the problem of high electricity prices

It simply rearranges who pays for the existing system.

Yes, some working people will temporarily win.

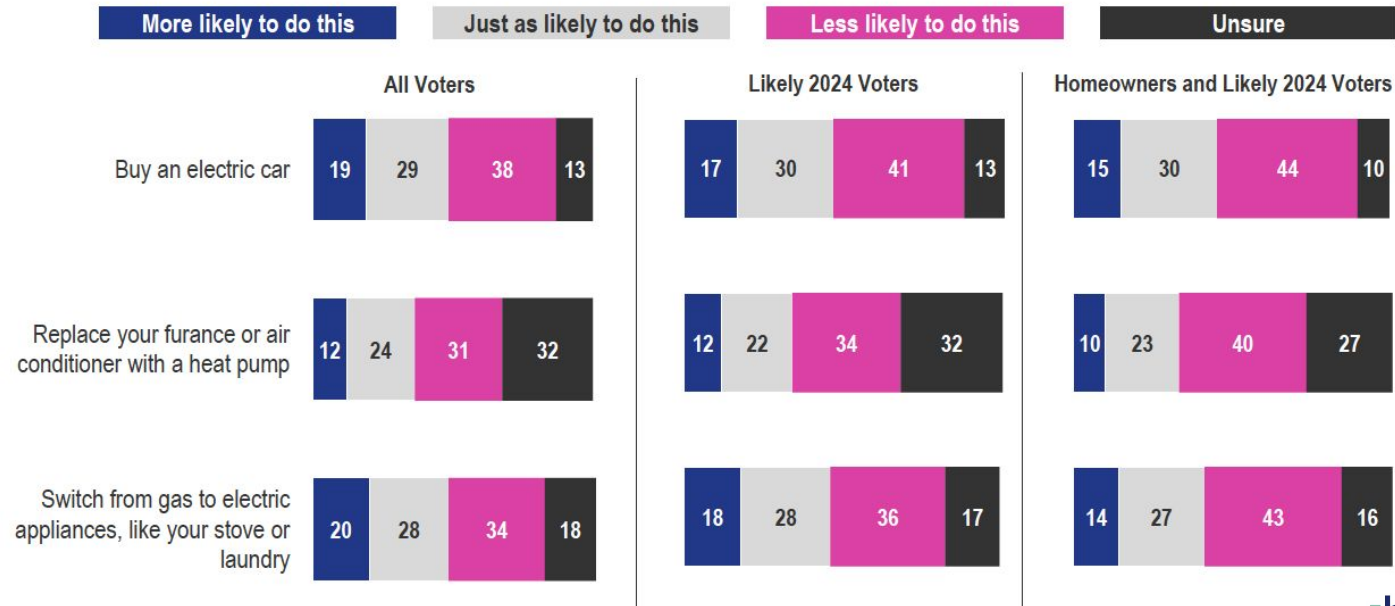
But millions of other working people will permanently lose.

And we'll still be stuck in an unsustainable electricity system.

Public Opinion Poll: Would you be more or less likely to do each of the following?

Voters – especially homeowners and likely voters – report this is likely to have a net negative impact on electrification

Personal changes



What about rooftop solar?

Spreadsheets can only tell you so much. What matters is what everyday people do in response to policy changes.

The initial picture is not good, as predicted.

The solar industry is already beginning to contract because of NEM3.

We'll have the full picture by Q1 or Q2 of 2024.

There are better ways to reduce electricity prices and get people to electrify...without punishing millions of low energy users

- Short term relief: Increase CARE / FERA % subsidy. Consider expanding eligibility.
- Encourage conservation, energy efficiency, and solar. These are the "gateway drugs" to electrification—and they help reduce the cost of the grid.
- Pilot new ways to use Time of Use rates that encourage electrification.
- Fix the root cause of high electricity prices: Uncontrolled spending on long distance power lines and peak infrastructure. We need to "bend the cost curve".

RE: Repeal “Utility Tax” provision NOW before it increases utility bills on millions of working and middle class families and undermines conservation efforts across California

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