

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



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Application of Southern California Edison
Company (U338E) For Approval of Its 2024
ERRA Forecast Proceeding Revenue Requirement.

Application No. 23-06-001

**OPENING BRIEF AND COMMENTS OF
THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

PUBLIC VERSION

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SUBJECT MATTER INDEX

I. LEGAL STANDARD 4

II. THE COMMISSION SHOULD ENSURE FAIR AND ACCURATE PCIA RATES IN RESOLVING CONTESTED ISSUES IN THIS PROCEEDING. 6

 A. Scoping Issues 1, 6 and 7: Issues Impacting SCE’s Proposed PCIA Revenue Requirement. 7

 1. SCE Must Value All RECs Used for Bundled Customer Compliance at the 2024 RPS Adder. 7

 a. Adopting the Same Interim Solution From Last Year is a Simple Way to Address this Controversial Issue. 11

 b. Alternatively, the Commission Can Apply D.23-06-006’s Clear Guidance in this Proceeding by Adopting CalCCA’s Proposal to Value Pre-2018 RECs. 15

 i. D.23-06-006’s Approach is Consistent with California Public Utilities Code Section 366.2(g) – SCE’s Approach is not. 17

 ii. D.23-06-006’s Approach Produces a Fair Outcome for Bundled and Unbundled Customers. 18

 2. The Value of Stored Energy Should Reflect a Resource’s Anticipated Operation. 22

III. UNCONTESTED ISSUES 29

IV. CONCLUSION 30

TABLE OF AUTHORITIES

Cases

Alabama Elec. Co-op., Inc. v. F.E.R.C., 684 F.2d 20 (D.C. Cir. 1982)..... 5
So. Cal. Edison Authorized to Increase Rates for California Intrastate Electric Services, 75 CPUC 641 (1973) 5

Statutes

Cal. Pub. Util. Code § 365.2 6
Cal. Pub. Util. Code § 366.2(a)(4) 6
Cal. Pub. Util. Code § 366.2(g) 2, 5, 17
Cal. Pub. Util. Code § 366.3 6
Cal. Pub. Util. Code § 451 4

Commission Decisions

D.11-12-018 8
D.15-07-001 5
D.15-07-051 25
D.18-01-009 6
D.18-10-019 passim
D.19-10-001 passim
D.19-11-016 22
D.20-02-047 9
D.21-05-030 9, 17
D.21-06-035 23
D.22-01-023 22
D.22-12-012 2, 14, 28
D.22-12-044 2, 15
D.23-04-040 25
D.23-06-006 passim

Commission Rules of Practice and Procedure

Rule 13.12 1

SUMMARY OF RECOMMENDATIONS

When calculating the Indifference Amount, Southern California Edison (SCE) must value all renewable energy credits (RECs) it forecasts to use for bundled customers' Renewable Portfolio Standard (RPS) compliance at the 2024 RPS Adder benchmark. The October Update creates an opportunity for the Commission to adopt the same interim solution it adopted in Decision 22-12-012 (last year's SCE Energy Resource Recovery Account (ERRA) Forecast case) to resolve a controversial issue on valuing pre-2019 banked RECs that may be used for RPS compliance in 2024. Alternatively, the Commission should apply the clear standard adopted in D.23-06-006 and require SCE to value all banked RECs at the benchmark in the year in which they are used.

The Commission should require SCE to forecast the value of its energy storage assets based on the way all parties agree stored energy will be discharged, *i.e.*, during peak pricing periods to earn net revenue for SCE.

The Commission should adopt the changes to the ERRA, Cost Allocation Mechanism, and Power Charge Indifference Adjustment revenue requirements stemming from issues that are no longer contested.

**BEFORE THE PUBLIC UTILITIES COMMISSION
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Application of Southern California Edison
Company (U338E) For Approval of Its 2024
ERRA Forecast Proceeding Revenue Requirement.

Application No. 23-06-001

**OPENING BRIEF AND COMMENTS OF
THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Pursuant to Rule 13.12 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) and the *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Ruling),¹ the California Community Choice Association (CalCCA)² hereby submits this Opening Brief regarding the *Application of Southern California Edison Company (U 338-E) (SCE) For Approval of Its 2024 ERRA Forecast Proceeding Revenue Requirement*, submitted on June 1, 2023 (Application).³ Consistent with the Scoping Ruling, CalCCA also includes comments on *SCE's Updated Testimony Energy Resource Recovery Account (ERRA) 2024 Forecast of Operations*, Exhibits SCE-06, SCE-07, and SCE-08 (October Update), submitted on October 13, 2023.⁴

¹ Application (A.) 22-06-0001, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 5-6 (August 3, 2023) (Scoping Ruling).

² California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster 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.

³ A.23-06-001, *Application of Southern California Edison Company (U 338-E) for Approval of Its Forecast 2024 ERRA Proceeding Revenue Requirement* (June 1, 2023) (Application).

⁴ Scoping Ruling at 5-6.

Two issues critical to the Power Charge Indifference Adjustment (PCIA) rates customers will pay in 2024 remain unresolved in this proceeding. First, when calculating the Indifference Amount, SCE must value all renewable energy credits (RECs) it forecasts to use for bundled customers' Renewable Portfolio Standard (RPS) compliance at the 2024 RPS Adder benchmark. For the second year in a row, the Voluntary Allocation and Market Offer (VAMO) process has created the potential for a shortfall in RPS generation during the forecast year that may require SCE to use banked RECs to meet those obligations. The key issue in this proceeding is whether banked RECs that have already been valued at the benchmark in a prior year should be valued at the 2024 benchmark, as required by prior Commission precedent and Public Utilities Code Section 366.2(g), and to ensure all customers are treated fairly.

The October Update creates an opportunity for the Commission to adopt the same interim, consensus-based solution it adopted in Decision (D.) 22-12-012 to resolve this controversial issue today, while the Commission also considers SCE's Petition for Modification of D.23-06-006 (SCE's PFM). That solution involves prioritizing the use of post-2018 RECs that have yet to be valued at the RPS Adder, *i.e.*, those valued as Unsold RPS per D.19-10-001. Alternatively, the Commission should apply the clear standard adopted in D.23-06-006 and require SCE to value all banked RECs at the benchmark in the year in which they are used. This standard was adopted in Pacific Gas and Electric's (PG&E) service territory in D.22-12-044, and is uncontested and therefore likely to be re-adopted in PG&E's 2024 ERRR Forecast case, A.23-05-012.

The second remaining disputed issue in this proceeding is whether SCE should value the market revenues from its storage assets based on (1) the way all parties agree stored energy will be discharged, *i.e.*, during peak pricing periods to earn net revenue for SCE, or (2) the way no party believes stored energy will be discharged, *i.e.*, during periods with average market prices

resembling the Energy Index. The question is really a timing issue – should the storage resources be properly valued during the forecast as part of this year’s proceeding or during next year’s true-up of the Portfolio Allocation Balancing Account (PABA). The answer is the resources should be properly valued during the forecast to mirror the operation of the resources and prevent unnecessary volatility in PCIA rates.

These two issues, as well as errors within SCE’s application and testimony the utility has corrected in rebuttal testimony and the October Update, implicate the following issues in the Scoping Ruling:⁵

1. Whether SCE’s requested 2024 ERRA forecast revenue requirement of \$4.932 billion is reasonable, including but not limited to consideration of the following:
 - a. SCE’s forecast of electric sales and electric load;
 - b. SCE’s forecast costs for fuel and purchased power expenses;
 - c. SCE’s forecast costs for spent nuclear fuel interim storage;
 - d. SCE’s forecast greenhouse gas (GHG) costs; and
 - e. Annual true-ups for balancing accounts such as the Portfolio Allocation Balancing Account (BA), New System Generation BA; Energy Settlements Memorandum Account, ERRA BA, BioMAT Non-Bypassable Charge, and Tree Mortality Non-Bypassable Charge BA.
5. Whether the Cost Allocation Mechanism (CAM) rates are reasonable.
6. Whether SCE’s calculations of the PCIA and Competitive Transmission Charge are reasonable, including discussion of the following:
 - a. Treatment of Resource Adequacy (RA) resources and associated costs in the PCIA;
 - b. Treatment of RPS resources with excess RPS value and allocation of RPS sales across vintages;
 - c. Calculation of the indifference amount;
 - d. Calculation of the year-end PABA balance; and
 - e. Allocation of indifference charges among vintages and customer classes.

⁵ *Id.* at 2-4.

7. Whether SCE's request and methods used to determine the issues described above comply with all applicable rules, regulations, resolutions, and decisions for all customer categories.

With the recommendations provided herein regarding contested and uncontested issues, the Commission can ensure SCE's 2024 rates are just and reasonable and follow all applicable Commission rules, regulations, resolutions, and decisions.

I. LEGAL STANDARD

The magnitude of the impact of SCE's application on both departed and bundled customers requires cautious and careful consideration under the applicable standards of proof. As the applicant, SCE has the burden of affirmatively establishing the reasonableness of all aspects of its application,⁶ and that burden of proof generally is measured based upon a preponderance of the evidence.⁷

In addition, pursuant to Public Utilities Code Section 451:

All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful.⁸

This foundational "just and reasonable" statutory requirement is applicable to all rates and charges, including those established in this ERRA Forecast proceeding. Commission precedent

⁶ R.11-02-019, *Decision Mandating Pipeline Safety Implementation Plan, Disallowing Costs, Allocating Risk of Inefficient Construction Management to Shareholders, and Requiring Ongoing Improvement in Safety Engineering*, p. 42 (December 28, 2012).

⁷ See, e.g., A.17-06-005, *Decision Adopting Pacific Gas and Electric Company's 2018 Energy Resource Recovery Account Forecast and Generation Non-Bypassable Charges and Greenhouse Gas Forecast Revenue and Reconciliation*, pp. 9-10 (January 16, 2018); R.11-02-019, *Order Modifying Decision (D.) 12-12-030 and Denying Rehearing, as Modified*, p. 29 (July 27, 2015) (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts.").

⁸ Cal. Pub. Util. Code § 451.

supports cost-causation principles in setting “just and reasonable” rates, whereby customers are responsible for the costs incurred on their behalf.⁹

In calculating its PCIA rates, SCE must comply with the guidance set forth D.18-10-019 and D.19-10-001 for valuing PCIA-eligible resources, including RPS resources, as well as prior decisions on which those two decisions are built. In D.18-10-019, the Commission revised inputs to the market price benchmarks (MPBs), including the addition of RPS adder.¹⁰ In D.19-10-001, the Commission required RECs forecasted to be used towards bundled customer Retained RPS compliance in any given year to be valued at the forecast RPS Adder MPB.¹¹ The Commission further clarified that, when utilizing banked RECs to fulfill bundled customer RPS compliance, IOUs should apply the MPB for the year in which they use banked RECs.¹² Finally, Section 366.2(g) of the Public Utilities Code requires that unbundled customers receive the value of any benefits from PCIA-eligible resource that “remain with bundled customers.”¹³

⁹ R.12-06-013, *Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates*, p. 2 (July 13, 2015) (citing *K N Energy, Inc. v. F.E.R.C.*, 968 F.2d 1295, 1300 (D.C. Cir. 1992) (“[I]t has been traditionally required that all approved rates reflect to some degree the costs actually caused by the customer who must pay them.”); *Alabama Elec. Co-op., Inc. v. F.E.R.C.*, 684 F.2d 20, 27 (D.C. Cir. 1982) (“[I]t has come to be well established that electrical rates should be based on the costs of providing service to the utility’s customers, plus a just and fair return on equity.”); *So. Cal. Edison Authorized to Increase Rates for California Intrastate Electric Services*, 75 CPUC 641 (1973) (recognizing the desirability of each group’s bearing its fair share of the cost of service, as such share is measured by the cost of service study); A.09-11-015, *Decision Approving Settlement Agreement* (September 2, 2010). The decision further notes: “For this reason a cost of service study is part of each general rate case for establishing electricity rates.” D.15-07-001 at 2-3 n. 3.

¹⁰ D.18-10-019 at 3.

¹¹ D.19-10-001 at Attachment B.

¹² D.23-06-006 at 44.

¹³ Cal. Pub. Util. Code § 366.2(g).

In the Commission’s unique ERRRA Forecast applications, where policymaking is largely forbidden,¹⁴ the utility rarely requests the recovery of costs that have not already been approved via a prior decision, and the allocation of costs among different customer groups and classes is pre-determined via the utility’s general rate case (GRC). Instead, the Commission implements prior decisions, resolving any ambiguity in those decisions that is necessary to enact rates for the forecast year. Here, SCE’s requested revenue requirements, rate proposals, and issue-specific requests must be reasonable.¹⁵ Its proposed PCIA rates and CAM charges must be reasonable and comply with all applicable rules, regulations, resolutions and decisions for all customer classes.¹⁶ In addition, SCE’s proposed PCIA rates must ensure indifference among bundled and unbundled customers,¹⁷ which includes taking actions to make customers whole when they have paid for resources that solely benefit the other customer group. In this way, the Commission can ensure that departed customers receive the benefits of the resources for which they have paid as required by Section 366.2(g).

II. THE COMMISSION SHOULD ENSURE FAIR AND ACCURATE PCIA RATES IN RESOLVING CONTESTED ISSUES IN THIS PROCEEDING.

CalCCA and SCE have worked over the past five months to reduce and resolve the issues initially in dispute in this proceeding. Section III of this Opening Brief discusses those now-resolved issues, as well as their impact on the revenue requirements and rates established within this proceeding. However, two key issues remain in dispute in this proceeding regarding SCE’s

¹⁴ D.18-01-009 at 10 (finding that policy issues and other industry-wide practices such as changes to the PCIA methodology are properly addressed in rulemaking dockets, such as R.17-06-026).

¹⁵ See Scoping Ruling at 2-4.

¹⁶ *Id.*

¹⁷ Cal. Pub. Util. Code § 366.2(a)(4). See also *id.* at § 365.2, § 366.3 (the Commission generally refers to these requirements as a statutory mandate to ensure “bundled customer indifference”).

proposed PCIA revenue requirement: how to value banked RECs that may be used to comply with bundled customers’ RPS compliance requirements and how to value energy storage resource that will only be dispatched during peak-pricing periods.

A. Scoping Issues 1, 6 and 7: Issues Impacting SCE’s Proposed PCIA Revenue Requirement.

1. SCE Must Value All RECs Used for Bundled Customer Compliance at the 2024 RPS Adder.

The Commission adopted the PCIA to ensure that when investor-owned utility (IOU) customers depart from bundled service and receive their electricity from a non-IOU provider, such as a community choice aggregator (CCA), “those customers remain responsible for costs previously incurred on their behalf by the IOUs — but only those costs.”¹⁸ The PCIA is derived from the utility’s Indifference Amount, which is updated annually in each IOU’s ERRA proceeding. The Indifference Amount is the difference in the target year between the cost of the IOU’s supply portfolio and the market value of the IOU’s supply portfolio.¹⁹



Total Portfolio Cost includes capital investment recovery and fixed maintenance costs determined in a GRC for utility owned generation (UOG), purchased power such as that from

¹⁸ R.17-06-026, *Scoping Memo and Ruling of Assigned Commissioner*, p. 2 (September 25, 2017); *see also* D.18-10-019 at. 3.

¹⁹ Exh. CalCCA-01 at 5:4-16.

power purchase agreements (PPAs), fuel costs for UOG and PPAs with tolling agreements, and California Independent System Operator (CAISO) grid charges and revenues, net of any sales.²⁰

Portfolio Market Value is derived from total eligible resource output multiplied by the MPBs, an administratively determined set of proxy values that represents the market value of the IOU's resource portfolio.²¹ Portfolio Market Value consists of three principal components: Energy Value, RPS Value, and RA Value.

Energy Value is the estimated financial value, measured in dollars, that is attributed to the non-RPS energy component of a utility portfolio for a given year.²²

RPS Value is the estimated financial value, measured in dollars, that is attributed to the renewable energy component of a utility portfolio for a given year above and beyond the Energy Value.²³

RA Value is the estimated financial value, measured in dollars, that is attributed to the resource adequacy component of a utility portfolio for a given year.²⁴

MPBs are estimates of the value per unit (not total portfolio value) associated with the three principal sources of value in utility portfolios (non-RPS energy, RPS, and RA capacity).²⁵ Each MPB must be multiplied by the relevant portfolio volume as part of the overall calculation of Portfolio Market Value:²⁶

Energy Index is the MPB that reflects the estimated market value of each unit of energy in a utility portfolio, in dollar value per megawatt hour (\$/MWh).

²⁰ D.11-12-018 at 8-9.

²¹ D.19-10-001 at 6 (“Market Value is the estimated financial value, measured in dollars, that is attributed to a utility portfolio of energy resources for the purpose of calculating the Power Charge Indifference Adjustment for a given year.”).

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

RPS Adder is the MPB that reflects the estimated incremental value of each unit of RPS-eligible energy that is attributable to the fact of that eligibility, in \$/MWh.²⁷

RA Adder is the MPB that reflects the estimated value of each unit of capacity in a utility portfolio that can be used to satisfy Resource Adequacy obligations, in dollar value per kilowatt (\$/kW-month). The RA Adder has three subcomponents, reflecting each type of RA product required for compliance with the RA program: system, local and flexible.²⁸

To calculate SCE's Indifference Amount, the value of RPS-eligible generation is credited against the cost of RPS-eligible resources in SCE's PCIA-eligible resource portfolio.²⁹ RPS-eligible generation sold to third parties is valued at the transaction price (or at the RPS Adder MPB if the transaction has not yet occurred) and credited to the Indifference Amount.³⁰ RPS-eligible generation retained by SCE to meet its annual RPS compliance target on behalf of bundled customers is counted as Retained RPS and valued at the RPS Adder MPB.³¹ The Commission determined in D.20-02-047 that the annual RPS compliance target is the minimum quantity of RPS generation that must be recognized as Retained RPS and credited to the PCIA annually.³² Pursuant to D.19-10-001, RPS-eligible generation that is not retained for compliance or sold to third parties is counted as Unsold RPS and valued at \$0 in the Indifference Amount.³³

In D.21-05-030, the Commission adopted the VAMO process for PCIA-eligible RPS resources.³⁴ Through the VAMO process, load-serving entities (LSEs) in SCE's service territory

²⁷ *Id.* at 7.

²⁸ *Id.*

²⁹ Exh. CalCCA-01C at 8:10-12.

³⁰ *Id.* at 8:14-16.

³¹ *Id.* at 8:12-14.

³² D.20-02-047 at 13-14.

³³ Exh. CalCCA-01C at 8:16-18.

³⁴ *See* D.21-05-030, Ordering Paragraphs 2-4; Exh. CalCCA-01C at 8:19-20.

may elect to receive a voluntary allocation of energy from eligible RPS resources in SCE's portfolio.³⁵ Subsequently, any unallocated RPS energy is made available for sale through a market offer process.³⁶ As a result of the VAMO process, SCE has less Retained RPS to use towards compliance targets for bundled customers.³⁷ In previous years, this has resulted in SCE retaining less RPS generation than is needed to meet its annual RPS compliance target.³⁸ One solution to solve for this shortfall is to use RECs generated in a prior year which were not sold or used for compliance – otherwise known as banked RECs.³⁹

If banked RECs are needed to meet the minimum Retained RPS requirement for current bundled customers, it is critical to properly value and account for them in the PCIA so that the cost of bundled customer compliance is not shifted to departed load customers.⁴⁰ In SCE's service territory, a significant portion of pre-2019 banked RECs were paid for by customers who received bundled service throughout 2011-2018, but departed bundled service after 2018 (Now Departed Customers).⁴¹ [REDACTED]

[REDACTED].⁴² However, no credit was ever issued

³⁵ Exh. CalCCA-01C at 8:20-21.

³⁶ *Id.* at 9:1.

³⁷ *Id.* at 9:4-6.

³⁸ *Id.* at 9:8-10 (citing Exh. SCE-01C, Chapter IX at 130:6-14).

³⁹ *Id.* at 9:17-20.

⁴⁰ *Id.* at 10:1-4.

⁴¹ See Exh. CalCCA-02C (SCE Response to CalCCA DR 5.01); R.17-06-026, *SCE Petition for Modification of D.23-06-006*, p.5 (September 11, 2023).

⁴² Exh. SCE-05C at 3:11-14.

to Now Departed Customers for the portion of the RECs they paid for that [REDACTED]

[REDACTED].⁴³

The significance of this issue is highlighted by the substantial load departure SCE has experienced since 2019. SCE confirms the number of bundled service customers that paid for RECs each year from 2011-2018 is greater than the number of bundled customers SCE served from 2019 to the present.⁴⁴ SCE's bundled load has reduced from 71,950,000 GWh in 2018 to 57,442,000 GWh in 2022, and down to [REDACTED].⁴⁵ In comparing current bundled sales volumes to bundled sales volumes in vintage years since 2011, it is clear that Now Departed Customers paid a significant portion of SCE's banked RECs each year from 2011 to 2018.⁴⁶

In order to avoid improper cost shifting and to ensure fundamental fairness to Now Departed Customers, SCE must value all RECs used for bundled customer compliance in 2024 at the 2024 RPS Adder MPB. While CalCCA and SCE generally agree as to the valuation of post-2018 banked RECs, the parties disagree on how to value pre-2019 banked RECs.

a. Adopting the Same Interim Solution From Last Year is a Simple Way to Address this Controversial Issue.

The controversy in this proceeding surrounds the valuation of pre-2019 banked RECs,

[REDACTED]

Should the Commission decide it is better to wait for resolution of SCE's PFM to address this issue, updated forecasts in SCE's October Update filing demonstrate [REDACTED]

⁴³ Exh. CalCCA-02C (SCE Response to CalCCA DR 5.01(c)).

⁴⁴ Exh. CalCCA-02C (SCE Response to CalCCA DR 5.05).

⁴⁵ SCE's sales forecast workpapers utilize the figure stated here. However, Exh. CalCCA-02C (SCE Response to CalCCA DR 5.09(c)-(d) shows bundled sales are forecasted to be [REDACTED] in 2024. CalCCA has been unable to resolve this discrepancy.

⁴⁶ See R.17-06-026, CalCCA Response to SCE PFM, pp. 15-16 (October 11, 2023).

[REDACTED], *i.e.*, the Commission can simply adopt the same interim approach adopted last year. This approach would allow additional time for the Commission to issue a final decision on the pending PFM in R.17-06-026 and, if necessary, for the impact of that decision to be implemented via the PABA true-up in 2024 or via SCE’s 2024 ERRR Compliance proceeding.

In its June filing, SCE argued that the interim approach adopted last year, which utilized a last-in, first-out (LIFO) methodology, was not appropriate in this case [REDACTED]

[REDACTED]

SCE asserted this as the key distinguishing factor preventing it from utilizing the interim approach adopted in its 2023 ERRR Forecast proceeding.⁵⁰ In that case, the Market Offer portion of the VAMO process had not yet launched.⁵¹ Consequently, SCE assumed that all RECs not taken during the Voluntary Allocation would be sold during the Market Offer process and concluded that it would be short of the RECs needed for 2023 RPS compliance.⁵² As an interim methodology

⁴⁷ Exh. SCE-05C at Footnote 5.

⁴⁸ Exh. SCE-01C, Chapter IX at 130:18-21.

⁴⁹ *Id.*

⁵⁰ Exh. SCE-05C at Footnote 5.

⁵¹ A.22-05-014, SCE Updated Testimony ERRR Forecast of Operations, p. 123:12-14 (October 10, 2022).

⁵² Exh. SCE-06C at 123:16-124:3.

to solve for this shortfall, SCE determined that there were enough post-2018 banked RECs (which had previously been valued at \$0) to cover its forecasted need and applied the Forecast RPS Adder.⁵³ As SCE notes, parties and the Commission have generally agreed on this approach as an acceptable interim solution in previous ERRA Forecast proceedings.⁵⁴

Acknowledging the controversy SCE’s application and subsequent PFM have created on this issue, Witness Dickman proposed an alternative approach consistent with the interim approaches adopted in prior years for the Commission’s consideration.⁵⁵ Witness Dickman explained that, under this approach, the Commission should require SCE to first use and value all RECs that have been counted as Unsold RPS and valued at \$0, *i.e.*, RECs generated in 2019 or later, before drawing on pre-2019 banked RECs.⁵⁶

The October Update has modified the circumstances surrounding this issue, creating the opportunity for the Commission to simply adopt last year’s interim solution. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] With this update, the situation is now similar to that addressed

⁵³ *Id.*

⁵⁴ Exh. SCE-05C at 5:1-4.

⁵⁵ Exh. CalCCA-01C at 15:2-24.

⁵⁶ *Id.* at 15:17-20.

⁵⁷ Exh. SCE-06C at 131, n. 149.

⁵⁸ *Id.* at 131:9-12.

⁵⁹ *Id.*

in SCE’s 2023 ERRR Forecast proceeding. Consequently, the interim solution Witness Dickman put forward—and parties supported, and the Commission adopted, last year—is again available to the Commission.

[REDACTED]

[REDACTED]⁶⁰ In making this argument, SCE offers no policy, factual, or ratemaking basis for deviating from its interim approach in this proceeding and rather relies [REDACTED]

[REDACTED].⁶¹ However, adopting the interim methodology SCE applied just last year is a simple and efficient solution to resolve this issue for now, while reserving the discussion surrounding the proper valuation of pre-2019 banked RECs for the PCIA docket. If that is the path the Commission chooses, it will provide customers a fair and consistent outcome in the short-term based on prior Commission precedent, D.22-12-012. If pre-2019 RECs are needed for compliance, [REDACTED],⁶² the Commission can address that issue during next year’s PABA true-up, or the 2024 ERRR Compliance case, either of which may have the benefit of a PFM resolution to guide it.

Adopting this interim approach requires a [REDACTED] credit to the Indifference Amount, which would be spread to all vintages based on each vintage’s proportionate share of RPS-eligible generation, and a corresponding [REDACTED] charge to the ERRR costs.

⁶⁰ *Id.* at 131, n. 149.

⁶¹ *Id.*

⁶² *Id.*

b. Alternatively, the Commission Can Apply D.23-06-006’s Clear Guidance in this Proceeding by Adopting CalCCA’s Proposal to Value Pre-2018 RECs.

The valuation of pre-2019 banked RECs is currently the subject of SCE’s PFM. As stated in CalCCA’s response to the PFM, the PFM is unnecessary, and the Commission need not wait for its resolution to act in this case. In D.23-06-006, the Commission clearly and decisively responded to parties’ requests to establish permanent rules for how to classify and value banked RECs during PCIA rate development by clarifying that it had already done so in D.19-10-001.⁶³ D.23-06-006 states that, “IOUs should apply the MPB for the year in which they use the banked REC.”⁶⁴ At the time of its decision, the Commission had already approved that same approach on an interim basis in PG&E’s service territory.⁶⁵ If the Commission decides now to resolve how to value pre-2019 RECs in this proceeding, this line of precedent provides clear and unambiguous guidance that can be immediately implemented to achieve a fair outcome for bundled and unbundled customers alike.

In testimony, SCE misconstrues Commission precedent to suggest [REDACTED]

[REDACTED] SCE argues that the valuation of pre-2019 banked RECs at the current MPB as set forth in D.23-06-006 would extend the reach of D.19-10-001 and result in bundled customers being double charged.⁶⁷ However, the premise of SCE’s argument conflates two distinct but related concepts. First, D.19-

⁶³ D.23-06-006 at 44.

⁶⁴ *Id.*

⁶⁵ See D.22-12-044 at Ordering Paragraph 1 (adopting revenue requirements calculated based on PG&E’s proposed methodology).

⁶⁶ Exh. SCE-05C at 4:1-3.

⁶⁷ *Id.* at 5:13-18.

10-001 required Unsold RECs generated after December 31, 2018 to be assigned zero value for PCIA ratemaking purposes.⁶⁸ Second, D.19-10-001 required *all* RECs forecasted to be used towards bundled customer Retained RPS compliance in any given year to be valued at the RPS benchmark for that year and credited to the PCIA.⁶⁹ This requirement applies to all Forecast Retained RPS, with no distinction between pre-2019 banked or post-2018 Unsold RECs when those RECs are eventually applied towards bundled customer compliance.

SCE misses this distinction and instead argues that in D.19-10-001 and D.18-10-019, the Commission created a January 1, 2019 “effective date” for the valuation of banked RECs at the RPS Adder MPB for the year in which those RECs are applied towards bundled customer compliance.⁷⁰ This argument is unpersuasive. D.19-10-001 established a January 1, 2019 effective date for assigning Unsold RECs zero value.⁷¹ D.18-10-019 revised inputs to the MPBs, including the addition of the RPS Adder, used to calculate the PCIA with an effective date of January 1, 2019.⁷² Neither decision supports SCE’s assertion that there is a parallel January 1, 2019 effective date with respect to the valuation of banked RECs used to meet the utility’s Minimum Retained RPS requirement. The Commission confirmed this in D.23-06-006, stating, “IOUs should apply the MPB for the year in which they use the banked REC.”⁷³

⁶⁸ D.19-10-001 at 35, Ordering Paragraph 3b.

⁶⁹ *Id.* at Ordering Paragraph 1, Attachment B.

⁷⁰ Exh. SCE-05C at 5:13-6:6.

⁷¹ D.19-10-001 at 28, n. 22.

⁷² D.18-10-019 at 3.

⁷³ D.23-06-006 at 44.

Importantly, PG&E’s methodology for valuing banked RECs in its 2023 ERRRA Forecast⁷⁴ and its pending 2024 ERRRA Forecast⁷⁵ is the same methodology SCE argues is contrary to D.23-06-006, D.19-10-001, and D.18-10-019.⁷⁶ [REDACTED], PG&E forecasts a shortfall in RECs needed to meet RPS compliance obligations after accounting for the VAMO process.⁷⁷ In PG&E’s ERRRA proceedings, the banked RECs PG&E forecasts for use in 2023 and 2024 had already been valued at the RPS MPB in the year in which they were generated.⁷⁸ Consistent with D.23-06-006, PG&E then credits the PCIA vintages corresponding to the years in which the banked RECs were generated by applying the current forecast RPS MPB to the quantity of RECs utilized.⁷⁹ This approach was approved by the Commission in PG&E’s 2023 ERRRA Forecast case at the time D.23-06-006 was issued, and it is uncontested and likely to be approved again in that case.

i. D.23-06-006’s Approach is Consistent with California Public Utilities Code Section 366.2(g) – SCE’s Approach is not.

Public Utilities Code Section 366.2(g) requires that unbundled customers receive the value of any benefits from PCIA-eligible resource that “remain with bundled customers.”⁸⁰ The Commission has explained that Section 366.2(g) is an example of legislative direction to prevent cost shifts for both bundled and unbundled load.⁸¹ Fundamentally, this means that customers should receive the value of the resources they pay for.

⁷⁴ A.22-05-029, Pacific Gas & Electric Company’s 2023 ERRRA Forecast.

⁷⁵ A.23-05-012, Pacific Gas & Electric Company’s 2024 ERRRA Forecast.

⁷⁶ See Exh. CalCCA-04 and Exh. CalCCA-05.

⁷⁷ Exh. CalCCA-04 at 9-17:15-20; Exh. CalCCA-03 at 11-13:20-24.

⁷⁸ Exh. CalCCA-04 at 9-20:20-34 - 9-21:11.

⁷⁹ *Id.*; Exh. CalCCA-03 at 11-20, Table 11-9.

⁸⁰ Cal. Pub. Util. Code § 366.2(g).

⁸¹ D.21-05-030 at 15 (citing D.18-10-019).

RECs are the primary benefit to customers of RPS-eligible generation, and Now Departed Customers paid for a proportionate share of the RECs banked prior to 2019.⁸² When a utility applies RPS-eligible generation towards bundled customer compliance, Section 366.2(g) requires that Now Departed Customers who previously paid for the costs of that generation to receive its value. As SCE's pre-2019 banked RECs are not being applied to fulfill the Retained RPS compliance targets of Now Departed Customers,⁸³ the value of these RECs must be delivered to Now Departed Customers another way.

The PCIA methodology set forth in D.19-10-001 ensures that Now Departed Customers are able receive this value by crediting the PCIA for the banked RECs used at the current RPS Adder benchmark.⁸⁴ The Commission confirmed the validity of this approach in D.23-06-006.⁸⁵ Ensuring that Now Departed Customers receive the value of the banked RECs they paid for at the time these RECs are used for bundled customer compliance is consistent with Section 366.2(g) and fundamental principles of fairness. SCE's approach would deny these customers any benefit from the RECs for which they already paid by failing to credit Now Departed Customers for those RECs when used as Retained RPS.

ii. D.23-06-006's Approach Produces a Fair Outcome for Bundled and Unbundled Customers.

SCE errs in suggesting bundled customers will pay customers twice for the same RECs under CalCCA's approach.⁸⁶ Valuing banked RECs using the RPS Adder MPB in the year the

⁸² Exh. CalCCA-02 (SCE Response to CalCCA DR 5.06).

⁸³ Exh. CalCCA-02 (SCE Response to CalCCA DR 5.01(d)).

⁸⁴ D.19-10-001 at Ordering Paragraph 1, Attachment B.

⁸⁵ D.23-06-006 at 44.

⁸⁶ Exh. SCE-05C at 3:19-4:3.

banked RECs are counted towards Retained RPS simply ensures that bundled customers make Now Departed Customers whole for the portion of the RECs they paid for that are now being used towards bundled customer compliance. This can be seen in the following figures, which demonstrate the effect of CalCCA’s proposal on Now Departed Customers that left SCE’s bundled service after 2018.

Figure 1: Banked RECs are Generated and Paid For in 2018

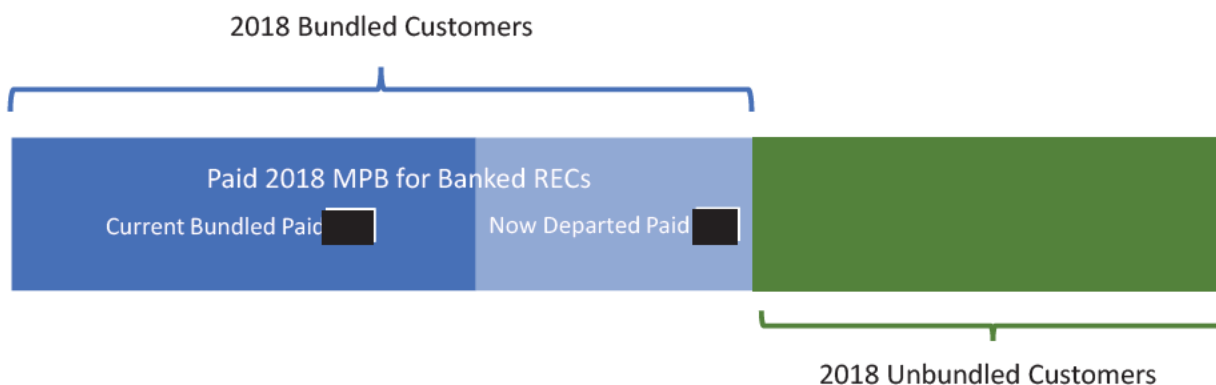


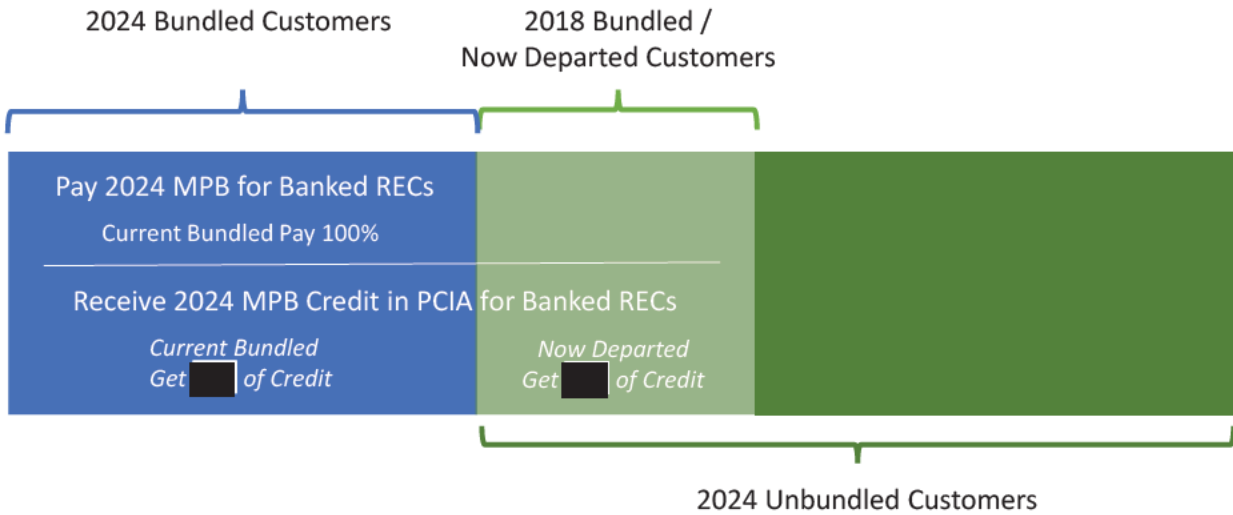
Figure 1 shows that all bundled customers in 2018, including Now Departed Customers that left SCE’s service after 2018 (the light blue portion above), paid a portion of the cost of the RECs that were banked in 2018. As SCE acknowledges, the RECs banked during this period and remaining in the bank in 2019 were not used to meet RPS compliance obligations related to serving Now Departed Customers’ load.⁸⁷ Under SCE’s proposed approach, this group of customers has paid for a portion of banked RECs that will be used to fulfill current bundled customers’ RPS compliance targets, but will receive no financial or RPS compliance benefits themselves.

In contrast, D.23-06-006 provides a much fairer result, *i.e.*, the one endorsed by CalCCA Witness Dickman. This dynamic is illustrated in Figure 2, below. Figure 2 demonstrates that if the

⁸⁷ Exh. CalCCA-02C (SCE Response to CalCCA DR 5.01(d)).

RECs banked in 2018 are forecasted to be used for Retained RPS compliance in 2024, current bundled customers (the dark blue portion) will pay the current RPS Adder MPB for those RECs. In addition, the value of those RECs are credited to the PCIA, per D.19-10-001 and D.23-06-006, which both bundled and unbundled customers pay.⁸⁸

Figure 2: Banked RECs are Used for Retained RPS in 2024



Under D.23-06-006’s approach, bundled customers receive a percentage of the Retained RPS credit at the current value of the RECs – the same percentage of the total cost for the RECs those customers paid in 2018. Now Departed Customers (the light green portion) from 2018 are also credited at the current RPS Adder MPB for the current value of the RECs. Now Departed Customers receive the same percentage of the credit as the percentage of the total cost they paid in 2018. Crediting the value of banked RECs to the PCIA using the 2024 RPS Adder MPB ensures that Now Departed Customers are left indifferent to bundled customers’ use of banked RECs for which Now Departed Customers paid but can now receive no benefit.

⁸⁸ See Exh. CalCCA-01C at 12:3-6; D.19-10-001 at Attachment B; D.23-06-006 at 44.

Since credits to the PCIA are shared between bundled and departed load customers,⁸⁹ crediting to the PCIA the value of banked RECs that were “already paid for” by bundled customers in prior years does not result in a double charge to today’s bundled customers.⁹⁰ Rather, departing load customers will receive credit for the portion of the value of RECs they previously paid for, but which were never used on their behalf.⁹¹

The fairness implications of this scenario can be illustrated by a simple hypothetical example. Assume Alice, Colette, and Courtney buy six apples together, with each of them paying one-third the cost of the apples. A week later, Colette and Courtney promise to bake a pie for a vendor at the farmer market and use all six of the apples to bake the pie. Colette and Courtney provide the pie to the vendor, who pays them for the pie. However, Colette and Courtney refuse to give Alice any of the proceeds from the vendor, stating that doing so would mean they have to pay twice for the same apples. However, if they do so, Colette and Courtney are not double-charged for the apples, rather, they are simply paying Alice back for the value of the apples she purchased originally. Under SCE’s interpretation of D.19-10-001, Colette and Courtney do not have to pay Alice back for her contribution to the value of the pie. This result is clearly unfair and directly contrary to the guidance provided in D.23-06-006.

To achieve a fair and balanced outcome, the PCIA vintaging framework should be used to provide credit for the value of banked RECs when they are counted towards RPS compliance.⁹²

⁸⁹ Exh. CalCCA-01C at 12:15-16.

⁹⁰ *Id.* at 12:16-18.

⁹¹ *Id.* at 12:18-20.

⁹² *Id.* at 11:19-20.

The Commission has implemented this type of policy – crediting customers through the PCIA for refunds or credits for which they are owed – in numerous ERRA proceedings.⁹³

Witness Dickman walked through the steps necessary to determine the appropriate credit amount in his direct testimony. First, SCE must determine the quantity of banked RECs needed to meet the Retained RPS shortfall. The quantities should be specific to the year(s) in which the RECs were generated.⁹⁴ Table 4 in Witness Dickman’s direct testimony provides a detailed illustration of the accounting process to determine which RECs are used to cover yearly shortfalls. Second, if the RECs were generated prior to 2019, credit should be applied through the PABA to the PCIA vintage corresponding to the year the RECs were generated.⁹⁵ This ensures that customers who were bundled at the time the REC was generated but who have now departed bundled service receive credit for the RECs now being used for bundled customers.⁹⁶ Table 5 in Witness Dickman’s direct testimony demonstrates the accounting process necessary to determine the appropriate PCIA credit by vintage. Finally, an offsetting charge would be included in the ERRA costs charged to current bundled customers.⁹⁷

2. The Value of Stored Energy Should Reflect a Resource’s Anticipated Operation.

SCE’s original forecast of the 2024 Indifference Amount included 37 purchase contracts with energy storage resources procured to meet the requirements of D.19-11-016 (Modified CAM)

⁹³ D.22-01-023 at Ordering Paragraph 4 (February 2, 2022) (In D.22-01-023, the Commission directed that prior year under- or over-recovery balances in IOU ERRA balancing accounts should be transferred to the most recent vintage subaccount of PABA to facilitate recovery or refund to customers).

⁹⁴ Exh. CalCCA-01C at 12:1-3.

⁹⁵ *Id.* at 12:3-6.

⁹⁶ *Id.* at 12:6-8.

⁹⁷ *Id.* at 12:12-13.

or System Reliability Request for Offers and D.21-06-035.⁹⁸ The number of contracts in the October Update is now 33 due to delays in certain facilities coming online and the addition of one new contract.⁹⁹ The utility also includes one UOS asset that is expected to be dispatched into the CAISO market during 2024.¹⁰⁰

The forecasted operation of SCE’s energy storage resources is not in dispute, and much of the controversy surrounding the accounting has now been resolved. [REDACTED]

[REDACTED]¹⁰¹ SCE charges the resources by purchasing energy from the CAISO market and discharges them by selling energy into the CAISO market.¹⁰² Because energy storage is not perfectly efficient, the storage systems use more energy to charge than they discharge into the market,¹⁰³ which can be referred to as “net charging energy.”¹⁰⁴ In SCE’s original PCIA workpapers, the net charging energy [REDACTED]

[REDACTED]¹⁰⁵ In the October update, [REDACTED]
[REDACTED]¹⁰⁶

⁹⁸ *Id.* at 18:5-11 and Attachment B (SCE response to CalCCA data requests 1.04 and 1.06).

⁹⁹ Exh. SCE-06C at 41:1-46:6, 59:8-24.

¹⁰⁰ Exh. CalCCA-01C at 18:5-11 and Attachment B (confidential SCE response to CalCCA data request 2.13).

¹⁰¹ Exh. CalCCA-01C at 18:11-19:8 and Attachment B (confidential SCE response to CalCCA data request 2.17). SCE also explains in discovery [REDACTED]
Exh. CalCCA-01C at 18:11-19:8.

¹⁰² Exh. CalCCA-01C at 18:5-11.

¹⁰³ *Id.* at 21:13-17.

¹⁰⁴ *Id.*

¹⁰⁵ Exh. CalCCA-01C at 21:13-17 and Attachment B (confidential SCE response to CalCCA data request 2.17).

¹⁰⁶ Exh. SCE-06C at 41:1-46:6, 59:8-24.

When SCE has the right to retain the resources' energy output, it is entitled to keep the net market revenue earned from charging and discharging in the CAISO market.¹⁰⁷ For PCIA-eligible resources, such as these, SCE confirmed that the contract costs *and* the net market revenue realized are both recorded to PABA.¹⁰⁸ Therefore, SCE's PCIA forecast should include the projected cost of the energy storage contracts *and* a credit for the net market revenue from energy retained by SCE.¹⁰⁹ If the net market revenue is not included, the forecasted Indifference Amount will be artificially overstated.¹¹⁰ In its rebuttal testimony, SCE generally agreed with Witness Dickman on these issues and revised its approach to valuing them in the PABA.¹¹¹

Parties also agree these resources will be discharged economically, *i.e.*, they will be discharged during peak pricing times.¹¹² That approach creates net revenue when the price earned for dispatch exceeds the costs to charge the resource. If the energy storage resources function as intended, charging during relatively low-price hours and discharging during relatively high-price hours, SCE should realize net market revenue over time despite using more energy to charge.¹¹³ In fact, SCE's forecast of PCIA-eligible energy storage dispatch during 2024, as included in the

¹⁰⁷ Exh. CalCCA-01C at 18:11-19:8 and Attachment B (SCE response to CalCCA data requests 4.03 and 4.05).

¹⁰⁸ *Id.*

¹⁰⁹ Exh. CalCCA-01C at 18:11-19:8.

¹¹⁰ *Id.*

¹¹¹ *See* Exh. SCE-5C at 9:18-10:5.

¹¹² *Id.* at 8, Fig. II-1.

¹¹³ Exh. CalCCA-01C at 21:17-19.

October Update, projects total market revenue of [REDACTED]¹¹⁴ and total charging costs of [REDACTED],¹¹⁵ resulting in net revenue *exceeding* [REDACTED].

Thus, the sole remaining issue in dispute is what should be the price used to value energy that is forecasted to be discharged from the storage resources, SCE’s forecasted on-peak price or the Energy Index.¹¹⁶ The aforementioned legal standard for this proceeding requires all rates established herein to be both just and reasonable and to follow prior Commission decisions. One way the Commission strives to keep rates reasonable is to minimize the swing in rates from one year to the next,¹¹⁷ a practice that requires the best forecast possible. Beyond these general requirements, D.18-10-019 and D.19-10-001 establish the methodology the Commission must follow in this proceeding order to set PCIA rates for 2024.¹¹⁸

Contrary to SCE’s suggestion, D.18-10-019 does not bind the Commission and require that all forecasted energy dispatched from an energy storage asset must be valued at the Energy Index. SCE suggests that discharging an energy storage resource “is akin to the market revenues generated by the resource,” and, as such, should be valued at the Energy Index.¹¹⁹ It cites to Ordering Paragraphs 1 and 2 to support this assertion as well as the assertion that the PCIA methodology adopted in D.18-10-019 “requires that all energy revenues be valued on a forecast

¹¹⁴ Exh. CalCCA-06C at Table IV-9 lines 134-136.

¹¹⁵ *Id.* at Table IV-9 lines 99, 125-126.

¹¹⁶ Exh. SCE-5C at 9:18-10:5.

¹¹⁷ *See, e.g.*, D.23-04-040 at Ordering Paragraph 2(e) (discussing the importance of tools for customers to minimize rate variability); D.15-07-051 at 28 (“Rates should be stable and understandable and provide customer choice”).

¹¹⁸ D.18-10-019 at Ordering Paragraph 2.

¹¹⁹ Exh. SCE-05C at 10:1-9.

basis using the Energy Index MPB.”¹²⁰ However, Ordering Paragraph 1 only requires Energy Division to calculate the Energy Index (called the Brown Power Index in that decision) in the same manner as that adopted in 2006 in D.06-07-030; and Ordering Paragraph 2 only requires the PCIA be calculated using the Energy Index.¹²¹

Neither Ordering Paragraph addresses how a resource that consumes more energy than it uses during the forecast year should be valued. That silence makes sense. For most generating resources, the issue is non-controversial because expected generation from the resource far outweighs any station power or load necessary to help the generating resource operate. Thus, that decision does not prescribe how a net-negative generation resource should be valued in a forecast. D.18-10-019 *does* state, however, that PCIA rates “should accurately reflect and seek to preserve all short, medium, and long-term value of the resources procured by the utilities.”¹²²

D.19-10-001 provides definitions of the different components of the PCIA, how they are calculated and what their purposes are. Within that discussion, the decision emphasizes the purpose is to estimate the *financial value* of each IOU’s resources. It states that the market value of SCE’s portfolio “is the estimated *financial value, measured in dollars*, that is attributed to a utility portfolio of energy resources for the purpose of calculating the Power Charge Indifference Adjustment for a given year.”¹²³ That Market Value consists of three principle components, including the Energy Value, which it defines as “the estimated *financial value, measured in dollars*, that is attributed to the energy component of a utility portfolio for a given year.”¹²⁴ In

¹²⁰ *Id.* at 9:9-12, n. 19 and 10:1-3, n. 20.

¹²¹ D.18-10-019 at Ordering Paragraphs 1 and 2.

¹²² *Id.* at 15.

¹²³ D.19-10-001 at 6 (emphasis added).

¹²⁴ *Id.* at 6 (emphasis added).

order to determine the Energy Value, it stated each MPB must be multiplied by the relevant portfolio volume as part of the overall calculation of Market Value.¹²⁵ However, in the case of these storage resources, there is no “portfolio volume” because the resources have a net negative volume.

In order to accurately value energy storage used to arbitrage the difference between on and off-peak pricing, both SCE and the Commission took into account last year how the resources will actually operate (charging in the off-peak periods and discharging on-peak period). There, Witness Dickman proposed that net market revenue from certain energy storage resources should be included as a credit to the 2019 PCIA vintage of the 2023 Indifference Amount.¹²⁶ SCE agreed with the accounting presented in Witness Dickman’s testimony in that case, which specified that the contract costs and net market revenue would be included in the PCIA.¹²⁷ That net market revenue was calculated by taking all discharges from those energy storage assets and valuing them at SCE’s forecasted on-peak prices, and not the MPB.¹²⁸ In that case, both charging costs and discharging revenue were forecasted using SCE’s internal price forecast, an approach the Commission adopted when it approved the revenue requirements calculated on that basis in D.22-

¹²⁵ *Id.* at 7.

¹²⁶ Exh. SCE0-05C at 20:18-21:19 (citing to A.22-05-014, SoCal CCAs Direct Testimony at 9:17-10:6).

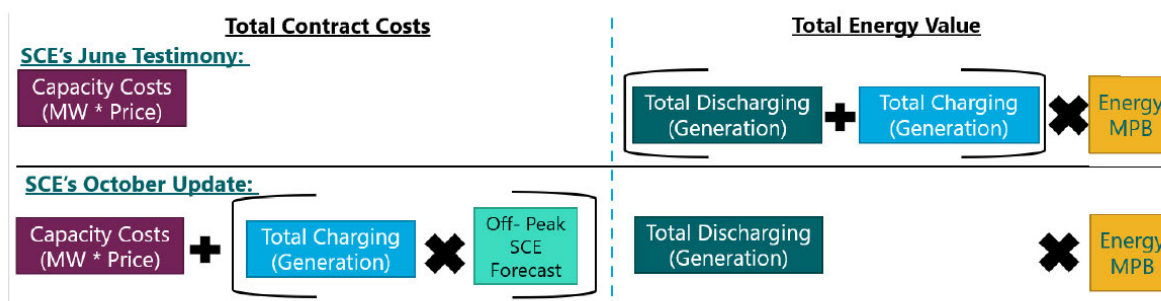
¹²⁷ *Id.* at 20:18-21:19 (citing to A.22-05-014, Exh. CCA-02 (SCE response to SoCal CCAs data request 7.01)).

¹²⁸ The only component of energy storage value that was valued at the MPB in SCE’s case last year was the difference between charging and discharging volumes, which is a negative value. That is, only net charging was valued at the MPB and no discharges were actually valued at the MPB. *See* SCE Response to CalCCA Data Request 5.19 (stating “[i]n the fall update of its 2023 ERRR forecast SCE forecasted the total ‘annual costs’ as the sum of total contract capacity payments net of market revenues as defined in CalCCA’s direct testimony (i.e., both charging costs and discharging revenue forecasted using SCE’s internal price forecast).” Emphasis added). While this response is not currently on the record, the fact only net charging was valued at the MPB can be seen in Table IX-1 in SCE-06C in the upper righthand corner of the figure.

12-012.¹²⁹ That is, the revenue requirement underlying the PCIA rates customers are paying today had been reduced by the net revenue of SCE’s storage resources. Nothing has changed to justify a different treatment for the energy storage resources in SCE’s 2024 ERRR Forecast.

Not only is CalCCA’s proposal consistent with the treatment of market revenue from energy storage resources in last year’s proceeding, but it is also consistent with SCE’s proposed treatment of charging costs in this proceeding. As shown in Figure IX-1 from SCE’s October Update testimony, reproduced below, SCE is calculating the charging costs by multiplying the volume of energy used to charge the storage resources by the “off-peak SCE forecast” (the blue and teal boxes in the lower left).

Figure IX-1
Comparison of Energy Storage Contract Costs and Energy Value Calculations



SCE proposes to calculate market revenue by multiplying Total Discharging energy by the Energy MPB. It makes little sense to multiply the Total Charging load by an off-peak price forecast but to then ignore SCE’s on-peak price forecast when valuing Total Discharging output. Indeed, SCE’s proposal includes only [REDACTED] of market revenue in the PCIA calculation rather than the [REDACTED] of revenue it expects to earn from PCIA-eligible energy storage in 2024. It makes

¹²⁹ *Id.*; D.22-12-012 at 57-58, Findings of Fact 44 and 45, Conclusion of Law 2 and Ordering Paragraph 2.

no sense for the Commission to simply ignore approximately [REDACTED] in expected revenue all parties agree SCE expects to earn.

The Commission should require SCE to value the market revenues from its storage assets based on the way parties agree stored energy will be discharged, *i.e.*, during peak pricing periods to earn net revenue for SCE. That approach comports with D.18-10-019 by avoiding unnecessary volatility in the PCIA and with D.19-10-001 by properly forecasting the financial value of the resources. Adopting CalCCA's proposal will ensure more accurate rates today, does not violate D.18-10-019, and requires an adjustment to the 2024 Indifference Amount presented in the October Update by approximately [REDACTED].

III. UNCONTESTED ISSUES

CalCCA raised a number of issues in testimony that SCE agreed to in its rebuttal testimony and/or committed to addressing in the October Update that impact Scoping Issues 1, 5, 6 and 7, including the following:

With regard to new Modified CAM contracts procured pursuant to D.19-11-016, SCE (1) removed the adjustment to transfer RA capacity from existing solar resources; (2) corrected a formula error in SCE's PCIA workpapers to capture the removal of Modified CAM costs for opt-out LSEs; and (3) adjusted the 2023 year-end PABA balance to recognize the value of Retained RA provided by Modified CAM contracts to meet bundled customer RA compliance beginning in 2021; these changes resulted in a combined downward adjustment to the Indifference Amount of [REDACTED];

SCE corrected formula errors in its PCIA workpapers that inadvertently excluded UOS resources from the Indifference Amount calculation and the impact of the non-vintage contract from PCIA rates; these changes resulted in a combined upward adjustment to the Indifference Amount of [REDACTED]; and

SCE agreed to credit load reduction benefits totaling [REDACTED] from UOS assets connected to the distribution system against distribution costs rather than include those costs as a reduction to bundled customer load procurement costs.

Finally, during the prehearing conference, SCE committed to providing a redline version of its October Update, the workpapers underlying the updated testimony, and confidential versions

of that updated testimony concurrently with its primary filing. SCE followed through with its promises, as well as producing discovery on an expedited timeline after both rebuttal testimony and the October Update. CalCCA greatly appreciates these efforts, which eased CalCCA's review of those pleadings and will help ensure accurate PCIA rates in 2024.

IV. CONCLUSION

For the foregoing reasons, CalCCA respectfully urges the Commission to take the actions discussed herein and any other relief the Commission deems just and reasonable.

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Respectfully submitted,



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