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

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2023 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation. (U39E).	Application 22-05-029

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S OPENING COMMENTS

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On behalf of
California Community Choice Association

November 1, 2022

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2023 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation. (U39E).	Application 22-05-029

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S OPENING COMMENTS

Pursuant to the July 25, 2022 Scoping Memo and Ruling setting the schedule for this proceeding,[1] California Community Choice Association[2] (CalCCA) hereby submits these Opening Comments regarding Pacific Gas and Electric Company's (PG&E) October 17, 2022 updated testimony (October Update)[3] in the *Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2023 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation. (U39E)* (Application).[4]

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[1] Application (A.) 22-05-029, *Assigned Commissioner's Scoping Memo and Ruling* (Aug. 4, 2022) (Scoping Ruling).

[2] California Community Choice Association represents the interests of 24 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, Energy For Palmdale's Independent Choice, 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.

[3] Exh. PGE-04.

[4] A.22-05-029, *Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2023 Energy Resource Recovery Account and Generation Non-*

PG&E's October Update renders most issues CalCCA has raised within this proceeding uncontested. Based on CalCCA's review of the utility's October Update, supporting workpapers, and responses to data requests, PG&E correctly and appropriately addressed a number of issues. With regard to Issue 1 in the Scoping Ruling:[5]

- PG&E corrected an error in the calculation used to determine the amount of annual amortization of the gain on sale of its San Francisco General Office (SFGO) headquarters included in the 2023 Indifference Amount,[6] and it adjusted the GRC revenue requirement included in the Indifference Amount to reflect the SFGO sale.[7]

- PG&E corrected an error in the On-Peak and Off-Peak Load Weights used to calculate the Load Weighted Average Price used as the Energy Index market price benchmark (MPB).[8]

- PG&E implemented the accounting approach necessary to reflect modified cost allocation mechanism (ModCAM)-related procurement in a manner that reflects the Retained System, Flex, and Local Resource Adequacy value of that procurement.[9]

Regarding Issue 6,[10] PG&E's Reply Brief[11] appears to not oppose the development of a renewable energy certificate (REC) crediting framework in the Power Charge Indifference Adjustment (PCIA) rulemaking, R.17-06-026, enacting the procedural recommendation in Decision (D.) 20-02-047.[12]

Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (May 31, 2022) (Application).

5 *See* Scoping Ruling at 2-3.

6 *See* Exh. CalCCA-01 at 11:9-13:19.

7 *See id*.

8 *See id*. at 10:4-11:8.

9 *See id*. at 17:1-22:14.

10 Scoping Ruling at 2-3.

11 A.22-05-029, *Reply Brief of Pacific Gas and Electric Company (U 39 E)*, pp. 14-15 (Oct. 21, 2022) (PG&E Reply Brief).

12 D.20-02-047, pp. 15-16.

With regard to Issue 7,[13] PG&E transferred the final year of ERRA-PCIA Financing Subaccount (ERRA-PFS) amortization to the Portfolio Allocation Balancing Account (PABA) vintage 2020 consistent with Commission direction in D.22-02-002.[14]

From CalCCA's perspective, the sole remaining contested issue in this case is Issue 5, which addresses whether PG&E's rate proposals, including implementing a floor on cumulative negative forecasted Indifference Amounts, should be adopted.[15] CalCCA's Opening and Reply Briefs thoroughly address this issue,[16] including the arguments PG&E has raised in both of its briefs.[17] For the reasons stated in CalCCA's briefs, the Commission should order PG&E to remove its obsolete rate floor.

Lastly, as the CCAs in this proceeding have done in their comments on PG&E's updated testimony for a number of years, CalCCA updates the analysis it presented in its direct testimony regarding the various factors influencing PCIA rates this year. For the first time, PG&E's cumulative forecasted Indifference Amount has turned negative, meaning the market value assigned to PCIA-eligible resources is greater than their cost. Figure 1 below illustrates the increase in the PCIA revenue requirement between 2013 and 2020, including the step change occurring with the introduction of the PABA in 2019. PCIA revenue requirement declined in 2021 and 2022, and it is now forecasted to be negative in 2023. Figure 1 also shows that the PABA

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[13] Scoping Ruling at 2-3.

[14] *See* Exh. CalCCA-01 at 14:1-16:21.

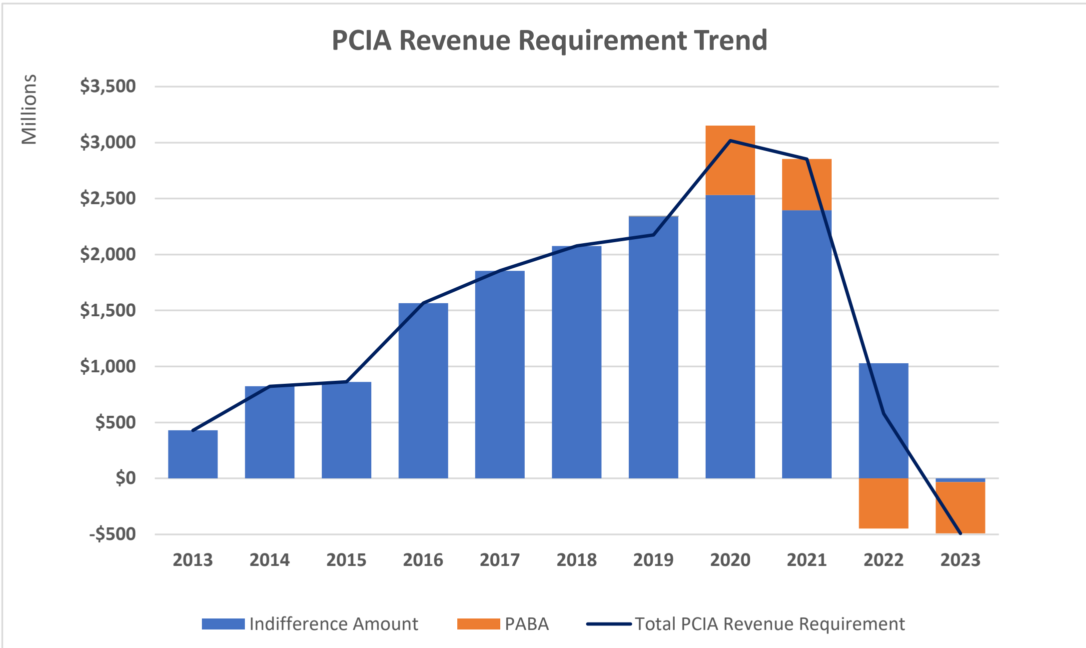
[15] Scoping Ruling at 2-3.

[16] A.22-05-029, *California Community Choice Association's Opening Brief*, pp. 8-20 (Oct. 14, 2022); A.22-05-029, *California Community Choice Association's Reply Brief*, pp. 4-8 (Oct. 21, 2022).

[17] A.22-05-029, *Opening Brief of Pacific Gas and Electric Company (U 39 E)*, pp. 32-36 (Oct. 14, 2022); PG&E Reply Brief at 2-10.

flipped from being under-collected to over-collected beginning with the 2021 true-up (which rolls into rates, and is included in Figure 1, in 2022).

Figure 1: PCIA Revenue Requirement Trend



The rapid decline in PCIA revenue requirement since 2021 is driven mainly by a rise in the Energy Index MPB. In direct testimony, CalCCA described that the preliminary projection of the 2022 year-end PABA showed an over-collected balance due to higher customer revenue and higher CAISO market revenue. These two main contributors to the over-collected balance continue to be higher-than-expected customer revenue and CAISO market revenue. Elevated wholesale market prices for electricity during the summer of 2022 have significantly increased the brown power market value, making it now the largest factor leading to the over-collected PABA. Additionally, projected customer revenues in 2022 have stayed relatively stable since the initial filing and are still expected to be substantially more than originally forecasted.

For the foregoing reasons, CalCCA continues to respectfully request the Commission:

- Order PG&E to remove the obsolete and unlawful rate floor in its tariff and adopt PCIA rate credits for vintages where the forecasted, cumulative indifference amount is negative.

- Enact the procedural recommendation in D.20-02-047 to create a more permanent crediting framework for banked RECs in the PCIA rulemaking, R.17-06-026.

- Adjust PG&E's revenue requirement to address (1) the sale of PG&E's San Francisco headquarters, (2) the correct on-peak and off-peak load weights, and (3) Witness Shuey's accounting methodology to reflect PG&E's ModCAM procurement.

- Transfer the final year of ERRA-PFS amortization to the vintage 2020 consistent with Commission direction in D.22-02-002.

CalCCA appreciates the opportunity to address these issues in opening comments and will submit reply comments, as necessary.

Respectfully submitted,

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