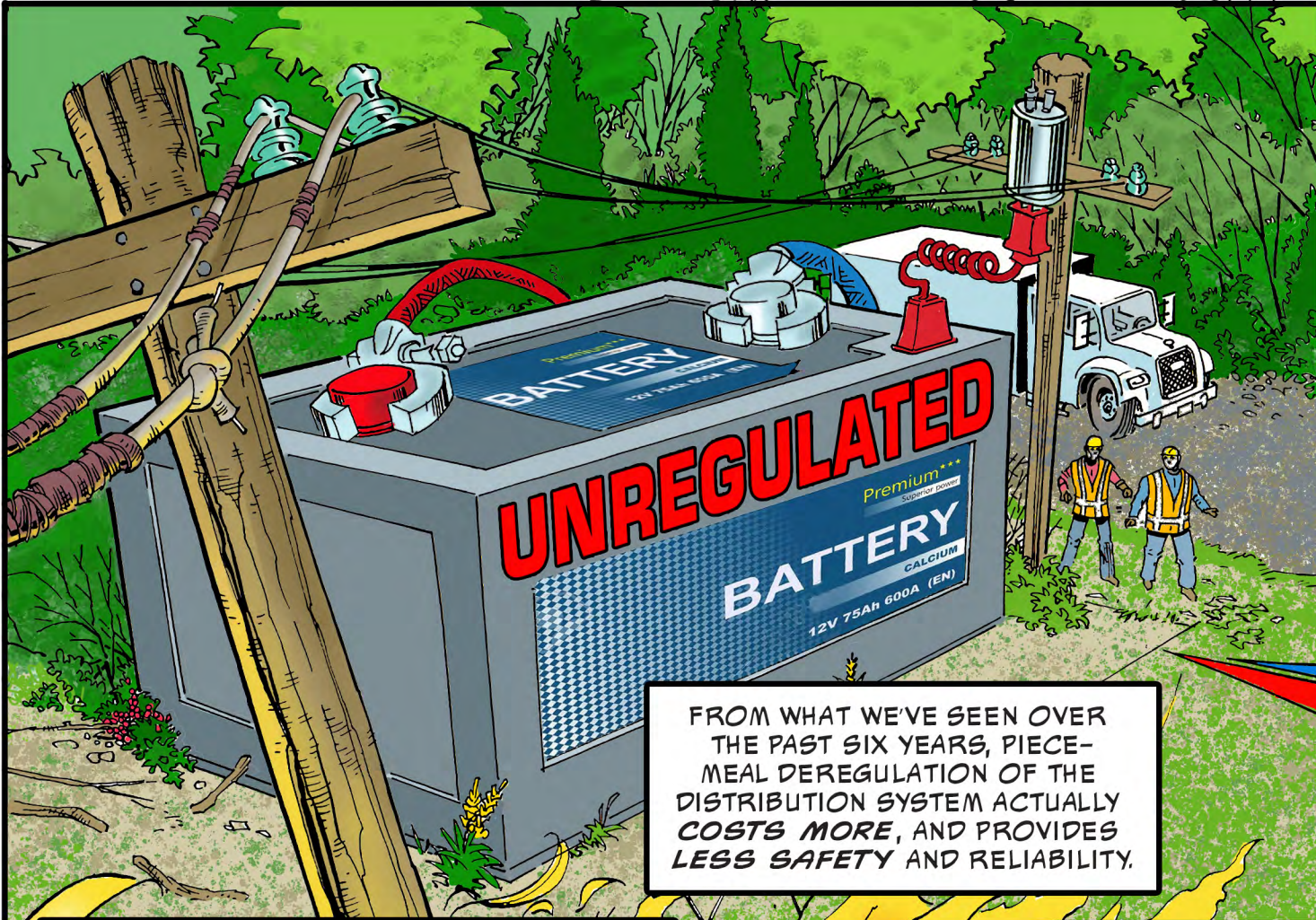


The **ABCs** of **DEREGULATION,** **DERs** and the **CPUC**

IN 2014 THE CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) DEVELOPED A PROGRAM TO REDUCE ELECTRIC DEMAND AND SHAPE LOAD USING DISTRIBUTED ENERGY RESOURCES (DERs). SO NOW UNREGULATED BATTERY OWNERS CAN TAKE CONTROL OF OPERATIONS-- AND RELIABILITY OF THE LOCAL NETWORK, AND **UNREGULATED** DISTRIBUTION INFRASTRUCTURE IS EXEMPT FROM THE NEW WILDFIRE SAFETY REGULATORY SYSTEM.

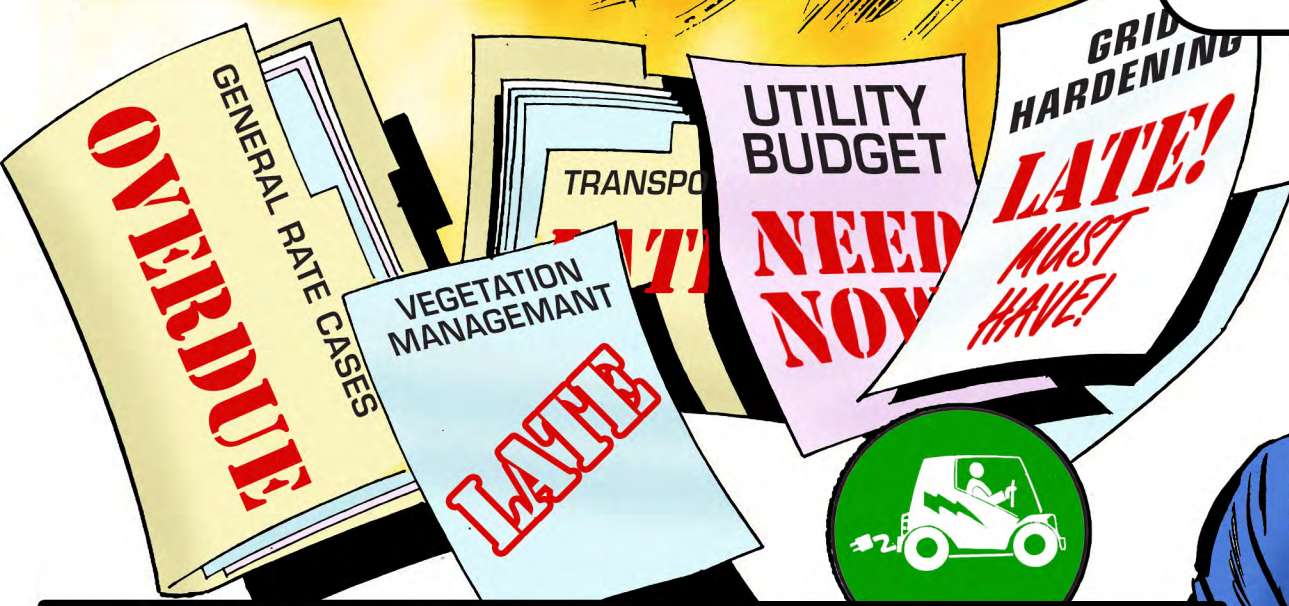


INTEGRATING DERs INTO THE DISTRIBUTION SECTOR CAN HELP CALIFORNIA ACHIEVE OUR ENVIRONMENTAL GOALS, WHICH WE SUPPORT. BUT WE WANT THE CPUC TO ENSURE THAT REGULATED UTILITIES, LIKE OURS, ARE THE ONES TO INSTALL DERs -- AND **ONLY** WHEN IT COSTS LESS THAN TRADITIONAL EQUIPMENT.

FROM WHAT WE'VE SEEN OVER THE PAST SIX YEARS, PIECE-MEAL DEREGULATION OF THE DISTRIBUTION SYSTEM ACTUALLY **COSTS MORE**, AND PROVIDES **LESS SAFETY** AND RELIABILITY.

INCORPORATING DERs IS DIVERTING RESOURCES AWAY FROM THE CPUC'S CORE RESPONSIBILITIES. THE COMMISSION IS TAKING TOO LONG TO ADDRESS BASIC UTILITY OPERATION, SAFETY AND RELIABILITY MATTERS, LIKE INFRASTRUCTURE MAINTENANCE AND WILDFIRE PREVENTION.

INSTEAD OF PERFORMING CORE ACTIVITIES IN A TIMELY MANNER SO THAT THEY CAN BE EFFECTIVE, THE CPUC DEVOTES RESOURCES TO ITS UNDER-THE-RADAR DEREGULATION OF THE DISTRIBUTION SYSTEM, MISTAKENLY BELIEVING THAT DEREGULATION IS NECESSARY TO ADVANCE CALIFORNIA'S CLIMATE POLICIES AND WILL SAVE CUSTOMERS MONEY. IT'S NOT, AND IT WON'T.



UTILITY BUDGETS AND GENERAL RATE CASES ARE TAKING YEARS TO CONCLUDE. AND IT TOOK MORE THAN A YEAR AND HALF FOR THE CPUC TO APPROVE SCE'S GRID HARDENING AND VEGETATION MANAGEMENT WORK.

THERE ARE ALSO DELAYS IN APPROVING TRANSPORTATION ELECTRIFICATION PROGRAMS, WHICH WE NEED TO REACH CALIFORNIA'S CLEAN ENERGY GOALS.