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

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	R.11-05-005 **(Not Consolidated)**
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	R.15-02-020 **(Not Consolidated)**
Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	R.18-07-003 **(Not Consolidated)**

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE PROPOSED DECISION MODIFYING THE RENEWABLE MARKET ADJUSTING TARIFF PROGRAM AND DIRECTING IMPLEMENTATION

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November 30, 2021

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SUMMARY OF RECOMMENDATIONS

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- The Commission should find the current Power Charge Indifference Adjustment (PCIA) cost recovery methodology appropriate given the PCIA was designed to address above-market costs of utility-procured resources, including RPS resources;
- The Commission must consider the differences in public policy goals of the Biofuel Market Adjusting Tariff (BioMAT) and ReMAT programs prior to scoping or deciding on the ReMAT program's cost allocation;
- If the Commission grants the Investor-Owned Utilities' (IOUs') request for Public Policy Program Charge (PPPC) recovery of ReMAT costs, it should clarify that the PPPC will recover all ReMAT costs and not just above-market costs *and* allow all customers (including unbundled customers) to receive the ReMAT products and attributes (RPS credits and RA) on a long-term basis.

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CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE PROPOSED DECISION MODIFYING THE RENEWABLE MARKET ADJUSTING TARIFF PROGRAM AND DIRECTING IMPLEMENTATION

California Community Choice Association[1] (CalCCA) submits these Comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Modifying the Renewable Market Adjusting Tariff Program and Directing Implementation* (PD), issued on November 10, 2021.

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[1] California Community Choice Association represents the interests of 23 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, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

I. INTRODUCTION

CalCCA submits these limited comments on the PD's discussion of the allocation of costs among bundled and unbundled customers (including CCA customers) for Investor-Owned Utility (IOU) procurement under the Renewable Market Adjusting Tariff Program (ReMAT). The PD declines to modify the current cost treatment of ReMAT program costs set forth in Decision (D.) 13-05-034, allowing cost recovery in rates.[2] Above-market rates for ReMAT procurement are therefore recovered from unbundled customers through the Power Charge Indifference Adjustment (PCIA). In refusing to take action on cost allocation, the PD declines to address the February 11, 2021 Petition for Modification (PFM) of D.13-05-034 of Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE).[3] The PFM requests that above-market costs associated with existing and future ReMAT contracts be allocated to both bundled and unbundled customers through the Public Policy Program Charge (PPPC).[4] CalCCA's response to the PFM refutes the utilities' claims that all customers benefit equally from fulfillment of the public policy goals of the ReMAT contracts.[5] CalCCA notes that bundled customers are the prime beneficiaries of ReMAT contracts in the form of Renewable Portfolio Standard (RPS) credits and resource adequacy (RA).[6] CalCCA further argues that

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2 D.13-05-034, *Decision Adopting Joint Standard Contract for Section 399.20 Feed-In Tariff Program and Granting, In Part, Petitions for Modification of Decision 12-05-035,* Rulemaking (R.) 11-05-005 (May 23, 2013), Conclusion of Law 15, at 89 ("[t]he cost of power procured by PG&E, SCE, and SDG&E through the [ReMAT] tariffs/standard contracts authorized by this decision . . . are reasonable and recoverable in rates subject to Commission review of the administration of these contracts"); PD at 43-44.

3 *Joint Petition for Modification of Decision 13-05-034 by Pacific Gas and Electric Company (U 39 E) and Southern California Edison Company (U 338 E),* R.11-05-005 (Feb. 11, 2021).

4 *Id.* at 2.

5 *Response of California Community Choice Association to Joint Petition for Modification of Decision 13-05-034 by Pacific Gas and Electric Company (U 39 E) and Southern California Edison Company (U 338 E),* R.11-05-005 (Mar. 15, 2021) (CalCCA Response to PFM).

6 *Id.* at 3-5.

above-market costs for ReMAT are appropriately recovered from unbundled customers through the PCIA.[7]

While the PD declines to decide the cost allocation issue now, it notes that the issue "merits further consideration" and may be scoped into the successor RPS proceeding in mid-2022.[8] The PD requests that the IOUs submit, by April 30, 2022, a Tier 1 Advice Letter with data from a different program, the Biofuel Market Adjusting Tariff (BioMAT) program, to "help inform [the Commission's] decision-making related to the ReMAT program's cost allocation."[9] By inferring that data from the BioMAT program will "inform" the decision-making regarding the ReMAT cost allocation, however, the PD errs by failing to consider (or allowing any opportunity for parties to comment on) the differences between the programs and the benefits conferred to bundled and unbundled customers.

Given the PD's framing of the cost allocation issues, and the request for data concerning the BioMAT program to inform future decisions, CalCCA submits the following comments:

- The Commission should recognize that unbundled customers do *not* currently benefit equally from the ReMAT contracts, given that bundled customers retain the RPS and RA benefits from the contracts;

- The Commission should find the current PCIA cost recovery methodology appropriate given the PCIA was designed to address above-market costs of utility-procured resources, including RPS resources;

- The Commission must consider the differences in public policy goals of the BioMAT and ReMAT programs prior to scoping or deciding on the ReMAT program's cost allocation;

- If the Commission grants the IOUs' request for PPPC recovery of ReMAT costs, it should clarify that the PPPC will recover all ReMAT costs and not just above-

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7 *Id.* at 5-6.
8 PD at 45.
9 *Id.*

market costs *and* allow all customers (including unbundled customers) to receive the ReMAT products and attributes (RPS credits and RA) on a long-term basis.

II. FUTURE COMMISSION CONSIDERATION OF REMAT COST ALLOCATION MUST RECOGNIZE THAT BUNDLED AND UNBUNDLED CUSTOMERS DO NOT BENEFIT EQUALLY FROM THE REMAT CONTRACTS

The PD summarizes PG&E's and SCE's PFM arguments on the cost allocation issue as: (1) currently ReMAT costs are only allocated to bundled customers because the PCIA "does not account for the ReMAT cost shifts that are occurring due to departing load;"[10] and (2) that a modification to require both bundled and unbundled customers to pay above-market costs of the ReMAT contracts "would allocate ReMAT program costs" to "all benefitting customers."[11] As noted in CalCCA's Response to the PFM, however, the utilities' arguments rest squarely on the premise that the ReMAT contracts benefit *all* customers *equally.*[12] While the ReMAT program does serve general public policy goals, the utilities fail to recognize that bundled customers currently *do* receive unique and direct benefits from the ReMAT contracts that unbundled customers *do not* – namely, the RPS and RA attributes associated with these contracts.[13] In addition, when the utilities cite their substantial costs related to the ReMAT contracts, they fail to acknowledge the value of the RPS and RA attributes which offset their cited costs.[14] Any future scoping or decision on the cost allocation issues related to ReMAT must recognize the benefits flowing exclusively to bundled customers through the ReMAT contracts. CalCCA continues to note that all above-market RPS costs are currently recovered through the PCIA, and ReMAT costs fit squarely within the category of costs that the PCIA was meant to recover.

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10 *Id.* at 44.
11 *Id.* at 43.
12 CalCCA Response to PfM at 3.
13 *See id.*at 3-5.
14 *See id.*at 4-5.

III. COST ALLOCATION DATA FROM THE BIOMAT PROGRAM CANNOT INFORM THE COMMISSION'S DECISION-MAKING ON COST ALLOCATION FOR THE REMAT PROGRAM GIVEN THE DIFFERENT PUBLIC POLICY GOALS OF THE PROGRAMS

The PD cites PG&E's and SCE's suggestion that PPPC cost allocation for the ReMAT program should mirror cost recovery through a non-bypassable charge applicable to both bundled and unbundled customers in the BioMAT program.[15] The PD requests data from the IOUs concerning the BioMAT program to "inform [the Commission's] decision-making related to the ReMAT program's cost allocation."[16] However, in requesting the cost data on the BioMAT program, the Commission skips a crucial step and infers that the public policy goals for both programs are the same and therefore that a non-bypassable charge for both may be appropriate. In fact, the public policy benefits for the BioMAT program, including waste diversion and public safety, have not been established to be the same public policy goals for the ReMAT program.[17] As Shell Energy North America (US), L.P. and the Alliance for Retail Energy Markets argue in their response to the PFM, "[t]he Commission should not apply a "one-size-fits-all" cost allocation approach to all IOU mandatory procurement programs."[18] Until the Commission considers the value of the unique benefits flowing to customers from the ReMAT program, any decision based on a comparison of cost allocation for the BioMAT and ReMAT programs is in error.

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15 PD at 43.

16 *Id.* at 45.

17 *See* D.20-08-043, *Decision Revising the Bioenergy Market Adjusting Tariff Program,* R.18-07-003 (Sept. 1, 2020) at 11 (discussing the BioMAT program's "statewide air quality, climate, waste diversion and public safety goals" and how such goals result in "benefits for all customers, bundled service and unbundled alike…").

18 *Response of Shell Energy North America (U.S.), L.P. and the Alliance for Retail Energy Markets in Opposition to Pacific Gas and Electric Company and Southern California Edison Company's Joint Petition for Modification of D.13-05-034,* R.11-05-005 (Mar. 15, 2021).

IV. ANY PPPC RECOVERY OF REMAT COSTS MUST INCLUDE RECOVERY OF ALL COSTS AND MUST ALLOCATE THE BENEFITS AND ATTRIBUTES OF THE REMAT CONTRACTS TO ALL CUSTOMERS

In the event the Commission permits PPPC recovery of the ReMAT costs, all customers, including CCA unbundled customers, paying those costs must receive their share of the direct benefits of the resources they are funding. In that case, *all* ReMAT costs (and not just above-market costs) should be recovered through the PPPC, with the benefits of those payments flowing to all customers.[19] Such benefits, including RPS credits and RA, should be allocated on a long-term basis to all customers paying the PPPC.[20]

V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments set forth herein.

Respectfully submitted,

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November 30, 2021

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19 *See* CalCCA Response to PFM at 6-8.
20 *Id.*