

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



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Application of Southern California Edison
Company (U 338-E) For Approval of Its Forecast
2021 ERRRA Proceeding Revenue Requirement

Application No. 20-07-004
(Consolidated)

Expedited Application of Southern
California Edison Company (U338E)
Regarding Power Charge Indifference
Adjustment Trigger.

Application No. 20-10-007
(Consolidated)

**OPENING COMMENTS OF THE CLEAN POWER ALLIANCE OF SOUTHERN
CALIFORNIA, CALIFORNIA CHOICE ENERGY AUTHORITY, AND THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON ADMINISTRATIVE LAW JUDGE KLINE'S PROPOSED DECISION**

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Subject Matter Index

I. THE CCA PARTIES COMMIT TO UPHOLDING THEIR OBLIGATIONS UNDER THE SETTLEMENT AGREEMENT.....3

II. THE PROPOSED DECISION MISSTATES THE VINTAGES TO WHICH THE PCIA RATE INCREASE CAP WILL APPLY.....4

III. REVISIONS TO ORDERING PARAGRAPH 6 AND FINDING OF FACT 37 WILL ENSURE THE ENTIRE “ABOVE THE CAP” 2021 PCIA REVENUE REQUIREMENT IS RECOVERED IN 2021.5

IV. STATEMENTS MADE IN SECTION 7.1.2 REGARDING PABA CONTAIN MINOR ERRORS.8

V. CONCLUSION9

Table of Authorities

Commission Rules of Practice and Procedure

Rule 1.8(d).....	1
Rule 14.3.....	1

Commission Decisions

D.05-03-022.....	2
D.06-06-014.....	2
D.10-06-031.....	2

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Pursuant to Rule 14.3, Clean Power Alliance of Southern California (“CPA”) and California Choice Energy Authority (“CalChoice” and, jointly with CPA, the “SoCal CCAs”), together with the California Community Choice Association (“CalCCA”) (collectively, the “CCA Parties”),¹ hereby submit these Opening Comments with regard to Administrative Law Judge (“ALJ”) Zita Kline’s November 30, 2020 Proposed Decision (“Proposed Decision”) regarding both the above-captioned (1) *Application of Southern California Edison Company (“SCE”) (U 338-E) for Approval of Its Forecast 2021 ERRRA Proceeding Revenue Requirement* and the (2) *Expedited Application of SCE (U338E) Regarding Power Charge Indifference Adjustment Trigger*. The CCA Parties are grateful for the hard work and efforts of the dedicated public servants at the Commission in issuing a Proposed Decision the day after the Thanksgiving

¹ Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, the California Community Choice Association has authorized the SoCal CCAs to file these Opening Comments on its behalf.

weekend, which the CCA Parties believe required ALJ Kline and Commission staff to work during the holidays.

The CCA Parties continue to support the terms of the settlement agreement appended to the Proposed Decision (“Settlement Agreement”) and prefer that the Proposed Decision be revised to adopt the Settlement Agreement in its entirety. The Commission has a long-standing policy of supporting settlements,² and Commission policy “weighs against the Commission’s alteration of agreements reached through negotiation.”³ Nonetheless, the CCA Parties support the components of the settlement the Proposed Decision adopts and declare below their commitment to upholding their obligations under the Settlement Agreement if the Commission does not adopt the Settlement Agreement, but still adopts the 36-month amortization of the PCIA Undercollection Balancing Account (“PUBA”) balance discussed therein.

If the Commission opts not to adopt the Settlement Agreement, the CCA Parties also support adoption of the Proposed Decision with the handful of clarifications and corrections discussed herein and in Attachment A to these comments. In sum, the vintages listed in the Proposed Decision as having “capped” PCIA rates in 2021 appear incorrect and should be modified. In addition, modest revisions to the body of the Proposed Decision, Finding of Fact 37 and Ordering Paragraph 6 will better reflect the Commission’s intention, stated elsewhere in the Proposed Decision, for the entire “above the cap” portion of the 2021 Power Charge Indifference Adjustment (“PCIA”) revenue requirement to be recovered in 2021 via the 2021 PCIA Surcharge (and not amortized over the years 2022 and 2023). Further, statements in Section 7.1.2 regarding costs within the Portfolio Allocation Balancing Account (“PABA”) are inaccurate and

² D.05-03-022 at 7-8; D.10-06-031 at 12.

³ D.06-06-014 at 12.

unsupported by the record and should be modified or deleted. These three modifications are discussed in more detail below.

The CCA Parties include two other adjustments to the Proposed Decision in Attachment A that are not discussed in detail in these comments. The first adds a Conclusion of Law to memorialize verbatim the legal conclusion in Section 9.3.2.2 regarding modifications to the PCIA cap methodology. The second change corrects a typo on page 26 of the Proposed Decision.

Beyond these relatively minor clarifications and corrections, the Proposed Decision comprehensively addresses the numerous components of this complex and compressed proceeding. Of particular importance to the CCA Parties, the Commission soundly resolves data transparency issues that have made it difficult for CCAs to accurately predict the PCIA rates their customers pay shortly after the conclusion of each year's ERRA Forecast proceeding.⁴ The Proposed Decision creates the foundation for timely and consistent access to such data in all future ERRA Forecast proceedings, streamlining the resolution of those proceedings and reducing controversy surrounding the November Update. This increased transparency will also be an important piece to the puzzle as the Commission considers imminent requests to remove the PCIA rate increase cap in 2021.

I. THE CCA PARTIES COMMIT TO UPHOLDING THEIR OBLIGATIONS UNDER THE SETTLEMENT AGREEMENT.

The Proposed Decision rejects the Settlement Agreement but proposes to amortize the PUBA balance over 36 months “consistent with the terms of the Settlement Agreement.”⁵ As set

⁴ Proposed Decision at 55-57, Findings of Fact 38-40, Conclusions of Law 4, and Ordering Paragraphs 7 and 8; *see also id.* at 23 (requiring SCE to keep its assessment of rate impacts in future ERRA forecast applications).

⁵ *Id.* at 54.

forth in the motion for approval of the Settlement Agreement, the “Settling Parties negotiated in good faith, bargained aggressively, compromised, and agreed to the Settlement Agreement as an interrelated package.”⁶ Partial adoption of the Settlement Agreement potentially disrupts the balance of outcomes that enabled the parties to reach settlement.

To address that potential imbalance, the CCA Parties intend to treat other provisions as a continuing agreement with SCE on joint advocacy if the Commission maintains the 36-month amortization period in the final decision. In particular, the CCA parties will uphold their obligations under Terms 5 and 6 of the Settlement Agreement. Term 5 requires the CCA Parties’ affirmative support for “the termination of the entire PCIA cap-and-trigger framework through the filing of a joint petition for modification of D.18-10-019,” to be filed early in 2021.⁷ The CCA Parties commit to offering such support. If one of the three conditions listed in Term 6 is not met, the CCA Parties commit to supporting a request from SCE in its November Update testimony, to be submitted in the next year’s SCE 2022 ERRA Forecast proceeding, to collect the entire remaining two-thirds (2/3) amortization of the 2020 PCIA trigger balance in 2022.⁸

II. THE PROPOSED DECISION MISSTATES THE VINTAGES TO WHICH THE PCIA RATE INCREASE CAP WILL APPLY.

The Proposed Decision states “the rates adopted in the decision are also capped for departed load customer vintages 2011 through 2019” and “We also adopted a PCIA Trigger Mechanism surcharge for departed load customers to recover the indifference costs above the

⁶ A.20-07-004 and A.20-10-007 (consolidated), *Motion for Approval of Settlement Agreement Between and Among Southern California Edison Company (U 338-E), Clean Power Alliance of Southern California, California Choice Energy Authority, and California Community Choice Association*, p. 8 (Nov. 20, 2020).

⁷ Proposed Decision at Appendix B, p. 8, Term 5 of the Settlement Agreement.

⁸ *Id.* at Appendix B, p. 8, Term 6 of the Settlement Agreement.

PCIA cap for vintages 2011 through 2019 forecast for 2021.”⁹ However, the capped rates in SCE’s November Update, included on Line 2 of Table IX-49 reproduced below, show that the PCIA will be capped for only the 2014 to 2017 vintages:¹⁰

*Table IX-49
PCIA Rate Cap Analysis*

Line No.	Category	Unit	2001 Vintage	2004 Vintage	2009 Vintage	2010 Vintage	2011 Vintage	2012 Vintage	2013 Vintage	2014 Vintage	2015 Vintage	2016 Vintage	2017 Vintage	2018 Vintage	2019 Vintage	2020 Vintage	2021 Vintage
1.	2020 Capped PCIA SAR	(\$/kWh)	\$ (0.00017)	\$ (0.00017)	\$ 0.01162	\$ 0.01457	\$ 0.01729	\$ 0.01782	\$ 0.01775	\$ 0.01768	\$ 0.01681	\$ 0.01668	\$ 0.01672	\$ 0.01680	\$ 0.01680	\$ 0.02277	
2.	2021 PCIA Rate Cap	(\$/kWh)	\$ 0.00483	\$ 0.00483	\$ 0.01662	\$ 0.01957	\$ 0.02229	\$ 0.02282	\$ 0.02275	\$ 0.02268	\$ 0.02181	\$ 0.02166	\$ 0.02172	\$ 0.02380	\$ 0.02380	\$ 0.02777	
3.	Forecast 2021 PCIA SAR	(\$/kWh)	\$ 0.00018	\$ 0.00018	\$ 0.01159	\$ 0.01426	\$ 0.01819	\$ 0.01875	\$ 0.02047	\$ 0.02332	\$ 0.02493	\$ 0.02270	\$ 0.02284	\$ 0.02320	\$ 0.02310	\$ 0.02067	\$ 0.02067
4.	2021 Cap Exceeded?	Yes/No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No
5.	Estimated Revenue Shortfall ¹¹	\$	-	-	-	-	-	-	-	\$ (482)	\$ (100)	\$ (549)	\$ (2,432)	-	-	-	-
6.	Estimated Revenue Repayment ²¹	\$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹¹ These amounts (using actuals) will record as debits to these vintage departing load sub-accounts of the PUBA, and will be “financed” on a forecast basis in 2021 by bundled service customers.

²¹ Repayment of the 2020 PUBA undercollection is being addressed in A.20-10-007 and is not included in this calculation.

The Joint CCAs include a revision to the body of the Proposed Decision in Attachment A to these comments that states the correct capped vintages.

III. REVISIONS TO ORDERING PARAGRAPH 6 AND FINDING OF FACT 37 WILL ENSURE THE ENTIRE “ABOVE THE CAP” 2021 PCIA REVENUE REQUIREMENT IS RECOVERED IN 2021.

Revising Finding of Fact 37 and Ordering Paragraph 6 would help clarify the Commission’s intention for the entire “above PCIA rate cap” 2021 PCIA revenue requirement to be recovered in 2021 via the PCIA Surcharge. The Proposed Decision states that “[f]or 2021, the PCIA Trigger Mechanism Surcharge shall also include all of the 2021 forecast PCIA Indifference Amount for departed load customers which exceeds the amount recoverable under capped PCIA rates.”¹¹ The Commission also states that part of its interest in adopting a three-year amortization period for the 2020 forecast year-end PCIA Undercollection Balancing Account (“PUBA”) balance is to be consistent with the amortization approach within the

⁹ *Id.* at 45.

¹⁰ Exh. SCE-04 107:5-109:13 and p. 108, Table IX-49.

¹¹ Proposed Decision at 2.

Settlement Agreement,¹² which would have recovered the entirety of the forecasted 2021 PCIA revenue requirement in 2021.¹³

Revising Finding of Fact 37 and Ordering Paragraph 6 in the Proposed Decision will better reflect the Commission’s intention and avoid any unnecessary confusion upon implementation of the final decision. Finding of Fact 37 states the Settlement Agreement would amortize the entire “above PCIA rate cap” portion of the forecasted 2021 PCIA revenue requirement in the 2021 PCIA surcharge rate.¹⁴ However, Term 3 of the Settlement Agreement suggests including that “above PCIA rate cap” amount in the PCIA rates themselves, rather than a surcharge, by waiving the PCIA rate cap altogether for 2021.¹⁵ The Proposed Decision rejects this approach.¹⁶ Revising Finding of Fact 37 to note the consistency between the Commission’s approach and the Settlement Agreement, as suggested in Attachment A to these comments, will correct this small error and better reflect the Commission’s intention.

Ordering Paragraph 6 orders SCE to:

apply a PCIA Trigger Mechanism Surcharge to departed load customers in 2021 which includes the following: 1) amortizes one-third of the 2020 year-end undercollection in the Portfolio Allocation Balancing Account Undercollection Balancing Account (PUBA) and the 2021 forecast PCIA Indifference Amount for departed load customers which exceeds the amount recoverable under capped PCIA rates.

¹² *See id.* at 54.

¹³ *Id.* at Appendix B, p. 7, Term 3 of the Settlement Agreement.

¹⁴ *See* Finding of Fact 37.

¹⁵ Proposed Decision at 52.

¹⁶ *Id.*

Making minor modifications to this sentence such as adding a “2)”, as shown in Attachment A to these comments, will better reflect the Commission’s intention to amortize the entire “above PCIA rate cap” amount in the 2021 PCIA surcharge rate.

In addition, the Proposed Decision and Ordering Paragraph 6’s use of the term “Indifference Amount” does not reflect the full PCIA-related revenue requirement that should be collected in 2021 rates. The PCIA rates for 2021 are set in this proceeding based on two key components: (1) the Indifference Amount, *i.e.*, the difference between the forecasted cost of SCE’s generation portfolio in 2021 and the forecasted market value of SCE’s generation portfolio in 2021; and (2) the 2020 year-end balance in the PABA, which essentially constitutes a rolling true-up between the forecasted costs and revenues used to set the PCIA for 2020 and the actual costs and revenues SCE is realizing this year.¹⁷ The Indifference Amount and the year-end PABA overcollection (or undercollection) are added together to form the PCIA revenue requirement.¹⁸ That revenue requirement is then allocated among both bundled and unbundled customers based on their vintage, *i.e.*, the year unbundled customers left SCE’s service, and their rate class.¹⁹ Thus, to avoid confusion, the term “Indifference Amount” in Ordering Paragraph 6 and on page 2 of the Proposed Decision should be replaced with “revenue requirement,” as reflected in Attachment A.

¹⁷ Exh. CCA-01 at 5:9 to 8:19, 13:1-14, and 25:1-8. Because the true-up for 2020 occurs during 2020, this true-up is developed using (1) actual values that are available to date and (2) a forecast of actual values for the remainder of the year. *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

IV. STATEMENTS MADE IN SECTION 7.1.2 REGARDING PABA CONTAIN MINOR ERRORS.

The Proposed Decision states that “SCE forecasts a total PABA revenue requirement of \$1.469 billion in 2021,” citing to SCE’s November Update at page 99.²⁰ However, there is no discussion of SCE’s year-end PABA revenue requirement on that page. Rather, the *PCIA* revenue requirement appears in Table IX-44 on page 95 and is \$1.463 billion.²¹ Of that \$1.463 billion, \$430.141 million is attributed to departing load customers,²² which equates to 29% of the total PCIA revenue requirement, rather than the 23% figure included in the following sentence on page 95.²³ Both of these minor errors are addressed in Attachment A to these comments.

The CCA Parties also suggest the Commission delete the assertion that the departed load customers’ portion of the PCIA revenue requirement is “mainly to support departed load customers’ resource adequacy needs.”²⁴ This statement is left uncited in the Proposed Decision and does not have a basis in the record. Indeed, departed load customers’ resource adequacy needs are met by the load-serving entities served by those customers and not SCE. Departing load customers’ share of the PCIA revenue requirement is solely the result of the calculations required under the Commission’s indifference framework and reflects an apportionment of the above-market costs of SCE’s PCIA-eligible resource portfolio. That phrase should be deleted, as suggested in Attachment A.

²⁰ Proposed Decision at 25.

²¹ Exh. SCE-04 at 95, Table IX-44.

²² *Id.* at 109:14-18.

²³ Proposed Decision at 25.

²⁴ *Id.*

V. CONCLUSION

For the foregoing reasons, and those discussed in the CCA Parties' Direct Testimony, Joint Opening Brief, Joint Reply Brief, and the Settlement Agreement, the CCA Parties respectfully request the Commission revise the Proposed Decision to adopt the Settlement Agreement. If the Commission chooses not to adopt the Settlement Agreement, the CCA Parties respectfully request the Commission adopt the changes to the Proposed Decision in these comments and Attachment A to these comments.

Dated: December 10, 2020

Respectfully submitted,



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APPENDIX A

Pursuant to Rule 14.3(b) of the Commission's Rules of Practice and Procedure, the CCA Parties offer the following index of recommended changes to the *DECISION ADOPTING SOUTHERN CALIFORNIA EDISON COMPANY'S 2021 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST, 2021 FORECAST OF GREENHOUSE GAS-RELATED COSTS, AND POWER CHARGE INDIFFERENCE ADJUSTMENT TRIGGER MECHANISM SURCHARGE*, including proposed changes to the body of the Proposed Decision, Findings of Fact, Conclusions of Law and Ordering Paragraphs. The CCA Parties proposed revisions appear in underline and strike-through.

Body of the Proposed Decision

Page 3: For 2021, the PCIA Trigger Mechanism Surcharge shall also include all of the 2021 forecast PCIA ~~Indifference Amount~~ revenue requirement for departed load customers which exceeds the amount recoverable under capped PCIA rates.

Page 25: SCE forecasts a total ~~PABA-PCIA~~ revenue requirement of \$1.4693 billion in 2021. Approximately ~~77%~~ 71% of these costs are required to serve bundled customer load and ~~23%~~ 29% correspond to costs associated with departed load customers, ~~mainly to support departed load customers' resource adequacy needs.~~

Page 26: SCE agrees to make this modification to the PABA through the annual electric true-up process, and SoCal CCAs agree with this means of correction is ~~agreeable~~ as the resulting change to the PABA is minor.

Page 45: In accordance with D.18-10-019, the rates adopted in the decision are also capped for departed load customer vintages ~~2011-2014~~ through 2019-2017, and are summarized on the table below.

Page 45: We also adopted a PCIA Trigger Mechanism surcharge for departed load customers in vintages 2011 through 2019 to recover the indifference costs above the PCIA cap ~~for vintages~~

~~2011 through 2019~~ forecast for 2021 as well as to recover the 2020 undercollection in the PUBA, as discussed in Sections 9.5 below.

Findings of Fact

37. ~~The Settlement Agreement sets~~ Setting a PCIA surcharge for departed load customers that amortizes the PUBA undercollection equally over three years (2021, 2022, and 2023) and includes the “above PCIA rate cap” amounts of the 2021 PCIA Revenue Requirement in the 2021 PCIA surcharge rate is consistent with the Settlement Agreement.

Conclusions of Law

4. SCE’s request to change the current PCIA methodology for calculating the PCIA rate cap is more appropriately addressed in the open PCIA rulemaking proceeding, R.17-06-026.

Ordering Paragraphs

6. Southern California Edison Company (SCE) will apply a PCIA Trigger Mechanism Surcharge to departed load customers in 2021 which includes the following: 1) ~~amortizes one-~~ third of the 2020 year-end undercollection in the ~~Portfolio Allocation Balancing Account~~ Power Charge Indifference Adjustment (PCIA) Undercollection Balancing Account (PUBA) and 2) the portion of the 2021 forecast PCIA Indifference Amount revenue requirement for departed load customers which exceeds the amount recoverable under capped PCIA rates.