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

Application of San Diego Gas & Electric Company for Approval of its 2024 Electric Procurement Revenue Requirement Forecasts, 2024 Electric Sales Forecasts, and GHG-Related Forecasts	Application 23-05-013

REPLY BRIEF OF SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE, AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

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October 11, 2023

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Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (the "Commission") and the August 4, 2023 *Assigned Commissioner's Scoping Memo and Ruling*[1] setting the schedule for this proceeding, San Diego Community Power ("SDCP"),[2] Clean Energy Alliance ("CEA"),[3] and the California Community Choice Association ("CalCCA")[4] (collectively, "CCA Parties"), hereby submit this Reply Brief regarding the *Application of San Diego Gas & Electric Company* ("SDG&E") *for Approval of its 2024 Electric Procurement Revenue Requirement Forecasts, 2024 Electric Sales Forecast, and GHG-Related Forecasts*, submitted May 15, 2023 ("Application").[5]

In its Opening Brief, SDG&E admits it will "not forecast RA sales as part of the ERRA forecast proceeding,"[6] which, as the CCA Parties laid out in their Opening Brief, directly

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1 Application ("A.") 23-05-013, *Assigned Commissioner's Scoping Memo and Ruling* (August 4, 2023).

2 SDCP is the Community Choice Aggregator ("CCA") for the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, National City, San Diego, and the unincorporated areas of San Diego County.

3 CEA is the CCA for the cities of Carlsbad, Del Mar, Solana Beach, Escondido, San Marcos, Oceanside, and Vista.

4 Per Rule 1.8(d) of the Commission's Rules of Practice and Procedure, representatives of CalCCA authorized SDCP and CEA to file this Reply Brief on their behalf.

5 A.23-05-013, *Application of San Diego Gas & Electric Company for Approval of its 2024 Electric Procurement Revenue Requirement Forecasts, 2024 Electric Sales Forecast, and GHG-Related Forecasts* (May 15, 2023).

6 SDG&E's Opening Brief at 6.

contradicts Ordering Paragraph 2 in Decision ("D.") 19-10-001 requiring the utility to do just that. Despite this key admission, SDG&E's brief largely repeats the same arguments contained in its Rebuttal Testimony, which the CCA Parties already addressed in their Opening Brief. The CCA Parties will not repeat their arguments from their Opening Brief, but hereby incorporate them by reference. SDG&E's Opening Brief does introduce one new argument regarding its decision to directly contradict a Commission order, which is addressed herein.[7]

SDG&E asserts that forecasting resource adequacy ("RA") sales based on an average of prior actual sales is unreasonable given the unique characteristics of SDG&E's service territory. Specifically, SDG&E cites to its significant recent load departures to argue "historical information is not indicative of future requirements and or sales."[8] While the CCA Parties agree that load departures should be factored in to SDG&E's RA sales forecasts, significant load departure from SDG&E only *increases* the likelihood that SDG&E's sales forecast is vastly understated. More load departure means that SDG&E will have more RA available to sell than it has historically. Further, the San Diego CCAs will have more load to serve and, therefore, there may be more demand for SDG&E's excess RA than in the past.

Regardless of how recent load departures impact the amount of anticipated RA sales, SDG&E's proposed method of simply reporting 2024 RA Sales for which it already has an executed contract is not reasonable. Just because SDG&E finds that "the exact amount of RA sales in 2024 is difficult to predict"[9] does not mean that it should be excused from presenting its best forecast in an Energy Resource Recovery Account ("ERRA") Forecast proceeding. As discussed

7 *Id*.
8 *Id.* at 7.
9 *Id.* at 7.

in the CCA Parties' Opening Brief, SDG&E's approach is inconsistent with the purpose of ERRA Forecast proceedings — to forecast accurate commodity rates.[10]

Further, it appears to be part of a consistent pattern of SDG&E refusing to provide accurate and timely forecasts in ERRA Forecast Proceedings. In past ERRA Forecast Proceedings, despite using updated load forecasts to determine the ERRA revenue requirement, SDG&E relied on outdated sales forecasts to calculate bundled customer commodity rates,[11] with the utility at one point turning a blind eye to significant impending load departures that would have established wildly inaccurate rates.[12] While the Commission has since required SDG&E to file annual sales forecasts within its annual ERRA applications, thereby improving their accuracy,[13] SDG&E continues to take an unreasonable position that it should be excused from attempting to use accurate forecasts, which will lead to increased rate volatility for customers.

The CCA Parties have advocated throughout this proceeding for SDG&E to provide the best possible forecast of likely RA sales. Perfect prescience is not required. The true-up can repair any miscalculation. In the absence of other data, the Commission should require SDG&E to look to recent historical sales volumes, consistent with the practices of other investor owned utilities. Actual sales volumes from 2022 and 2023 demonstrate SDG&E's ability to sell excess RA and support that SDG&E should adopt an RA sales forecast to reflect a larger volume of RA sales. Specifically, SDG&E should forecast a 2024 RA sales volume equal to the average of actual RA

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10 *See* Cal. Pub. Util. Code § 451 (all rates demanded for any commodity or service must be just and reasonable) and A.20-04-014, *Decision Adopting 2021 Electric Procurement Revenue Requirement Forecasts and Greenhouse Gas-Related Forecasts for San Diego Gas & Electric Company*, pp. 17-18 (January 14, 2021) (D.21-01-017) (the Commission conducts a reasonableness review in an ERRA Forecast proceeding by evaluating, among other things, whether the calculation of a forecasted expense is reasonable, based on the methods and inputs used).

11 *See* D. 21-12-040.

12 *Id.* at 19-21.

13 D.22-03-003 at Ordering Paragraph 3.

sales recorded between January and June 2023 — 567 MW. To the extent that the Commission finds that historical data is unlikely to accurately predict future RA sales because of load departures, it should adjust this number upwards to reflect the fact that SDG&E will have more excess RA to sell and CCAs will need to purchase more.

For the foregoing reasons, the Commission should adopt the recommendations set forth in the CCA Parties' Opening Brief and order SDG&E to (1) adopt a forecasted 2024 RA sales volume equal to the average of actual RA sales recorded between January and June 2023 (567 MW), (2) in future proceedings, to evaluate RA market conditions and historical RA sales to develop a forecast of Sold RA, and (3) to revert back to past confidentiality designation processes that allow for the publication of class average bundled rates. If necessary for implementation, the Commission should order the Energy Division to facilitate a working group to further develop SDG&E's confidentiality designation practices.

Respectfully submitted,

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