



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

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

R.17-06-026

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE  
ENERGY INDEX MPB PROPOSALS IN RESPONSE TO THE ADMINISTRATIVE  
LAW JUDGE'S RULING REGARDING MARKET PRICE BENCHMARKS**

Evelyn Kahl,  
General Counsel and Director of Policy  
Leanne Bober,  
Senior Counsel  
CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION  
One Concord Center  
2300 Clayton Road, Suite 1150  
Concord, CA 94520  
Telephone: (415) 254-5454  
Email: [regulatory@cal-cca.org](mailto:regulatory@cal-cca.org)

Tim Lindl  
Ann Springgate  
KEYES & FOX LLP  
580 California Street, 12<sup>th</sup> Floor  
San Francisco, CA 94104  
Telephone: (510) 314-8385  
E-mail: [tlindl@keyesfox.com](mailto:tlindl@keyesfox.com)

*On behalf of*  
California Community Choice Association

Brian Dickman,  
Partner  
NEWGEN STRATEGIES AND  
SOLUTIONS, LLC  
225 Union Boulevard, Suite 450  
Lakewood, CO 80228  
Telephone: (303) 576-0527  
E-mail: [bdickman@newgenstrategies.net](mailto:bdickman@newgenstrategies.net)

*On behalf of*  
California Community Choice Association

July 8, 2022

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## SUMMARY OF RECOMMENDATIONS

- ✓ The California Public Utilities Commission (Commission) should adopt the investor-owned utilities' (IOUs') proposal to modify the Energy Index (EI) calculation, as modified, to provide for review of the three-year average in the Energy Resource Recovery Account (ERRA) forecast case each time that average is proposed or updated, and to require that the IOUs provide the weighting factors in the May 15 ERRA Forecast application filing such that the only change to the EI in the October Update is the \$/MWh forward market price.
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The California Community Choice Association<sup>1</sup> (CalCCA) submits these Comments on the Energy Index (EI) Market Price Benchmark (MPB) proposals in response to the *Administrative Law Judge's Ruling Regarding MPBs* (Ruling), dated April 18, 2022, and *Procedural email re Joint IOUs' MPB Ruling Energy Index Comments Extension Request*, dated May 16, 2022.

CalCCA supports a modified version of the Joint Investor-Owned Utilities (IOUs) June 13, 2022 proposal.<sup>2</sup> After discussions with the IOUs, the parties agreed that the IOUs will provide the portfolio weighting factors as part of their May 15 Energy Resource Recovery Account (ERRA) applications rather than as part of the October Update. In addition, CalCCA is

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<sup>1</sup> 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.

<sup>2</sup> See R.17-06-026, *Joint Proposal of Pacific Gas and Electric Company (U 39 M), Southern California Edison Company (U 338-E), and San Diego Gas & Electric Company (U 902-E) for an Energy Index Market Price Benchmark Calculation Pursuant to Administrative Law Judge's Ruling Regarding Market Price Benchmarks*, at 5-6 (June 13, 2022) (IOU Proposal).

amenable to the IOUs' preference to include a three-year rolling average (rather than the five-year rolling average proposed by CalCCA), *provided* the three-year average methodology is subject to review in the ERRA Forecast cases to ensure stability and reasonableness.

## **I. THE IOUS' PROPOSAL SHOULD BE ADOPTED WITH MODIFICATIONS**

CalCCA's June 13, 2022 proposal balances the objectives of increasing forecast accuracy and maintaining transparency for stakeholders and customers.<sup>3</sup> CalCCA bases its proposal, in part, on the need for transparency in the methodologies used to develop market price benchmarks and in opposition to the use of internal production cost modeling (as originally proposed by the IOUs) to determine the generation weighting used in the EI.<sup>4</sup> The use of production cost modeling lacks transparency in the volumes and prices utilized. The proposal the IOUs ultimately put forward, however, relies on portfolio weighting derived in part from the prior three years of energy revenues earned from Power Charge Indifference Adjustment (PCIA)-eligible resources in the California Independent System Operator market.<sup>5</sup> Use of this historical data avoids much of the opacity problem CalCCA identified in its proposal.

As a result of CalCCA's general support of the IOU proposal, CalCCA reached out to the IOUs to discuss minor revisions to further increase transparency. CalCCA proposed that the IOUs provide the weighting factors and the data supporting such weighting in their May 15 ERRA Forecast application filings, such that the only change to the EI in the October Update is the \$/MWh forward market price. The IOUs have agreed to modify their proposal to provide this weighting data in the May 15 applications.

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<sup>3</sup> R.17-06-026, *California Community Choice Association's Energy Index MPB Calculation Proposal*, at 1-9 (June 13, 2022) (CalCCA Proposal).

<sup>4</sup> See R.17-06-026, *SCE Opening Comments on Ruling re Market Price Benchmark Issue Date*, at 9 (Sept. 13, 2021).

<sup>5</sup> IOU Proposal at 6-7.

In its proposal, CalCCA recommended the use of a five-year rolling average, as opposed to the three-year rolling average proposed by the IOUs, which would have the effect of reducing the impact of any one year's change in the index. However, CalCCA is amenable to supporting the IOUs' preference for a rolling average of three years, *provided* the three-year average methodology is subject to review in the ERRA Forecast cases to ensure stability and reasonableness.

## **II. CONCLUSION**

If the Commission finds that reform to the EI is warranted, it should adopt the Joint IOUs' proposal, with the modifications discussed herein, to ensure the benchmark balance's accuracy and transparency.

Respectfully submitted,

*/s/ Ann Springgate*  
Ann Springgate  
KEYES & FOX LLP

*On behalf of*  
California Community Choice Association

July 8, 2022