



**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 REPLY  
COMMENTS ON THE PROPOSED DECISION**

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## SUMMARY OF RECOMMENDATIONS

In response to party Comments on the proposed *Decision Addressing Greenhouse Gas-Free Resources, Long-Term Renewable Transactions, Energy Index Calculations, and Energy Service Providers' Data Access* (PD), CalCCA recommends that the Commission:

- Reject the arguments of Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) to remove out-of-state greenhouse gas free (GHG-Free) transactions from the calculation of the GHG-Free market price benchmark (MPB), because:
  - SCE's, PG&E's, and Cal Advocates' continued insistence that inclusion of such transactions will double count the GHG-Free attributes and result in cost shifts fails to recognize the incremental Power Content Label (PCL) and marketing value of IOU GHG-Free resources;
  - Cal Advocates' argument that the PD fails to demonstrate a heightened value for GHG-Free resources ignores the established unique excess value of GHG-Free attributes for PCL and marketing purposes; and
  - PG&E's concerns regarding the robustness of data used by Energy Division to establish the value of GHG-Free resources are unfounded and do not support removing out-of-state transactions from the GHG-Free MPB.
- Reject PG&E's request to relitigate in its yearly data response request whether transactions should be included in the GHG-Free MPB calculation.
- Reject PG&E's request to provide in its October 2023 Update the weighting factors and underlying data to support the application of the new Energy Index MPB in 2024. Rather, the Commission should require the IOUs to provide the weighting factors and underlying data for 2024 by August 15, 2023.

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**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S REPLY  
COMMENTS ON THE PROPOSED DECISION**

The California Community Choice Association<sup>1</sup> (CalCCA) submits these reply comments (Reply) pursuant to Rule 14.3(d) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Addressing Greenhouse Gas-Free Resources, Long-Term Renewable Transactions, Energy Index Calculations, and Energy Service Providers' Data Access* (PD), issued on May 4, 2023. CalCCA submitted Comments on the PD on May 24, 2023, and will not repeat the statements set forth therein. Instead, this Reply responds to Comments filed May 24, 2023 of Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and The Public Advocates Office at the California Public Utilities Commission (Cal Advocates).

**I. THE COMMISSION SHOULD REJECT SCE, PG&E AND CAL ADVOCATES' ARGUMENTS TO REMOVE OUT-OF-STATE GHG-FREE TRANSACTIONS FROM THE GHG-FREE MPB**

**A. SCE, PG&E, and Cal Advocates' Continued Insistence that Greenhouse Gas-Free Out-of-State Transactions Be Excluded from the Calculation of the GHG-Free MPB Fails to Recognize the Incremental PCL and Marketing Value of IOU GHG-Free Resources**

SCE, PG&E, and Cal Advocates continue to assert that transactions for out-of-state greenhouse gas-free (GHG-Free) resources represent a premium over and above the value of the investor-owned utilities' (IOUs') GHG-Free resources already realized by bundled and unbundled customers through sales of such resources into the California Independent System Operator Corporation (CAISO)

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<sup>1</sup> 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.

market.<sup>2</sup> Therefore, the parties conclude that including such out-of-state transactions would “double count” GHG resources and result in cost shifting. SCE and Cal Advocates argue that such out-of-state transactions should not be incorporated into the GHG-Free MPB, and PG&E requests that the Commission correct its characterization of its position on this issue.<sup>3</sup> As has been explained by CalCCA in several sets of Comments in this docket, GHG-Free resources have a unique value in excess of the avoided cost value these resources yield in the CAISO market.<sup>4</sup> This excess value arises when LSEs, including the IOUs, claim the GHG-Free attribute for public facing purposes, including the California Energy Commission’s (CEC’s) Power Content Label (PCL), and for other marketing purposes with customers, shareholders, and potential investors.<sup>5</sup> Therefore, the PD’s findings of a robust market to establish a GHG-Free MPB, which include the GHG-Free transactions for out-of-state resources, should be adopted.<sup>6</sup>

**B. Cal Advocates’ Argument that the PD fails to Demonstrate a Heightened Value for GHG-Free Resources Ignores the Established Unique Excess Value of GHG-Free Attributes for PCL and Marketing Purposes**

Cal Advocates disputes the PD’s finding of incremental value of GHG-Free resources equating to PCL and marketing value to LSEs.<sup>7</sup> Cal Advocates states that “the PCL is purely informational and does not establish a market for GHG-Free resources because it includes no procurement requirements.”<sup>8</sup> In addition, Cal Advocates states that “the Commission should not conflate marketing value with a market premium.”<sup>9</sup> However, CalCCA has repeatedly explained in its previous comments that the IOUs regularly tout the unique excess value of their GHG-Free resources over and above any financial benefit received in the CAISO market.<sup>10</sup> This value is derived in large part from the reduced public health risks from mitigating risks of climate associated with avoiding GHG emissions. Indeed, the IOUs utilize this value to convince customers, shareholders, investors and financial markets that

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<sup>2</sup> See SCE Comments at 1-5; PG&E Comments at 8-9; CalAdvocates Comments at 1-8.

<sup>3</sup> *Ibid.*

<sup>4</sup> See *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 March 2023 Reply Comments), at 3-5; see also *California Community Choice Association’s Reply Comments on Administrative Law Judge’s Ruling Requesting Comments on GHG-Free Resources Staff Proposal and Other Issues*, R.17-06-026 (Nov. 30, 2022), at 5-7.

<sup>5</sup> *Ibid.*

<sup>6</sup> See PD at 12-22; Finding of Fact 1, at 43, and Conclusion of Law 1, at 43.

<sup>7</sup> Cal Advocates Comments at 4.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

<sup>10</sup> CalCCA November Reply Comments at 5-7.

their resources deliver “some of the nation’s cleanest energy,” with PG&E even representing in one PCL report that its resources are “100 percent greenhouse gas free.”<sup>11</sup> As demonstrated by the Supplemental Proposal and adopted in the PD, transactions for GHG-Resource attributes with non-IOU counterparties through “index-plus” contracts are for the purpose of obtaining such attributes to utilize for PCL and marketing purposes in the same way that the IOUs’ utilize such attributes. The robust dataset analyzed by Energy Division Staff establishes this unique incremental value which the PD incorporates into the calculation of the GHG-Free MPB. Thus, Cal Advocates’ claims should be rejected, and the PD should be adopted.

**C. PG&E’s Concerns Regarding the Robustness of Data Used to Establish the Value of GHG-Free Resources are Unfounded and Do Not Support Removing Out-of-State Transactions from the GHG-Free MPB**

The Commission should reject PG&E’s recommendation to remove all out-of-CAISO transactions from the GHG-Free MPB calculation methodology based on its assertion that “no factual basis” exists to support a single GHG-Free MPB using both in-state and out-of-state transactions.<sup>12</sup> PG&E states that “pricing for out-of-state transactions can reflect multiple elements, such as transmission costs and additional products,” and that the “limited data” obtained by Energy Division in response to its data request “provide no factual basis for making a significant decision.”<sup>13</sup> PG&E, however, fails to acknowledge the extensive investigation, and follow-up, by Energy Division Staff on these issues after PG&E and other parties questioned whether the out-of-state transactions had a defined GHG attribute value outside of any other contract elements or products.<sup>14</sup> As set forth in Staff’s Supplemental GHG-Free Proposal, the dataset isolates the incremental GHG-Free value, which does not include the additional charges that PG&E continues to assert, but cannot prove, “may” be included:

In early 2023, staff followed up again with the LSEs that had confirmed reporting incremental GHG-Free value to understand how they arrived at those values. In all cases for which staff received a response, the LSEs confirmed that their contracts had defined incremental GHG-Free values, either as the price of a standalone GHG-Free product or as the GHG-Free “plus” portion of an index-

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<sup>11</sup> *Ibid.*

<sup>12</sup> *See* PG&E Comments at 2-4.

<sup>13</sup> *Id.* at 3.

<sup>14</sup> *See* Supplemental GHG-Free Proposal at 1 (“Party comments on the GHG-Free Staff Proposal raised concerns that the staff analysis included transactions that included RA value, energy value, or other values, and that LSEs identified the incremental GHG-Free value of these transactions in an arbitrary manner”).

plus price structure (Incremental Value Defined GHG-Free Transactions).<sup>15</sup>

The Supplemental Proposal then summarizes transactions, finding that “the average volume associated with the GHG-Free transactions is comparable to similar [Renewables Portfolio Standard] [Short-term Index-Plus] transactions, which indicates some robustness in the demand for RPS-eligible, GHG-Free energy.”<sup>16</sup> Despite PG&E’s claims, Staff’s conclusions rest on robust data adequately supported in the record. PG&E’s assertions should be rejected.

## **II. THE COMMISSION SHOULD REJECT PG&E’S REQUEST TO RELITIGATE IN ITS YEARLY DATA RESPONSE REQUEST WHETHER TRANSACTIONS SHOULD BE INCLUDED IN THE GHG-FREE MPB CALCULATION**

The Commission should reject PG&E’s request that LSEs be able to provide in its yearly GHG-Free data request response any “justification to Energy Division for why certain transactions for a GHG-Free resource should or should not be included in the MPB calculation for GHG-free energy.”<sup>17</sup> PG&E would like to retain the right for “input” into Energy Division’s determination of whether “a specific transaction’s primary purpose was unrelated to its GHG-Free attributes (e.g., used for compliance with the [Resource Adequacy] program).”<sup>18</sup> CalCCA agrees that parties’ data request responses can provide Energy Division information confirming that no other components or products are included in the identified incremental GHG-Free value in accordance with the specifications in the PD’s Appendix A. Indeed, Energy Division staff confirmed with parties in its data request for its GHG-Free proposals that the incremental GHG-Free value identified by parties did not include any additional components.<sup>19</sup> CalCCA does not, however, support LSEs’ ability to provide a “justification statement”<sup>20</sup> or to relitigate its positions taken prior to the adoption of this PD. Aside from the fact that such a “justification statement” would violate other party’s due process rights to respond to party advocacy in a proceeding, Energy Division is fully equipped to make such determinations on its own from responses to the data responses.

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<sup>15</sup> *Id.* (emphasis added).

<sup>16</sup> Staff even point out that additional transactions not included in the set of established GHG-Free transactions for purposes of establishing the GHG-Free MPB are transactions may actually be Incremental Value Defined GHG-Transactions, but Staff were not able to confirm with the associated LSEs. *Id.*

<sup>17</sup> PG&E Comments at 5 (emphasis added).

<sup>18</sup> *Id.* at 6.

<sup>19</sup> See Supplemental GHG-Free Proposal at 1.

<sup>20</sup> PG&E Comments at 6 (emphasis added).

**III. THE COMMISSION SHOULD REJECT PG&E’S REQUEST TO PROVIDE IN ITS OCTOBER 2023 ERRR UPDATE THE WEIGHTING FACTORS AND UNDERLYING DATA TO IMPLEMENT THE ENERGY INDEX MPB FOR 2024**

If the Commission adopts the revised Energy Index MPB for 2024, it should require the IOUs to provide the underlying weighting factors and data by August 15, 2023, rather than through their October updates as recommended by PG&E.<sup>21</sup> As noted in the PD, CalCCA had supported the IOUs’ Energy Index methodology provided that the IOUs provide weighting facts and underlying data in their spring ERRR Forecast Application filings.<sup>22</sup> If the Commission implements the new methodology for calendar year 2024, however, the IOUs have already filed their ERRR Forecast Applications in May 2023. Therefore, PG&E requests that for 2024 only, the IOUs provide the weighting facts and underlying data in their October 2023 ERRR Update filings. For the same reasons CalCCA conditioned its acceptance with the IOUs’ Energy Index MPB methodology on receiving the underlying facts and data in the ERRR Forecast Applications, CalCCA requests the Commission reject PG&E’s request for 2024. Receiving the data in October 2023 does not give parties enough time to analyze and comment on the data. Instead, CalCCA recommends that for 2024 only, the Commission requires the IOUs to provide the weighting facts and underlying data on August 15, 2023, rather than through the October Updates.

**IV. CONCLUSION**

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

Respectfully submitted,



Evelyn Kahl,  
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CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION

May 30, 2023

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<sup>21</sup> See PG&E Comments at 4-5.

<sup>22</sup> PD at 37.