

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



FILED

11/22/23

04:59 PM

Application No. 23-06-001 A2306001

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

**REPLY COMMENTS OF
THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Evelyn Kahl,
General Counsel and Director of Policy
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
Telephone: (510) 980-9459
E-mail: regulatory@cal-cca.org

November 22, 2023

Tim Lindl
Alissa Greenwald
Keyes & Fox LLP
580 California Street, 12th Floor
San Francisco, CA 94104
Telephone: (510) 314-8385
E-mail: tlindl@keyesfox.com
agreenwald@keyesfox.com

*Counsel for California Community Choice
Association*

SUBJECT MATTER INDEX

I. THE PROPOSED DECISION SHOULD BE REVISED TO AVOID PREJUDGING THE OUTCOME OF SCE’S PFM. 2

II. SCE’S OTHER RECOMMENDATIONS, INCLUDING THAT THE PD BE MODIFIED TO REFLECT A CHANGE IN THE 2024 FUEL AND PURCHASED POWER REVENUE REQUIREMENT, ARE REASONABLE. 4

III. CONCLUSION..... 5

TABLE OF AUTHORITIES

Rules of Practice and Procedure

Rule 14.3 1

Commission Decisions

D.19-10-001 3

D.22-12-012 3

D.23-06-006 2

SUMMARY OF RECOMMENDATIONS

- The Proposed Decision should be revised to avoid prejudging the Commission's resolution of Southern California Edison's (SCE's) Petition for Modification of D.23-06-006, to correct the record with regard to the California Community Choice Association's positions, and to avoid conflicting findings of fact, conclusions of law, and ordering paragraphs.
- The Proposed Decision makes conclusions the record does not support; it should be revised to 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 Proposed Decision should be revised to correct several typographical errors and to ensure greater clarity.

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

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

Application No. 23-06-001

**REPLY COMMENTS OF
THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the *Assigned Commissioner's Scoping Memo and Ruling*,¹ and Judge Sisto's September 22, 2023, ruling,² the California Community Choice Association (CalCCA)³ hereby submits these Reply Comments regarding Judge Sisto's November 7, 2023, Proposed Decision (PD or Proposed Decision) resolving 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).⁴

The Proposed Decision adopts a reasonable and efficient solution that resolves the controversy surrounding the use of banked Renewable Energy Credits (RECs) to comply with SCE's Renewable Portfolio Standard (RPS) requirements for 2024. While a reasonable approach,

¹ Application (A.) 23-06-001, *Assigned Commissioner's Scoping Memo and Ruling*, pp. 5-6 (Aug. 3, 2023).

² A.23-06-001, *Email Ruling Removing Evidentiary Hearing, Directing Future Motions, and Adjusting Procedural Schedule* (Sep. 22, 2023).

³ 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.

⁴ A.23-06-001, *Application of Southern California Edison Company (U 338-E) for Approval of Its 2024 ERRA Forecast Proceeding Revenue Requirement* (June 1, 2023).

the PD's directive to prioritize the use of post-2018 banked RECs for bundled customer RPS compliance is only an interim solution, applying only to the 2024 forecast year and any subsequent years until SCE's Petition for Modification of D.23-06-006 (PFM) in the Power Charge Indifference Adjustment (PCIA) Rulemaking docket⁵ is resolved. Consequently, it is important the PD genuinely reserve the issues surrounding the valuation of pre-2019 banked RECs for resolution in SCE's PFM. As discussed below and in CalCCA's Opening Comments, revisions are necessary to ensure the PD avoids prejudging the outcome of the PFM.

The Commission should adopt the revisions in Appendix A of CalCCA's Opening Comments.⁶ These include modifications to correct errors regarding the use of post-2018 banked RECs, as well as the addition of Findings of Fact, Conclusions of Law, and Ordering Paragraphs related to the use of on-peak prices for SCE's forecast of the discharge of its energy storage resources. In addition, the Commission should revise the PD to incorporate several modifications proposed by SCE. These modifications are discussed in Section II below.

I. THE PROPOSED DECISION SHOULD BE REVISED TO AVOID PREJUDGING THE OUTCOME OF SCE'S PFM.

In Opening Comments, SCE commends the PD's statement that the Commission has not, to date, found that SCE's bundled customers owe credits to Departing Load customers for use of pre-2019 banked RECs.⁷ However, this statement directly addresses the question raised by SCE in its PFM and appears to suggest that D.23-06-006 does not apply to pre-2019 banked RECs – in effect, predetermining the outcome of the PFM. The inclusion of this language expressly

⁵ R.17-02-026.

⁶ A.23-06-001, Opening Comments of the California Community Choice Association (CalCCA), Appendix A (November 17, 2023) (Opening Comments of CalCCA).

⁷ A.23-06-001, Southern California Edison Company's (U 338-E) Opening Comments on Proposed Decision Regarding Southern California Edison Company's 2024 Energy Resource Recovery Account Forecast, p. 1 (November 17, 2023) (Opening Comments of SCE).

contradicts the PD's intention to not address the valuation of pre-2019 banked RECs in this proceeding⁸ and should not be included in a final decision.

In addition, SCE expresses support for the PD's conclusion that D.19-10-001 does not imply a "lifetime ownership right" to the bank of RECs in an IOU's portfolio.⁹ As discussed in CalCCA's Opening Comments, no party in this proceeding has asserted that former bundled customers retain a "lifetime ownership right" to SCE's bank of RECs.¹⁰ Rather, this issue originated in SCE's Opening Brief, which relied on a misinterpretation of CalCCA's position in an unrelated case to erroneously suggest CalCCA asserted this claim in the present proceeding.¹¹

As the PD directs SCE to prioritize the use of post-2018 banked RECs for 2024 RPS compliance, the entire underlined statement below can be removed from the PD without any impact to its effectiveness.

Page 53: "We agree with SCE that the Commission has not, to this date, found that SCE's bundled service customers owe credits to Departing Load customers for the use of pre-2019 banked RECs and that D.19-10-001 does not imply that each former bundled service customer should retain some 'lifetime ownership right' to the bank of RECs in the IOUs' portfolio."¹²

In fact, the interim solution adopted in D.22-12-012 can be applied without any further discussion of SCE's assertions related to the valuation of pre-2019 banked RECs whatsoever. Removal of this statement more accurately carries out the PD's intention to reserve determination of the proper

⁸ A.23-06-001, Proposed Decision of Administrative Law Judge Sisto, p. 59 (November 7, 2023).

⁹ Opening Comments of SCE at 1.

¹⁰ See Opening Comments of CalCCA at 4.

¹¹ See A.23-06-001, Reply Brief and Comments of the California Community Choice Association, pp. 14-16 (November 2, 2023) (discussing the potential origins of SCE's unfounded claim and clarifying that CalCCA has not taken this position).

¹² Proposed Decision at 53.

valuation of pre-2019 banked RECs for resolution in the PFM. Finally, adopting CalCCA's suggested modification ensures that erroneous characterizations of CalCCA's positions are not included in the final decision.

II. SCE'S OTHER RECOMMENDATIONS, INCLUDING THAT THE PD BE MODIFIED TO REFLECT A CHANGE IN THE 2024 FUEL AND PURCHASED POWER REVENUE REQUIREMENT, ARE REASONABLE.

In Opening Comments, SCE notes that post-2018 banked RECs used for its 2024 RPS compliance obligations will be valued at the RPS market price benchmark.¹³ As a result, SCE states that the forecast use of post-2018 banked RECs for RPS compliance will result in an updated forecast of SCE's 2024 Fuel and Purchased Power (F&PP) revenue requirement.¹⁴ SCE states that it will make any necessary changes to the ERRRA and Portfolio Allocation Balancing Account F&PP revenue requirement in its Tier 1 Implementation Advice Letter, but asks that the PD be modified to reflect that the 2024 revenue requirement will change.¹⁵ As SCE states, the approach adopted by the PD will result in a change to the 2024 F&PP revenue requirement. SCE's request to modify the PD to reflect this change is reasonable.

CalCCA also supports the following recommendations in SCE's Opening Comments and urges the Commission to adopt them:

- Page two of the PD should be revised to reflect SCE's updated 2024 generation service revenue requirement of \$5.513 billion.¹⁶
- Pages 25 and 32 of the PD should be revised to state the correct the total of 537.5 MW of certain Utility-Owned Storage (UOS) projects included in SCE's forecast.¹⁷

¹³ Opening Comments of SCE at 2.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 3.

¹⁷ *Id.*

- Page 25 of the PD should be revised to strike the reference to the use of the PCIA recovery framework for UOS projects that will be distribution assets in 2024.¹⁸
- Page 24 of the PD should be modified to remove “emergency” from the sentences regarding the Modified Cost Allocation Mechanism.¹⁹ These sentences should be moved from the Emergency Reliability section to the System Reliability section.²⁰
- Page 80 of the PD should be revised to reflect that actual tariffs and rate changes will be included in the consolidated revenue requirement and rate change advice letter.²¹
- Part (c) of Ordering Paragraph (OP) 10 should be revised to reflect the use of recorded amounts through November, if available, resulting in a forecast for only December 2023.²² In addition, Part (d) of OP 10 should be removed for clarity.²³

III. CONCLUSION

For the foregoing reasons, CalCCA respectfully urges the Commission to take the actions discussed herein, and in CalCCA’s Opening Comments, and to grant any other relief the Commission deems just and reasonable.

¹⁸ Opening Comments of SCE at 3.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.* at 4.

²² *Id.*

²³ *Id.* at 4-5.

Dated: November 22, 2023

Respectfully submitted,

/s/ Alissa Greenwald

Alissa Greenwald

Keyes & Fox LLP

580 California Street, 12th Floor

San Francisco, CA 94104

Telephone: (510) 314-8385

E-mail: agreenwald@keyesfox.com

*Counsel for California Community Choice
Association*