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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

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S REPLY COMMENTS ON THE PROPOSED DECISION RESOLVING PHASE 2 ISSUES RELATED TO ENERGY RESOURCES RECOVERY ACCOUNT PROCEEDINGS

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The California Community Choice Association (CalCCA)[1] submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Resolving Phase 2 Issues Related to Energy Resources Recovery Account Proceedings* (Proposed Decision or PD), mailed on December 17, 2021.

I. THERE IS NO EVIDENCE OR ANALYSIS SUPPORTING THE ARGUMENT THAT INCREMENTALLY "EARLIER" MARKET PRICE DATA WILL LEAD TO LESS ACCURACY IN FORECASTING AND POTENTIAL RATE INSTABILITY

The Opening Comments of Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E) (collectively, the Joint Utilities) argue that the PD's changes to the date of the Energy Resource Recovery Account (ERRA) Application and to the November (now October) Update will lead to less accuracy in forecasting and increase the potential for rate instability:

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[1] California Community Choice Association represents the interests of 22 community choice electricity providers in California: Apple Valley Choice Energy, 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.

> [T]he PD does little to address the PCIA calculation's current forecasting shortcomings and customer rate instability. To the contrary, if the PD is adopted as is, it would instead likely exacerbate them.[2]

The Joint Utilities claim moving the November Update back to October will require reliance on September forward-market data, which is, according to the Joint Utilities, "less indicative of the following year's actual market prices [than] the October data the Commission currently relies upon."[3] In addition, the Joint Utilities assert that issuing an October Update "may exclude procurement costs from the [investor owned utilities' (IOUs')] annual Resource Adequacy (RA) Year-Ahead Solicitations, because the IOUs' Year-Ahead RA plans are filed around October 31st every year."[4]

The Joint Utilities' bald assertions simply do not justify overriding the PD's conclusions. The PD bases its determinations on parties' comments and the ED staff's analysis of the probable effects of moving the Update to October (MPB Staff Analysis).[5] That analysis concludes that "moving the Update forward will likely have a minor impact on forecasted and final MPB values and PCIA values and should not result in PCIA rate instability."[6] As the PD notes, most parties agree with this conclusion.[7] Several parties agree that the best way to ascertain the true impact of these changes will be a "post hoc analysis conducted over the next few years."[8] This is exactly what the PD orders.[9] The Joint Utilities do not present any further analysis on the potential impact of the data they have identified as "missing." Instead, their arguments are simply unjustified assertions regarding issues that have already been considered.

In addition, any forecast inaccuracies due to the earlier Update will be trued up by actual revenues as part of the PCIA calculation process. Thus, to change the resultant PCIA, the "missing" information must have such an impact that it cannot realistically be "trued up." The Joint Utilities have presented no data or analysis indicating that the "missing" information would materially impact the final PCIA.

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2 R.17-07-026, *The Joint Utilities' Opening Comments on Proposed Decision Resolving Phase 2 Issues Related to Energy Resources Recovery Account Proceedings* (Jan. 6, 2022) (Joint Utilities' Opening Comments), at 2.
3 *Id*.
4 *Id*. at 3.
5 PD at 8-11.
6 *Id*. at 9.
7 *Id*. at 10-11.
8 *Id*. at 11.
9 *Id*.

Finally, to the extent such forecasting inaccuracies do become apparent once the changes to the Update schedule are implemented, the ALJ in each ERRA proceeding has significant procedural flexibility to address them. The PD recognizes this, noting that in such case the respective ALJ could require the utility to provide more information or a supplemental "update" prior to the October Update.[10]

For all of these reasons, the Commission should adopt the PD's proposal to move the current "November Update" to October.

II. THE PD'S PROPOSED CHANGE TO THE ERRA APPLICATION DATE IS NECESSARY TO ENSURE ADEQUATE REVIEW BY ALL PARTIES

The Joint IOUs argue an "extra two weeks on the front end" (i.e., changing the filing date for ERRA Applications from June 1st to May 15th) are neither necessary nor meaningful, and that the existing schedule (i.e., from June 1st to early November) is "more than sufficient to litigate what are mostly routine and non-controversial non-Update-related aspects of the Joint Utilities' ERRA Forecast proceedings."[11] CalCCA strongly disagrees.

First, the Joint Utilities argue that the application date should not be moved from June 1st to May 15th because the new requirements applicable to PG&E and SCE as central procurement entities are "complex" and their forecast applications "should not be rushed."[12] In addition, an earlier ERRA application may not include final revisions to LSEs' RA procurement needs.[13] But, as the Joint Utilities point out, the difference requested is a "modest" two weeks' move of the application filing.[14] More significantly, the PD emphasizes the role of each ALJ and their procedural authority and ability to require supplemental information should a significant inaccuracy become apparent.

As CalCCA has argued throughout this proceeding, moving the Update by one month (from November 1st to October 1st) will seriously impact the already truncated, pre-Update discovery and analysis process in ERRA proceedings, unless the IOUs' ERRA Application dates are also moved from June 1st to May 15th.[15] CalCCA reiterates the importance to all ratepayers

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[10] *Id*. at 13.
[11] Joint Utilities' Opening Comments at 5-6.
[12] *Id*. at 5.
[13] *Id*.
[14] *Id*.
[15] R.17-06-026, *California Community Choice Association's Comments in Response to Staff's ERRA Timing Proposal* (June 15, 2021) (CalCCA June 15 Comments) at 6; R.17-06-026, *California*

of a thorough examination of each ERRA Application. To mitigate parties' loss of a month of pre-Update litigation, a minor change in the Application due date from June 1st to May 15th is appropriate and necessary.

CalCCA has also previously listed the important policy considerations addressed in recent ERRA proceedings, and the importance of the ERRA procedure and review process to all ratepayers.[16] That review has resulted in the identification of hundreds of millions of dollars' worth of errors and unfair methodologies for calculating PCIA rates. Contrary to the Joint Utilities' assertion, issues raised throughout the ERRA litigation are generally neither "routine" nor "non-controversial."

For these reasons, the Commission should adopt the PD's proposal to move the annual ERRA forecast application filings from June 1st to May 15th.

III. THE ENERGY INDEX MARKET PRICE BENCHMARK SHOULD ONLY BE CHANGED AFTER DETAILED ANALYSIS AND FURTHER REVIEW

The Joint Utilities urge the Commission to act expeditiously to consider the energy index market price benchmark (MPB) component of the PCIA, also called the "Brown Power Index."[17] The Joint Utilities request that the MPB be set based on the PCIA generation supply portfolios that lead to actual CAISO market revenue results rather than on customer load profiles. The Joint Utilities also request that the Commission schedule workshops as early as possible in 2022 so that these issues can be resolved prior to the utilities' 2023 ERRA Forecast filings in spring 2022.

As CalCCA has previously stated, the proposed change in the MPB calculation is not appropriate at this time, as thorough analysis and review of the impact on PCIA rates has not been performed.[18] CalCCA's position remains unchanged. The proposals to revise the method for establishing the Brown Power Index are not a simple change. If these proposals are adopted, the benchmark would no longer even be an "index." The changes would also eliminate transparency into a major PCIA component and thereby increase uncertainty. These changes

Community Choice Association's Comments in Response to E-Mail Ruling Requesting Comments on Market Price Benchmark Issue Date (Sept. 13, 2021) (CalCCA September 13 Comments), at 10.

16 CalCCA June 15 Comments at 8-9; CalCCA September 13 Comments at 11-12.

17 Joint Utilities' Opening Comments at 10.

18 *Id*. at 3.

should not be undertaken without rigorous analysis and stakeholder input. Therefore, CalCCA supports the Commission's decision in the PD to defer this issue for further consideration.

IV. CONCLUSION

CalCCA appreciates the opportunity to submit these comments.

Respectfully submitted,

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