



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

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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
(Filed April 15, 2020)

**SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE AND
CALIFORNIA COMMUNITY CHOICE ASSOCIATION OPENING COMMENTS ON
PROPOSED DECISION**

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Pursuant to California Public Utilities Commission (“Commission”) Rules of Practice and Procedure Rule 14.6(b), San Diego Community Power (“SDCP”) and the Clean Energy Alliance (“CEA”), together with the California Community Choice Association (“CalCCA”) (collectively, the “CCA Parties”),¹ submit these comments on the Proposed Decision of Administrative Law Judge Wercinski, issued on December 2, 2020, Adopting San Diego Gas & Electric Company’s (“SDG&E”) 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts (the “Proposed Decision”).

Overall, the CCA Parties strongly support the Proposed Decision and the Commission’s commitment to implementing rates that accurately reflect SDG&E’s 2021 load forecast and that will allow customers to make generation service decisions in 2021 based upon accurate price signals. CCA Parties additionally appreciate the Commission’s commitment to improving transparency and efficiencies by requiring SDG&E to routinely provide more detailed information, including volumetric data and monthly Energy Resource Recovery Account (“ERRA”) / Portfolio Allocation Balancing Account (“PABA”) / Power Charge Indifference Adjustment (“PCIA”)

¹ Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, the California Community Choice Association has authorized counsel to SDCP and CEA to file these Opening Comments CalCCA’s behalf.

Under-collection Balancing Account (“CAPBA”) reports.² This requirement is also consistent with recent Proposed Decisions applicable to the other major investor-owned utilities (“IOUs”).³ These data-sharing requirements across all IOU ERRA Forecast proceedings create the foundation for timely and consistent access to such data in all future ERRA Forecast proceedings, thereby streamlining the resolution of those proceedings and reducing controversy surrounding the November Update.

However, the Commission should modify the Proposed Decision to address two issues relating to SDG&E’s implementation of the CAPBA as it relates to customers in the 2020 vintage. Customers that will make up the 2020 vintage have been bundled customers during 2020 and will depart from SDG&E’s service by June 30, 2021. As such, the Commission should ensure that their rates reflect the timing of their departure. First, because these customers funded unbundled customers’ share of the CAPBA during 2020 (when they were bundled) they are owed a refund for doing so, just as other bundled customers that do not depart. Second, since they were bundled customers in 2020, these customers did not cause the CAPBA balance to accrue and, therefore, should not pay a PCIA rate adder to collect that balance. If neither of these issues is addressed by the Commission now, customers in the 2020 vintage will not be paid back what they are owed and, worse, will overpay their PCIA obligations *twice* (once as bundled customers via their ERRA rates in 2020, and again as unbundled customers via the CAPBA surcharge in 2021).

² A.20-04-014, *[Proposed] Decision Adopting Electric Procurement Revenue Requirement Forecasts and Greenhouse Gas-Related Forecasts for San Diego Gas & Electric Company*, pp. 23-25 (December 2, 2020) (“Proposed Decision”).

³ See A.20-07-002/A.20-09-014, *Administrative Law Judge Stephanie Wang’s Proposed Decision Re: PGE ERRA Forecast / PCIA Trigger*, Conclusions of Law 11-14 and Ordering Paragraph 4, (December 4, 2020) and A.20-04-004, *Administrative Law Judge Zita Kline’s Proposed Decision Re: Approving 2021 SCE ERRA Forecast and PCIA Trigger*, pp. 56-57 and Conclusion of Law 4 (November 30, 2020).

Both of these issues must be resolved in either this proceeding or in Application (“A.”) 20-07-009, SDG&E’s Expedited Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism (“Trigger Application”). However, neither proposed decision addresses these critical issues, with both proposed decisions either pointing at the other proceeding, or the PCIA rulemaking, as the correct venue for resolution. But these issues must be resolved prior to the implementation of 2021 rates in order to prevent substantial injustice to customers in the 2020 vintage. Either the Proposed Decision in this docket or the proposed decision in the Trigger Application must be modified.

I. THE PROPOSED DECISION SHOULD BE REVISED TO RESOLVE HOW SDG&E WILL RECOVER ITS 2020 CAPBA BALANCE.

The Proposed Decision states that the issue of how SDG&E should recover its 2020 CAPBA balance, including whether the Commission should adopt SDG&E’s alternative proposal “for a one-time transfer of the CAPBA over-collection due to bundled customers into [the 2020 vintage of] PABA,” is an issue “more appropriately addressed in the PCIA rulemaking proceeding R.17-06-026.”⁴ The CCA Parties disagree and respectfully urge the Commission to modify the Proposed Decision to require SDG&E to adjust forecasted 2021 PCIA rates to reflect the proposed transfer of the CAPBA refund to the 2020/2021 vintage of PABA. Doing so will ensure that customers in the 2020 vintage will be paid back what they are owed from the CAPBA balance.

SDG&E’s proposal to include the CAPBA refund as a “rate adder” (functionally, a rate reduction) for bundled customers that fall into the 2020 and/or 2021 PCIA vintage is a simple, transparent, and timely solution that can be readily implemented through this Application.⁵ If

⁴ Proposed Decision, p. 38.

⁵ A.20-07-009, *Reply Brief of San Diego Gas and Electric Company in Support of its Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism*, p. 21 (October 30, 2020) (“SDG&E Reply Brief”).

resolution of this issue were pushed into the PCIA rulemaking proceeding R.17-06-026, as recommended in the Proposed Decision, then it is highly unlikely that the issue will be resolved in 2021, when the refund is owed.⁶ Likewise, SDG&E's suggestion that the issue may be resolved in some "subsequent ERRA forecast proceeding" is vague and would unnecessarily delay resolution of the issue, and, more importantly, application of the refund for the customers to which it is owed.⁷

Moreover, as SDG&E noted, "the inclusion of the bundled overcollection in the 2021 vintage is dependent on SDG&E's 2021 ERRA Application, and the establishment of the 2021 vintage, being implemented prior to or simultaneous to this CAPBA Trigger implementation."⁸ Given this interdependence on the subject Application, it makes far more sense to resolve this issue here in SDG&E's 2021 ERRA Forecast proceeding so that the refund may be timely implemented for customers next year. Alternatively, the Commission could address the issue in the Trigger Application, but it must be addressed prior to the implementation of 2021 rates, which will not occur if put off for the PCIA rulemaking.

Accordingly, CCA Parties respectfully urge the Commission to revise the Proposed Decision to include a direction for SDG&E to apply the CAPBA refund as a credit to vintage 2020 of the PABA balancing account, as SDG&E has itself proposed, effectively allowing the credit to flow back to all deserving customers regardless of whether they receive bundled or unbundled service during 2021. This clarification and direction will not delay nor add complexity to resolution of this docket.

⁶ Given the current status of this rulemaking proceeding, which is already in Phase 2, it is not clear how this issue would be incorporated into the ongoing proceeding.

⁷ SDG&E Reply Brief, p. 21.

⁸ *Id.* (emphasis added).

II. THE PROPOSED DECISION SHOULD BE REVISED TO CONFIRM WHICH VINTAGES WILL BE SUBJECT TO THE CAPBA RATE ADDER IN 2021.

Joint CCA Parties also reiterate their request that the Proposed Decision include direction and clarification regarding which vintages will be responsible for paying the CAPBA rate adder that was approved in a Proposed Decision pending resolution in A.20-07-009. More specifically, CCA Parties request that the Proposed Decision be revised to specify that SDG&E should apply its CAPBA rate adder only to departing load customers in vintages 2019 and prior, and not to vintage 2020 customers, which did not cause the undercollection.⁹ If SDG&E were to apply the rate adder to vintage 2020 customers, it would violate the Commission’s obligation to ensure that “customers who depart for another provider or due to formation of a CCA do not experience any cost increases due to an allocation of costs that were not incurred on behalf of the departing load.”¹⁰ It is necessary to resolve this issue in the current proceeding so that rates can be accurately set in January 2021, when SDG&E will implement the updated PCIA rates and CAPBA adder.

The Proposed Decision’s conclusion that this issue is “more appropriately addressed in the PCIA trigger proceeding, A.20-07-009” directly conflicts with the findings already in the proposed decision that issued in that proceeding on November 13, 2020.¹¹ In A.20-07-009, the proposed decision is limited to whether SDG&E may recover its CAPBA overcollection, whereas here, in the ERRA Forecast, the Commission is considering whether it should “approve SDG&E’s proposed *vintage* Power Charge Indifference Adjustment in rates,” implicating the issue of how PCIA rates will or will not be impacted by SDG&E’s proposed rate adder.¹²

⁹ See A.20-07-009, [*Proposed*] *Decision Regarding Power Charge Indifference Adjustment Trigger Application of San Diego Gas & Electric Company*, Ordering Paragraph 1 (November 13, 2020) (“Trigger PD”).

¹⁰ Decision 18-10-019, *Decision Modifying the Power Charge Indifference Adjustment Methodology*, p. 7 (citing Pub. Util. Code § 366.3) (October 19, 2018).

¹¹ Trigger PD, p. 9.

¹² A.20-04-014, Scoping Ruling, p. 3, issue 9.

The first introduction of vintage 2020 departed load is in this current 2021 ERRRA docket. In the 2020 ERRRA proceeding (where rates were set that caused the CAPBA undercollection), vintage 2020 reflected the current year and thus bundled sales alone; there were no vintage 2020 departing load sales in the 2020 ERRRA proceeding. Given that in this ERRRA proceeding SDG&E is setting PCIA rates for vintage 2020 departed load for the first time, it is relevant to address how the adder will be handled for vintage 2020 departed load. In fact, it is necessary to handle the CAPBA vintage 2020 issue in the current proceeding so that rates can be accurately set in January 2021 when SDG&E will implement the updated PCIA rates and CAPBA adder.

Regardless, the issue must be addressed in one of the two proceedings. As explained in the CCA Parties' November 18 comments, if SDG&E were to apply the CAPBA adder to vintage 2020, then SDG&E will *overcollect* in its 2021 rates by █████ which is █ times greater than the actual CAPBA balance being recovered.¹³ If the Commission allows for this overcollection from vintage 2020, then SDG&E will have to implement a refund for the overcollection, which will be administratively burdensome to implement—certainly more so than simply directing SDG&E in this proceeding to only apply its CAPBA rate adder to vintages 2019 and prior. More importantly, customers in the 2020 vintage will overpay their PCIA obligations *twice* (once as bundled customers paying ERRRA rates in 2020 and again as unbundled customers paying the CAPBA surcharge in 2021) in clear violation of the requirement that departing load customers *not* experience any cost increases on account of an allocation of costs that were not incurred on their behalf.¹⁴

¹³ A.20-04-014, *Joint Comments of California Community Choice Association, San Diego Community Power and Clean Energy Alliance to San Diego Gas & Electric Company's (U 902 E) November Update to Application*, p. 17 (November 18, 2020).

¹⁴ Pub. Util. Code § 366.3 (providing that “The commission shall also ensure that departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load.”)

III. CCA PARTIES WHOLLY SUPPORT THE PROPOSED DECISION'S CONCLUSION THAT SDG&E SHOULD BE DIRECTED TO UPDATE ITS BILLING DETERMINANTS.

CCA Parties appreciate the Proposed Decision's clearly articulated rationale that not only should SDG&E update its bundled billing determinants forecast to ensure that fair and accurate rates are set for 2021, but also that nothing in the Commission's precedent prohibits SDG&E from preparing a more accurate rate forecast, and also that SDG&E can implement this update in a timely manner.¹⁵ As explained in briefing submitted by the CCA Parties, this issue is extremely consequential for CCAs that are launching in SDG&E's service territory next year, which CCAs would otherwise be forced to compete against SDG&E's artificially low proposed commodity rate if SDG&E were permitted to (inconsistently) rely on its outdated sales forecast in setting rates. Moreover, adoption of SDG&E's inaccurate billing determinants would create severe rate volatility and confusion for bundled customers, who would significantly underpay commodity rates in the near term, but would also face significant true-ups. As identified in the Proposed Decision, SDG&E has wholly failed to support its position that it must rely on its outdated, 2019 sales forecast, particularly where it has nonetheless calculated its bundled revenue requirements forecast to accurately reflect anticipated load departure in 2021, thereby creating a mismatched numerator and denominator when calculating its final proposed commodity rates.

The Proposed Decision properly sets aside SDG&E's argument that it cannot utilize an updated sales forecast because doing so would be complicated or cumbersome.¹⁶ SDG&E's proposed reliance on a sales forecast that ignores an anticipated departure of approximately 24% of SDG&E's bundled sales in 2021 would create an undeniable and significant rate distortion that

¹⁵ Proposed Decision, p. 43.

¹⁶ Proposed Decision, pp. 42-43; see A.20-04-014, *Reply of San Diego Gas & Electric Company (U 902 E) to Comments Regarding November Update Application*, pp. 9-12 (November 25, 2020).

cannot be permitted simply because requiring SDG&E to accurately calculate its 2021 sales forecast might not be a simple process. Moreover, SDG&E could (and should) have begun the processes necessary to update its sales forecast much earlier in the pendency of this proceeding, and should not be permitted, because of its own delay and inaccuracies, to now claim that there is insufficient time for it to calculate and implement a commodity rate that truly reflects anticipated 2021 load. This is especially true where doing so has a significant anti-competitive impact on the launch of new CCA programs.

For these reasons, CCA Parties strongly support the Proposed Decision's conclusions and orders related to SDG&E's billing determinants, and we respectfully urge the Commission to adopt the subject proposal without modification.

IV. CONCLUSION

The CCA Parties reiterate their strong support for the Proposed Decision but respectfully request modifications to address issues concerning SDG&E's CAPBA refund, and its application to particular PCIA vintage rates, which issues are directly relevant to, and readily resolvable in, this proceeding.

Respectfully submitted,



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ATTACHMENT 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 *[PROPOSED] DECISION ADOPTING 2021 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS AND GREENHOUSE GAS-RELATED FORECASTS FOR SAN DIEGO GAS & ELECTRIC COMPANY*, 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 38: The CCA November Commenters request that the Commission not apply the CAPBA adder to be adopted in A.20-07-009 to 2020 vintage customers and equitably apportion the adder among the 2009 through 2019 vintages because the 2020 vintage customers did not cause the under-collection and would otherwise be unfairly charged the CAPBA rate adder. ~~However, the resolution of that issue is more appropriately addressed in the decision in the PCIA trigger proceeding A.20-07-009, and therefore we decline to address it in this decision.~~ We agree that this approach is more equitable and is also consistent with the prohibition on cost-shifting under Public Utilities Code § 366.3. Accordingly, we direct SDG&E to apply its CAPBA rate adder only to departing load customers in vintages 2019 and prior, and not to vintage 2020 customers, which did not cause the undercollection.

Page 38: The CCA November Commenters also request that the Commission adopt SDG&E's proposal for a one-time transfer of the CAPBA over-collection due to bundled customers into PABA. ~~However, we determine that the resolution of that issue is more appropriately addressed in the PCIA rulemaking proceeding R.17-06-026, and therefore we decline to address it in this decision.~~ We agree with this proposal and direct SDG&E include its CAPBA refund as a "rate adder" for bundled customers that fall into the 2020 and/or 2021 PCIA vintage.

Findings of Fact

24. SDG&E's proposal to include the CAPBA refund as a "rate adder" for bundled customers that fall into the 2020 and/or 2021 PCIA vintage is a simple, transparent, and timely solution that can be readily implemented through this Application.

Conclusions of Law

23. Because SDG&E is setting PCIA rates for vintage 2020 departed load for the first time in this proceeding, it is both relevant and necessary to address how the CAPBA rate adder will be applied so that rates can be accurately set in January 2021.

24. Because 2020 vintage customers did not cause the under-collection that led to the CAPBA rate adder, it would be inequitable and contrary to Public Utilities Code § 366.3 to apply the rate adder to that class of customers.

25. SDG&E's proposal to include its CAPBA refund as a separate "rate adder" for bundled customers that fall into the 2020 and/or 2021 PCIA vintage is a simple, transparent and timely solution that allows the CAPBA credit to flow back to all deserving customers.

Ordering Paragraphs

13. SDG&E shall apply the CAPBA rate adder only to departing load customers in vintages 2019 and prior, and not to vintage 2020 customers.

14. SDG&E shall apply its CAPBA refund as a credit to vintage 2020 of the PABA balancing account.