



September 13, 2021

VIA ELECTRONIC MAIL

Mr. Edward Randolph
Executive Director for Energy and Climate Policy
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Protest of the California Community Choice Association of *Joint Tier 2 Advice Letter of Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company to Propose Load Forecasting and Renewables Portfolio Standard Methodologies for Voluntary Allocation of the RPS Attributes of the Power Charge Indifference Adjustment Eligible Portfolio*

Dear Mr. Randolph:

Pursuant to the California Public Utilities Commission's (Commission) General Order (GO) 96-B,¹ the California Community Choice Association² (CalCCA) submits this protest of Southern California Edison Company's (SCE) Advice Letter 4569-E, Pacific Gas and Electric Company's (PG&E) Advice Letter 6305-E, and San Diego Gas & Electric Company's (SDG&E) Advice Letter 3835-E (Advice Letter), jointly submitted August 23, 2021. CalCCA requests that the Energy Division limit any approval of the Advice Letter to the scope defined in Decision (D.) 21-05-030, deferring other issues to resolution in the implementation process. CalCCA's protest offers the following recommendations:

- ✓ Limit the scope of the Advice Letter approval to the mechanics of the share and product allocation, consistent with Ordering Paragraph (O¶) 16;
- ✓ Require the investor-owned utilities to file a supplemental advice letter addressing issues raised related to the allocation methodology at the September 3, 2021, workshop (Workshop);

¹ References to "General Rules" are to the general rules identified in General Order 96-B.

² California Community Choice Association represents the interests of 22 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, Sonoma Clean Power, and Valley Clean Energy.

- ✓ Identify and correct any differences in the investor-owned utilities' (IOUs') allocation methodology as applied to bundled versus unbundled customers; and
- ✓ Ensure the details of the VAMO are timely and adequately addressed in the RPS proceeding.

With these refinements, CalCCA supports the Energy Division's approval of the Advice Letter.

RESPONSE

1. Approval of the Advice Letter Should Be Limited to the Scope of Issues Defined in Decision 21-05-030 Ordering Paragraph 16

In adopting the Renewable Portfolio Standard (RPS) Voluntary Allocation and Market Offer (VAMO) process proposed in Phase 2 of R.17-06-026, D.21-05-030 established a timeline. Among other milestones, O¶16 requires that within 90 days of its effective date:

the IOUs should meet and confer with parties to this proceeding and jointly file a Tier 2 advice letter to propose (i) a methodology for calculating potential Voluntary Allocation shares based on vintaged, annual load forecasts, and (ii) a methodology for dividing their RPS portfolios into shares to be allocated. IOUs should host a joint workshop within 14 days of filing the advice letter to discuss the proposed methodologies.³

As directed, the IOUs met and conferred with parties to this proceeding, offering a presentation on their proposed methodology. With virtually no change in their proposal, they jointly filed the Advice Letter on August 23, 2021, and held a workshop on September 3, 2021.

Despite the scope of issues defined in D.21-05-030, the Advice Letter goes beyond O¶16, addressing issues other than the mechanics of the portfolio and share allocations. Specifically, the Advice Letter describes the calculation of payments for allocated shares, the timing of payments, and the calculation of the payment true-up.⁴ Most strikingly, and to the surprise of Working Group 3 co-lead CalCCA, the Advice Letter provides that the "payment owed for the RPS Allocation would be calculated and due upon the LSE's election...."⁵ While SCE clarified during the workshop that payment for a full year in advance was not its intent, payment, credit, and collateral should not be at issue in the Advice Letter.

In addition to payment, the Advice Letter addresses the timing of transfers of RPS energy⁶ and downstream restrictions on further allocation or sale of the products. Neither of

³ D.21-05-030, Ordering Paragraph 16, at 62.

⁴ Advice Letter at 6-7.

⁵ *Id.* at 6.

⁶ *Id.* at 7.

these issues were addressed in the IOUs' meet and confer processes with load-serving entities (LSEs) in advance of the Advice Letter submission, nor were they addressed in the IOUs' workshop presentation.

This expanded scope of the Advice Letter contravenes O¶ 14, which provides that the Commission will "review, approve, and monitor the RPS VAMO and RPS RFI activities through the Commission's RPS proceeding..." CalCCA agrees with the Commission's determination that details involving payment, product transfer, and downstream limitations on allocated products, and many other details are more appropriately addressed in a more rigorous process. **For this reason, to the extent the Energy Division approves the Advice Letter, it should limit its approval to the scope of the Advice Letter narrowly to O¶ 16 and defer other issues to the RPS proceeding.**

2. The IOUs Should Refine the Proposal Through a Supplemental Advice Letter Filing Addressing Issues Raised During the September 3 Workshop

The IOUs clarified a few points during the Workshop that should be included in a Supplemental Advice Letter to ensure that the allocation methodology is transparent and certain. The supplement should:

- Reconfirm that an LSE may take all of its allocation as short-term (including allocations that otherwise would be eligible as long-term) in 10% increments; and may take long-term allocations (also in 10% increments), provided that in total its accepted allocation does not exceed the amount calculated by the IOU as available for allocation to the LSE.⁷;
- Confirm that the number of megawatt hours (MWh) allocated may change, depending upon the production levels of the allocated pools, but that the percentage share of the portfolio allocated to an LSE will be set once in advance of a year without later modification;
- Confirm that while the Voluntary Allocation will occur only once per compliance period, and the Market Offer for unallocated resources will be repeated annually;

⁷ For example, if an LSE is allocated the opportunity to procure 100 MWh, 60 MWh of which meets the RPS-long-term eligibility requirements, the LSE could choose to take all 100 MWh as a short-term allocation in 10% increments. The LSE could also take its long-term resources in 10% increments provided it did not exceed its allocated amount. An LSE taking 70% of its allocation short-term (70 MWh) in this example, would be limited to taking up to 50% of its long-term allocation (50% of 60 MWh) to stay within its total allocation of 100 MWh. Only resources taken through the long-term allocation count towards the LSE's long-term requirement.

- Explain whether any changes in the resources included in the short- and/or long-term pool can change during the course of an allocation year and, if so, how and when notice will be provided to LSEs who have received the allocations;
- Confirm that while evergreen contracts and utility owned generation resources will be excluded from the calculation of the term of commitment for a long-term allocation, these resources will still be included in the long-term allocation pool; and
- Disclose whether any PURPA contracts have been modified to provide RPS attributes and, if so, whether they will be included in the VAMO.

Any other clarifications or changes identified as a result of the workshop should also be included in the Supplemental Advice Letter.

3. Treatment of IOU Bundled Customers Must Be Addressed Clearly in the VAMO Allocation Methodology

Questions arose during the Workshop regarding how the VAMO procedures will apply to IOU bundled customers. Parties appropriately questioned whether long-term contracts with fewer than ten years remaining in their term would lose their long-term value if retained by bundled customers to bring parity with the allocation to other LSEs. For other LSEs, long-term contracts with less than 10 years remaining will be treated as short-term.⁸ Similarly, questions arose regarding how IOU bundled allocation will be handled if any portion of the allocation is rejected by the IOU. The Commission must address these and other issues regarding parity between bundled and unbundled customers in the VAMO process in the RPS proceeding.

4. The Energy Division Should Ensure the Details of the VAMO are Timely and Adequately Addressed in the RPS Proceeding

While not at issue in this Advice Letter, CalCCA observes that the RPS proceeding schedule will create serious challenges to LSEs seeking to participate in the RPS Voluntary Allocation. The schedule will not permit participating LSEs to know the full terms and conditions of an allocation before they are required to commit. Most critically, the contract form and other key terms and conditions must be final *before* LSEs can reasonably be expected to make their elections final in May 2022.

Other issues must also be timely addressed in the RPS proceeding – some of which may be a part of the contract. For example:

- What data and level of granularity will be provided to participating LSEs in advance of their election? At a minimum, when the available allocations are identified in February 2022, they must include a forecast of how a long-term

⁸ D.21-05-030 at 22.

allocation is predicted to change over time, a breakdown by technologies, a breakdown by product type (e.g., PCC 1), and the best available data allowing a participating LSE to understand the shape of its allocation.

- What level and types of credit and collateral will be required?
- When will settlement take place, when will production data be provided, and when will payment occur?
- How will Market Offers be structured around term, product definition, and other key features?

CalCCA looks forward to working with the Energy Division staff and the investor-owned utilities in working through these and other issues timely in the RPS proceeding.

CONCLUSION

CalCCA thanks the Energy Division for its review of this protest and requests consideration of the recommendations offered herein.

Respectfully,

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

Evelyn Kahl



General Counsel and Director of Policy

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