

Docket No.: A.23-05-012

Exhibit No.: CalCCA-03

Date: October 6, 2023

Sponsor/Witness: CalCCA

EXHIBIT CALCCA-03

**Excerpt from Southern California Edison testimony in A.23-06-001, Energy Resource
Recovery Account Forecast of Operations**

October 6, 2023

Table IX-42
Forecast RA Value – June Submittal

RA Product Categories	Price (\$/kW-yr)	Quantity (MW)
Forecast Retained RA	(intentionally left blank)	
System	\$88.68	
Local	\$80.88	
Flexible	\$85.80	
Excess RA	(intentionally left blank)	
	Actual prices for sales up to 45 days prior to ERRA	
Actual Sold RA ¹	Forecast filing	
Forecast Sold RA	(intentionally left blank)	
System ²	\$88.68	
Local	\$80.88	
Flexible	\$85.80	
Forecast Unsold	\$0	

Areas shaded in gray are confidential per D.06-06-066, Matrix section V.C.

¹ SCE includes revenue from RA swaps in this category (see Appendix B workpapers) but swaps are not reflected in the Quantity column.

² Includes additional amount to meet the 17.5 percent planning reserve margin (see Appendix B workpapers).

3. RPS Value

The RPS Value is the estimated financial value, measured in dollars, that is attributed to the renewable energy component of SCE’s PABA-eligible portfolio in a given year. It is calculated, on a forecast basis, as outlined in Table IX-43.¹⁴⁷

¹⁴⁷ See D.19-10-001, Attachment B, Table I.

Table IX-43
Forecast RPS Value (Price and Quantity) Methodology – June Submittal

RPS Product Categories	Price (\$/MWh)	Quantity (GWh)
Forecast Retained RPS		
RECs that Cannot be Allocated ¹	Forecast RPS Adders published in October of Previous Year	SCE forecasted generation for contracts that cannot be allocated pursuant to Public Utilities Code Sections 399.21(a)(4)-(5)
Voluntary Allocation (SCE Portion)	Forecast RPS Adders published in October of Previous Year	SCE's share of voluntary allocation
Banked RECs (pre-2019)	\$0	Forecast RPS compliance if short and required to use bank
Non-SCE Voluntary Allocation ³	Forecast RPS Adders published in October of Previous Year	Non-SCE share of voluntary allocation
RPS Sold through Market Offers	Actual prices for sales up to 45 days prior to ERRA Forecast filing	Actual volumes for sales up to 45 days prior to ERRA Forecast filing
Actual Sold RPS	Actual prices for sales up to 45 days prior to ERRA Forecast filing	Actual volumes for sales up to 45 days prior to ERRA Forecast filing
Forecast Unsold RPS	\$0	Forecast unsold volumes

¹ The amount of RPS retained for SCE use is the amount of RPS not offered for sale or forecasted to be offered for sale.

² If this forecasted volume is equal to the prior year's unsold RPS capacity plus or minus a value corresponding to forecasted change in departing load, then the volume will be accepted in the ERRA forecast without further review.

³ Non-SCE Voluntary Allocation is only sales 2023.

1 SCE utilized a three-step process to calculate the RPS Value on a forecast basis for 2024.
2 First, SCE calculated the value of the RECs that were elected by parties during the Voluntary Allocation
3 (VA) process (including by SCE and other LSEs) by multiplying the amount of GWh allocated by the

1 RPS Adder, as shown on the RPS Adjustments tab of Appendix B. Second, RECs sold as part of the
2 Market Offer (MO) process were then assigned value based on the accepted bids. Third, to determine
3 the value of Actual Retained RPS, SCE evaluated its RPS position needed to meet bundled compliance
4 requirements from the RECs estimated to be generated in 2024 and determined if (and how many) RECs
5 would be needed from SCE's RPS bank.

6 SCE's total F&PP portfolio contains both PCIA and non-PCIA eligible (e.g., Tree
7 Mortality) RECs. Within the PCIA portfolio, not all RECs are eligible for the VAMO due to statutory
8 limitations under Section 399.21(a)(4) of the California Public Utilities Code. These RECs were not
9 made available to parties during the VAMO. Consistent with D.21-05-030 (the PCIA Track 3 decision),
10 SCE's VAMO process allowed parties to elect RECs from SCE's short- and long-term portfolio. For
11 the PCIA indifference amount calculations, SCE developed a vintage-based snapshot of RECs elected
12 by parties; any unallocated RECs were made available for the Market Offer process. While SCE has
13 completed its short-term Market Offer solicitation, it has not yet completed its long-term Market Offer
14 process. SCE will include any updates to the long-term Market Offer solicitation in its October Update.

15 After accounting for the VAMO framework, SCE assessed whether it would need to use
16 its historical RPS bank to satisfy its RPS compliance requirements by summing RECs elected during the
17 Voluntary Allocation process, RECs that were not made available during VAMO, and other non-PCIA
18 eligible RECs that SCE can use for its RPS compliance. [REDACTED]

19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 Pursuant to D.19-10-001, beginning in 2019, unsold RPS products were to be valued at
23 zero.¹⁴⁸ Any banked RECs generated in 2019 or later would have the then-current MPB applied when
24 and if the banked RECs were used. However, D.19-10-001 did not address the treatment of banked
25 RECs generated prior to 2019, which (under the previous methodology) were full paid for by bundled

¹⁴⁸ D.19-10-001, OP 3(b).

1 service customers. As stated in its comments in the PCIA OIR (R.17-06-026),¹⁴⁹ SCE requested that the
2 PCIA OIR address “[h]ow the IOUs should account for the use of banked Renewable Energy Credits
3 (RECs) for RPS compliance. Stakeholders have observed that there is no guidance on how the IOU
4 should account for its use of banked RECs for RPS compliance purposes. The underlying issue is to
5 ensure that the value of those banked RECs is appropriately accounted for in the IOUs’ PABA, adopting
6 in this proceeding in 2018, when and if they are used for the IOU’s RPS compliance.”¹⁵⁰ The CCAs
7 submitted similar comments.¹⁵¹

8 [REDACTED]

9 [REDACTED]

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13 In summary, the RPS value of SCE’s PABA portfolio used to determine the 2024 CRS is
14 based on the inputs shown in Table IX-44.

¹⁴⁹ SCE Opening Comments on ALJ Ruling Requesting Comments on Supplemental Greenhouse Gas-Free Proposal and Issues in Scope (March 17, 2023)

¹⁵⁰ *Id.*, p. 4.

¹⁵¹ California Community Choice Association (CalCCA)_Reply Comments on ALJ Ruling Requesting Comments on Supplemental Greenhouse Gas-Free Proposal and Issues in Scope (March 24, 2023), p. 12.

Table IX-44
Forecast RPS Value – June Submittal

RPS Product Categories	Price (\$/MWh)	Quantity (GWh)
Forecast Retained RPS		
RECs that Cannot be Allocated ¹	\$12.63	
Voluntary Allocation (SCE Portion)	\$12.63	
Excess RPS ²	(intentionally left blank)	
Non-SCE Voluntary Allocation ³	12.63	
RPS Sold through Market Offers	Actual prices for sales up to 45 days prior to ERRA Forecast filing	
Actual Sold RPS	Actual prices for sales up to 45 days prior to ERRA Forecast filing	
Forecast Unsold	\$0.00	

Areas shaded in gray are confidential per D.06-06-066, Matrix section V.C.

¹ Includes CREST, Re-MAT, Bio-MAR, GTSR, etc.

² Because SCE expects to allocate/sell PCC 1-index plus contracts, SCE will receive both energy and RPS value. SCE has reflected this in its calculation of the Forecast RPS Value, as shown in the Appendix B workpapers.

³ Non-SCE Voluntary Allocation is only sales from 2023.

1 **D. Recovery of Balancing and Memorandum Account Balances in CTC and PCIA Rates**

2 The 2024 CTC and PCIA rates will reflect (1) the final transfer of the 2023 year-end balance
3 recorded in the DL Customer Vintage subaccounts of the PCIA Undercollection Balancing Account
4 (PUBA), which SCE is proposing to include as an entry in the “One-Time Refunds/Costs Applicable to
5 All Customers” subaccount of the PABA; (2) the recovery of the 2023 year-end PABA balance; (3) the
6 transfer of the 2023 year-end ERRA BA balance to the 2023 vintage sub-account of the PABA as