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

Order Instituting Rulemaking to Review,
Revise, and Consider Alternatives to the
Power Charge Indifference Adjustment.

R.17-06-026
(Filed June 29, 2017)

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
REPLY COMMENTS ON ASSIGNED COMMISSIONER'S AMENDED
SCOPING MEMO AND RULING**

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Pursuant to the *Assigned Commissioner's Amended Scoping Memo and Ruling* filed December 16, 2020 (Amended Scoping Memo), the California Community Choice Association¹ (CalCCA) submits the following reply comments. The Amended Scoping Memo provided that: “[r]eply comments may be filed and served no later than February 5, 2021.” In sum:

- No party opposes eliminating the Power Charge Indifference Adjustment (“PCIA”) cap and trigger;
- Adopting the utilities suggestion for a Q1 implementation date will create more time for parties and the Commission to ensure rates are accurate, just and reasonable. Appendix A to these comments includes a model post-November Update schedule for the Commission’s consideration;
- Improvements to the representation of the brown power benchmark component of the indifference calculation should be coupled with other changes to increase the accuracy of the forecast and reduce the volatility of the true-up;

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, 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.

- Modifications to PG&E’s, and *especially* SDG&E’s, ERRA trigger framework to offset bundled customer balances should be made, provided more details are given; and
- The development of a renewable energy credit (“REC”) tracking framework makes sense but will require substantial record development prior to adoption and implementation.

I. ELIMINATE THE PCIA CAP/TRIGGER

In a rare display of unanimity, all commenting parties agree that the PCIA cap/trigger should go. Commenters supporting elimination of the PCIA cap/trigger include the originator of the proposal (The Utility Reform Network), the mechanism’s ostensible beneficiaries (unbundled customers), Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E) (collectively, IOUs), CalAdvocates, and the Coalition of Utility Employees (CUE). The parties’ rationales for eliminating the PCIA cap/trigger vary, several of which CalCCA would dispute;² all commenters agree, however, that the PCIA cap/trigger has failed its fundamental purposes of reducing PCIA volatility and planning uncertainty.

Based on this widely shared conclusion, the Commission should eliminate the cap/trigger mechanism as soon as practicable. Operationally, the mechanism has been eliminated for 2021 in the SCE and PG&E service territories. The recent decisions in their Energy Resource and Recovery Account (ERRA) forecast proceedings effectively removed the cap for 2021, thereby preventing under-recovery in the PCIA Undercollection Balancing Accounts (PUBA) and the

² *E.g.*, CalCCA takes issue with CUE’s collateral attack on D.18-10-019’s creation of the PCIA cap/trigger.

need for a 2021 trigger.³ Consequently, only a formal decision eliminating the mechanism is needed going forward.

An additional step is required in the SDG&E service territory. The SDG&E ERRA decision applied the cap for 2021, leaving the possibility of an undercollection accumulation in 2021.⁴ As a result, eliminating the cap/trigger will take another year to fully implement. The Commission can still mitigate volatility in 2021, however, by directing that the 2021 undercollection be rolled forward to amortization in the next ERRA forecast proceeding. Indeed, this measure is consistent with the Stipulation submitted by CalCCA and SDG&E in the utility's recent expedited application to address the triggering of its PCIA Undercollection Balancing Account (CAPBA).⁵

II. MODIFY DEADLINES OR REQUIREMENTS OF ERRA AND PCIA RELATED SUBMITTALS TO INCREASE TIME FOR PARTIES TO REVIEW PCIA DATA AND TO FACILITATE TIMELY IMPLEMENTATION OF DECISIONS IN THE ERRA PROCEEDINGS

The IOUs state they “are open to exploring potentially moving the target ERRA implementation date, and the complete Consolidated January 1 rate change, back slightly (e.g., to a date within Q1).”⁶ CalCCA agrees that pushing back the rate change date has merit. As the IOUs note, a Q1 rate change will maintain the ability for the November Update to use data from the critical late summer months and increase the accuracy of the true-up, bringing December actuals into the PABA balance via the implementation advice letters that will set PCIA rates.

³ See D.20-12-038 at 18-19 (PG&E ERRA Decision); D.20-12-035 (SCE ERRA Decision) Finding of Fact 37 at 65.

⁴ See D.20-12-028 at 10.

⁵ A.20-07-009, *Joint Comments of San Diego Community Power, Clean Energy Alliance, Solana Energy Alliance, and the California Community Choice Association on the Proposed Decision*, Appendix B, *Joint Stipulation of SDG&E and CCA Parties*, ¶5.

⁶ R.17-06-026, *Joint Response of Southern California Edison Company (U 338-E), San Diego Gas & Electric Company (U 902 E) and Pacific Gas and Electric Company (U 39 E) to Assigned Commissioner's Amended Scoping Memo and Ruling*, at 15 (Jan. 22, 2021) (IOU comments).

Critically, moving the ERRA implementation date will also give the Commission *and parties* adequate time to review, analyze workpapers, conduct discovery on, and draft comments addressing the November update – a recurring shortcoming in the current schedule discussed in detail in CalCCA’s opening comments.⁷ Not surprisingly, the IOUs do not share this concern and propose giving all of the additional time – nearly two months – to the Commission’s internal processes. They assert in opening comments that “one week to review the Update . . . should be sufficient given that the Update is formulaic in nature and the information included should not raise any policy or substance issues.” The IOUs then propose “to provide the Commission,” but not parties, additional time to respond to the November update.

The IOUs’ comments willfully ignore the experiences of the past several years to the contrary. In the past three years of ERRA proceedings, for example, the Commission has issued important decisions affecting PCIA calculations or bundled generation rates between the time of an Application and the November Update and required interpretation and implementation. PG&E’s 2018 November Update presented for the first time the implementation of D.18-10-019, implementation of a brown power true-up that would be contested for months after the November update, the issue of vintage-specific billing determinants, use of a new common PCIA template implemented for the first time, the question of how to adjust balancing accounts for ERRA overcollections (an issue that is part of this revised scope of comments), and adjustments to tax savings caused by the Tax Cuts and Jobs Act.⁸

⁷ R.17-06-026, California Community Choice Association’s Comments on Assigned Commissioner’s Amended Scoping Memo and Ruling, at 17-19 (CalCCA comments).

⁸ A.18-06-001, *Comments on Update to Pacific Gas and Electric Company’s Prepared Testimony of East Bay Community Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Silicon Valley Clean Energy And Sonoma Clean Power*, at 11-30 (Nov. 19, 2019).

Similarly, the 2019 November Update presented for the first time implementation issues related to D.19-10-001, including issues surrounding the calculation of Retained RPS that PG&E has tried to litigate four times (and has suggested it be addressed a fifth time as part of the expanded scope in this case).⁹ Finally, the 2020 November update presented for the first time the critical issue of which load forecast's billing determinants should be used to set SDG&E's bundled generation rates¹⁰ and the inclusion of advice letters implementing CCA Green Tariff Shared Renewables programs, among others.¹¹

Unless the Commission declares a moratorium on bundled generation rate or PCIA-related decisions between the months of June and November, the November update will continue to be anything but formulaic in nature. The real change the utilities should have identified is that few parties paid attention to the November Update prior to the past few years. However, the CCAs' close scrutiny of these proceedings, and the November update in particular, will not change any time soon.

Accordingly, additional time for parties to respond to the November update is necessary. Such additional time also would reduce the need for the shortened discovery timelines suggested in CalCCA's opening comments.¹² To advance that conversation, CalCCA proposes in Appendix A, a model post-November update schedule based on a March 1 effective date that could be adopted by the Commission as a general guide to be followed as closely as possible in future ERRA forecast proceedings.

⁹ A.19-06-001, *Comments of the Joint Community Choice Aggregators*, at 8-19 (Dec. 6, 2019).

¹⁰ 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*, at 5 (Nov. 18, 2020).

¹¹ A.20-07-002, *Opening Comments of the Joint Community Choice Aggregators*, at 1-8 (Nov. 20, 2020).

¹² CalCCA comments, at 22.

III. OTHER IOU PROPOSALS

The IOUs propose several “other procedural or information sharing related modifications the Commission should consider to support more efficient implementation of PCIA issues within ERRA proceedings.”¹³ The IOUs identify three specific proposals: “(1) improving the representation of the brown power benchmark component of the indifference calculation; (2) changes to PG&E’s and SDG&E’s ERRA trigger framework to consider offsetting bundled customer balances; and (3) a renewable energy credit (“REC”) tracking framework.”

A. Use of Generation Profile Rather than Load Profile for Forecasting Generation Value

The IOUs contend that “[u]se of historical bundled load data as a proxy to reflect the supply portfolio is increasingly inaccurate. . . . [T]he IOUs have experienced and will continue to experience increased load departures, meriting reconsideration of whether a dwindling bundled load portfolio is an acceptable proxy of the supply portfolio.”¹⁴ CalCCA agrees this issue merits further examination.

There is a related issue that should be considered in tandem in order to ensure that utility forecasts are as accurate as possible, reducing the degree to which true-ups cause swings in PCIA rates. It centers on how well the monthly Platts on peak/off-peak periods align with periods of high and low CAISO market prices. CalCCA observes that published market price forecasts such as Platts generally define the on-peak period as spanning the daytime period from hour ending 7 to 22. The potential mismatch between that definition of on- and off-peak periods and the hourly shape of prices in the CAISO market will mute the impact of changing the generation profile alone, as the IOUs suggest, because changing just the profile still leaves many hours

¹³ IOU comments, at 17.

¹⁴ IOU comments, at 17.

where generation during periods of low CAISO market prices would be multiplied by Platts on-peak prices, and vice-versa. This issue should be addressed to more closely align the PCIA forecast with the actual results that flow through the PABA for later true-up.

B. Offsetting Bundled Customer ERRAs and PABA Balances

ERRA trigger filings have become an annual event. However, the balances that give rise to the ERRA trigger filings may be offset by balances in the PABA. This is because the same mechanisms that lead to one lead to the other. For example, a forecasting “miss” on energy prices that leads to an overcollection through the ERRA will lead to an undercollection in the PABA.

In practice, in PG&E’s service territory, the offsetting nature of ERRA and PABA balances has led to ERRA trigger balances being applied to the following year’s ERRA forecast.¹⁵ While PG&E found ways to address this issue (and SCE avoided the issues altogether), SDG&E appears to have simply ignored the issue to date, creating the potential for numerous ERRA trigger filings in the same year.¹⁶ CalCCA supports a streamlining of this process, and associated reduction in administrative burden, but more detail is needed on exactly how this streamlining would be done before the Commission can approve it.

In a related vein, CalCCA notes that its members currently lack sufficient information from the IOUs to gauge where ERRA and PABA balances are trending. The suggestion in the IOUs’ comments that parties can “get an indication of the balance” is overstated at best.¹⁷ The

¹⁵ IOU Comments, at 18-19.

¹⁶ A.20-12-007, Exh. SDGE-3 at 4-5, Table 1 (showing that SDG&E’s recent ERRA Trigger filing, from December 2020, is likely to be followed by another trigger in Spring. In the referenced table, subtracting out a \$124M beginning balance, which would be recovered as part of the current ERRA trigger proceeding (A.20-12-007), leaves a \$62M balance for March of 2021, which already exceeds SDG&E’s 5% trigger threshold for 2021 of \$37M).

¹⁷ IOU comments, at 14.

only balance information IOUs make public are monthly top-line balance levels that have already been booked. These summary level historical balances provide zero indication of the fundamentals causing the balances or the direction in which the balances might head in the future. The utilities also provide the balances on a lagged basis using data that are a month old by the time they are reported. CalCCA renews its request in its Opening Comments for more detailed balance information for its reviewing representatives and for consistent treatment of confidential information between IOUs.¹⁸

C. Renewable Energy Credit Tracking

The IOUs “support developing a framework to clarify requirements associated with the use of banked RECs to ensure bundled customers are not double charged if pre-2019 banked RECs are used for compliance, such as occurred in PG&E’s 2020 ERRA Forecast.”¹⁹ The IOUs mischaracterize what happened in PG&E’s 2020 ERRA Forecast; there was no “double charge” of bundled customers. In D.20-02-047, the Commission simply prevented PG&E from converting banked RECs into unsold RECs.²⁰ Following that decision, bundled customers retained, and still retain, the banked RECs at issue for their future use.

That said, a tracking mechanism for RECs is in everyone’s interest to avoid future disputes about whether a REC belongs to bundled or unbundled customers. CalCCA recommends a workshop to explore these and the other issues discussed above.

¹⁸ CalCCA comments, at 19-24.

¹⁹ IOU comments, at 19.

²⁰ D.20-02-047 at 13-16.

IV. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the proposals specified herein in addition to those raised in CalCCA's opening comments and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive, flowing style.

Evelyn Kahl
General Counsel to the
California Community Choice Association

February 5, 2021

Appendix A

CalCCA Proposed Post-November Update Procedural Schedule Based on March 1 Rate Effective Date

Event	PG&E's 2021 Forecast (A.20-07-002)	PG&E 2020 Forecast (A.19-06-001)	New Implementation Date
November Update to Prepared Testimony Served	November 9, 2020	November 8, 2019	November 1 (as suggested in CalCCA's Opening Comments)
November Update Comments	November 20, 2020 (11 days)	December 6, 2019 (28 days)	December 1 (PG&E) (30 days) Thursday before Thanksgiving (SDG&E and SCE) (23 days, e.g.)
November Update Reply Comments			December 1 (SDG&E and SCE) (8 days)
Proposed Decision	December 4, 2020 (14 days)	January 24, 2020 (49 days)	First or second week of January (30-40 days)
Comments on Proposed Decision	December 11, 2020 (7 days)	February 13, 2020 (20 days)	Plus 20 days
Reply Comments on Proposed Decision	December 14, 2020 (3 days)	February 18, 2020 (5 days)	Plus 5 days
Final Commission Decision	December 17, 2020 (3 days)	February 27, 2020 (9 days)	Early February (1-2 weeks)
Effective Date of Implementation Advice Letter	January 1, 2020 (15 days)	May 1, 2020 (64 days)	March 1 (2-3 weeks)