



55 Second Street
Suite 1700
San Francisco, CA 94105
415.227.0900 Phone
415.227.0770 Fax

415.227.3563 Direct
ekahl@buchalter.com

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By email edtariffunit@cpuc.ca.gov

CPUC Energy Division
Attention – ED Tariff Unit
505 Van Ness Avenue
4th Floor
San Francisco, CA 94102

Re CalCCA Protest to Pacific Gas and Electric Company Advice Letter 5473

To Energy Division – Tariff Unit:

The California Community Choice Association (CalCCA) protests Pacific Gas and Electric (PG&E) Advice Letter (AL) 5473-E, in which PG&E proposes to update its Bundled Procurement Plan (BPP) adopted in Commission Decision (D.) 15-10-031. Although the most critical information in the Advice Letter, Attachments A-C, is confidential, the Advice Letter on its face is premature and raises critical procurement policy issues that merit more than a Tier 3 review. CalCCA requests that the Commission reject the Advice Letter and, instead, allow an expedited public workshop in the current Power Charge Indifference Adjustment (PCIA) proceeding (R. 17-06-026) to consider, at a minimum, the issues raised in the Advice Letter concerning PG&E’s sales from its portfolio.

PG&E requests authority to update its BPP, including the Greenhouse Gas (GHG) Procurement Plan Appendix G, the Congestion Rights Appendix I, and Appendix M, which governs the Procurement Review Group, the Cost Allocation Mechanism Group and Independent Evaluator. Critically, PG&E introduces, for the first time, a new Appendix S to address sales of portfolio products (Sales Framework). PG&E grounds its request in its observation that the “pending outcomes in the Power Charge Indifference Adjustment (PCIA) Order Instituting Rulemaking (OIR) and Resource Adequacy (RA) OIR may significantly affect PG&E’s current

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portfolio positions.” The Advice Letter also focuses directly on the utility’s need for guidance if a central buyer RA framework – which PG&E advocated should begin next year – is adopted.

For procedural reasons alone, the Commission should reject the Advice Letter. The Commission has not adopted a Central Buyer local RA procurement framework in Rulemaking (R.)17-09-020, let alone a Central Buyer structure for other RA products. In addition, the effect of PG&E’s bankruptcy on the utility’s portfolio and product sales remains unknown. Finally, a Tier 3 Advice Letter is not the proper vehicle to introduce substantive recommendations that require public input.

CalCCA also has substantive concerns. PG&E’s opaque proposals carry the potential to significantly affect the positions of other market participants.

- PG&E proposes to “limit sales of certain RA products to delivery terms not to exceed two years forward unless offered to a central buyer.”¹ This approach would have a material effect on any other LSE who is required to comply with a three-year RA program and dependent in part on PG&E’s resources.
- PG&E proposes to “require RA product sales to principally originate through PG&E-held solicitations.” This requirement would prevent other Load Serving Entities (LSE) from procuring products that meet their needs in Requests for Offer (RFO) they initiate.
- PG&E proposes to “utilize standard contracting terms” in its Sales Framework; while standard contracting terms should be implemented by the Commission, those terms and conditions should be developed with input from other market participants to ensure they do not unreasonably leverage the utility’s market power.
- PG&E asks the Commission to approve PG&E’s proposal “not to post collateral to support PG&E’s sales of RA.”² Again, public scrutiny of this proposal is necessary, particularly in light of PG&E’s pending bankruptcy proceeding.

PG&E undeniably holds market power in the RA and Renewable Portfolio Standards (RPS) product markets. Under these circumstances, the issues identified in the Advice Letter, let alone the issues masked by confidential treatment, are highly significant to market participants who transact with PG&E.

Counterparties may have other issues beyond those identified in the Advice Letter. For example, PG&E’s Sales Framework implicates its practices of withholding “buffer” products to

¹ PG&E Advice Letter 5473-E at p. 3.

² *Id.*

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prevent penalties and to enable substitution in the event a resource is unavailable. It also raises questions around the timing of its sales, relative to the obligations of other LSEs to procure to meet their customers' requirements. The Commission should, for example, mandate the sale of all excess products beyond a specifically identified and Commission-approved "buffer."

CalCCA, like PG&E, believes that focusing on PG&E's sales practices is timely and critical in the midst of its bankruptcy, declining load, and over-procured portfolio. The answer, however, is not to set PG&E free to implement a new, confidential Sales Framework without public scrutiny. The sales terms and conditions should be set for workshop and comments. Indeed, portfolio optimization – including sales and transfers of unneeded IOU resources – is within the scope of R. 17-06-026 and should be addressed there with stakeholder feedback.

For all of the foregoing reasons, CalCCA requests that the Commission reject Advice Letter 5473-E.

Sincerely,

BUCHALTER
A Professional Corporation



By

Evelyn Kahl

Counsel to the California Community Choice
Association

EK:sl

cc: PG&E, Erik Jacobsen -- PGETariffs@pge.com

Director
Energy Division
505 Van Ness Avenue
Room 4004
San Francisco, CA 94102

Service List R.17-09-020
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