Docket No.: R.23-01-007

Exhibit No.:

Date: July 28, 2023

Witnesses: Brian Dickman

REBUTTAL TESTIMONY OF BRIAN DICKMAN
ON BEHALF OF
THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

RULEMAKING IMPLEMENTING SENATE BILL 846 CONCERNING POTENTIAL EXTENSION OF DIABLO CANYON POWER PLANT OPERATIONS

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ATTACHMENTS

I. INTRODUCTION AND SUMMARY RECOMMENDATION

The California Community Choice Association (**CalCCA**) presents this rebuttal testimony in the *Rulemaking Implementing Senate Bill 846* (**SB 846**) *Concerning Potential Extension of Diablo Canyon Power Plant Operations*[1] (**DCPP OIR**). This testimony was prepared on behalf of CalCCA by Brian Dickman, Partner, NewGen Strategies and Solutions, LLC.

CalCCA's rebuttal testimony responds primarily to parties' opening testimony[2] related to the allocation of Resource Adequacy (**RA**) and Greenhouse Gas Free (**GHG-Free**) attributes provided by Diablo Canyon Power Plant (**DCPP**) during the period of extended operations. Notably, almost every party addressing the allocation of DCPP benefits in opening testimony supports allocating the RA and GHG-Free attributes among Load Serving Entities (**LSEs**) whose customers will pay the cost of DCPP extended operations. Table 1 below summarizes each party's recommendation.

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1 Rulemaking (**R.**) 23-01-007, *Rulemaking Implementing Senate Bill 846 Concerning Potential Extension of Diablo Canyon Power Plant Operations* (Jan. 12, 2023): https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M501/K368/501368884.PDF.

2 All references herein to Parties' Opening Testimony refer to proposals served as testimony submitted to the California Public Utilities Commission on June 9, 2023 in proceeding R.23-01-007.

Table 1:
Recommendations Regarding Allocation of RA and GHG-Free Attributes

Party	Allocate RA?	Allocate GHG-Free?
CalCCA	Yes	Yes
Southern California Edison (**SCE**)	Yes	Yes
Alliance for Retail Energy Markets and the Direct Access Customer Coalition (**AReM/DACC**)	Yes	Yes
Green Power Institute (**GPI**)	Yes	Yes
The Public Advocates Office at the California Public Utilities Commission (**Cal Advocates**)	Yes	Defer to CEC[3]
Small Business Utility Advocates (**SBUA**)	No position	No position
Small and Multi-Jurisdictional Utilities (**SMJUs**)	Rate Credit[4]	Rate Credit
Pacific Gas & Electric Company (**PG&E**)	No	No
Women's Energy Matters (**WEM**)	No	No

CalCCA continues to support the recommendations I made in opening testimony, including the frameworks for allocating DCPP RA and GHG-Free attributes to the LSEs responsible for paying for the cost of extended operations. In summary, CalCCA recommends PG&E use the same process currently applied to Cost Allocation Mechanism (**CAM**) resources to allocate DCPP RA capacity to all LSEs that will be subject to the DCPP non-bypassable charge (**NBC**). CalCCA also recommends PG&E

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[3] Cal Advocates argues the Commission should not allocate GHG-Free attributes for LSEs' IRP emission reduction benchmarks, but it should defer to the CEC regarding allocation for PCL requirements.

[4] SMJUs argue they do not directly benefit from DCPP continued operation due to their unique service territories, but recommend that a lower rate to recover DCPP costs should be applied to SMJUs in lieu of benefit allocation.

adapt the interim approach it currently uses to allocate GHG-Free energy from its large hydroelectric and nuclear resources such that all LSEs contributing toward cost recovery during extended operations may elect to receive an allocation of DCPP GHG-Free energy on a voluntary basis.

As described in my opening testimony, withholding DCPP's 2,280 MW of capacity from the RA market would worsen the market constraints which already cause price spikes during periods of high demand, creating a windfall for existing generation owners and increasing costs for customers. Conversely, by allowing DCPP capacity to remain in the RA market, the California Public Utilities Commission (**Commission**) can avoid worsening the capacity shortage and mitigate sellers' ability to exert undue influence on RA prices. I agree with arguments presented by SCE and Cal Advocates in their opening testimony that DCPP capacity should remain available in the RA market to increase liquidity, reduce RA prices, and act as a "ratepayer relief measure" to partially offset the cost of extending DCPP's operations.[5, 6]

While PG&E does not support allocating DCPP's RA and GHG-Free attributes to LSEs, it argues that any allocation methodology must adhere to the following four principles should the Commission decide to allocate DCPP's attributes:[7]

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5 SCE Opening Testimony, page 9, line 9 through page 10, line 5.

6 Cal Advocates Opening Testimony, page 3, line 21 through page 5, line 4.

7 PG&E Prepared Testimony, page 5-3, lines 17-31.

1. Fair allocation to all customers reflecting upfront cost responsibility.

2. Administrative efficiency by leveraging existing processes where possible.

3. Minimize reliability and affordability risk by ensuring LSEs do not fail to timely procure or retain resources to meet compliance requirements.

4. Appropriate cost recovery, including 'additional costs' incurred to meet certain RA requirements in the California Independent System Operator (**CAISO**) tariff.

CalCCA's proposals to allocate DCPP's RA and GHG-Free attributes are consistent with all four principles PG&E presented. In fact, CalCCA's recommendations are specifically designed to meet the same principles PG&E identified.

1) Allocation of DCPP's costs and benefits should be aligned and fairly distributed to customers (consistent with PG&E principle 1). DCPP's RA and GHG-Free attributes should be allocated to all LSEs whose customers will be responsible for paying the cost of DCPP extended operations. Under CalCCA's proposal, allocation of DCPPs costs and benefits will align and be consistent among customers of all Commission-jurisdictional LSEs.

2) The Commission should adopt the existing CAM framework to allocate DCPP net costs and RA capacity (consistent with PG&E's principle 2). Leveraging the CAM model uses an existing process to minimize administrative burden and relies on a proven methodology.

3) Allocating DCPP RA capacity should remain available in the RA market to increase liquidity, reduce RA prices, and act as a ratepayer relief measure to partially offset the cost of extending DCPP's operations (consistent with PG&E's principle 3). Allocating DCPP RA to LSEs will relieve short-term

RA market constraints without undermining long-term integrated resource planning or Commission directives to procure new resources.

4) DCPP extended operation costs should be recovered consistent with SB 846 (consistent with PG&E's principle 4). To the extent DCPP RA is allocated to LSEs, and PG&E incurs costs to provide substitution RA capacity pursuant to CAISO tariffs, those incremental costs should be eligible for recovery through the DCPP NBC.

The remainder of my testimony responds to various issues raised by PG&E, AReM/DACC, SBUA, SMJUs, and Cal Advocates related to RA and GHG-Free attribute allocation and the rate mechanisms required to recover the net cost of DCPP extended operations. Specifically:

- Allocating DCPP RA will not reduce the capacity procured to meet RA compliance obligations.
- Allocating DCPP RA will not reduce the pressure LSEs face to procure new resources.
- Additional costs to comply with CASIO substitution obligations should be eligible for recovery through the DCPP NBC.
- DCPP RA allocations should be treated as decrements to each LSE's peak demand for RA compliance reporting.
- The incremental burden associated with allocating DCPP's GHG-Free attributes is small and should not preclude expanding PG&E's current process to all LSEs.

- PG&E should retain distinct subaccounts for each investor-owned utility (**IOU**) to track DCPP net costs allocated and recovered in each IOU service territory.
- The DCPP NBC charged to customers of all Commission-jurisdictional LSEs should be allowed to go negative if customer collections exceed DCPP's actual net costs annually.

II. ALLOCATION OF DCPP RA CAPACITY

CalCCA continues to recommend the Commission allocate DCPP's RA capacity during the period of extended operations the same way it allocates RA from CAM resources. SCE made a nearly identical proposal to follow the CAM process to allocate RA benefits among all LSEs, and AReM/DACC made a similar proposal. Relying on the CAM process takes advantage of an existing framework designed for centralized resource ownership on behalf of other LSEs. As it does with CAM resources, Energy Division should include an allocation of DCPP RA capacity in the RA template for each LSE, reducing the System RA requirement for each LSE by its share of DCPP capacity for compliance periods during extended operations.

A. Allocating DCPP RA will not reduce the need to retain existing resources needed for reliability.

PG&E argues that allowing LSEs to count DCPP RA toward meeting capacity compliance obligations "reduces the pressure for LSEs, including PG&E, to …retain existing resources needed for reliability."[8] PG&E's argument misses the mark. The scarcity of supply in the capacity markets already makes it difficult, if not impossible, for every LSE to meet its RA compliance obligation. Many LSEs have incurred penalties

[8] PG&E Opening Testimony, page 5-2, lines 12-14.

because there is no capacity available to procure in the RA market to meet their compliance requirements. CCAs have not only incurred penalties as a result of the tight RA market, but the Commission has also delayed expansion into new municipalities on the basis that the CCAs failed to procure the required amount of capacity as demonstrated by citations issued for violations of the Commission's RA program.[9] As discussed in my opening testimony, reports published by the Commission, the California Energy Commission (**CEC**), CAISO, and CalCCA all anticipate continued capacity shortages in California due to heat events and delays in new resource procurement. In addition, RA compliance is expected to become more challenging in the future as the RA market transitions to a 24-hour slice of day framework starting in 2025.[10] If DCPP capacity is not allowed to count toward RA compliance, there is no surplus RA supply available for LSEs to purchase in its place.

B. Allocating DCPP RA will not reduce the pressure LSEs face to procure new resources.

PG&E argues that allowing LSEs to count DCPP RA toward meeting capacity compliance obligations "reduces the pressure for LSEs, including PG&E, to procure new resources."[11] I addressed this misperception in my opening testimony. Because RA compliance is a short-term obligation, it does not drive new resource procurement; new procurement targets are developed in long-term resource plans, and specific procurement requirements are ordered by the Commission.

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9 *Resolution E‑5258. Effective Dates for the Expansions of Community Choice Aggregators: Central Coast Community Energy and East Bay Community Energy* (Apr. 27 2023), at 2: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M507/K472/507472501.PDF.

10 D.22-06-050, *Decision Adopting Local Capacity Obligations for 2023 - 2025, Flexible Capacity Obligations for 2023, and Reform Track Framework*, R.21-10-002 (June 23, 2022), at 128, OP 14: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M488/K540/488540633.PDF.

11 PG&E Opening Testimony, page 5-2, lines 12-14.

SCE corroborated CalCCA's discussion on this issue in its opening testimony, explaining that "new capacity resources are not developed through the short-term RA market...[they] are developed through procurement authorizations in the [Integrated Resource Plan] proceeding…"[12] SCE cites three Commission decisions requiring LSEs "to procure an unprecedented amount of incremental clean resources to replace Diablo Canyon and meet system reliability and clean energy needs."[13] Allocating DCPP RA, therefore, will not impact the pressure that LSEs face to procure new resources.

C. Additional costs to comply with CAISO substitution obligations should be eligible for recovery through the DCPP non-bypassable charge.

PG&E states in opening testimony that if DCPP's RA attributes are allocated to LSEs, the Commission should ensure appropriate cost recovery for any "additional costs incurred to meet certain RA requirements as set forth in the [CAISO] Tariff."[14] PG&E was previously more specific about this concern, stating, "In the event that RA capacity is allocated, PG&E would need to retain reserve capacity to meet any CAISO substitution obligations which would increase the costs to be recovered through the new statewide cost recovery mechanism."[15] This is not a new issue, nor is it unique to DCPP.

The CAISO Tariff PG&E references requires the scheduling coordinator for any RA resource to provide substitution capacity to cover certain maintenance outages if the resource has been shown on a monthly supply plan.[16] PG&E currently includes DCPP in

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[12] SCE Opening Testimony, page 8, lines 7-9.

[13] *Id.*, page 7, lines 15-16.

[14] PG&E Opening Testimony, page 5-3, lines 29-31.

[15] *Reply Comments of Pacific Gas and Electric Company (U 39 E) on Order Instituting Rulemaking to Consider Potential Extension of Diablo Canyon Power Plant Operations in Accordance with Senate Bill 846*, R.23-01-007 (Mar. 7, 2023), at 10: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M503/K315/503315241.PDF.

[16] PG&E response to CalCCA data requests 2.01 and 2.04.

its RA supply plan for bundled customers, and PG&E reserves RA capacity from its existing portfolio and/or makes purchases in the RA bilateral market as needed to provide substitution capacity.[17] The cost to retain RA capacity for bundled customers, including substitution capacity, is recovered from bundled customers through PG&E's generation rates.

PG&E is also already required to provide substitution capacity for the CAM-eligible resources in its portfolio.[18] PG&E follows the same process to provide substitution capacity for CAM resources as it does for other resources in its portfolio, *i.e.*, it reserves RA capacity from existing resources and/or makes purchases in the RA bilateral market as needed.[19] In D.14-06-050, the Commission determined that the cost to provide substitution capacity for CAM-eligible resources is recoverable through the CAM balancing account.[20]

Following the pattern established for CAM-eligible resources, CalCCA does not oppose recovering the cost of DCPP substitution capacity, provided pursuant to the CAISO Tariff, if the DCPP RA capacity is allocated to LSEs. Substitution capacity costs should be recorded to the Diablo Canyon Extended Operations Balancing Account and recovered from all LSEs through the DCPP non-bypassable charge. If PG&E provides substitution capacity using resources from its existing resource portfolio, the RA market price benchmark used to value retained RA for the Power Charge Indifference Adjustment should be used to transfer the cost of capacity into the DCPP balancing account.

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[17] PG&E response to CalCCA data request 2.03.
[18] PG&E response to CalCCA data request 2.06.
[19] PG&E response to CalCCA data request 2.07.
[20] PG&E response to CalCCA data request 2.08.

SCE argued in its opening testimony that "effective management of plant operations can reduce and restrict the need for substitution to a few months outside of the summer season, and the value of RA available for ensuring reliability during the summer months greatly outweighs any substitution costs incurred during non-summer months."[21] I agree. In discovery PG&E responded that it was unable to quantify the MW needed for DCPP substitution capacity during extended operations because the maintenance outage schedule is not yet known and it cannot predict when DCPP may be required to take an outage outside of its maintenance schedule.[22] PG&E also said it could not calculate the cost to provide substitution capacity because the price of substitution capacity during extended operations is not known.[23] However, PG&E *did* confirm that maintenance outage work is typically scheduled outside of the peak months of May to September "to ensure that all of its utility-owned resources are available during times that the electrical grid is more likely to be constrained in meeting system reliability needs".[24]

D. DCPP RA allocations should be reflected as a load decrement for RA compliance reporting.

AReM/DACC recommends the Commission allocate DCPP RA benefits the same way that CAM capacity is allocated,[25] and Witness Fulmer explains that under the CAM framework each LSE's share of CAM capacity is treated as a decrement to the LSE's load for RA compliance purposes.[26] However, AReM/DACC later recommends the Commission treat each LSE's allocated share of DCPP RA as a resource, rather than a

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21 SCE Opening Testimony, page 11, lines 6-9.
22 PG&E response to CalCCA data request 2.02.
23 PG&E response to CalCCA data request 2.05.
24 PG&E response to CalCCA data request 2.02.
25 AReM/DACC Opening Testimony, page 2, lines 6-8.
26 *Id.*, page 6, lines 13-19.

load decrement, so that an LSE with excess RA resources can sell or trade their portion.[27] CalCCA disagrees with this latter recommendation for two reasons. First, the current CAM framework treats the allocated RA as a load decrement for receiving LSEs because the resource owner retains its responsibilities as scheduling coordinator in the CAISO market and continues to report the full resource in its RA resource portfolio. Treating each LSE's allocated share as a resource would likely require a new contracting process to transfer the resource attributes from PG&E to each LSE.

Second, if receiving an allocated share of DCPP capacity causes an LSE to have excess RA, the LSE already has the option to sell additional RA from its existing resource portfolio. That is, if an LSE is long on RA capacity, an RA allocation from DCPP would "free up" corresponding excess capacity from other resources, allowing the sales AReM/DACC envisions.

E. DCPP benefits should be allocated to SMJUs.

SMJUs argue that they are different from other Commission-jurisdictional LSEs and that extending DCPP operations will provide them minimal benefits.[28] Of the three IOUs comprising the SMJUs, only Bear Valley Electric Service, Inc. (**BVES**) is subject to CAISO RA requirements, and none are subject to the Commission's RA compliance requirements. Consequently, SMJUs recommend the Commission adopt a lower DCPP rate for their customers rather than allocate the RA capacity to each SMJU.[29] Despite SMJUs not being subject to the Commission's RA requirement, BVES operates within

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[27] *Id.*, page 7, lines 3-6.

[28] SMJUs Opening Testimony, page 8, lines 10-12.

[29] *Id.*, page 11, lines 6-14.

CAISO and would benefit from an allocation of DCPP RA that it could count toward meeting its CAISO RA obligation.[30]

CalCCA recognizes that a small portion may go unused by the SMJUs for purposes of the Commission's RA program. If the Commission finds this to be a compelling reason to create an alternative framework, CalCCA would not object to a financial alternative for SMJUs that are not subject to the CAISO and Commission RA compliance requirements. One possible solution is to apply the value of SMJUs' allocated portion of DCPP RA as a credit against their allocated share of DCPP net costs, while spreading an offsetting charge to all other LSEs responsible for DCPP cost recovery.[31] An adjustment would also be required to redistribute the SMJUs' share of allocated RA capacity back to all other LSEs. It is not clear the benefits of creating this alternative for two small SMJUs outweigh the costs.

III. ALLOCATION OF DCPP GHG-FREE ENERGY

CalCCA continues to recommend the Commission require PG&E to offer allocations of DCPP's GHG-Free energy to LSEs whose customers will pay for extended operations. CalCCA, SCE, and AReM/DACC all recommend expanding PG&E's interim allocation process in Appendix P of its Bundled Procurement Plan so that any LSE subject to DCPP extended operations cost recovery can participate and reflect a share of GHG-Free energy in its Power Content Label (**PCL**).[32]

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[30] CAISO accepts credits related to the CAM because the credits allocate capacity from a known resource to various LSEs but they do not reduce the total RA capacity provided and shown to the CAISO. (BPM for Reliability Requirements Version 71 at 25.)

[31] The value of DCPP RA would be calculated by applying the System RA market price benchmark provided in the IOUs' annual Energy Resource Recovery Account (**ERRA**) filings.

[32] SCE Opening Testimony, page 17, lines 2-5; AReM/DACC Opening Testimony, page 7, lines 11-15.

PG&E's chief opposition to allocating DCPP's GHG-Free energy for PCL purposes is that it would create additional costs to "administer an allocation framework and corresponding agreements with all Commission-jurisdictional LSEs, approximately 49 in total."[33] PG&E overstates the burden associated with expanding its existing allocation process. Resolution E-5111 already adopted a streamlined contracting process for the interim allocations. Under that process, PG&E makes an annual offer to sell carbon free energy and within 30 business days each LSE desiring to accept its allocation must enter into a confirmation to the EEI Master Purchase and Sale Agreement.[34] This confirmation agreement is a standard form that does not substantively change year to year. Therefore, expanding PG&E's existing interim allocation process to all Commission-jurisdictional LSEs may simply require PG&E to enter into additional standard form agreements with LSEs outside of its service territory.

When asked in discovery to quantify the additional costs PG&E expected to incur if the GHG-Free allocation process were made available to all Commission-jurisdictional LSEs, PG&E responded that it currently does not track the administrative costs associated with the GHG-Free allocation framework and therefore could not quantify the incremental costs of expanding the program.[35] It therefore appears that there would little, if any, incremental administrative costs – or at least none that PG&E believes are worth calculating at this time.

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33 PG&E Opening Testimony, page 5-3, lines 8-12.

34 PG&E Advice 5930-E, *Update to Pacific Gas and Electric Company's Bundled Procurement Plan – Carbon Free Energy* (Appendix P) (Aug. 27, 2020), pages 6-7: https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_5930-E.pdf.

35 PG&E response to CalCCA data request 2.18 and 2.19.

Notably, almost half of the 49 LSEs are in PG&E's service territory and are *already* eligible to receive an allocation of GHG-Free energy from DCPP.[36] In addition, because allocation would be voluntary, it is very likely that not all LSEs will accept their share. For example, in 2022 and 2023, 22 LSEs in PG&E's service territory were eligible to receive an allocation of GHG-Free energy from DCPP, but only six executed agreements with PG&E.[37] Assuming the same percentage of LSEs take the voluntary allocations, PG&E's administrative burden would essentially increase from a half dozen to a baker's dozen. Based on PG&E's current experience, I expect the incremental administrative burden of expanding PG&E's interim allocation process would be less than PG&E presumes in testimony.

Notwithstanding the streamlined contracting process, and the likelihood that not all LSEs will accept an allocation of DCPP GHG-Free energy, one possibility to reduce the administrative burden on PG&E would be to have a single allocation election window for the entire extended operation period. After the initial election window, periodic updates would be limited to administrative items such as updating the monthly allocation ratios or modifying contracts for load migration (*e.g.*, if an existing CCA's service territory expands or a new CCA is formed). While CalCCA continues to take the position that expanding PG&E's existing annual interim allocation process is the simplest way to fairly allocate GHG-free attributes from DCPP, CalCCA would not object to the implementation of a single allocation election window for the entire extended operations period.

Cal Advocates argues against allocating GHG-Free attributes as benefits in Integrated Resource Plans (**IRPs**), but recommends the Commission defer to the CEC

[36] PG&E response to CalCCA data request 2.17.
[37] PG&E response to CalCCA data request 2.16 and 2.17.

regarding GHG-Free attribute allocations for PCL purposes.[38] PG&E also claims that allocation of GHG-Free attributes from DCPP may reduce LSEs' incentives to procure additional clean energy resources to meet state policy goals.[39] CalCCA agrees with Cal Advocates that DCPP's GHG-Free attributes cannot be considered when planning to meet future emission reduction requirements in LSEs' IRPs. Therefore, allowing DCPP GHG-Free energy to count in the PCL now will have no effect on long term planning for clean energy procurement, contrary to PG&E's testimony.

The Commission should not defer the issue of allocating DCPP's GHG-Free energy to the CEC. As SCE describes in its opening testimony, SB 846 permits reporting DCPP GHG-Free attributes in LSE's power content labeling.[40] Furthermore, the interim allocation framework approved by the Commission in PG&E's Bundled Procurement Plan Appendix P is specifically designed to be compatible with CEC Power Source Disclosure requirements.[41] Thus, the Commission already has both the authority and the process necessary to direct the allocation of DCPP's GHG-Free attributes in this proceeding.

IV. OTHER ISSUES

A. SBUA's criticism of CCAs is based on a flawed understanding of resource procurement.

SBUA contends that CCAs should pay for the ancillary service benefits DCPP provides to ensure reliable and stable operation of the electric grid. SBUA claims that

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38 Cal Advocates Opening Testimony, page 2, lines 10-20.

39 PG&E Opening Testimony, page 5-2, lines 14-16.

40 SCE Opening Testimony, page 15, lines 11-21.

41 Resolution E-5111. *Request by Pacific Gas and Electric Company to Modify Appendix P of its 2014 Conformed Bundled Procurement Plan* (Dec. 17, 2020), page 2: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M355/K599/355599650.PDF.

without extending DCPP operation "CCAs would be forced to purchase additional baseload replacement resources of comparable abilities."[42] SBUA's testimony ignores that CCAs already procure generation resources to serve load and purchase ancillary services from the CAISO market just like other LSEs. CCAs are no different from IOUs or direct access providers in this respect, and there is no need to treat CCAs differently during DCPP extended operations. Consistent with SB 846 requirements, customers of CCAs and all other Commission-jurisdictional LSEs will be responsible to pay a proportional share of the net cost to continue DCPP's operations. SBUA also makes a number of irrelevant and unsupported observations[43] regarding the impact of the creation of CCAs in California.[44] The Commission should give no weight to SBUA's inaccurate observations about procurement or its irrelevant and unsupported observations about CCAs.

B. PG&E should retain the IOU-specific subaccounts in the Diablo Canyon Extended Operations Balancing Account.

PG&E's proposal for a statewide NBC that is a single, equal cents-per-kWh rate is premised on an assumption that the RA benefits are not allocated to LSEs. Effectively, under PG&E's proposal, the net cost of DCPP extended operations would be allocated to all customers based on electricity usage. However, if DCPP's RA capacity is allocated to

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42 SBUA Opening Testimony, page 4.

43 SBUA Response to CalCCA to SBUA DR 1.02 (stating SBUA witness "is not aware of all of the requirements of CCAs in supplying power and exactly what these requirements are."); SBUA Response to CalCCA to SBUA DR 1.03(b) (failing to show that the citation provided in SBUA's testimony stands for the proposition it makes); SBUA Response to CalCCA to SBUA DR 1.04(a), (c) (admitting that SBUA witness "does not contend that San Onofre Nuclear Generating Station was shuttered due to CCA growth" and that SBUA witness "does not contend that CCA growth was the primary reason for the "shuttering" of any hydroelectric projects by PG&E.").

44 SBUA Opening Testimony, page 6.

LSEs based on peak demand, then DCPP's net costs should also be apportioned into IOU-specific buckets and recovery should be tracked in IOU-specific accounts.

As described in CalCCA's opening testimony, costs and benefits of DCPP extended operation should flow to customers as consistently as possible. Following the existing CAM framework, DCPP's RA capacity would be allocated to LSEs based on their respective contribution to the monthly coincident peak demand. To be consistent, DCPP's net costs should also be allocated based on the coincident peak demand in each IOU service territory. Each IOU would then be responsible to calculate and implement the DCPP NBC as a delivery charge to customers of all LSEs in its service territory and remit the proceeds to PG&E. Due to differences in customer usage in unique IOU service territories, the allocated net costs and recovery from customers should be tracked separately for each IOU.

In Advice Letter (**AL**) 6870-E PG&E proposed the Diablo Canyon Extended Operations Balancing Account (**DCEOBA**) to record and recover expenses related to DCPP during the period of extended operations. In its opening testimony PG&E explained:

> In [AL 6870-E], PG&E proposed to create a separate subaccount for each of the six IOUs to track the extended operations costs allocated to that IOU, based on a load share allocation. Given PG&E's rate design proposal that will collect the statewide costs on an equal-cents per-kWh basis from all Commission-jurisdictional customers subject to the charge, the need to allocate these costs to each IOU and separately record the costs and billed revenues from each IOU becomes unnecessary for the purpose of a single statewide rate.[45]

CalCCA recommends that the DCEOBA retain separate subaccounts for each IOU service territory to track the net costs allocated to that IOU. IOU-specific balancing

[45] PG&E Opening Testimony, page 2-4, lines 9-16.

accounts ensure costs are not shifted between IOUs or customer groups, or that the actions of one IOU (such as delayed rate implementation) do not impact another IOU's customers.

C. The DCPP NBC charged to customers of all Commission-jurisdictional LSEs should be allowed to go negative if PG&E overcharges those customers.

PG&E explains that customers of all Commission-jurisdictional LSEs will be charged a systemwide NBC to collect DCPP's net costs, equal to the total forecasted annual expenses net of the forecasted annual CAISO market revenue.[46] Pursuant to SB 846, if CAISO market revenue exceeds DCPP's annual expenses, the surplus revenue will be credited solely to customers in PG&E's service territory. PG&E states that when forecasted market revenue exceeds forecasted expenses, the statewide NBC will be set at a floor of zero.[47] It also proposes that the PG&E-specific rate adder should not be constrained and can be a negative rate due to the return of excess market revenue to customers in PG&E service territory.[48]

CalCCA agrees with PG&E's interpretation of SB 846 on this point, *i.e.*, that excess CAISO market revenue is to be returned solely to customers in PG&E's service territory. It is critical to clarify, however, that there are situations that could cause the statewide NBC to decrease, if not go negative, when actual costs and revenues are trued up through the DCEOBA. Because the DCPP NBC will be set based on forecasted expenses and market revenue, it is possible actual conditions will cause retail customers to be over-charged. For example, if DCPP's actual net costs are lower than forecasted, retail customers will have paid too much, and the over-collections should be refunded to

46 *Id.*, page 2-6, lines 11-25.
47 *Id.*, page 2-7, lines 2-4.
48 *Id.*, page 2-7, lines 15-17.

those customers. The following tables demonstrate two possible outcomes, using hypothetical numbers, that would require funds to be returned to customers due to an overcollection of retail revenue through the statewide NBC.

Table 2 illustrates a scenario where actual DCPP costs and CAISO market revenue are equal to the forecasted amounts, but higher than anticipated retail sales result in increased actual collections from customers. These excess customer collections should be returned to customers the following year as an offset to the statewide NBC.

Table 2

Hypothetical DCPP Net Cost Scenario – High Retail Collections
($000)

	Forecast	Actual
DCPP Costs	$1,500,000	$1,500,000
Market Revenue	($1,000,000)	($1,000,000)
DCPP Net Costs	$500,000	$500,000
Retail Customer Collections	($500,000)	($600,000)
Overcollection	$0	($100,000)

Table 3 illustrates a scenario where actual DCPP costs and customer collections are equal to the forecasted amounts. Actual market prices result in CAISO market revenue that is higher than forecasted, but still lower than the actual costs. In this scenario, the actual DCPP net costs recoverable from customers are lower than forecast, and statewide customers were over-charged. These excess customer collections should be returned to customers the following year as an offset to the statewide NBC.

Table 3

Hypothetical DCPP Net Cost Scenario – High CAISO Market Revenue
($000)

	Forecast	Actual
DCPP Expenses	$1,500,000	$1,500,000
CAISO Market Revenue	($1,000,000)	($1,300,000)
DCPP Net Costs	$500,000	$200,000
Retail Customer Collections	($500,000)	($500,000)
Overcollection	$0	($300,000)

CalCCA issued discovery requests to clarify that PG&E agrees with CalCCA regarding the treatment of these customer overcollections in these types of scenarios, and PG&E indicated it does.[49] As a result, the Commission should be clear that there is no floor on the statewide DCPP NBC and that customer overcollections in one year should be returned to customers as an offset to the DCPP NBC over the following year.

This concludes my testimony.

[49] PG&E Supplemental response to CalCCA data request 2.20.

ATTACHMENT A
TO
REBUTTAL TESTIMONY OF BRIAN DICKMAN
ON BEHALF OF
THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

SELECT DATA RESPONSES

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q001		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q001		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 001

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31: Please explain in detail the RA requirements in the CAISO tariff that would cause PG&E to incur additional costs if some or all of DCPP's attributes are allocated.

ANSWER 001

Resources used for the purposes of meeting a load serving entity's RA program compliance obligation are required to meet certain RA requirements as set forth in the California Independent System Operator Corporation's (CAISO) Tariff, including RA availability requirements. In particular, CAISO Tariff Section 9.3.1.3.1 states:

> "Other than Outage types identified in Section 9.3.1.3.3, the CAISO denies Maintenance Outage requests or Approved Maintenance Outages on RA Resources…for the RA month in which the outage would first take place if the Scheduling Coordinator for the RA Resource does not provide RA Substitute Capacity to cover the extent of the Outage impacting RA Capacity that occurs during the period for which the resource has been shown on a monthly Supply Plan."

Outage types identified in Tariff Section 9.3.1.3.3 of the CAISO tariff are generally inapplicable to DCPP's maintenance outages.

If DCPP's attributes are allocated, DCPP would be required to be shown on PG&E's RA supply plan to the CAISO. If DCPP is on a maintenance outage, PG&E would then be required to provide substitution capacity to ensure CAISO does not deny the maintenance outage request. Thus, PG&E would incur additional costs through purchases in the RA bilateral market and/or through the use of resources from its existing portfolio, if such resources are available. If PG&E does not provide substitution capacity, the outage may be cancelled by CAISO or treated as a Forced Outage for purposes of CAISO assessing RA availability incentive mechanism (RAAIM) penalties pursuant to Tariff Section 40.9. Under the RAAIM tariff provisions, penalties would be assessed on those relevant Availability Assessment Hours that DCPP is not available, causing PG&E to incur additional costs.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q002		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q002		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 002

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: If DCPP RA is allocated to all benefitting LSEs, please quantify the amount of reserve capacity in MW PG&E would need to retain by month, to meet CAISO substitution requirements.

ANSWER 002

PG&E's maintenance outage schedule for any extended operations is not known at this time. Also, PG&E cannot predict with certainty whether and when DCPP may be required to take an outage outside of its maintenance outage schedule due to an unforeseen event. Notwithstanding the foregoing, PG&E would need to retain an equivalent amount of capacity that is allocated to all benefiting LSEs and expected to be on outage.

In general, PG&E seeks to perform maintenance outage work outside of the peak months (May to September) to ensure that all of its utility-owned resources are available during times that the electrical grid is more likely to be constrained in meeting system reliability needs.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q003		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q003		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 003

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: Please explain how PG&E meets the CAISO substitution requirements for DCPP RA under the current circumstances (i.e., status quo operation of DCPP prior to the original retirement dates).

ANSWER 003

The CAISO Tariff requires Scheduling Coordinators such as PG&E to provide substitution capacity of equivalent volume for RA resources on outage in accordance with CAISO's RA Substitution Capacity process and timeline as set forth in CAISO's Reliability Requirements Business Practice Manual, Version 71, Section 9.2.2.

In accordance with its Commission-approved Bundled Procurement Plan, PG&E reserves certain quantities of RA capacity from its existing portfolio and/or makes purchases in the RA bilateral market to minimize substitution capacity costs and CAISO compliance risk associated with RA resources on outage. This includes whether and how resources such as DCPP are utilized to meet PG&E's RA compliance obligation and whether such resources would be subject to an outage substitution obligation by CAISO.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q004		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q004		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 004

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: Please explain whether PG&E has a CAISO substitution requirement obligation during generator planned outages or only during forced outages.

ANSWER 004

See PG&E's response to Question 1. PG&E has a CAISO substitution capacity requirement obligation for both planned outages and forced outages except for those outages described in Section 9.3.1.3.3 of the CAISO tariff.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q005		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q005		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 005

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: Please quantify the expected annual cost of providing substitution capacity for DCPP consistent with CAISO substitution requirements.

ANSWER 005

PG&E cannot calculate the expected annual costs at this time. See PG&E's response to Question 2. Additionally, the price of substitution capacity for the extended operations period is not known. However, the RA market price benchmark may be a useful proxy if substitution capacity is available.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q006		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q006		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 006

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: Please explain the CAISO substitution requirement obligation as it relates to RA provided by PG&E's CAM resources.

ANSWER 006

PG&E objects to this data request on grounds that it is irrelevant and outside the scope of this proceeding. Subject to and without waiving that objection, PG&E responds that CAISO's substitution requirement obligation does not apply any differently to CAM-eligible resources within PG&E's portfolio. See PG&E's response to Questions 1 and 3 for additional details.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q007		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q007		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 007

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: Please explain whether PG&E reserves capacity from non-CAM resources to provide substitution RA capacity when CAM resources are on outage. If yes, please explain in detail how PG&E determines which resources provide substitution RA capacity.

ANSWER 007

PG&E objects to this data request on grounds that it is irrelevant and outside the scope of this proceeding. Subject to and without waiving that objection, PG&E responds that, in accordance with its Commission-approved Bundled Procurement Plan (BPP), PG&E reserves certain quantities of RA capacity from its existing portfolio and/or makes purchases in the RA bilateral market to meet its obligation to provide substitution capacity for RA resources on outage.

PG&E determines the quantity of resources required to provide substitution RA capacity in accordance with the methodology in Appendix S of its Commission-approved BPP. Available RA capacity that is reserved to meet PG&E’s RA compliance requirements established in Public Utilities Code Section 380 and implemented by the Commission’s RA program and respective CAISO Tariff provisions are primarily driven by the following factors: (i) eligible RA capacity (as published on the CAISO’s net qualifying capacity (NQC) and effective flexible capacity (EFC) lists); (ii) load serving entity-specific RA requirements; (iii) portfolio uncertainties; and (iv) expected outages for resources. Each of these factors are described in more detail in PG&E Advice 6306-E and supplemental Advice 6306-E-A.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q008		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q008		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 008

Refer to PG&E Prepared Testimony at page 5-3, lines 29-31, and PG&E Reply Comments on OIR filed March 7, 2024, in R.23-01-007, at page 10: Please explain how PG&E recovers the cost of providing substitution RA capacity when a CAM resource is on outage.

ANSWER 008

PG&E objects to this data request on grounds that it is irrelevant and outside the scope of this proceeding. Subject to and without waiving that objection, PG&E responds that Commission Decision 14-06-050 describes in detail the recoverable cost of providing substitution RA capacity when a CAM resource is on outage. Specifically, page 48 of Decision 14-06-050 states: “With respect to the capacity price used to recover scheduled outage replacement costs, we will adopt SCE and PG&E’s proposed modification that allows the IOU to recover the actual costs of replacement if the IOU has to go to the market to procure.

Ordering Paragraph 12 of D.14-06-050 also clarifies the cost recovery process associated with substitution capacity for CAM-eligible resources, stating:

> “Southern California Edison Company, Pacific Gas and Electric Company and San Diego Gas & Electric Company (the IOUs) are authorized to recover scheduled outage replacement costs associated with their procured Cost Allocation Mechanism (CAM) and combined heat and power (CHP) resources when the replacement obligation (as written in the California Independent System Operator scheduled outage replacement rule tariff) falls on the scheduling coordinator for the load serving entity. The scheduled outage replacement costs will be recoverable through the CAM or CHP resources balancing account. The recoverable cost of replacement capacity for CAM and CHP resources shall be as follows:
>
> (i) For replacement with IOU portfolio resources (resources already under contract or owned by the IOU), the average capacity price from

the most recent Energy Division Resource Adequacy report shall be used to determine the recoverable costs.

(ii) For replacement with capacity procured in the market, the actual capacity price paid shall be used to determine the recoverable costs.

(iii) For replacement capacity that is unavailable in the market and for which CAISO exercises backstop authority using its capacity procurement mechanism (CPM), the CPM price shall be used to determine the recoverable costs."

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q016		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q016		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 016

Refer to PG&E Prepared Testimony at page 5-3, lines 8-12: Please quantify the number of counterparties that executed agreements to receive an allocation of GHG-free energy from PG&E's large hydro or nuclear generation facilities in 2019, 2020, 2021, 2022, and 2023, respectively.

ANSWER 016

PG&E objects to this data request pertaining to PG&E's large hydroelectric generation facilities on grounds that it is irrelevant and outside the scope of this proceeding. Subject to and without waiving that objection, PG&E responds:

Pursuant to Commission Resolution E-5046, PG&E began allocations of GHG-free energy from its nuclear generation facilities in calendar year 2020, and therefore did not offer allocations for calendar year 2019. Accordingly, with regards to nuclear generation facilities (e.g., DCPP), PG&E responds that the following number of counterparties executed agreements to receive an allocation of GHG-free energy from DCPP.

Year	Number of Counterparties
2019	0
2020	7
2021	7
2022	6
2023	6

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q017		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q017		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 017

Refer to PG&E Prepared Testimony at page 5-3, lines 8-12: In each year from 2019 through 2023, please quantify:

a. The number of LSEs in PG&E service territory eligible to receive an allocation of GHG-free energy from PG&E's large hydro or nuclear generation facilities.

b. The number of Eligible LSEs that elected to receive an allocation and executed the corresponding agreement with PG&E.

ANSWER 017

PG&E objects to this data request pertaining to PG&E's large hydroelectric generation facilities on grounds that it is irrelevant and outside the scope of this proceeding. Subject to and without waiving that objection, PG&E responds:

a. Pursuant to Commission Resolution E-5046, PG&E began allocations of GHG-free energy from its nuclear generation facilities in calendar year 2020, and therefore did not offer allocations for calendar year 2019. Accordingly, with regards to nuclear generation facilities (e.g., DCPP), PG&E responds that the following number of counterparties were eligible to receive an allocation of GHG-free energy from DCPP.

Year	Number of Eligible Counterparties
2019	0
2020	25
2021	25
2022	22
2023	22

b. See PG&E's response to Question 16.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q018		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q018		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 018

Refer to PG&E Prepared Testimony at page 5-3, lines 8-12: Please quantify the annual costs incurred by PG&E to administer the current process of allocating GHG-free energy from PG&E's large hydro or nuclear generation facilities.

ANSWER 018

At the current time, PG&E does not track and record the administrative and implementation costs associated with the interim GHG-free energy allocation framework adopted in Commission Resolutions E-5046 and E-5111.

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q019		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q019		
Request Date:	June 30, 2023	Requester DR No.:	002
Date Sent:	July 17, 2023	Requesting Party:	California Community Choice Association
PG&E Witness:	Rhett Kikuyama	Requester:	Nikhil Vijaykar

QUESTION 019

Refer to PG&E Prepared Testimony at page 5-3, lines 8-12: Please quantify the incremental annual costs expected to be incurred by PG&E if the current process is expanded to apply to all Commission-jurisdictional LSEs

ANSWER 019

Because PG&E does not track and record the administrative and implementation costs associated with the interim GHG-free energy allocation framework adopted in Commission Resolutions E-5046 and E-5111, PG&E cannot quantify the incremental annual costs expected to be incurred by PG&E at this time. Notwithstanding the foregoing, PG&E identifies the tasks that it anticipates needing to implement and administer an allocation framework should the current process be expanded.

The tasks identified are an expectation based on the current process, but it may be reasonable to expect that PG&E will carry out unexpected tasks not identified in the table below given that the process could be expanded to all Commission-jurisdictional LSEs, especially to LSEs that are outside of PG&E's service territory.

Stage	Task
Start-Up	Contract Development
	Master Agreement
Implementation	Contract Execution
Post-Implementation	Regulatory Filings
	Post-Tracking and Reporting

PACIFIC GAS AND ELECTRIC COMPANY
Diablo Canyon Power Plant Operations Extension OIR
Rulemaking 23-01-007
Data Response

PG&E Data Request No.:	CalCCA_002-Q020		
PG&E File Name:	DiabloCanyonPowerPlantOperationsExtensionOIR_DR_CalCCA_002-Q020Supp01		
Request Date:	June 30, 2023 (Original) July 24, 2023 (Supplemental)	Requester DR No.:	002
Date Sent:	July 17, 2023 (Original) July 27, 2023 (Supplemental)	Requesting Party:	California Community Choice Association
PG&E Witness:	Donna Barry	Requester:	Nikhil Vijaykar

QUESTION 020

Refer to PG&E Prepared Testimony at page 2-6, lines 1-17: Does PG&E agree that it would be possible for the statewide rate to be negative after considering the annual true up of actual DCPP costs, actual CAISO market revenue, and actual collections from customers? If no, please explain why not.

ANSWER 020

PG&E agrees that it is possible, in a given year, for the market revenues received from CAISO to exceed the costs of operating DCPP. This could effectively result in a "negative" statewide DCPP non-bypassable charge (NBC) rate. PG&E notes, however, that the statewide DCPP NBC rate cannot be "negative" for customers outside of PG&E's service territory. Specifically, Public Utilities Code 712.8(h)(3) states: "If, as a result of the annual true-up for extended operations in paragraph (1), the commission determines that market revenues for the prior year exceeded the annual costs and expenses, including those in subdivisions (f) and (g), the commission shall direct that any available surplus revenues in an account created under subdivision (e) be credited solely to customers in the operator's service territory. For customers outside the operator's service territory, market revenues may be credited up to, but not to exceed, their respective annual costs and expenses."

QUESTION 020 SUPPLEMENTAL 01

Refer to PG&E Prepared Testimony at page 2-5, lines 1-17: Does PG&E agree that if:

A) In the record year, (1) forecasted DCPP costs equal actual DCPP costs, (2) forecasted CAISO market revenues equal actual CAISO market revenues, (3) actual customer-billed revenues exceed forecasted customer-billed revenues, and (4) actual CAISO market revenues are less than actual DCPP costs, thereby creating an over-collection attributable to customer-billed revenue; then PG&E will return the overcollection related to customer-billed revenue in the following year's statewide rate. If no, please explain why not.

B) In the same year, (1) forecasted DCPP costs equal actual DCPP costs, (2) actual CAISO market revenues exceed forecasted CAISO market revenues, (3) actual customer-billed revenues equal forecasted customer-billed revenues and (4) actual CAISO market revenues are less than actual DCPP costs, thereby creating an overcollection attributable to CAISO market revenues, then PG&E will return the overcollection related to CAISO market revenues in the following year's statewide rate. If no, please explain why not.

ANSWER 020 SUPPLEMENTAL 01

PG&E responds as follows:

A) PG&E agrees that in the hypothetical scenario described where it is customer billed revenues that drive the end-of-year over-collected balance in the balancing account, the over-collected billed revenues would be returned or credited to customers.. Specifically, in its annual DCPP Extended Operations ratesetting application, PG&E would propose to return of the overcollection attributable to customer billed revenues that were in excess of net costs through the following year's statewide rate.

B) To help illustrate the hypothetical scenario described, PG&E developed the table below:

Line No.	Hypothetical	Forecast	Actuals
1	DCEO Cost	1000	1000
2	CAISO Revenues	600	800
3	RRQ	400	200
4	Load	10000	10000
5	Rate	0.040	0.020
6	Rate Revenues	400	400
7	Balance = Line 1 - Line 2	0	-200

PG&E agrees that the amount on Line 7, in the actual column, would be attributable to customer billed revenues that are in excess of net costs rather than excess CAISO market revenues exceeding net costs. Thus, in this hypothetical scenario, the excess customer billed revenues would be returned or credited to customers in the subsequent year's DCPP Extended Operations ratesetting application.

R.23-01-007

SMALL BUSINESS UTILITY ADVOCATES
RESPONSE TO CALCCA'S DATA REQUESTS, SET ONE

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DATE SENT:	July 14, 2023
DATE DUE:	July 25, 2023

DATA RESPONSES

CalCCA to SBUA 1.02. Referring to Witness Brown's testimony, page 3, which states "To the extent that Diablo Canyon provides ancillary services to the grid and thereby relieves CCAs of procuring backup power, the CCAs should pay for that benefit. Ancillary services are the services that ensure reliable and stable operation of the electric grid by balancing the supply and demand of electricity, regulating the frequency and voltage levels, and restoring the system when disturbances occur:"

a) Please identify and provide all evidence, workpapers or other analysis Witness Brown relies on to support the notion that PG&E provides ancillary services from DCPP.
b) Please explain in detail the requirements Witness Brown believes PG&E must meet in order to provide ancillary services from DCPP.
c) Please define "backup power" as used in the quote language above.
d) Please explain in detail how the provision of ancillary services from DCPP would relieve a CCA of procuring "backup power".

Response:
a.) Please see response to 1.01.

b.) Ancillary services is defined by the U.S. Energy Information Administration as services that ensure reliability and support the transmission of electricity from generation sites to customer loads. Witness Brown believes there may be a misunderstanding. Diablo Canyon provides ancillary services to the grid, and PG&E provides ancillary services throughout its electric system. In general, the testimony concentrates on what benefits Diablo Canyon provides beyond other generation sources. More specifically, Diablo Canyon is a very large generator that is capable of providing 10% of California's electric generation needs and is a baseload resource. As such, it provides other benefits such as ancillary services. Ancillary services are best thought of in terms of the person in the CAISO offices who is responsible for making the system work within PG&E's service territory. It is CAISO and WECC who make most of the decisions as to load balancing, switching off power, which generators come online, etc. My understanding is that CCAs can purchase or generate their own electricity, subject to regulations. However, it is PG&E who is responsible for maintaining the transmission and distribution necessary to really keep the electric grid working. That includes switching, distributing the power, etc. The ancillary services that are referred to in Mr. Brown's testimony are voltage support, voltage regulation, frequency regulation, and backup power. These are really things independent of simply purchasing reserve power, spinning reserve power, etc.

c.) The term backup power in the context of the testimony refers to power that needs to be used to backup renewable generation which has intermittency issues. Whereas wind power, for example, can be relied upon to generate electricity most of the time, it is not truly reliable. The same could be said for solar power on a cloudy day. Backup power means that electricity storage projects or natural gas assets must "backup" this type of electric generation for the small amount of times that these renewable energy assets are not available to meet electric demand.

d.) As used in the testimony Diablo Canyon is a reliable generation asset capable of producing electricity 24 hours a day, thus producing a constant and stable base load of electric generation for the electric system. This lessens the amount of operating reserves and spinning reserves which are truly necessary to supply electricity to customers, overall.

Witness Brown's understanding is that CCAs typically procure all of their owner electric generation needs via contract or self-generation. Mr. Brown assumes, but does not know, that CCAs must procure sufficient operational reserves, spinning reserves and power procurement to meet the demands of the customers in the CCA area. However, since PG&E, CAISO, and WECC control the dispatch of power for the system as a whole, there are other considerations that PG&E and CAISO have that CCAs do not. These would include voltage regulation, frequency regulation, etc. Also, PG&E must sufficiently plan its distribution system to deal with these demands as well.

In terms of backup power, Witness Brown means PG&E and CAISO properly functioning within the requirements of WECC. Mr. Brown is not aware of all of the requirements of CCAs in supplying power and exactly what these requirements are. Mr. Brown assumes that PG&E and CAISO have responsibilities beyond those of CCAs.

CalCCA to SBUA 1.03. Referring to Witness Brown's testimony, page 6, which states "The CCA legislation, which was enacted in 2002, has led to negative consequences which were predicted long ago, but are now coming to fruition" and page 6, footnote 5, which states, "California Public Utilities Commission, Community Choice Aggregation, available at: available at https://www.cpuc.ca.gov/consumer-support/consumer-programsand- services/electrical-energy-andenergy-efficiency/communitychoice-aggregation-and-direct-access-/cca-regulatory-information (accessed 8 June 2023):"

a) Please confirm or deny that the link provided in footnote 5 contains information about CCAs and provides a number of links to associated webpages.

b) If confirmed in part (a), please provide the specific material either on the linked page, or within any of the linked pages listed on the linked page, that support Witness Brown's quoted statement above.

Response:
a. Confirmed. The link is: https://www.cpuc.ca.gov/consumer-support/consumer-programs-and-services/electrical-energy-and-energy-efficiency/community-choice-aggregation-and-direct-access-/cca-regulatory-information.

b. This link provides general information related to CCAs, including legislation related to CCAs. What is referred to as now coming to fruition is that no large-scale utility sized generation projects of the size of Diablo Canyon or anything similar have been constructed since 2002. Additionally, no large-scale hydroelectric projects have been constructed and no new nuclear plants have been constructed and the new geothermal plants that have been constructed are small in generation capabilities. The new generation plants that have been constructed are mostly solar generation and natural gas generation plants.

CalCCA to SBUA 1.04. Referring to Witness Brown's testimony, page 6, which states "The problem with the CCA legislation is that PG&E, Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) are now disincentivized from making large investments in new electric generation. Since PG&E is uncertain of whether it will "shed load" to CCA entities, it may have stranded electric generation assets. This has led to serious consequences, such as the closure of hydroelectric assets, closure by SCE of San Onofre nuclear power plant (SONGS), and now the proposed closure of Diablo Canyon:"
a) Please identify and provide all evidence, workpapers or other analysis Witness Brown relies on to support the notion that San Onofre Nuclear Generating Station was shuttered due to CCA growth.
b) Please identify the "hydroelectric assets" by name and/or CAISO ID that Witness Brown claims were shuttered.
c) Please identify and provide all evidence, workpapers or other analysis Witness Brown relies on to support the notion that the "hydroelectric assets" were shuttered due to CCA growth.
d) Please identify and provide all evidence, workpapers or other analysis Witness Brown relies on to conclude that DCPP is proposed to shutter due to CCA growth.

Response:

a.) Please see response to 1.01. Witness Brown does not contend that San Onofre Nuclear Generating Station was shuttered due to CCA growth. Mr. Brown does, however, contend that CCA growth was likely a factor in SCE or another entity failing to relicense or otherwise continue to operate San Onofre Nuclear Generating Station.

b.) Witness Brown is generally unaware of any new hydroelectric dams being built by any of the major California Electric utilities in the past two decades. Please also see response to part (c) of this question.

c.) Please see response to 1.01. Witness Brown does not contend that CCA growth was the primary reason for the "shuttering" of any hydroelectric projects by PG&E. However, PG&E is likely going to remove the Scott Dam and Lake Pillsbury reservoir in Potter Valley. PG&E has also sold and shuttered the Kern Canyon hydroelectric project. Additionally, PG&E surrendered the Kilarc-Cow Creek Hydroelectric Project. These assets were abandoned because of environmental concerns and the economics of continued operation.

d.) Please see response to 1.01.PG&E and other entities have a risk of having an oversupply of power generation if their customers use CCAs. This provides them with little incentive to build new powerplants. Mr. Brown expects a comprehensive analysis of the actions of PG&E, SCE, SDG&E would show that the utilities themselves have done little in the way of owning and operating new electric generation projects.