



**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
INFORMAL COMMENTS ON PG&E'S MEET AND CONFER
DIABLO CANYON POWER PLANT**

I. INTRODUCTION

California Community Choice Association¹ (CalCCA) appreciates the opportunity to submit the following informal comments to Pacific Gas and Electric Company (PG&E) on the February 6, 2023, Meet and Confer (M&C), intended to provide an overview of the accounting structure for tracking costs related to the continued operation of Diablo Canyon Power Plant (DCPP), specifically the Diablo Canyon Transition and Relicensing Memorandum Account (DCTRMA) and the Diablo Canyon Extended Operations Balancing Account (DCEOBA).

II. GENERAL COMMENTS

While PG&E's draft Preliminary Statements for the DCTRMA and DCEOBA acknowledge, in some instances, that future California Public Utilities Commission (Commission) action may impact the mechanics of each account, PG&E should expressly clarify in its Tier 3 advice letter that the draft Preliminary Statements for the DCTRMA and DCEOBA are subject to change through Commission action in the Order Instituting Rulemaking 23-01-007 (OIR). For example, it is CalCCA's understanding, based on PG&E's comments during the M&C that the allocation among load serving entities (LSEs) for net costs recorded to the DCEOBA Extended

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.



Operations subaccount will be addressed in the OIR. Commission action in the OIR, therefore, will likely directly impact the DCEOBA, and PG&E’s Tier 3 advice letter should clarify that possibility. Another example is in the DCEOBA Preliminary Statement where PG&E mentions, “Disposition of the balance in the account will be through the Annual Electric True-up advice letter process as authorized by the Commission.” Again, this process will be defined during the OIR and thus may require changes to the Preliminary Statements at a later date.

III. COMMENTS ON THE DIABLO CANYON TRANSITION AND RELICENSING MEMORANDUM ACCOUNT

During the M&C, PG&E explained that the DCTRMA will track “incremental costs” incurred to preserve the option for extended operations at DCP. This is consistent with PG&E’s DCTRMA preliminary statement, which states that expenses recorded to the DCTRMA “include incremental costs” related to several listed activities.²

PG&E’s DCTRMA preliminary statement does not define the term “incremental costs,” nor did PG&E do so during the M&C. This creates some uncertainty with respect to PG&E’s accounting process and the costs that it will record to the DCTRMA. In light of the Commission’s directives in Decision (D.) 22-12-005,³ which underline the need for clarity regarding PG&E’s accounting associated with both the DCTRMA and DCEOBA, PG&E should elaborate in its Tier 3 advice letter filing,⁴ in as much detail as possible, (1) how it defines

² Electric Preliminary Statement Diablo Canyon Transition and Relicensing Memorandum Account (DCTRMA), para 1.

³ See, e.g. D.22-12-005 at 18 (stating that “PG&E should, at a minimum, be able to explain why the associated activity for each cost was necessary and consistent with statute; whether the costs incurred are incremental and reasonable; and whether any of the costs might otherwise be eligible to be recovered through government funding and were initially being tracked as part of the DCTRMA.”)

⁴ PG&E’s Tier 3 advice letter is due by March 6, 2023.



“incremental costs,” and (2) how PG&E intends to identify and track those costs. PG&E provided a brief description of these costs in its opening comments to Application (A.) 16-08-006, largely based on language from Senate Bill (SB) 846; however, PG&E should expand on those comments to describe the internal procedures that it will follow to segregate eligible costs.

IV. COMMENTS ON THE DIABLO CANYON EXTENDED OPERATIONS BALANCING ACCOUNT

During the M&C, PG&E noted in its presentation that the California Independent System Operator Corporation (CAISO) market revenue would be applied to all three subaccounts in the DCEOBA, including the Extended Operations Subaccount, Liquidated Damages Subaccount, and Volumetric Performance Fee Subaccount. Pursuant to SB 846, the CAISO market revenue may be allocated to customers of all jurisdictional LSEs (as an offset to extended operations costs) or customers of jurisdictional LSEs only in PG&E service territory (if there is excess market revenue at the end of a year). According to PG&E’s draft preliminary statement for the DCEOBA, allocation among customer groups would be a function of the subaccount to which the market revenue is recorded. PG&E’s draft Preliminary Statement states, “During the period of extended operations, revenues from the sale of electricity into the CAISO market will be used to offset costs recorded in the Extended Operations Subaccount. Any excess revenues remaining after offsetting costs will be credited to the Volumetric Performance Fee Subaccount.” It is not clear that PG&E’s presentation during the M&C, SB 846, and PG&E’s draft Preliminary Statements can be reconciled. Additional clarity is needed to ensure the CAISO market revenue is credited to the appropriate customer groups.

First, to the extent the CAISO market revenue can be recorded to multiple DCEOBA subaccounts, the Preliminary Statement should list the subaccounts to which the CAISO market



revenue may be applied and the order, or sequence, used to determine whether there is excess market revenue. Furthermore, for the Extended Operations Subaccount, PG&E should also identify the specific cost line items eligible to be offset by the CAISO market revenue. At this stage, the details of cost and benefit allocations are not fully determined so PG&E should make entries into the balancing accounts such that it can adjust those entries based on the attribution of costs and benefits decided in the proceeding at a later time.

Second, in the draft Preliminary Statement, the Liquidated Damages subaccount does not include a credit for CAISO market revenues. The draft Preliminary Statement appears to be consistent with SB 846, but it is not consistent with the discussion at the M&C. PG&E should resolve the discrepancy between the presentation and the Preliminary Statement. If PG&E proposes that the CAISO market revenue will be credited to the Liquidated Damages revenue subaccount it should explain how such proposal is consistent with SB 846.

V. CONCLUSION

CalCCA appreciates the opportunity to share these informal comments and urges PG&E to consider the recommendations herein.

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