



April 25, 2022

VIA ELECTRONIC MAIL

Mr. Pete Skala
Interim Director, Energy and Climate Policy
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: California Community Choice Association's Protest of Pacific Gas and Electric Company's Tier 2 Advice Letter 6551-E Requesting Approval of Market Offer Contract for Power Charge Indifference Adjustment Eligible Renewables Portfolio Standard Resources

Dear Mr. Skala,

Pursuant to the California Public Utilities Commission's (Commission's) General Order (GO) 96-B,¹ the California Community Choice Association² (CalCCA) submits this Protest of Pacific Gas and Electric Company's (PG&E's) Tier 2 Advice Letter 6551-E Requesting Approval of Market Offer Contract for Power Charge Indifference Adjustment (PCIA) Eligible Renewables Portfolio Standard (RPS) Resources (Advice Letter), dated April 4, 2022.

I. SUMMARY

- The Commission should not approve the market offer pro forma contract (Market Offer Contract) unless it is revised as follows:
 - Bidders must be allowed to bid on bundled resource pools independent of any bid on unbundled resource pools, as is allowed under Southern California Edison's (SCE's) and San Diego Gas & Electric Company's (SDG&E's) market offer pro forma contracts; and
 - Counterparties to the Market Offer Contract should be provided timely access to meter data, which is necessary for operational and planning purposes.

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 23 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, Orange County Power Authority, 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.

- CalCCA reserves the right to comment on the terms of the Market Offer Contract following the filing of the investor-owned utilities' (IOUs') "Market Offer Process" and sales strategy documents in May.

II. BACKGROUND

PG&E filed the Advice Letter on April 4, 2022, seeking approval of the Market Offer Contract. The market offer follows the voluntary allocation as part of the Voluntary Allocation and Market Offer (VAMO) process, as directed by Decision (D.) 21-05-030 in the PCIA proceeding (Phase 2 Decision). Under VAMO, PCIA-eligible RPS resources remaining in the IOUs' portfolios following the voluntary allocation elections will be offered for sale to the market. The Phase 2 Decision requires details of the VAMO process to be worked out in the RPS Proceeding. The Advice Letter, including an opportunity for LSEs to raise concerns on the pro forma contracts, is submitted pursuant to D.22-01-004 in the RPS Proceeding.³

On February 28, 2022, PG&E filed its Tier 2 Advice Letter 6517-E requesting approval of the pro forma contract to be used in the voluntary allocation phase of VAMO. CalCCA submitted its protest to this Advice Letter on March 21, 2022. Subsequently, PG&E 6517-E, along with the Advice Letters of SCE and SDG&E, regarding their pro forma voluntary allocation contracts, was suspended by the Energy Division for a period of up to 120 days beginning March 29, 2022.⁴

By Ruling dated April 11, 2022, the Assigned Commissioner and Assigned Administrative Law Judge in the RPS Proceeding established a revised schedule for the market offer portion of VAMO.⁵ This Ruling requires the IOUs to submit a "Market Offer Process" for Commission and stakeholder review by May 2, 2022, followed by a period for comments and reply comments.⁶ The Commission's decision on the Market Offer Process is set for the third quarter of 2022.⁷

By Ruling dated April 21, 2022, the Administrative Law Judge modified this schedule to permit each IOU to separately develop and submit confidential market sensitive "Market Offer Sales Strategies" on May 16, 2022, following the submission of the joint Market Offer Process.⁸ The comment and reply comment period on the Market Offer Process will now end in June.

³ D.22-01-004, *Decision on 2021 Renewables Portfolio Standard Procurement Plans*, R.18-07-003 (Jan. 13, 2022) (RPS Decision), at 14.

⁴ Energy Division Advice Letter Suspension Notice emailed March 29, 2022.

⁵ *Assigned Commission and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2022 Renewables Portfolio Standard Procurement Plans and Denying Joint IOUs' Motion to File Advice Letters for Market Offer Process*, R.18-07-003 (Apr. 11, 2022).

⁶ *Id.*, Attachment A.

⁷ *Id.*

⁸ *Administrative Law Judge's Ruling Modifying the Schedule for Track 1 of the 2022 Renewables Portfolio Standard Procurement Plan*, R.18-07-003 (Apr. 21, 2022).

There is intended to be no change to the schedule for the Commission's decision on the Market Offer Process.

III. PROTEST

1. PG&E Should be Required to Align the Products Offered in its Market Offer Contract to Those Offered by SCE and SDG&E

PG&E's Market Offer Contract is a generic form document that offers a product comprising a "slice" of PG&E's total PCIA-eligible RPS portfolio remaining after the voluntary allocations. This slice will include a mixture of PG&E's bundled and unbundled resources, and the composition of that mixture may change during the term of the Market Offer Contract due to portfolio optimization efforts and the termination of existing contracts. As a result, bidders in the market offer will be required to place a value on a mixture of resources without any guarantee that the composition of the pool of resources on which they bid will not change. The Market Offer Contract as currently written will make it impossible for bidders to establish the ultimate value of the product offered.

In contrast, SCE and SDG&E offer products in their market offer pro forma contracts that contain a "slice" of resources based on their PCC classifications (*i.e.*, bundled and unbundled RECs). Such products provide flexibility to parties and ensure the ability of parties to properly value the products. As such, the market offer process for SCE and SDG&E provides far greater certainty to bidders. PG&E should be required to align its product offerings in the market offer to those of SCE and SDG&E.

2. The Market Offer Contract Must Require PG&E to Provide LSEs With Timely Access to Meter Data

As CalCCA noted with respect to the Voluntary Allocation Contract, counterparties receiving energy and/or RECs from PG&E through the market offer process require timely access to data regarding their purchases for operational and planning purposes. Unlike a traditional "firm" contract for energy and/or RECs, the Market Offer Contract offers a varying quantity of energy and/or RECs based on actual generation from a "slice" of a pool of resources. Because this volume is inherently variable, information regarding amounts delivered is crucial.

PG&E receives initial data shortly after the delivery month. Counterparties require at least initial, non-binding meter data of the contract quantity as soon as reasonably practicable, but no later than fifteen (15) calendar days following the delivery month. The information is used for forecasting, portfolio management, as well as contract validation and administrative purposes. As CalCCA has also noted with respect to the Voluntary Allocation Contract, the disadvantage to CCAs from limited access to this generation data impedes both their ability to plan for their future needs, and to account for the purchase they are making on their customers' behalf. Ultimately, this additional uncertainty reduces the value of the associated RECs compared to what could be purchased under improved terms. CalCCA therefore requests that the

Commission require PG&E to provide preliminary, non-binding, forecast and meter data to a Market Offer counterparty within fifteen (15) calendar days of the end of each delivery month.

3. CalCCA Anticipates Additional Comments on the Market Offer Contract Following its Review of the Market Offer Process

As is true with respect to the Voluntary Allocation Contract, the terms of the Market Offer Contract are extremely important to potential counterparties considering participating in the offer. To facilitate the portfolio optimization efforts ordered by the Commission in the Phase 2 Decision and ensure the success of the VAMO process, the Market Offer Contract must be carefully reviewed in the context of the actual offer. It would be unfortunate if successful completion of VAMO is hampered by terms that are commercially unreasonable, or that fail to account for the specifics of the products actually offered through the Market Offer Process.

In addition, without understanding the context of the Market Offer Contract in terms of the Market Offer Process and PG&E's intentions regarding any other future firm or non-firm REC sales, fully evaluating the Market Offer Contract is impossible. For these reasons, CalCCA anticipates additional comments on the Market Offer Contract following its full review of the Market Offer Process, and any supplements to this Advice Letter filed as noted above.

IV. CONCLUSION

CalCCA thanks the Energy Division for its review of this Protest, and strongly advises against approval of the Market Offer Contracts until the issues set forth herein are addressed.

Respectfully,

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION



Evelyn Kahl
General Counsel and Director of Policy

cc via email:

Energy Division Tariff Unit (edtariffunit@cpuc.ca.gov)
PGETariffs@pge.com
Service Lists: [R.17-06-026](#) and [R.18-07-003](#)