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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts.	A.20-04-014

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S RESPONSE TO PETITION OF THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, SCHOOL PROJECT FOR UTILITY RATE REDUCTION, AND E&B NATURAL RESOURCES MANAGEMENT CORPORATION (DA PARTIES) FOR MODIFICATION OF DECISION 21-01-007

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On behalf of
California Community Choice Association

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SUMMARY OF RECOMMENDATIONS

- Deny the *Petition of the Regents of the University of California, School Project for Utility Rate Reduction, and E&B Natural Resources Management Corporation (DA Parties) for Modification of Decision 21-01-007* as unreasonable, procedurally improper, and/or unactionable under the Commission's ratemaking regime.

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I. INTRODUCTION

Pursuant to Rule 16.4(f) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the California Community Choice Association (CalCCA)[1] hereby submits this Response to the *Petition of the Regents of the University of California, School Project for Utility Rate Reduction, and E&B Natural Resources Management Corporation (DA Parties) for Modification of Decision 21-01-007* in the above-captioned proceeding(s) (DA PFM). Petitioners filed nearly identical PFMs across the 2021 Energy Resource Recovery Account (ERRA) Forecast decisions in all three investor-owned utility (IOU) service territories: Decision (D.) 20-12-038 (Pacific Gas and Electric Company, or PG&E), D.20-12-035 (Southern California

[1] 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. CalCCA was a party to A.20-04-014, A.20-07-002, A.20-07-004, A.20-07-009, A.20-09-014, and A.20-10-007.

Edison Company, or SCE), and D.21-01-007 (San Diego Gas & Electric Company, or SDG&E); and decisions in the PG&E Power Charge Indifference Adjustment (PCIA) Undercollection Balancing Account (PUBA) trigger proceeding (the same D.20-12-038 referenced above) and the SDG&E PCIA Undercollection Balancing Account (CAPBA) trigger proceeding, D.20-12-028. CalCCA has filed an identical version of this Response in all six dockets, some of which have been consolidated.

The relief requested in all four PFMs is to exempt a discrete group of DA customers from having to pay surcharges tied to undercollections that took place in 2020 on the theory those customers did not contribute to the undercollection because they were bundled customers at the time.[2] The PFMs warrant rejection for three reasons. First, all customers, including bundled customers that later departed for DA service, paid the PCIA in 2020, undermining the PFM's central argument that the DA Parties' customers did not contribute to the undercollection in the Portfolio Allocation Balancing Account (PABA) in 2020. Second, the Petitioners lack good cause for not participating in the underlying dockets, and relitigating those cases here prejudices CalCCA's members. Third, it does not appear petitioners' requested relief can be provided since there is no mechanism of which CalCCA is aware to refund rates to only one group of customers in a vintage but not others—and Petitioners do not explain how such relief could be provided.

[2] Petition at 2-3; 12-13 (all citations herein are to the DA Parties' Petition for Modification of D.21-01-007).

II. THE COMMISSION SHOULD DENY THE PFM

A. The DA Parties Contributed to the PABA Undercollection as Bundled Customers

The mechanics of the Commission's PCIA framework—and the DA Parties' apparent misunderstanding of those mechanics—underlie the requested relief. Prior to D.18-10-019[3], the PCIA rate was set only on a forecast basis with no after-the-fact true-up for unbundled customers. D.18-10-019 approved a true-up for the PCIA using actual recorded net costs for PCIA-eligible resources and billed revenues from both bundled and departing load customers. This true-up now occurs via the PABA, a rolling true-up between the forecasted costs and revenues used to determine the Indifference Amount and the actual costs and revenues a utility realizes during the year related to its PCIA-eligible resource portfolio.

PCIA rates for 2021 were set, therefore, based on two key components: (1) the forecasted Indifference Amount, *i.e.*, the difference between the forecasted cost of a utility's generation portfolio in 2021 and the forecasted market value of PG&E's generation portfolio in 2021; and (2) the 2020 year-end balance in the PABA.[4] The Indifference Amount and the year-end PABA balance are added together to form the revenue requirement underlying PCIA rates. The PCIA revenue requirement is allocated among *both* bundled and unbundled customers based on their vintage,[5] *i.e.*, the year unbundled customers left a utility's service[6] or the current year for bundled customers, and

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[3] D.18-10-019, *Decision Modifying The Power Charge Indifference Adjustment Methodology*, Rulemaking (R.) 17-06-026, (Oct. 11, 2018).

[4] Because 2021 rates were determined during 2020, including the true-up for 2020, the true-up was developed using (1) actual values that are available to date and (2) a forecast of actual values for the remainder of the year.

[5] *See, e.g.,* PG&E Preliminary Statement HS at Sections 2, 5; PG&E Preliminary Statement CP at Section 5.

[6] D.11-12-028, *Decision Temporarily Extending Interim Practices To Reduce The Number Of Gas and Electric Service Disconnections*, R.10-02-005 (Dec. 15, 2011).

their rate class using the allocation factors from PG&E's most recently approved GRC.[7] That means *both bundled and unbundled customers pay the PABA balance*.

D.18-10-019 limited "the change of the PCIA from one year to the next. Starting with forecast year 2020, the cap level of the PCIA rate should be set at $0.005/kilowatt-hour (kWh) more than the prior year's PCIA, differentiated by vintage."[8] If the year-over-year increase in departing load PCIA rates exceeded the rate cap in a given year, bundled customers rates were increased instead to "finance" the amount above the cap. A separate balancing account, the PUBA/CAPBA, was also established to record the shortfall in revenue charged to departing load customers due to PCIA rates being limited by the $0.005/kWh cap in annual rate changes. Unbundled customers are responsible to pay for the shortfall recorded to PUBA, plus interest, to compensate bundled customers for having paid for the amount in excess of the cap.

The Petition argues the DA Parties' customers were still bundled customers in 2020, as a result of it taking so long for them to become departed customers, and, therefore, they should not have to pay either the PABA balance or the PUBA/CAPBA balances that accrued that year.[9] The Petition cites to the decision in SDG&E's ERRA Forecast case as support for its arguments. In that case, a group of community choice aggregators (CCAs) successfully argued CCA customers in SDG&E's service territory that were bundled customers at the time, and then later departed, should not have to pay the CAPBA surcharge (known as the PUBA in SCE and PG&E's service territories).[10] The customers at issue in the SDG&E case did not contribute to the CAPBA balance (they paid their full PCIA rates as bundled customers) and, therefore, the Commission agreed they should be exempt.

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7 D.18-10-019 at 122 and Ordering Paragraph (OP) 4 (Oct. 11, 2018).
8 *Id*., Conclusions of Law 19-20, OP 9(a)-(c) (October 11, 2018).
9 Petition at 12-13.
10 Petition at 10-12.

That situation is distinguishable from the situation here. While the DA Parties may have a colorable argument with regard to the PUBA and CAPBA surcharges,[11] the argument fails with regard to the PABA revenue requirement underlying the PCIA. *All* customers pay the PABA revenue requirement via the PCIA. Bundled customers pay the PCIA as part of the ERRA generation rate; departing load customers pay the PCIA in addition to the generation rates of their CCA or DA provider.[12] Thus, the DA Parties' customers *did* contribute to the 2020 undercollection in the PABA because they paid PCIA rates that year via their bundled generation rates.

On this point, the Petition does not offer much in terms of analysis. It includes conclusive assertions that appear to assume bundled customers do not pay rates based on the PABA revenue requirement and that the PCIA rate mechanism is only paid by unbundled customers.[13] Such assumptions are incorrect. The PCIA rate in 2021 included recovery of the PABA that accrued during 2020. The DA Parties' customers owed a share of that amount and paid it.

B. Petitioners Fails to Meet Their Procedural Burden

Even if the Commission finds the DA Parties have a compelling argument with regard to the CAPBA/PUBA surcharges, the PFM should be rejected on procedural grounds. To file a PFM, the petitioner has to file within one year or "explain why the petition could not have been presented within one year of the effective date of the decision."[14] Petitioners fail to present a good excuse, stating "they do not have the resources to routinely participate in ratemaking proceedings on the IOUs' annual ERRA and related applications. Consequently, Petitioners did not participate in the

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[11] The PUBA/CAPBA surcharge would only apply to departed customers, unlike the PABA revenue requirement.

[12] *See, e.g.,* PG&E Preliminary Statement HS at Sections 2, 5; PG&E Preliminary Statement CP at Section 5.

[13] Petition at 10-13.

[14] California Public Utilities Commission Rules of Practice and Procedure, Rule 16.6(d)-(e) (May 2021).

consolidated proceedings in which D.21-01-007 was issued."[15] In fact, they assert they did not realize the issue was an issue until July 2021.[16]

However, the DA Parties admit they follow the PCIA proceeding, Rulemaking (R.) 17-06-026,[17] and DA interests regularly participate in the ERRA Forecast proceedings through either the Direct Access Customer Coalition (DACC) and/or the Alliance for Retail Energy Markets (AReM). Either DACC or AReM was a party to all of the proceedings underlying the PFMs. It is difficult to believe any load-serving entity in California—especially one whose aim is to find more affordable energy for its customers—does not have the resources available to track and participate in the proceedings that will set the rates their customers pay in the following year. Putting aside the concern that no party appears to be tracking those customers' interests before the Commission, the Commission should not set the precedent that a sophisticated load-serving entity's unwillingness to make the funds available to track the rates its customers will pay can justify a lack of participation and allow after-the-fact ratemaking changes.

C. The Requested Relief Cannot Be Provided

The PFMs request the applicable IOU "not recover the PCIA undercollections that resulted in the PUBA and PABA balances from direct access customers that were assigned pre-2020 PCIA vintages based on timing of their NOIs but were not allowed to depart bundled service prior to January 1, 2021." However, those undercollections were already recovered, and un-recovering them in these circumstances could amount to retroactive ratemaking.[18]

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15 Petition at 9.
16 Petition at 13-15.
17 Petition at 9.
18 *S. Cal. Edison Co. v. Pub. Utils. Com.,* 20 Cal. 3d 813 (1978).

Further, CalCCA is unaware of a rate mechanism that would allow recorded revenues to be un-recovered from one set of a customers in a vintage but not another set of customers. The revenue requirements have not changed, and if the revenues recorded were applied to those revenue requirements, the result would be the creation of a new undercollection that other customers in those vintages would need to be paid—or that shareholders would need to bear. The DA Parties' Petition does not provide a ratemaking solution for the complex unwinding of balancing accounts that would need to take place in order to provide the relief requested.

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III. CONCLUSION

For the foregoing reasons, the CalCCA respectfully requests the Commission deny the DA PFM.

Respectfully submitted,

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