



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

FILED

05/24/23

04:59 PM

R1706026

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

R.17-06-026

**COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION**

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: (510) 980-9459
E-mail: regulatory@cal-cca.org

May 24, 2023

TABLE OF CONTENTS

- I. INTRODUCTION1
- II. THE PROPOSED DECISION SHOULD BE ADOPTED WITH LIMITED MODIFICATIONS3
 - A. The Proposed Decision’s Adoption of a Minimum Volume-Based Threshold of 1,000 GWh for the Commission to Establish a GHG-Free MPB Strikes a Reasonable Balance Between the Positions of the Parties.....3
 - B. PG&E and SCE Should be Required to file a Tier 1 Advice Letter Electing the GHG-Free MPB or Allocation for 2024 Within 30 (Rather Than 60) Days of the Final Decision to Allow Adequate Time for CCA Planning4
 - C. The Final Decision Should Direct Parties to the Proper Proceeding(s) to Address Issues Raised in Response to ALJ Wang’s March Ruling5
 - 1. The Commission Should Provide Guidance in the Final Decision as to When and Where Re-Vintaging of Amended IOU Procurement Contracts Will be Addressed.....6
 - 2. The Commission Should Provide Guidance in the Final Decision as to When and Where Issues Concerning the Use of Banked RECs to Meet IOU RPS Compliance Requirements Will be Addressed.....7
- III. CONCLUSION.....8

SUMMARY OF RECOMMENDATIONS

California Community Choice Association (CalCCA) supports the Proposed *Decision Addressing Greenhouse Gas-Free Resources, Long-Term Renewable Transactions, Energy Index Calculations, and Energy Service Providers' Data Access* (Proposed Decision), with the following limited comments and requested modifications:

- ✓ The Proposed Decision's adoption of a minimum volume-based threshold of 1,000 gigawatt-hours for setting the greenhouse gas-free (GHG-Free) market price benchmark (MPB) rather than a threshold based on the number of contracts entered into strikes a reasonable balance between the positions of the parties;
 - ✓ The Commission should require Pacific Gas and Electric Company and Southern California Edison Company to file their Tier 1 Advice Letter indicating their election between the GHG-Free MPB or GHG-Free allocations for 2024 within 30 (rather than 60) days of the effective date of the final Decision to allow community choice aggregators adequate time to plan for 2024; and
 - ✓ The final Decision should direct parties to the proper proceedings to address:
 - Vintaging changes when an investor-owned utility (IOU) procurement contract is amended, renewed, or extended, which is the subject of a September 9, 2022 Motion filed by CalCCA in this proceeding; and
 - The urgent need for a permanent framework to credit the Portfolio Allocation Balancing Account when IOUs use banked Renewable Energy Certificates for renewables portfolio standard compliance.
-

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

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

R.17-06-026

**COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION**

California Community Choice Association¹ (CalCCA) submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the *Decision Addressing Greenhouse Gas-Free Resources, Long-Term Renewable Transactions, Energy Index Calculations, and Energy Service Providers' Data Access* (Proposed Decision or PD), issued on May 4, 2023.

I. INTRODUCTION

CalCCA appreciates the opportunity to submit comments on the Proposed Decision, issued after thoughtful consideration by the Commission, Administrative Law Judge (ALJ), and Energy Division staff on the remaining issues in this proceeding. Stakeholders were able to submit numerous sets of comments, engage with Energy Division through various workshops and meetings, and answer data requests that informed this PD. The Proposed Decision should be

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.

adopted, as it complies with the requirements of the Public Utilities Code to ensure that unbundled customers receive either the value, or are allocated a fair and equitable share, of the benefits that unbundled customers paid for prior to their departure from bundled service but that remain with bundled service customers.² As a result of the Commission's extensive and thoughtful work reflected in the PD, the PCIA's accuracy will be positively impacted if this Proposed Decision is adopted.

The following are the actions taken in the Proposed Decision. First, the Proposed Decision will modify the calculation of the Power Charge Indifference Adjustment (PCIA) in two ways: (1) by adopting a methodology to compensate unbundled customers for the incremental greenhouse gas-free (GHG) value of large hydroelectric energy resources in the investor-owned utilities' (IOUs') portfolios; and (2) by revising the calculation of the Energy Index Market Price Benchmark (MPB) to improve accuracy and transparency by basing the calculation on historical generation output rather than load.

Second, the Commission also considered, but the Proposed Decision rejects, revising the Renewables Portfolio Standard (RPS) MPB to include long-term fixed price (LTFP) transactions (along with the currently included short-term, index-plus transactions) in the calculation of the RPS MPB.

Third, the Proposed Decision declines to extend access to Electric Service Providers (ESPs) to confidential IOU data for PCIA forecasting purposes.

Fourth, the Proposed Decision denies all motions not previously ruled upon, and closes the proceeding.

² See California Public Utilities Code § 366.2(g) (“[e]stimated net unavoidable electricity costs paid by the customers of a [CCA] shall be reduced by the value of any benefits that remain with bundled service customers, unless the customers of the [CCA] are allocated a fair and equitable share of those benefits”).

CalCCA supports the Proposed Decision, with the following limited comments and requested modifications:

- ✓ The Proposed Decision’s adoption of a minimum volume-based threshold of 1,000 gigawatt-hours (GWh) for setting the GHG-Free MPB rather than a threshold based on the number of contracts entered into strikes a reasonable balance between the positions of the parties;
- ✓ The Proposed Decision should require Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) to file their Tier 1 Advice Letter indicating their election between the GHG-Free MPB or GHG-Free allocations for 2024 within 30 days (rather than 60 days) of the effective date of the Decision to allow community choice aggregators (CCAs) adequate time to plan for 2024; and
- ✓ The Proposed Decision should direct parties to the proper proceedings to address:
 - Vintaging changes when an IOU procurement contract is amended, renewed, or extended, which is the subject of a September 9, 2022 Motion filed by CalCCA in this proceeding; and
 - The urgent need for a permanent framework to credit the Portfolio Allocation Balancing Account (PABA) when IOUs use banked Renewable Energy Certificates (RECs) for RPS compliance.

II. THE PROPOSED DECISION SHOULD BE ADOPTED WITH LIMITED MODIFICATIONS

A. The Proposed Decision’s Adoption of a Minimum Volume-Based Threshold of 1,000 GWh for the Commission to Establish a GHG-Free MPB Strikes a Reasonable Balance Between the Positions of the Parties

Energy Division Staff’s Supplemental Proposal on GHG-Free resources proposed a minimum criterion of ten GHG-Free transactions for the Commission to set a GHG-Free MPB. PG&E and CalCCA both recommended rejecting the minimum transaction criteria.³ CalCCA, however, opposed PG&E’s recommendation for a minimum-volume criteria of 3,500 GWh

³ *California Community Choice Association’s Reply Comments on Administrative Law Judge’s Ruling Requesting Comments on Supplemental Greenhouse Gas-Free Proposal and Issues in Scope*, R.17-06-026 (Mar. 24, 2023) (CalCCA Reply Comments), at 5; *Opening Comments of Pacific Gas and Electric Company (U 39 E) to Administrative Law Judge’s Ruling Requesting Comments on GHG-Free Resources Supplemental Energy Division Staff Proposal and Issues in Scope*, R.17-06-026 (Mar. 17, 2023), at 4-5.

because that high criteria will effectively allow the IOUs to ensure the GHG-Free MPB is always zero given the IOUs own a majority of hydroelectric resources within the California Independent System Operator (CAISO) system.⁴ The Alliance for Retail Energy Markets and Direct Access Customer Coalition (AReM/DACC) recommended removing all minimum criteria for setting the GHG-Free MPB, which CalCCA supported.⁵

The Commission agrees with parties in the Proposed Decision that a volume-based threshold is preferable to a threshold based on the number of contracts.⁶ Therefore, the PD sets a minimum threshold for establishing a GHG-Free MPB for any given year at 1,000 GWh.⁷ While CalCCA prefers no minimum threshold, the Proposed Decision should be adopted as it strikes a reasonable balance between the recommendations of the parties with respect to setting the GHG-Free MPB.

B. PG&E and SCE Should be Required to file a Tier 1 Advice Letter Electing the GHG-Free MPB or Allocation for 2024 Within 30 (Rather Than 60) Days of the Final Decision to Allow Adequate Time for CCA Planning

The Proposed Decision requires PG&E and SCE to each file a Tier 1 Advice Letter within 60 days of the effective date of the Decision to indicate whether it elects for 2024 the GHG-Free MPB or to provide an interim allocation of large hydroelectric energy.⁸ The Commission intends to vote on this Proposed Decision, at the earliest, at the Commission's June 8, 2023 Business Meeting.⁹ Assuming the Final Decision is issued in June, the Tier 1 Advice Letters will be filed in mid-August, providing very limited time for CCAs to complete their planning for 2024.

⁴ CalCCA Reply Comments, at 5-8.

⁵ *Comments of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition to Administrative Law Judge Wang's Ruling Requesting Comments on Supplemental GHG-Free Proposal and Issues in Scope*, R.17-06-026 (Mar. 17, 2023), at 5.

⁶ Proposed Decision at 34.

⁷ *Id.*

⁸ *Id.*, Conclusion of Law (COL) 3, at 45-46.

⁹ *Id.*, Cover Page.

Accordingly, CalCCA requests that the Commission require PG&E and SCE to file the Tier Advice Letters within 30, rather than 60, days of the final Decision.

C. The Final Decision Should Direct Parties to the Proper Proceeding(s) to Address Issues Raised in Response to ALJ Wang’s March Ruling

Ordering Paragraphs (OP) 7 and 8 of the Proposed Decision state that “[a]ll motions not previously ruled upon are hereby denied,” and “Rulemaking 17-06-026 is closed.”¹⁰ These statements appear to dispose of, without addressing, CalCCA’s September 9, 2022 motion (September Motion) requesting to add into the proceeding’s scope the appropriate venue to decide vintaging changes when an IOU procurement contract is amended, renewed, or extended.¹¹ In addition, also not addressed are comments issued in response to ALJ Wang’s March 23, 2023 ruling (March ALJ Ruling) regarding the urgent need for a permanent framework to credit the PABA when IOUs use banked RECs for RPS compliance.¹² The closing of the proceeding without addressing these issues is surprising given that comments submitted in response to the ruling reflect either unanimous agreement by the IOUs and CalCCA (or a lack of opposition) to the Commission taking up these issues.¹³ The Proposed Decision’s silence will unnecessarily cause both Commission resources and party resources to be spent re-raising, potentially re-disputing, and hopefully resolving where they can be addressed. For some parties, those future efforts will be the second, third or even fourth time addressing the same issue. CalCCA does not oppose closing this proceeding without deciding on these issues. However,

¹⁰ *Id.*, at OP 7 and 8, at 47.

¹¹ *California Community Choice Association’s Motion to Amend Assigned Commissioner’s Second Amended Scoping Memo and Ruling*, R.17-06-026 (Sep. 9, 2022) (September Motion), at 1.

¹² *Administrative Law Judge’s Ruling Requesting Comments on Supplemental Greenhouse Gas-Free Proposal and Issues in Scope*, R.17-06-026 (Mar. 3, 2023), at 1-2.

¹³ DACC/AReM raised further issues for the Commission’s consideration in reply comments, and it is unclear if other parties support or oppose the consideration of those issues.

CalCCA does request that the Commission provide guidance in the final Decision as to where and when it will address these issues in the future.

1. The Commission Should Provide Guidance in the Final Decision as to When and Where Re-Vintaging of Amended IOU Procurement Contracts Will be Addressed

The Final Decision should provide guidance as to when and where re-vintaging of amended IOU procurement contracts will be addressed. CCAs requested the issue of re-vintaging be addressed in PG&E's 2019 Energy Resource Recovery Account (ERRA) Compliance case.¹⁴ In response to the CCAs raising the issue, the Commission recognized the need to take a closer look at where vintaging is best addressed:

[T]he Commission's currently open proceeding, Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment, R.17-06-026, is more appropriate for considering how the Commission should address contract vintages for the utilities in the future, and we intend to explore these matters in that proceeding.¹⁵

The next time CalCCA seeks to address this simple issue will be the fourth time it or its members have raised it, including: (1) the 2019 ERRA Forecast Proceeding, (2) the September Motion, and (3) comments in response to the March ALJ Ruling. Indeed, if these comments are considered here, it will be the fifth time.

¹⁴ *Opening Comments of Joint Community Choice Aggregators on Proposed Decision Resolving Phase One of Pacific Gas and Electric Company's Energy Resources Recovery Account (ERRA) Compliance Application for the 2019 Record Year*, Application (A.) 20-02-009 (June 30, 2021) ("Joint CCA Opening Comments").

¹⁵ D.21-07-013, *Decision Resolving Phase One of Pacific Gas and Electric Company's ERRA Compliance Application for the 2019 Record Year*, A.20-02-009 (July 15, 2021), at 21 (emphasis added).

2. The Commission Should Provide Guidance in the Final Decision as to When and Where Issues Concerning the Use of Banked RECs to Meet IOU RPS Compliance Requirements Will be Addressed

The Final Decision should also provide guidance as to when and where issues concerning the use of banked RECs to meet IOU RPS compliance requirements will be addressed. As explained in detail in CalCCA’s March 17, 2023 comments,¹⁶ the use of banked RECs to meet the IOUs’ RPS compliance requirements escalated in the past few years, requiring the development of interim solutions to account for that use within each IOU’s PABA. While parties have largely agreed on the interim solutions proposed within the PG&E and SCE ERRA forecast cases, the development of a permanent framework to value banked RECs as Retained RPS is both necessary and urgent. Both the existing Voluntary Allocation and Market Offer process and proposed programs, such as SCE’s Green Share program in A.22-05-022, *et al.*, will further increase demand for RECs from the IOUs’ RPS-eligible portfolios, likely leading to an increased use of RECs to meet RPS compliance obligations in the near term. In two separate decisions, the Commission has stated the development of a REC-crediting framework is, or should be, within the scope of this proceeding.¹⁷

It may be that the Commission plans to address these issues in a subsequent Order Instituting Rulemaking regarding the PCIA, or elsewhere. If that is the case, a paragraph or a few sentences in the Final Decision explaining as much can be valuable, saving both parties and the

¹⁶ *California Community Choice Association’s Comments on Administrative Law Judge’s Ruling Requesting Comments on Supplemental Greenhouse Gas-Free Proposal and Issues in Scope*, R.17-06-026 (Mar. 17, 2023), at 11-15.

¹⁷ D.20-02-047, at 13-16 (resolving PG&E’s 2020 ERRA Forecast case and stating “A tracking framework within PABA and mechanisms to value banked RECs at the end of the compliance period may help resolve these issues. These issues are however, more appropriately addressed by the Commission in the PCIA proceeding.”); D.22-12-044 at 22; D.22-12-042 at 22; and D.22-12-012 at 61-62 (stating “... the current scope of the PCIA proceeding includes consideration of whether to modify or clarify the calculation of the PCIA for VAMO transactions, so we do not address SoCal CCAs’ request here.”).

Commission substantial time and effort. CalCCA has included a Conclusion of Law to enact this recommendation in Attachment A hereto, although a brief discussion of the Commission's plans within the section discussing comments on the proposed decision also could be sufficient.

III. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive, flowing style.

Evelyn Kahl,
General Counsel and Director of Policy
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

May 24, 2023

**ATTACHMENT A
TO
COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION**

Proposed Changes to Findings of Fact, Conclusions of Law and Ordering Paragraphs

CONCLUSIONS OF LAW

15. The Commission plans to address the issues of the appropriate venue to consider the re-vintaging of amended contracts and the development of a permanent framework for crediting banked RECs in _____.

ORDERING PARAGRAPHS

3. Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) shall each indicate, in the Energy Resource Recovery Account (ERRA) Forecast Application filing for the first year of a three-year period corresponding to a Renewables Portfolio Standard compliance period, whether such utility shall elect to provide an interim allocation of large hydroelectric energy for that three-year period. For 2024 only, PG&E and SCE shall each (a) file a Tier 1 advice letter within ~~60~~30 days of the effective date of this decision to indicate whether it elects to provide an interim allocation of large hydroelectric energy and (b) update its 2024 ERRA Forecast Application workpapers, as applicable, within 90 days of the effective date of this decision to reflect whether it elects to provide an interim allocation of large hydroelectric energy.