

Clean Energy Alliance

JOINT POWERS AUTHORITY

Board Memorandum

Aug. 18, 2020

To: Honorable Chair and Board Members of the Clean Energy Alliance
Re: **Additional Materials Related to Staff Report Item No. 2 – Clean Energy Alliance Operational, Administrative and Regulatory Affairs Update**

This Additional Materials memorandum provides Attachment B a summary of key regulatory proceedings regarding the Community Choice Aggregation Regulatory Affairs Report from Special Counsel.

Attachment: B. Tosdal APC Energy Regulatory Update

ENERGY REGULATORY UPDATE

To: Barbara Boswell, CEO, Clean Energy Alliance

From: Ty Tosdal, Regulatory Counsel, Tosdal APC

Re: Energy Regulatory Update

Date: August 14, 2020

The energy regulatory update summarizes important decisions, orders, notices and other developments that have occurred at the California Public Utilities Commission (“Commission”) and that may affect Clean Energy Alliance (“CEA”). The summary presented here describes high priority developments and is not an exhaustive list of the regulatory proceedings that are currently being monitored or the subject of active engagement by CEA. In addition to the proceedings discussed below, Tosdal APC monitors a number of other regulatory proceedings as well as related activity by San Diego Gas & Electric (“SDG&E”) and other Investor-Owned Utilities (“IOUs”).

1. SDG&E PCIA Trigger Application (A.20-07-009)

SDG&E filed a PCIA Trigger Application on July 10, 2020 under new rules issued by the Public Utilities Commission in D. 18-10-019 that would substantially increase the PCIA rate for current CCA customers. For example, PCIA charges for Solana Energy Alliance’s (“SEA”) residential customers would go up over 1,200%. This is the first time that an application has been filed by an IOU under the new rules, drawing attention from CCA programs around the state.

CEA, SEA and San Diego Community Power (collectively “San Diego CCA programs”) filed formal protest with the Commission on August 13, 2020. CalCCA and Direct Access (“DA”) parties also filed protests. CEA’s regulatory counsel, CalCCA legal counsel and executive staff participated in an ex parte meeting with advisors to the assigned Commissioner, Martha Guzman Aceves, and Energy Division staff on August 13, 2020. Protests and related documents can be found in Attachment A.

Specifically, the San Diego CCA program’s protest addresses the following issues:

- SDG&E’s Application contains an unpredictable outcome that undermines rate stability for CCA customers;
- Multiple methodological and factual issues require additional discovery; and
- The Commission is not required to approve the Application as proposed.

San Diego CCA programs and CalCCA also protested SDG&E’s request for a decision on this Expedited Application within 60 days, instead recommending that a ruling be issued to consolidate this Application for review in the 2021 ERRRA proceeding, A.20-04-014.

2. SDG&E ERRA Forecasting Proceeding (A.20-04-014)

The Commission issued Scoping Ruling on July 6, 2020, in SDG&E's 2021 ERRA Forecast proceeding. See Attachment A. The Scoping Ruling includes the following schedule:

- August 25-27 – Evidentiary Hearings
- September 25 – Opening Briefs
- November 6 – SDG&E Testimony Update
- November 18 – Comments on SDG&E November Testimony
- December 2 – Proposed Decision

Please note that CalCCA has also filed a motion for Party Status to this Application on August 3, 2020, on the grounds that SDG&E's proposed PCIA calculations in this Application are not just and reasonable, consistent with the law or compliant with previous Commission decisions.

3. Integrated Resource Planning (R. 20-05-003)

The Integrated Resource Plan (IRP) is due on September 1, 2020. The IRP process is an “umbrella” proceeding to consider all of the Commission's electric procurement policies, and most importantly, is the main proceeding by which the implementation of SB 350 (reduction of GHGs) is accomplished. Each energy provider serving customers in California must file an IRP every two years.

CEA has engaged in conversations with CEA, SEA, and CPUC Energy Division staff to determine the best path forward for this filing. With SEA transitioning its customers to CEA in early 2021, a forward-looking planning document such as the IRP presents unique challenges. This situation is unprecedented within California, but through ongoing discussions, a plan has been developed to meet the IRP requirements in a manner that appears to satisfy all stakeholders.

Attachment A

Clean Energy Alliance Regulatory Filings and Related Materials

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Expedited Application of San Diego Gas &
Electric Company (U902E) Under the Power
Charge Indifference Adjustment Account Trigger
Mechanism

Application 20-07-009
(Filed July 10, 2020)

**PROTEST OF SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE AND
SOLANA ENERGY ALLIANCE TO SAN DIEGO GAS & ELECTRIC COMPANY'S
EXPEDITED APPLICATION UNDER THE POWER CHARGE INDIFFERENCE
ADJUSTMENT ACCOUNT TRIGGER MECHANISM**

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August 13, 2020

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**BEFORE THE PUBLIC UTILITIES COMMISSION
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**PROTEST OF SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE
AND SOLANA ENERGY ALLIANCE TO SAN DIEGO GAS & ELECTRIC
COMPANY'S EXPEDITED APPLICATION UNDER THE POWER CHARGE
INDIFFERENCE ADJUSTMENT ACCOUNT TRIGGER MECHANISM**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), San Diego Community Power (“SDCP”), Clean Energy Alliance (“CEA”) and Solana Energy Alliance (“SEA”) (collectively, the “San Diego CCA Programs”) hereby submit this protest (“Protest”) to the *Expedited Application of San Diego Gas & Electric Company (U902E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism* (“Application”) in which SDG&E proposes to increase the Power Charge Indifference Adjustment (“PCIA”) to recover \$8.92 million over the course of three months.¹ The bill impact associated with SDG&E’s proposal would expose departing load customers, including current Community Choice Aggregation (“CCA”) program customers served by SEA and potentially future SDCP and CEA customers, who will be able to enroll next year, to the equivalent of a balloon payment, i.e., a sudden escalation of bills by a large amount. The Application proposes to raise the monthly bill of a residential customer by approximately \$30 per month under one alternative presented in the Application, and \$187 per month under another

¹ *Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism* (“Application”), Application (“A.”) 20-07-009, filed July 10, 2020, at 2.

alternative.² Current residential customers currently served by SEA have a 2017 vintage and would see a 1,468 percent increase in the PCIA rate (\$0.03187 \$/kWh versus 0.49958 \$/kWh) under one of SDG&E's proposals and a 239% increase (\$0.03187 \$/kWh versus 0.10812 \$/kWh) under an alternative proposal.³ Needless to say, adopting either of these proposals would expose CCA program customers to considerable rate shock.

SDG&E's Application is the first of its kind under the cap and trigger mechanism adopted in D.18-10-019. The speed at which SDG&E arrived at the trigger threshold and the magnitude of the CAPBA balance demonstrate an unintended consequence of adopting the cap and trigger mechanism and do not meet the guiding principles that were adopted as part of R. 17-06-026, as originally anticipated.⁴ Specifically, the PCIA increase proposed in SDG&E's Application, if granted, would not qualify as a reasonably predictable outcome, or one that promotes certainty and stability for all customers within a reasonable planning horizon.⁵ To the contrary, SDG&E's Application contains an unpredictable outcome that undermines reasonable expectations and rate stability for CCA customers. Similarly, rather than preventing unreasonable obstacles to customers of non-IOU energy providers, SDG&E's proposal would create the type of obstacle that the Commission sought avoid.⁶ The Commission adopted the cap in order to "reduce extreme PCIA price spikes, and bill impacts, but not enable a continual state of significant undercollection."⁷ SDG&E's proposal fails in that regard.

² Application at 6-7.

³ SDG&E Schedule CCA-CRS, Sheet 1; Prepared Direct Testimony of Stacy Fuhrer, A. 20-07-009, July 10, 2020, at SF-A2, SF-B2.

⁴ See D. 18-10-019 at 127-130.

⁵ *Id.* at 127 (referring to Guiding Principle b).

⁶ *Id.* at 128 (referring to Guiding Principle d).

⁷ D.18-10-019 at 85.

Because SDG&E's Application is unprecedented, there are a number of methodological and factual issues that must be examined before a decision can be reached. Additional discovery is required to determine whether SDG&E's proposal is just, reasonable and lawful. Accordingly, the San Diego CCA Programs recommend that this proceeding be consolidated with SDG&E's pending ERRA forecast proceeding, where there are a number of closely related and overlapping issues related to SDG&E's 2021 PCIA rates are under consideration.⁸ Consolidation with the ERRA proceeding would also permit the parties and the Commission to address any potential conflicts or problems that may result from deciding SDG&E's PCIA-related CAPBA balance in one proceeding and SDG&E's PCIA rates in a separate proceeding.

I. BACKGROUND

The Commission revised the methodology used to calculate the PCIA in Rulemaking ("R.") 17-06-026, resulting in Decision ("D.") 18-10-019. That decision adopted a cap on the annual change in the PCIA rate and required the investor-owned utilities ("IOUs") to establish an interest-bearing balancing account to track the obligations of departing load customers in the event the cap is reached.⁹ The Commission also adopted a trigger mechanism for the PCIA cap that requires an IOU to submit an expedited application when its balancing account reaches 7% of forecast PCIA revenues and the balance of the account is forecasted to reach 10%.¹⁰ An expedited application must include a projected account balance as of 60 days or more from the date of filing depending on when the balance will reach the 10% threshold and "propose a revised PCIA rate that will bring the projected account balance below 7% and maintain the

⁸ See *Scoping Memo and Ruling of Assigned Commission*, A. 20-04-014, July 6, 2020.

⁹ D. 18-10-019 at OP 9.

¹⁰ D. 18-10-019 at OP 10.

balance below that level until January 1 of the following year . . .”¹¹ Subsequently, SDG&E submitted Advice Letter (“AL”) 3436-E establishing SDG&E’s PCIA undercollection balancing account (“CAPBA”), and the Commission approved it on October 31, 2019.¹²

SDG&E submitted the present Application pursuant to D. 18-10-019 on July 10, 2020, explaining that the CAPBA balance reached 7.9% of forecast PCIA revenue on April 30, 2020, exceeded the 10% trigger threshold on May 31, 2020, and is projected to reach \$8.92 million, or 32%, of forecasted PCIA revenues by December 31, 2020.¹³ SDG&E’s application requests Commission authorization to increase current effective PCIA rates such that SDG&E may recover the full \$8.92 million undercollection amortized in rates over a 3-month period beginning October 1, 2020.¹⁴ The Application would increase the monthly bill of a residential customer by approximately \$30 per month under one alternative, and \$187 per month under another.¹⁵ To the knowledge of the San Diego CCA Programs, SDG&E is the first IOU to file an expedited application under the PCIA cap and trigger mechanism adopted in D. 18-10-019.

II. THE SAN DIEGO CCA PROGRAMS’ GROUNDS FOR PROTEST

The San Diego CCA Programs protest SDG&E’s Application on grounds that its rate proposals are not just and reasonable, as well as other grounds, as further explained below.

A. The Commission Is Not Required to Grant Either of the Application’s Proposals

The PCIA trigger mechanism does not entitle SDG&E to Commission approval of the proposed increase. When the Commission adopted the PCIA rate cap in D. 18-10-009, it

¹¹ *Id.*

¹² AL 3436-E, Establishment of the Power Charge Indifference Adjustments Balancing Account Pursuant to Decision 18-10-019, filed September 30, 2019, effective October 30, 2019.

¹³ A. 20-07-009 at 1-2.

¹⁴ *Id.* at 2.

¹⁵ Application at 6-7.

required the IOUs to establish balancing accounts to be used in the event that the cap is reached so that year-end balances of undercollected PCIA revenue can be incorporated into the following year's PCIA calculation with interest.¹⁶ In that same proceeding, the Commission adopted the PCIA trigger mechanism based on the ERRA trigger mechanism established in D. 02-10-062, but made certain modifications to the trigger threshold, amortization period, and IOU reporting requirements.¹⁷ While the trigger mechanism imposes a duty on the IOU to file an expedited application when its balancing account reaches the trigger and specifies what the application must contain, including a proposal to revise the PCIA rate to bring the balance below the trigger, the decision imposes no duty on the Commission to grant the proposal or take any action on the expedited application.¹⁸ In contrast, the ERRA trigger mechanism was adopted in accordance with Assembly Bill ("AB") 57 which requires the Commission to "promptly amortize" balancing accounts that exceed the trigger.¹⁹ As such, the Commission has the discretion to review the Application's proposals and consider alternative methods of addressing the reported undercollection.

Further, the Application's proposals do not align with the Commission's intent behind establishing the PCIA cap and trigger. When the Commission adopted the PCIA rate cap in D. 18-10-009, it intended to protect against volatility in the PCIA and promote certainty and stability for all customers by limiting annual PCIA changes.²⁰ Though the Commission found the PCIA trigger would provide flexibility to avoid excessive undercollections resulting from the cap and concluded that the mechanism would enable it to act quickly to address undercollections it

¹⁶ D. 18-10-009 at OP 9.

¹⁷ Id. at 86, OP 10.

¹⁸ Id. at OP 10.

¹⁹ D. 02-10-062 at 53-54.

²⁰ Id. at Finding of Fact 18, Conclusion of Law 19.

did not emphasize any specific risk associated with undercollections.²¹ In fact, the Commission affirmed that allowing for repayment of undercollections with interest was consistent with its statutory obligation to protect against cost shifts.²² Since the Commission is not required to approve the Application as proposed, and to do so would give rise to the very risk the Commission sought to avoid, the Commission should consider alternatives to the proposed increase that may provide the intended protections to ratepayers against PCIA volatility.

B. Factual and Methodological Issues Require Additional Discovery

Since SDG&E's Application is the first of its kind to be filed under the cap and trigger mechanism established in D.18-10-019, it is no surprise that there are a number of methodological and factual issues that must be examined and validated before a decision is made. These issues include but are not limited to the following:

- Whether one of the two alternative proposals presented by SDG&E complies with the methodology and goals established in D. 18-10-019, or whether a different methodology needs to be used;
- Whether SDG&E properly applied the PCIA cap to *bundled customers* as well as to departing load customers;
- Whether the rate cap should be calculated cumulatively, as SDG&E has done, or whether a cap should be applied to each vintage, and the undercollection for that particular vintage should be determined as a result; and

²¹ Id. at Finding of Fact 19, Conclusion of Law 24.

²² Id. at 87.

- Whether the outstanding amount accruing in CAPBA should be based on a monthly proportion of SDG&E's annual revenue requirement, or alternatively take sales into account.

Additional discovery is required to unearth the data that was used, how SDG&E calculated the CAPBA balance and whether those calculations and the rest of the proposal contained in the Application comports with D.18-10-019 and the Commission's ratemaking principles. Unfortunately, a 60-day time period provides insufficient time to conduct the discovery necessary to get to the bottom of these questions or resolve discovery disputes for that matter.²³ Accordingly, the San Diego CCA Programs recommend that this proceeding be consolidated with SDG&E's pending ERRR Forecast proceeding, where closely related issues such as SDG&E's PCIA rates are being discussed. Consolidation will permit the parties adequate time to conduct discovery, address new and unprecedented issues contained in SDG&E's Application and ensure that there are no conflicts between decisions related to CAPBA and SDG&E's PCIA rates.

C. The Amortization Period Should Be Longer than 3 Months

One important issue raised in the Application is the amount of time that departing load customers should have to pay the outstanding CAPBA balance, i.e., the length of the amortization period. SDG&E's Application seeks to recover the CAPBA balance over the course of just three months,²⁴ a short amount of time in the world of ratemaking, and one that contributes directly to the high monthly bill impact and corresponding rate shock that would result from granting SDG&E's requests without modification. Rate changes approved by the

²³ SDCP and SDG&E are already locked in a discovery dispute related to the release of confidential data that will likely be the subject of a forthcoming motion to compel and take at least some time to resolve.

²⁴ Application at 2.

Commission in SDG&E's Energy Resource and Recovery Account ("ERRA") proceedings, for example, are typically applied over the course of an entire year.²⁵

Given the magnitude of rate increases proposed in SDG&E's Application, it would be reasonable and justifiable to extend the amortization period for an even longer period, beyond one year. Regardless of the total amount that SDG&E is ultimately approved to recover, an amortization period of 15 or 16 months would spread the costs over a longer period of time and minimize rate shock. The Commission has wide latitude to set the amortization period in this proceeding based on well-established ratemaking principles, and doing so would not conflict with D.18-10-019, which requires an applicant to propose to bring an unspecified amount of the outstanding balance of the trigger account below 7% before the end of the year,²⁶ but does not prescribe or otherwise require the Commission to adopt a particular amortization period.

D. SDG&E Could Have Filed its Application Sooner in Time, Reducing Rate Shock

Another issue is whether SDG&E filed to recover the amount in the CAPBA balance soon enough. SDG&E's monthly ERRA reports show that the trigger balance exceeded the 7% threshold by April 20, 2020.²⁷ Given the rising trend in the CAPBA balance earlier this year, the trigger balance was no doubt exceeded before that time. Yet SDG&E waited until July 10, 2020, to file the Application.²⁸ Had the Application been filed sooner in time, even assuming that

²⁵ See, e.g., *Decision Adopting San Diego Gas & Electric Company's 2020 Electric Procurement Cost Revenue Requirement Forecast And 2020 Forecast Of Greenhouse Gas Related Costs*, D. 20-01-005, at 4, OP 1. See also, *SDG&E Advice Letter 3500-E: Implementation of Decision (D.) 20-01-005 Approving San Diego Gas and Electric Company's 2020 Electric Procurement Cost Revenue Requirement Forecast and 2020 Forecast of Greenhouse Gas Related Costs For Rates Effective February 1, 2020*, January 30, 2020.

²⁶ D. 18-10-019 at OP 10.

²⁷ SDG&E, Monthly Report of ERRA Balancing Account – April 2020, May 20, 2020 (showing a CAPBA balance of 7.92% as of April 20, 2020).

²⁸ Application at 14.

SDG&E took the same approach and requested to reduce the CAPBA balance to zero before the end of the year, the resulting monthly rate impacts could have been reduced.

E. PCIA Rate Increases Must Be Imposed on All Departing Load Customers, including GTSR customers

SDG&E must apply any proposed rate adjustment to all departing load customers subject to the PCIA rate, including customers receiving service under SDG&E's Green Tariff Shared Renewables ("GTSR") program. In the Application, SDG&E provides two alternative proposals to increase PCIA rates for all "departing load" customers which include Direct Access ("DA"), Community Choice Aggregation ("CCA"), and Green Tariff Shared Renewables ("GTSR") customers.²⁹ However, the attachments outlining SDG&E's current and proposed PCIA rates only indicate that the PCIA rates are applicable to DA and CCA customers.³⁰ Senate Bill ("SB") 43 requires the Commission to ensure that all GTSR-associated charges and credits are set in a manner that ensures nonparticipant ratepayer indifference for remaining bundled service, DA, and CCA customers, and prevents cost shifting from participating customers to non-participating customers.³¹ In accordance with this statutory requirement and its previous decisions, the Commission must ensure that any rate adjustment resulting from this Application is also applied to GTSR customers.

In D.15-01-051 implementing SB 43 and creating the GTSR program, the Commission directed IOUs to use the vintaged PCIA calculated for DA and CCA customers in their GTSR program rate design to ensure ratepayer indifference.³² The Commission determined that the

²⁹ Application at 2, FN 2.

³⁰ See Prepared Direct Testimony of Stacy Fuhrer on Behalf of San Diego Gas & Electric Company at Attachments A, B, and C.

³¹ Pub. Util. Code § 2833(q).

³² D. 15-01-051 at 103.

PCIA was a “reasonable proxy” for GTSR customer indifference because it is an approved method to address the cost of procurement for a customer who is no longer taking service from the same procurement sources as other ratepayers and is subject to annual review and adjustment through each IOU’s ERRRA proceeding.³³

Accordingly, residential and non-residential customers that participate in SDG&E’s GTSR program are assigned a vintage PCIA based on the date that they take service according to their class. This is meant to ensure that SDG&E’s GTSR customers pay their share of above-market costs for resources procured on their behalf and that those costs are not shifted to non-participating ratepayers. If SDG&E fails to properly allocate the proposed adjustment amongst all customers currently subject to the PCIA, the above-market procurement costs incurred on GTSR customers’ behalf will be shifted to DA and CCA customers in violation of SB 43.

III. DESCRIPTION OF THE SAN DIEGO CCA PROGRAMS

The three San Diego CCA Programs are comprised of eight different member cities located within San Diego County. SEA is a standalone CCA program that was formed in 2017 to serve the residents of Solana Beach.³⁴ SEA is the first CCA program to provide power to customers in the SDG&E service territory and is currently the only operational CCA in the region. Beginning in 2021, SEA customers will transition to service under CEA. CEA is a JPA that was formed in 2019 to provide CCA service to customers in the Cities of Carlsbad, Del Mar, and Solana Beach beginning in 2021.³⁵ SDCP is also a JPA that was formed in 2019 to provide

³³ Id. at Finding of Fact 100, 102, 103.

³⁴ See [City of Solana Beach Community Choice Aggregation Implementation Plan and Statement of Intent](#), November 2017.

³⁵ See [Clean Energy Alliance Community Choice Aggregation Implementation Plan and Statement of Intent](#), December 2019.

CCA service to customers in the Cities of San Diego, Encinitas, La Mesa, Chula Vista, and Imperial Beach beginning in 2021.³⁶

IV. THE INTEREST OF SAN DIEGO CCA PROGRAMS IN THE PROCEEDING

The San Diego CCA Programs seek party status in this proceeding to address the PCIA rate increases. SEA customers currently pay the PCIA rate as departing load customers. Similarly, all SDCP and CEA customers will pay the PCIA rate when the programs begin operating in 2021. The San Diego CCA Programs' interests center on whether SDG&E has properly calculated the PCIA consistent with the Commission's decisions in R. 17-06-026, and whether future CCA members will be subject to similarly extreme and unpredictable rate spikes.

California Community Choice Association ("CalCCA") is also participating in this proceeding. The San Diego CCA programs intend on coordinating with CalCCA to coordinate efforts to the extent possible.

V. PROCEDURAL SCHEDULE, NEED FOR HEARINGS, AND CATEGORIZATION OF PROCEEDING

Pursuant to Rule 2.6(d), the San Diego CCA Programs provide the following procedural comments:

A. Need for Hearing

Evidentiary Hearings will be necessary to address the issues identified in Section II above.

B. Proposed Schedule

The San Diego CCA Programs do not believe that a 60-day schedule will provide for adequate consideration of the issues identified in this proceeding. For this reason, the San Diego

³⁶ See [San Diego Regional Community Choice Energy Authority Joint Powers Agreement](#), October 1, 2019.

CCA Programs recommend that the Administrative Law Judge issue a ruling to consolidate this application for review in the 2021 Forecast ERRA proceeding, A. 20-04-014.

C. Categorization

The proceeding is appropriately categorized as a ratesetting proceeding.

VI. PARTY STATUS

While this Protest is being filed jointly on behalf of SDCP, CEA and SEA, each CCA program that has signed on requests party status in this proceeding individually pursuant to Rule 1.4(a)(2). As described above, SDCP, CEA and SEA have a material interest in the matters being addressed in this proceeding and designate the following person as the “interested party” in the proceeding for each program:

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VII. CONCLUSION

The San Diego CCA Programs appreciate the Commission’s attention to the matters raised in this Protest and look forward to addressing the issues.

Respectfully submitted,

/s/ Ty Tosdal

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PROTEST OF EXPEDITED APPLICATION OF SAN DIEGO GAS & ELECTRIC
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ACCOUNT TRIGGER MECHANISM**

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August 13, 2020

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EXHIBIT A

**BEFORE THE PUBLIC UTILITIES COMMISSION
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Expedited Application of San Diego Gas & Electric Company (U902E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.

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**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
PROTEST OF EXPEDITED APPLICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY (U902E) UNDER THE POWER CHARGE INDIFFERENCE ADJUSTMENT
ACCOUNT TRIGGER MECHANISM**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California (Commission), the California Community Choice Association (CalCCA) submits this protest to the *Expedited Application of San Diego Gas & Electric Company (U902E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism* (Application).

I. INTRODUCTION

The Application proposes eye-popping increases to Power Charge Indifference Adjustment (PCIA) rates in the San Diego Gas & Electric Company (SDG&E) service territory. The increases result from the rapid, three-month amortization of a roughly \$9 million undercollection anticipated by year-end in SDG&E's PCIA cap balancing account (CAPBA). The CAPBA records the difference between the full 2020 PCIA revenue requirement for departing load customers and the reduced revenue requirement due to capping PCIA rates at a \$0.005/kWh annual increase.

The Application provides a table illustrating the severity of the rate increases SDG&E proposes:¹

Customer Classes	Current Effective Rates ³⁰ (¢/kWh)	Proposed Rates (¢/kWh)	Change (¢/kWh)	Change (%)
Residential	3.205	49.976	46.771	1459%
Small Commercial	2.693	24.045	21.352	793%
Medium and Large Commercial and Industrial	2.964	6.711	3.747	126%
Agriculture	2.239	78.621	76.382	3412%
Streetlighting	2.106	42.549	40.443	1920%
System	3.001	10.625	7.625	254%

Customers of the only CCA operating in the SDG&E service territory in 2020, Solana Energy Alliance (SEA), will experience similar rate impacts for Vintage 2017. The PCIA rate for SEA residential customers will rise to nearly \$0.50/kWh -- roughly **16 times** their current PCIA rate.²

These results cannot be reconciled with D.18-10-019. In that decision, the Commission adopted a \$0.005/kWh annual cap on PCIA increases in order “to limit the change of the PCIA from one year to the next.”³ The Commission explained:

We find that the potential for volatility supports adoption of a PCIA cap in this decision. Such a cap should reduce extreme PCIA price spikes, and bill impacts, but not enable a continual state of significant undercollection.⁴

¹ The changes SDG&E has shown are for the 2015 vintage (i.e., for customers that departed SDG&E service in vintage year 2015).

² The current PCIA rate for Vintage 2017 residential departing load customers is \$0.03187. [SDG&E Schedule CCA-CRS Sheet 1.](#)

³ D.18-10-019, Conclusion of Law.

⁴ *Id.* at 85.

The Commission went on to affirm that “a cap protects against volatility in the PCIA.” Contrary to the Commission’s intent, under SDG&E’s proposal, customers would first experience a dramatic rate spike for three months, with an increase to Vintage 2017 residential customers of roughly **93 times** the \$0.005/kWh annual rate increase cap. This extraordinary increase would be followed by an almost equally precipitous drop. The cap/trigger mechanism would create the volatility it was created to avoid.

The impacts here are extreme, and this is the first-ever PCIA trigger application. Under these circumstances, the 60-day approval process contemplated by D.18-10-019 is unrealistic. It leaves little time to resolve discovery disputes and develop alternative proposals. As already mentioned above, and further elaborated on below, there are errors in the capping and calculation methodologies SDG&E has employed. These errors will take time to resolve, and others have yet to be discovered. Meanwhile, SDG&E’s proposed schedule does not even provide opportunities for briefing, leaving this protest as the only opportunity for party input before issuance of a proposed decision.

Haste in the Application’s resolution could have far-reaching consequences across future PCIA trigger filings by all three major investor-owned utilities. What is required here is a measured approach to undercollections, both procedurally and substantively. Rather than decided on an expedited timeline, the Application should be consolidated with SDG&E’s 2021 Forecast Energy Resource and Recovery Account (ERRA) proceeding, A. 20-04-014; developing a mechanism for amortization of the CAPBA balance goes hand-in-hand with the setting of 2021 PCIA rates. Alternatively, and at a minimum, the Commission should establish a reasonable procedural schedule in this proceeding and include in scope consideration of alternatives to the SDG&E’s proposal.

II. CALCCA’S GROUNDS FOR PROTEST

CalCCA protests SDG&E’s Application on grounds that the proposed rates create rate shock for CCA departing load customers contrary to the Commission’s stated intent in D.18-10-019. Rate shock will occur under either of SDG&E’s ratemaking proposals, making development of alternative proposals critical. Moreover, while discovery is not complete, an initial review of the Application shows errors that require further exploration to ensure the costs imposed are accurate and just and reasonable. Under these circumstances, resolving the Application within 60 days would be reckless.

One error has already come to light. SDG&E admitted in early discovery to mistakenly capping the 2020 vintage (*i.e.*, bundled customers).⁵ This approach is inconsistent with the Commission’s intent to apply the cap only to departing load customers. Relatedly, SDG&E proposes to increase PCIA rates to recovery CAPBA amounts from these same 2020 vintage customers, who should not have contributed to the outstanding CAPBA balance in the first place. Increasing the 2020 vintage rates means that customers departing utility service after June 30, 2020 will be immediately subject to both the extremely high uncapped 2020 vintage PCIA rates, *and* the added CAPBA “kicker”. Fully understanding the effects of this erroneous capping of 2020 rates for both bundled and departing load customers, and figuring out what to do about it, will require further analysis and time – time not available with a 60-day clock ticking.

In addition to this error, CalCCA has identified other issues requiring further factual, legal, and policy consideration in this proceeding. Five areas are discussed below, although CalCCA reserves the right to modify its list of issues as discovery unfolds.

1. CAPBA amortization by the end of the calendar year produces rate spikes and thus defeats the purpose of the cap.

⁵ See SDG&E Response to SDCP DR 01.10, attached as Exhibit A.

D.18-10-019 expressed the Commission’s expectation that the cap would reduce PCIA volatility. The Commission did not anticipate that the trigger mechanism – an idea that was raised for the first time in reply comments on the Alternate Proposed Decision⁶ -- would itself cause the volatility the cap was intended to prevent. Unlike the ERRA trigger, after which the Commission modeled the CAPBA trigger, the CAPBA balance only increases throughout the year with no possibility of reduction. This design inevitably leads to trigger applications late in the year and, consequently, very short amortization periods.

As proposed by SDG&E, the 2021 PCIA rate cap, including a CAPBA adder, for 2017 vintage customers would be \$0.11/kWh; in 2022 the rate cap would snap back down to 2021 uncapped rates plus \$0.005/kWh. Faced with this proposal for a 20x jump in the rate cap, the Commission should explore other amortization periods. CalCCA, together with the Joint CCAs, is exploring amortization periods of 12 months or more. These longer amortization periods significantly reduce rate impacts while still ensuring revenue requirement recovery. Expecting those proposals to be fully formulated at the protest stage, however, is unrealistic. Thus, if the Commission intends to evaluate measures to mitigate rate shock, it has no choice but to extend consideration of this Application and consolidate the proceeding with SDG&E’s 2021 ERRA Forecast.

2. Whether D.18-10-019 requires SDG&E to bring its CAPBA down to zero by year end, as SDG&E has proposed.

D.18-10-019 requires an IOU to make a proposal for amortization of an amount that will bring the balance “below 7 percent;”⁷ it does *not* require that the proposal bring the balance to zero as SDG&E proposes. Moreover, it does not limit the IOU’s ability to propose alternative

⁶ See D.18-10-019, at 131 (*referencing* Brightline reply comments at 5-6).

⁷ D.18-10-019, Ordering Paragraph 10.d. at 162.

methodologies or prevent the Commission from adopting such alternatives, such as bringing the balance down to 6 percent. Indeed, the decision strongly suggests an intent *not* to recover the full balance in the trigger application, but to roll balances below 7 percent into the then-pending ERRA Forecast proceeding.⁸ The Commission stated:

The application shall propose a revised PCIA rate that will bring the projected account balance *below 7%* and *maintain the balance below that level until January 1* of the following year, when the PCIA rate adopted in that utility's ERRA forecast proceeding will take effect.

The question of the appropriate point “below 7 percent” to use in setting trigger rates should be examined in this proceeding. While the issue could become moot if a reasonable amortization schedule is adopted, the Commission should explore this question to provide clarity for the next calendar year.

3. Whether SDG&E has employed the rate design contemplated by D.18-10-019 in calculating initial rate impacts.

SDG&E has proposed two alternative rate designs. The first alternative purports to comport with D.18-10-019, relying on generation revenue allocation factors from SDG&E's General Rate Case. The second alternative would set aside these factors and instead allocate the CAPBA balance on an equal cents per kWh basis for all departing load customers.

The Commission should allow time to explore the accuracy of SDG&E's calculations and the merits of competing alternatives. Substantial consideration is required to consider the impacts of an equal cents per kWh methodology on different customer classes and vintages. There may be additional approaches meriting consideration, depending upon the amortization period adopted by the Commission. The need to consider rate design weighs heavily on a balance already tipped toward deferring the issue to the 2021 ERRA Forecast.

⁸ *Ibid.*

4. Whether the PCIA rate cap should be calculated cumulatively, thus affecting other vintages, as SDG&E has proposed.

There are two possible approaches to applying the rate cap on PCIA customers. The first, as proposed by SDG&E, is to apply the caps cumulatively, vintage by vintage. The second approach would cap each vintage and, applying that cap, leave each vintage responsible for its own share of undercollection. CalCCA believes that SDG&E's cumulative approach led to the error of capping the 2020 vintage, as discussed above. Like the other issues discussed above, determining the effects of the vintage capping methodology requires factual exploration to determine the impacts of these alternatives.

5. Whether the CAPBA accruals should be based on sales, rather than just a monthly proportion of annual revenue requirement, as SDG&E has done.

SDG&E's capping methodology is unique among the IOUs. SDG&E determines CAPBA accruals by allocating the total forecast revenue requirement shortfall resulting from the cap on a monthly basis to the CAPBA. Variations between forecast and actual PCIA undercollection from departing load thus are not captured in the CAPBA but instead accrue to the Portfolio Allocation Balancing Account (PABA). An alternative methodology, employed by Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE), accrues the actual PCIA undercollection to their equivalent of the CAPBA as a function of sales. This accounts for the impact forecast/actual sales variance on the CAPBA. While CalCCA does not at this time have sufficient information to evaluate the relative effects, the issue should be considered through a comparison of potential outcomes of the Application using the two methodologies.

Further discovery and analysis are required to understand the implications of each of the foregoing issues. Ultimately, however, CalCCA believes a longer amortization period will be required to mitigate the severity of rate impacts. To enable a reasonable opportunity for these

analyses, the Commission has little choice but to consolidate the Application with the 2021 ERRRA Forecast for resolution of the entire CAPBA balance.

III. DESCRIPTION OF CALCCA

California's community choice aggregators (CCAs) are local governmental entities that provide electricity services to their residents pursuant to Public Utilities Code Section 366.2. CCAs are currently serving about 10 million customers in more than 170 cities and counties across California.

CalCCA was formed in 2016 as a trade organization to facilitate joint participation in certain regulatory and legislative matters in which members share common interests. CalCCA's voting membership includes CCAs serving load and others in the process of implementing new service, including: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, CleanPowerSF, Clean Energy Alliance, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, MCE, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

IV. CALCCA'S INTEREST IN THIS PROCEEDING

CalCCA seeks party status in this proceeding to address the PCIA rate increases. Customers of CalCCA's member CCAs pay the PCIA rate as departing load customers. CalCCA's interests center on whether SDG&E has calculated the PCIA consistent with applicable Commission decisions in R.17-06-026, a proceeding in which CalCCA has been an active party. CalCCA is also interested in ensuring consistency of application of the PCIA

methodologies across the service territories of all three investor-owned utility service territories where member CCAs provide service.

Three individual CCAs who are or will be providing service in the SDG&E service territory are also participating in this proceeding as “Joint CCAs:” SEA, San Diego Community Power, and Clean Energy Alliance. CalCCA intends to coordinate with these CCAs to align interests and participation to the extent possible.

V. PROCEDURAL SCHEDULE, NEED FOR HEARINGS, AND CATEGORIZATION OF PROCEEDING

Pursuant to Rule 2.6(d), CalCCA provides the following procedural comments:

A. Need for Hearing

Evidentiary hearings will be necessary to address the issues identified in Section IV.

B. Proposed Schedule

SDG&E’s proposal achieves the 60-day schedule contemplated by D.18-10-019.⁹ CalCCA contends, however, that a 60-day schedule is inadequate given the magnitude of the proposed rate increases. For this reason, CalCCA recommends that the Administrative Law Judge issue a ruling to consolidate this application for review in the 2021 Forecast ERRRA proceeding, A.20-04-014.

C. Categorization

The proceeding is appropriately categorized as “ratesetting.”

VI. PARTY STATUS

Pursuant to Rule 1.4(a)(2), CalCCA hereby requests party status in this proceeding. As described herein, CalCCA has a material interest in the matters being addressed in this

⁹ D.18-10-019, Ordering Paragraph 10.b. at 162.

proceeding. CalCCA designates the following person as the “interested party” in this proceeding:

Evelyn Kahl, General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
(415) 254-5454
regulatory@cal-cca.org

VII. CONCLUSION

CalCCA appreciates the opportunity to submit this protest to the Application and requests party status.

Respectfully submitted,



Evelyn Kahl
General Counsel to the
California Community Choice Association

August 13, 2020

EXHIBIT A

SDG&E Response to SDCP DR_01

1. Please provide the capped and uncapped PCIA rates, by vintage and rate group, as approved in SDG&E's 2020 ERRA Forecast Application (A.19-04-010).

SDG&E Response:

Please refer to Attachment C of Ms. Fuhrer's testimony for approved capped PCIA rates resulting from A.19-04-010 per Decision (D).20-01-005. Uncapped PCIA rates from A.19-04-010 and D.20-01-005 are not approved but are provided for illustrative purposes in the attached excel file named "PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15," tab "DR 1_Q1."

2. Please provide SDG&E's forecast of 2020 kWh sales, by month, used to develop the PCIA rates in A.19-04-010. Please separately identify the sales as pertaining to bundled, direct access, community choice aggregation, and Green Tariff Shared Renewables customers.

SDG&E Response:

This response contains "Protected Materials" (i.e., trade secret, market sensitive, or other confidential and/or proprietary information) as determined by SDG&E in accordance with the provisions of D. 06-06-066 and subsequent decisions and subject to a Nondisclosure Agreement. The Protected Materials have been redacted. The confidentiality declaration of Kenneth E. Schiermeyer is also provided.

See attached excel file named "PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15," tab "DR 1_Q2-3." All rates calculated in the 2020 ERRA Forecast Application use the 2019 Authorized Sales Forecast from D.18-11-035. The bundled sales forecast is available in cell ranges B15:B21 and again in cells B52:B58. The Green Tariff Shared Renewables sales forecast is contained in Bundled sales and is not separately estimated. The direct access ("DA") sales forecast by vintage is contained exclusively in vintage years 2001 through 2016, and are available in cell range C13:K21. The community choice aggregation ("CCA") sales forecast is exclusively contained in vintage year 2017 and 2018, and are available in cell range L13:M21. The vintage billing determinants of those responsible for the vintage portfolio to determine PCIA rates are contained for DA in cell range C38:K46 and cell range L26:M34 for CCA. The complete set of bundled and vintage billing determinants are also shown in cell range B50:M58. No forecast of 2020 kWh sales by vintage month are available since PCIA rates are established on an annual basis.

3. Please provide the same forecast of 2020 kWh sales referenced in Question 2, differentiated by customer vintage.

SDG&E Response:

This response contains “Protected Materials” (i.e., trade secret, market sensitive, or other confidential and/or proprietary information) as determined by SDG&E in accordance with the provisions of D. 06-06-066 and subsequent decisions and subject to a Nondisclosure Agreement. The Protected Materials have been redacted. The confidentiality declaration of Kenneth E. Schiermeyer is also provided.

Please see response to Question 2.

4. Please provide the 2020 kWh sales, by month, used to develop the projected 2020 CAPBA balance shown in the testimony of Mr. Eric Dalton.
 - a. Please include recorded sales volumes for January – May 2020 and forecasted sales volumes for June – December 2020.
 - b. Please differentiate the sales provided by rate group.

SDG&E Response:

SDG&E does not use monthly kWh sales to book to CAPBA. Due to this, SDG&E also does not use monthly kWh forecasted sales to develop the projected 2020 CAPBA balance. The 2020 forecast is based on the capped portion of the 2020 Departed Load PABA (commonly referred to as PCIA) Revenue Requirement. These capped revenues are applied to CAPBA using the electric seasonality factors. CAPBA is used to track the amount of revenue requirement related to Bundled customers’ over payment into PABA that is completely offset by Departed Load customers’ under payment due to the cap. Any volumetric differences will be captured in the balances of the various subaccounts within PABA which will be used to set PCIA rates in SDG&E’s 2021 ERRA Forecast Application November Update along with any potential remaining balances in CAPBA.

5. Please provide SDG&E’s forecast of 2021 kWh sales, by month, used to develop the PCIA rates in A.20-04-14. Please separately identify the sales as pertaining to bundled, direct access, community choice aggregation, and Green Tariff Shared Renewables customers.

SDG&E Response:

SDG&E objects to this request pursuant to Rule 10.1 of the Commission’s Rules of Practice and Procedure on the grounds that it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. The PCIA rates

being proposed in the 2021 ERRA Forecast application have no impact on the CAPBA rates or revenues being proposed in this application.

6. Please provide the same forecast of 2021 kWh sales referenced in Question 5, differentiated by customer vintage.

SDG&E Response:

SDG&E objects to this request pursuant to Rule 10.1 of the Commission's Rules of Practice and Procedure on the grounds that it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. The PCIA rates being proposed in the 2021 ERRA Forecast application have no impact on the CAPBA rates or revenues being proposed in this application.

7. Please provide workpapers demonstrating the calculations required to compute the monthly CAPBA activity by month customer vintage shown in Attachment A of Mr. Dalton's testimony. Details should include, but not be limited to, monthly kWh sales and the price in \$/kWh applied to arrive at the CAPBA activity by vintage.

SDG&E Response:

This response contains "Protected Materials" (i.e., trade secret, market sensitive, or other confidential and/or proprietary information) as determined by SDG&E in accordance with the provisions of D. 06-06-066 and subsequent decisions and subject to a Nondisclosure Agreement. The Protected Materials have been redacted and are the same materials included in the confidential workpapers of Stacy Fuhrer for this application. The confidentiality declaration of Stacy Fuhrer is provided.

See attached excel file named "PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15," tab "DR 1_Q7." The calculation of the CAPBA by vintage is attached and is calculated by taking the vintage system PCIA rate above the cap and multiplying that applicable vintage rate by departed load system vintage sales. The monthly activity is based on the amount of the 2020 revenue requirement that is above the cap by vintage. The 2020 activity is booked to CAPBA by multiplying the total 2020 capped revenue requirement amount with the electric seasonality factors for each month.

8. Please provide workpapers demonstrating the calculations required to compute the proposed PCIA rates included in Attachment A of Ms. Fuhrer's testimony.

SDG&E Response:

This response contains "Protected Materials" (i.e., trade secret, market sensitive, or other confidential and/or proprietary information) as determined by SDG&E in accordance with the provisions of D. 06-06-066 and subsequent decisions and subject to a Nondisclosure Agreement. The Protected Materials have been redacted. The confidentiality declaration of Stacy Fuhrer is also provided.

See attached excel file named "PUBLIC - PCIA Model_2020 CAPBA Trigger 3 Mo._Gen Rev Alloc_Fuhrer_Q8." Please note that SDG&E uses annual sales, not monthly, to calculate rates.

9. Please provide workpapers demonstrating the calculations required to compute the proposed PCIA rates included in Attachment B of Ms. Fuhrer's testimony.

SDG&E Response:

This response contains "Protected Materials" (i.e., trade secret, market sensitive, or other confidential and/or proprietary information) as determined by SDG&E in accordance with the provisions of D. 06-06-066 and subsequent decisions and subject to a Nondisclosure Agreement. The Protected Materials have been redacted. The confidentiality declaration of Stacy Fuhrer is also provided.

See attached excel file named "PUBLIC - PCIA Model_2020 CAPBA Trigger 3 Mo._Equal Cents Alloc_Fuhrer_Q9." Please note that SDG&E uses annual sales, not monthly, to calculate rates.

10. Admit that the PCIA rates effective February 2020 for vintage 2020 customers include the impact of the price cap applied to earlier customer vintages.

SDG&E Response:

SDG&E's current effective 2020 vintage PCIA rates as implemented February 1, 2020 per AL 3500-E and D.20-01-005 are impacted by the cap but they should not have been. SDG&E mistakenly included cumulative rates from the application of the cap for PCIA vintage 2020 when it should have used the uncapped 2020 PCIA rates calculated for bundled customers in its 2020 ERRA Forecast Application (A.19-04-010). This error resulted in understating the 2020 PCIA vintage rates for any customer departing under PCIA vintage 2020 but has no impact on bundled customers who pay PCIA (called the Portfolio Allocation Balancing Account (PABA) revenue requirement) through commodity rates. This error also has no impact on the CAPBA revenues as SDG&E is only undercollected in PCIA vintages 2009-2012, 2014 and 2015.

11. If the answer to question 8 is an admission, please explain why 2020 vintage PCIA rates would be impacted by the rate cap given that there was no previous PCIA rate from which to add \$0.005/kWh for that vintage.

SDG&E Response:

Please see response to question 10 above.

12. Please quantify the total PCIA revenue SDG&E would expect to collect from October – December 2020 if the currently effective PCIA rates remain in place. Provide all workpapers supporting your response.

SDG&E Response:

See attached excel file named “PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15,” tab “DR 1_Q12-15.” SDG&E would expect to collect from October – December 2020 roughly \$4.6M from departed load customers if the current effective PCIA rates remain in place for those months.

13. Please quantify the total PCIA revenue SDG&E would expect to collect from October – December 2020 if the uncapped PCIA rates as approved in A.19-04-010 were in place for those months. Provide all workpapers supporting your response.

SDG&E Response:

See attached excel file named “PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15,” tab “DR 1_Q12-15.” As stated above in SDG&E’s response to question 1, uncapped PCIA rates from A.19-04-010 and Decision (D).20-01-005 are not approved but if SDG&E’s 2020 ERRA Forecast Application had no cap in place then SDG&E would expect to collect from October – December 2020 roughly \$7.1M from departed load customers if the uncapped PCIA rates in A.19-04-010 were in place for those months.

14. Please quantify the total PCIA and CAPBA revenue SDG&E would expect to collect from October – December 2020 if the proposed rates shown in Attachment A of Ms. Fuhrer’s testimony are in place. Provide all workpapers supporting your response.

SDG&E Response:

See attached excel file named “PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15,” tab “DR 1_Q12-15.” SDG&E would expect to collect from October – December 2020 roughly \$13.5M in total PCIA and CAPBA revenue from departed load customers if the proposed rates shown in Attachment A of Ms. Fuhrer’s testimony are in place for those months.

15. Please quantify the total PCIA and CAPBA revenue SDG&E would expect to collect from October – December 2020 if the proposed rates shown in Attachment B of Ms. Fuhrer’s testimony are in place. Provide all workpapers supporting your response.

SDG&E Response:

See attached excel file named “PUBLIC - SDG&E Response - SDCP DR_01 PCIA Trigger Application Q1-3,7,12-15,” tab “DR 1_Q12-15.” SDG&E would expect to collect from October – December 2020 roughly \$13.5M in total PCIA and CAPBA revenue from departed load customers if the proposed rates shown in Attachment B of Ms. Fuhrer’s testimony are in place for those months.

16. Referring to Ms. Fuhrer’s testimony, please explain why the currently effective system average PCIA rates for vintages 2017, 2018, and 2018 shown in Attachment C do not match the rates for the same vintages shown on Line 3 of Table 4 – 2020 ERRA Forecast Application PCIA Cap Analysis.

SDG&E Response:

Line 3 of Table 4 is the maximum the vintage PCIA rate could increase in SDG&E’s 2020 ERRA Forecast Application. Those rates are not the current effective PCIA rates. PCIA rates are cumulative so capped rates from 2009-2012, 2014 and 2015 impact the cumulative rate for vintages that follow a capped rate like vintages 2017 and 2018.



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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Expedited Application of San Diego Gas &
Electric Company (U902E) Under the Power
Charge Indifference Adjustment Account
Trigger Mechanism.

Application 20-07-009

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
THREE-DAY ADVANCE NOTICE OF EX PARTE COMMUNICATION**

Evelyn Kahl, General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
(415) 254-5454
regulatory@cal-cca.org

August 10, 2020

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Expedited Application of San Diego Gas & Electric Company (U902E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.

Application 20-07-009

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
THREE-DAY ADVANCE NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Pursuant to Rule 8.2(c)(2)(B) of the California Public Utilities Commission (Commission) Rules of practice and Procedure, California Community Choice Association¹ (CalCCA) hereby provides three days' advance notice of an ex parte meeting with Maria Sotero, advisor to Commissioner Martha Guzman Aceves, in this proceeding. The meeting is scheduled to take place via telephone conference on August 13, 2020 from approximately 2:00 p.m.- 2:30 p.m. to discuss CalCCA's protest to San Diego Gas & Electric Company's (SDG&E) expedited application under the power charge indifference adjustment account trigger mechanism.

Attendees are expected to include Evelyn Kahl, General Counsel to the California Community Choice Association; Ty Tosdal, Tosdal Law Firm - Counsel for Solana Energy Alliance; Brian

¹ California Community Choice Association represents the interests of 20 operational community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, CleanPowerSF, Clean Energy Alliance, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

Dickman, NewGen Strategies and Solutions - Executive Consultant; and Beth Vaughan,
California Community Choice Association - Executive Director.

Respectfully submitted,



Evelyn Kahl
General Counsel to the
California Community Choice Association

August 10, 2020



MGA/nd3 7/6/2020

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &
ELECTRIC COMPANY (U902E) for
Approval of its 2021 Electric
Procurement Revenue Requirement
Forecasts and GHG-Related Forecasts.

Application 20-04-014

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On April 15, 2020, San Diego Gas & Electric Company (SDG&E) filed its Application for approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (Application). By Resolution ALJ 176-3460 adopted on May 7, 2020, the Commission preliminarily determined that this proceeding was ratesetting and that hearings were necessary. On May 18, 2020, the California Public Advocates Office (Cal Advocates) and San Diego Community Power (SDCP) filed protests to the Application. A prehearing conference (PHC) was held on June 17, 2020. Utility Consumers' Action Network was granted party status at the PHC.

2. Issues

The issues to be determined are:

1. Whether the Commission should approve SDG&E's total 2021 forecast revenue requirement of \$920.317 million and the amount of the 2021 Tree Mortality Non-Bypassable Charge forecast revenue requirement, to become effective in rates on January 1, 2021;
2. Whether the Commission should approve SDG&E's 2021 Energy Resource Recovery Account forecast revenue requirement of \$604.409 million (including 2021 forecast greenhouse gas (GHG) costs of \$12.793 million);
3. Whether the Commission should approve a 2021 Portfolio Allocation Balancing Account forecast revenue requirement of \$373.828 million;
4. Whether the Commission should approve a 2021 Competition Transition Charge forecast revenue requirement of \$16.673 million;
5. Whether the Commission should approve a 2021 Local Generation forecast revenue requirement of \$137.895 million (which excludes the Local Generation Balancing Account 2018 overcollection of \$(91.084) million);
6. Whether the Commission should approve the 2021 San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost forecast revenue requirement of \$1.073 million;
7. Whether the Commission should approve SDG&E's 2021 Tree Mortality Non-Bypassable Charge forecast revenue requirement;
8. Whether the Commission should approve SDG&E's 2021 forecasts of GHG revenues, revenue set-asides and returns and administrative expenses, which include:
 - a. Forecast GHG allowance revenues;
 - b. Forecast set asides for clean energy/energy efficiency programs. Commission-authorized programs in this

category include the Solar on Multifamily Affordable Housing Program, the Disadvantaged Communities Single Family Solar Homes Program, the Disadvantaged Communities Green Tariff Program, and the Community Solar Green Tariff Program. Although SDG&E's application did not propose to allocate funding to these programs, this proceeding shall determine the appropriate set asides for these programs pursuant to Decision (D.) 20-04-012, D.18-06-027, and any other applicable decisions;

- c. Forecast revenue returns to small business and emissions-intensive trade-exposed retail customers. SDG&E did not propose to set aside amounts for return to these customers as required by Pub. Util. Code section 748.5. This proceeding shall determine the appropriate amount for return to these customers;
 - d. GHG administration, customer education and outreach plan costs; and
 - e. Forecast revenue returns to residential customers via the California Climate Credit. SDG&E's application proposed to return to residential customers an amount greater than its forecasted revenues; this proceeding shall determine the appropriate overall amount to be returned to residential customers as a class, and the individual California Climate Credit amount.
9. Whether the Commission should approve SDG&E's proposed vintage Power Charge Indifference Adjustment in rates;
 10. Whether the Commission should approve SDG&E's proposed 2021 rate components for the Green Tariff Shared Renewables Program;
 11. Whether the Commission should approve SDG&E's request to return the overcollected 2018 Local Generation Balancing Account recorded activity of \$(91.084) million; and

12. Whether there are any safety considerations pursuant to Pub. Util. Code Section 451 raised by the Application.

3. Categorization and Necessity for Hearings

The Commission preliminarily categorized this proceeding as ratesetting and determined that this proceeding would require evidentiary hearings. The parties agreed that the ratesetting categorization was appropriate. The parties also agreed that evidentiary hearings may be needed and agreed to the procedural schedule set forth below that includes hearings if needed. As a result, this Scoping Memo and Ruling affirms the Commission's preliminary categorization of this proceeding as ratesetting and the necessity for hearings.

4. Schedule

After consideration of the Application, the protests of Cal Advocates and SDCP, the meet and confer report filed and served on June 15, 2020, and the comments of all parties at the PHC, the following schedule is adopted for this proceeding:

EVENT	DATE
Cal Advocates and Intervenor Testimony	July 17, 2020
Rebuttal Testimony	August 7, 2020
Parties inform the Administrative Law Judge (ALJ) via e-mail whether hearings are necessary and provide ALJ with witness lists and cross-examination estimates	August 14, 2020
Evidentiary Hearings (if needed)	August 25-27, 2020
Concurrent Opening Briefs	September 25, 2020
Concurrent Reply Briefs	October 23, 2020
SDG&E November Update	November 6, 2020
Comments on November Update	November 18, 2020
SDG&E Reply Comments on November Update	November 25, 2020
ALJ Proposed Decision (PD)	December 2, 2020
Concurrent Comments to PD	December 8, 2020

EVENT	DATE
Concurrent Replies to PD	December 11, 2020
PD on Commission Meeting Agenda	December 17, 2020

The schedule may be modified by the ALJ as required to promote the efficient and fair resolution of the Application. Some schedule event dates assume the timely receipt of information, and the schedule does not preclude a party from filing a motion to modify the dates for good cause. To expedite the issuance of a decision, the parties have agreed to the shortened comment and reply periods to the PD set forth in the schedule. This proceeding will stand submitted upon the filing of reply briefs unless the ALJ requires further evidence or argument. Based on the schedule, this proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Ex Parte Communications

In this ratesetting proceeding, *ex parte* communications with Commissioners, their advisors, and the ALJ are restricted and must be reported pursuant to Article 8 of the Rules.

7. Response to Public Comments

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8. Public Advisor

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Pursuant to Pub. Util. Code Section 1711(a), I report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission’s monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission’s website.

11. Intervenor Compensation

The PHC was held on June 17, 2020. Pursuant to Pub. Util. Code Section 1804(a)(1), a party who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by July 17, 2020.

12. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner in this proceeding. Pursuant to Rule 13.2, the assigned Commissioner designates assigned ALJ Peter Wercinski as the Presiding Officer in this proceeding. Either the assigned Commissioner or Presiding Officer may amend the scope and schedule set forth in this Scoping Memo and Ruling.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is set forth above.

3. This proceeding is categorized as ratesetting.
4. This proceeding requires evidentiary hearings.
5. The Presiding Officer is Administrative Law Judge Peter Wercinski.

This order is effective today.

Dated July 6, 2020, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES
Martha Guzman Aceves
Assigned Commissioner



MGA/nd3 7/6/2020

FILED
07/06/20
02:50 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS &
ELECTRIC COMPANY (U902E) for
Approval of its 2021 Electric
Procurement Revenue Requirement
Forecasts and GHG-Related Forecasts.

Application 20-04-014

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On April 15, 2020, San Diego Gas & Electric Company (SDG&E) filed its Application for approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (Application). By Resolution ALJ 176-3460 adopted on May 7, 2020, the Commission preliminarily determined that this proceeding was ratesetting and that hearings were necessary. On May 18, 2020, the California Public Advocates Office (Cal Advocates) and San Diego Community Power (SDCP) filed protests to the Application. A prehearing conference (PHC) was held on June 17, 2020. Utility Consumers' Action Network was granted party status at the PHC.

2. Issues

The issues to be determined are:

1. Whether the Commission should approve SDG&E's total 2021 forecast revenue requirement of \$920.317 million and the amount of the 2021 Tree Mortality Non-Bypassable Charge forecast revenue requirement, to become effective in rates on January 1, 2021;
2. Whether the Commission should approve SDG&E's 2021 Energy Resource Recovery Account forecast revenue requirement of \$604.409 million (including 2021 forecast greenhouse gas (GHG) costs of \$12.793 million);
3. Whether the Commission should approve a 2021 Portfolio Allocation Balancing Account forecast revenue requirement of \$373.828 million;
4. Whether the Commission should approve a 2021 Competition Transition Charge forecast revenue requirement of \$16.673 million;
5. Whether the Commission should approve a 2021 Local Generation forecast revenue requirement of \$137.895 million (which excludes the Local Generation Balancing Account 2018 overcollection of \$(91.084) million);
6. Whether the Commission should approve the 2021 San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost forecast revenue requirement of \$1.073 million;
7. Whether the Commission should approve SDG&E's 2021 Tree Mortality Non-Bypassable Charge forecast revenue requirement;
8. Whether the Commission should approve SDG&E's 2021 forecasts of GHG revenues, revenue set-asides and returns and administrative expenses, which include:
 - a. Forecast GHG allowance revenues;
 - b. Forecast set asides for clean energy/energy efficiency programs. Commission-authorized programs in this

category include the Solar on Multifamily Affordable Housing Program, the Disadvantaged Communities Single Family Solar Homes Program, the Disadvantaged Communities Green Tariff Program, and the Community Solar Green Tariff Program. Although SDG&E's application did not propose to allocate funding to these programs, this proceeding shall determine the appropriate set asides for these programs pursuant to Decision (D.) 20-04-012, D.18-06-027, and any other applicable decisions;

- c. Forecast revenue returns to small business and emissions-intensive trade-exposed retail customers. SDG&E did not propose to set aside amounts for return to these customers as required by Pub. Util. Code section 748.5. This proceeding shall determine the appropriate amount for return to these customers;
 - d. GHG administration, customer education and outreach plan costs; and
 - e. Forecast revenue returns to residential customers via the California Climate Credit. SDG&E's application proposed to return to residential customers an amount greater than its forecasted revenues; this proceeding shall determine the appropriate overall amount to be returned to residential customers as a class, and the individual California Climate Credit amount.
9. Whether the Commission should approve SDG&E's proposed vintage Power Charge Indifference Adjustment in rates;
 10. Whether the Commission should approve SDG&E's proposed 2021 rate components for the Green Tariff Shared Renewables Program;
 11. Whether the Commission should approve SDG&E's request to return the overcollected 2018 Local Generation Balancing Account recorded activity of \$(91.084) million; and

12. Whether there are any safety considerations pursuant to Pub. Util. Code Section 451 raised by the Application.

3. Categorization and Necessity for Hearings

The Commission preliminarily categorized this proceeding as ratesetting and determined that this proceeding would require evidentiary hearings. The parties agreed that the ratesetting categorization was appropriate. The parties also agreed that evidentiary hearings may be needed and agreed to the procedural schedule set forth below that includes hearings if needed. As a result, this Scoping Memo and Ruling affirms the Commission's preliminary categorization of this proceeding as ratesetting and the necessity for hearings.

4. Schedule

After consideration of the Application, the protests of Cal Advocates and SDCP, the meet and confer report filed and served on June 15, 2020, and the comments of all parties at the PHC, the following schedule is adopted for this proceeding:

EVENT	DATE
Cal Advocates and Intervenor Testimony	July 17, 2020
Rebuttal Testimony	August 7, 2020
Parties inform the Administrative Law Judge (ALJ) via e-mail whether hearings are necessary and provide ALJ with witness lists and cross-examination estimates	August 14, 2020
Evidentiary Hearings (if needed)	August 25-27, 2020
Concurrent Opening Briefs	September 25, 2020
Concurrent Reply Briefs	October 23, 2020
SDG&E November Update	November 6, 2020
Comments on November Update	November 18, 2020
SDG&E Reply Comments on November Update	November 25, 2020
ALJ Proposed Decision (PD)	December 2, 2020
Concurrent Comments to PD	December 8, 2020

EVENT	DATE
Concurrent Replies to PD	December 11, 2020
PD on Commission Meeting Agenda	December 17, 2020

The schedule may be modified by the ALJ as required to promote the efficient and fair resolution of the Application. Some schedule event dates assume the timely receipt of information, and the schedule does not preclude a party from filing a motion to modify the dates for good cause. To expedite the issuance of a decision, the parties have agreed to the shortened comment and reply periods to the PD set forth in the schedule. This proceeding will stand submitted upon the filing of reply briefs unless the ALJ requires further evidence or argument. Based on the schedule, this proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Ex Parte Communications

In this ratesetting proceeding, *ex parte* communications with Commissioners, their advisors, and the ALJ are restricted and must be reported pursuant to Article 8 of the Rules.

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/s/ MARTHA GUZMAN ACEVES
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