

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



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Application of Pacific Gas and Electric Company
for Compliance Review of Utility Owned
Generation Operations, Portfolio Allocation
Balancing Account Entries, Energy Resource
Recovery Account Entries, Contract
Administration, Economic Dispatch of Electric
Resources, Utility Owned Generation Fuel
Procurement, and Other Activities for the Record
Period January 1 Through December 31, 2023.

Application No. 24-02-012

(U 39 E)

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
PROTEST TO THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY**

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

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and other Activities for the Record Period January 1 Through December 31, 2023.

Application No. 24-02-012

(U 39 E)

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION’S
PROTEST TO THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY**

The California Community Choice Association¹ (CalCCA) hereby protests the relief sought in the above-captioned *Application of Pacific Gas and Electric Company (PG&E) for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 Through December 31, 2023 (U 39 E)* (Application) pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission).

In its Application, PG&E requests the Commission find:

¹ 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 Choice 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 (SJCE), Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

1. that it prudently administered and managed its utility-owned generation (UOG) facilities in compliance with all applicable rules, regulations and Commission decisions;
2. that it achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to standard of conduct (SOC) 4;
3. that the entries recorded in the Energy Resource Recovery Account (ERRA) and the Portfolio Allocation Balancing Account (PABA) are reasonable, appropriate, accurate and in compliance with Commission decisions;
4. that its fuel procurement and hedging activities complied with its 2014 Bundled Procurement Plan (BPP);
5. that its Greenhouse Gas Compliance Instrument Procurement complied with the 2014 BPP;
6. that its resource adequacy (RA) sales complied with the BPP, and;
7. that the costs incurred and recorded in the Green Tariff Shared Renewables Memorandum Account (GTSRMA), Green Tariff Shared Renewables Balancing Account (GTSRBA), Disadvantaged Communities – Single-Family Solar Homes (DAC-SASH) balancing account (DAC-SASHBA), Disadvantaged Communities Green Tariff Balancing Account (DACGTBA), Community Solar Green Tariff Balancing Account (CSGTBA), and Centralized Local Procurement Sub-Account (CLPSA) in the New System Generation Balancing Account (NSGBA) are reasonable and in compliance with applicable tariffs and Commission directives.²

The impact of PG&E's Application on both departed and bundled customers requires careful consideration under the applicable standards of review. PG&E, as the applicant, has the burden of proof³ and must satisfy that burden based on a preponderance of the evidence.⁴

CalCCA protests the Application on the grounds the utility has fallen short of demonstrating the entirety of the relief PG&E seeks meets the utility's burden. CalCCA has identified certain issues below that should prevent immediate adoption of the relief requested in the Application without further examination before the Commission, including in particular: 1)

² Application at 20.

³ Decision (D.) 12-12-030 at 42; Application at 4.

⁴ D.16-04-006; Application at 4.

PG&E's RA activity during the record year, including its efforts to sell excess RA and its transfer of over 350 MW of excess RA from the PABA to the NSGBA; and 2) PG&E's use of "banked" renewable energy credits (REC) from prior years to meet its Minimum Retained Renewable Portfolio Standard (RPS) requirement in the record year, and its allocation of the value of those credits to Power Charge Indifference Adjustment (PCIA) vintages. CalCCA respectfully requests the Commission set this matter for hearing to fully examine those issues together with any other issues that may arise during the course of this proceeding. CalCCA further requests the Commission modify PG&E's proposed list of scoping issues to expressly indicate a thorough review of PG&E's 2023 RA activities is in scope in this proceeding.

I. CALCCA HAS A DIRECT, CLEAR, REAL, PRESENT, TANGIBLE, AND PECUNIARY INTEREST IN THE OUTCOME OF THIS PROCEEDING

As noted above, CalCCA represents the interests of 24 community choice aggregators (CCAs) in California, including 11 CCAs that serve PG&E's delivery service customers. Except for SJCE and CleanPowerSF, each of those 11 CCAs is governed by a Board of Directors comprised of elected officials who represent the individual cities and counties the CCA serves, or an elected City Council. CleanPowerSF is the CCA for the City and County of San Francisco, which the San Francisco Public Utilities Commission operates. SJCE is the City of San José's CCA program, which the San José Community Energy Department administers. While CalCCA's advocacy frequently benefits both bundled and unbundled customers, the CCAs are the sole advocates for their customers and their local energy programs before this Commission.

CCA customers receive generation services from their local CCA and receive transmission, distribution, billing, and other services from PG&E. As such, CCA customers in PG&E's service territory must pay the same electric distribution, transmission and non-bypassable rates as PG&E's bundled customers. However, CCA customers pay CCA-specific generation rates, which vary and

are partially influenced by local mandates to increase electric vehicle use, procure and maintain clean electricity portfolios that in many cases exceed state requirements for renewable generation, and achieve other local goals.

CCA and other unbundled customers are also subject to several non-bypassable charges, including the PCIA. 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 CCA, “those customers remain responsible for costs previously incurred on their behalf by the IOUs—but only those costs.”⁵

The Commission initially determined the level of the PCIA during the 2023 record period in D.22-12-044 based in part on a forecast of the above-market costs stemming from PG&E’s generation portfolio over the course of that year. Prior to D.18-10-019, the PCIA rate was set only based on forecasts and not true-up for unbundled customers—only bundled customers’ rates were subject to a true-up. D.18-10-019 requires that PG&E true up the forecasted costs (net of forecasted market revenues or imputed revenues) approved in D.22-12-044 with the actual recorded costs (net of actual market revenues or imputed revenues) for PCIA-eligible resources.⁶ It also requires PG&E to true up the revenues it forecasted it would receive from both bundled and departing load customers over the course of 2023 with the actual revenues it received.⁷ This true-up occurs by comparing the forecasted costs and revenues to the recorded costs and revenues within the PABA.

As noted in more detail below, issues relating to whether the entries that PG&E recorded in the PABA (and the ERRRA) are reasonable, appropriate, accurate, correctly stated, and in

⁵ D.18-10-019 at 3 (October 11, 2018); *see also* Rulemaking (R.) 17-06-026, *Scoping Memo and Ruling of Assigned Commissioner* at 2 (September 25, 2017).

⁶ D.18-10-019 at Ordering Paragraphs (OPs) 7 and 8.

⁷ *Id.*

compliance with Commission decisions are within scope in ERRA Compliance proceedings, including this docket.⁸ Moreover, PG&E's management of its generation portfolio and its third-party contracts, including its management, procurement, and sales of its RA and renewable RPS resources, as well as its compliance with Commission-approved procurement and resource sales frameworks, directly impact the costs and revenues recorded to the PABA, which in turn impacts PCIA rates. To the extent PG&E's management of its generation portfolio and third-party contracts during the record period was not reasonable or in compliance with Commission decisions, which can result in CCA customers (customers of CalCCA's members) paying higher PCIA rates than they should be paying. CalCCA therefore has a direct, clear, real, present, tangible, and pecuniary interest in the outcome of this proceeding.

Finally, it is important to note that the true-up of the PCIA via the PABA reflects the full amount of above-market costs recovered from *both* bundled service and departing load customers. All above-market costs for PG&E's PCIA-eligible generation portfolio are paid by both bundled and unbundled customers, which share a portion of the PCIA revenue requirement obligations. The ERRA revenue requirement includes the remaining, at-market portion of the forecasted procurement costs for PG&E's bundled customers. Therefore, as will become evident over the course of this proceeding, many of CalCCA's interests in this case are closely aligned not only with those of PG&E's unbundled customers, but also with those of PG&E's remaining bundled customers.

⁸ See A.23-02-018 (PG&E 2022 ERRA Compliance Proceeding), Scoping Ruling at 2-3 (June 2, 2023); Application at 18.

II. GROUNDS FOR PROTEST

CalCCA has identified several preliminary issues in the Application that impact the interests described above. CalCCA is still examining the Application, conducting discovery,⁹ and communicating with PG&E to better understand and analyze the utility's recorded entries for 2023. CalCCA reserves the right to address and protest additional issues within the scope of this proceeding as they arise through continued review, analysis, discovery and investigation of all aspects of the Application and supporting testimony.

A. PG&E's Record Year Resource Adequacy Activity

PG&E's testimony presents the utility's RA activities during the 2023 record period.¹⁰ PG&E's RA procurement and sales activities, as well as its accounting of Sold RA, Unsold RA and Retained RA in the PABA, impacts the PCIA rates CCAs' customers pay. Therefore, as in prior ERRA Compliance proceedings, CalCCA will investigate PG&E's 2023 RA activities and determine whether those activities and associated accounting entries are reasonable, appropriate, correct, and consistent with applicable Commission decisions.

CalCCA routinely makes prompt attempts to investigate PG&E's record-year RA activities in ERRA Compliance proceedings. This year, however, CalCCA's ability to investigate PG&E's 2023 RA activities was hindered by PG&E's failure to provide a timely response to CalCCA's Master Data Request (MDR) 8 subpart 2. That data request concerns PG&E's RA positions for solicitations governed by PG&E's RA Sales Framework. Rather than providing a response to CalCCA's MDR 8 subpart 2 contemporaneous with its filing,¹¹ PG&E requested a lengthy

⁹ As of the filing of this Protest, CalCCA has already issued 46 discovery requests to PG&E, in addition to its Master Data Request.

¹⁰ PG&E Prepared Testimony at 12-11 to 12-15.

¹¹ See Settlement Agreement among Pacific Gas and Electric Company (U 39 E), the Public Advocates Office at the California Public Utilities Commission and Joint Community Choice

extension on that response (which CalCCA granted) and ultimately provided that response on March 25, 2024, nearly a month after filing its Application. CalCCA is reviewing that response and reserves the right to address any issues that arise through its continued investigation of PG&E's RA activities over the course of this proceeding.

Based on its preliminary review of PG&E's Application and supporting testimony, however, CalCCA is particularly concerned by PG&E's use of excess RA to meet its system reliability incremental procurement targets in 2023—an issue that parallels the core controversy between CalCCA and PG&E in PG&E's pending 2022 ERRRA Compliance proceeding. While PG&E is permitted to use excess RA from existing PCIA-portfolio resources to meet the incremental procurement targets established by D.21-03-056 and D.21-12-015 in order to address summer reliability concerns, PG&E may do so *only after* making reasonable attempts to sell that excess RA to other load-serving entities (LSE).¹² Those transfers result in a credit to PABA and a debit to NSGBA.¹³

PG&E states that it transferred a total of 358 MW of excess RA capacity from the PABA to the Reliability OIR subaccount of the NSGBA in 2023.¹⁴ CalCCA will investigate PG&E's 2023 RA activities—including its efforts to identify excess RA, its attempts to sell excess RA capacity once it identified excess RA, and its transfer of excess RA capacity to the Reliability

Aggregators at 4-5 (October 20, 2020) (describing PG&E's agreement to provide certain information to the Joint CCAs simultaneous with filing its annual ERRRA Compliance applications); D.21-07-013 at OP 1 (adopting settlement agreement containing MDR requirement); Joint Motion of Pacific Gas and Electric Company (U 39 E), the Public Advocates Office at the Public Utilities Commission and the Joint Community Choice Aggregators for Adoption of Settlement Agreement at 7 (October 22, 2020) (requesting adoption of settlement agreement describing MDR requirement).

¹² PG&E Prepared Testimony at 12-15.

¹³ *Id.*

¹⁴ *Id.*

OIR—to ensure PG&E optimized its RA portfolio, made reasonable attempts to sell excess RA capacity to other LSEs, conducted RA sales consistent with its BPP, and made the appropriate entries to its balancing accounts. As CalCCA explains in more detail in Section III of this Protest, PG&E’s record period RA activity, including each of the issues listed above, are relevant to multiple scoping issues PG&E identifies in its Application, including Scoping Issue 1, 3 and 5.

B. PG&E’S Use of Banked Renewable Energy Credits to Meet Minimum Retained RPS Requirement

In its 2023 ERRRA Forecast case, PG&E explained its bundled customer Retained RPS position for 2023 would be lower than its Minimum Retained RPS requirement (RPS compliance target) for the same year.¹⁵ PG&E proposed to use banked RECs from prior years to meet its projected shortfall and to value the REC transfer at the RPS Adder for the forecast year (PG&E’s “Minimum Retained RPS Methodology”).¹⁶ The Commission approved PG&E’s proposed Minimum Retained RPS Methodology in D.22-12-044.¹⁷

In its testimony in this proceeding, PG&E presents its Sold, Unsold and Retained RPS, as well as its Minimum Retained RPS recorded to the PABA in 2023.¹⁸ As anticipated, PG&E used surplus RECs from years prior to 2023 to meet its Minimum Retained RPS requirement.¹⁹ CalCCA will investigate PG&E’s RPS entries to the PABA, including the quantities of banked RECs PG&E transferred, the value PG&E assigned to those RECs, and the impact of those transfers on PCIA vintages, to ensure PG&E’s entries are reasonable, appropriate, accurate and consistent with prior Commission decisions. These issues are relevant to PG&E’s proposed Scoping Issue 3: “Whether

¹⁵ See A.22-05-029, PG&E Prepared Testimony at 11-13 to 11-21.

¹⁶ *Id.*

¹⁷ D.22-12-044 at OP 1.

¹⁸ PG&E Prepared Testimony at Table 12-1.

¹⁹ *Id.* at 12-8.

the entries recorded in the Energy Resource Recovery Account and the Portfolio Allocation Balancing Account are reasonable, appropriate, accurate and in compliance with Commission decisions.”

C. Other Issues that Require Further Investigation and Analysis

CalCCA hopes to work with PG&E over the course of this proceeding to review PG&E’s workpapers and better understand, investigate and potentially submit testimony regarding various components of the Application, including but not limited to:

- Whether Department of Water Resources’ reimbursement of above market Summer Import Procurement Contracts costs between June 1, 2023 and October 31, 2023 are appropriately recorded to the correct balancing accounts in compliance with Commission decisions;²⁰
- Whether the contract amendments PG&E lists in its Application reflect material modifications from their original terms and therefore should be re-vintaged;
- Whether PG&E’s accounting of costs associated with various procurements are correctly, appropriately and accurately recorded to ERRA and PABA in compliance with Commission decisions;
- Whether PG&E’s accounting of CAISO settlement charges and revenues are correctly, appropriately and accurately recorded to ERRA, PABA and other balancing accounts in compliance with Commission decisions; and
- GTSR-related issues such as whether revenue from GTSR customers was booked to the correct balancing accounts.

²⁰ *Id.* at 8-5.

III. ISSUES, CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS AND PROPOSED PROCEDURAL SCHEDULE

A. The Commission Should Modify PG&E's Proposed List of Scoping Issues to Expressly Indicate a Thorough Review of PG&E's 2023 RA Activities is in Scope in this Proceeding

1. In its pending 2022 ERRRA Compliance Proceeding, PG&E has opposed a thorough review of its record year RA activities and asserted that review is beyond the scope of the proceeding.

PG&E's Application proposes the following issues for consideration in this proceeding:²¹

- 1) Whether PG&E, during the record period, prudently administered and managed the following, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct No. 4 (SOC 4):
 1. Utility-Owned Generation Facilities, except for the Elkhorn BESS and Pit 1 Powerhouse outages which will be reviewed in the 2023 ERRRA Compliance proceeding, and;
 2. Qualifying Facilities (QF) Contracts and Non-QF Contracts;
 3. If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?
- 2) Whether PG&E achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4;
- 3) Whether the entries recorded in the Energy Resource Recovery Account and the Portfolio Allocation Balancing Account are reasonable, appropriate, accurate, and in compliance with Commission decisions;
- 4) Whether PG&E's greenhouse gas instrument procurement complied with its Bundled Procurement Plan;
- 5) Whether PG&E administered resource adequacy procurement and sales consistent with its Bundled Procurement Plan;
- 6) Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with the applicable tariffs and Commission directives:
 1. Green Tariff Shared Renewables Memorandum Account;

²¹ See Application at 17-18.

2. Green Tariff Shared Renewables Balancing Account;
3. Disadvantaged Community – Single Family Solar Affordable Homes Balancing Account;
4. Disadvantaged Community – Green Tariff Balancing Account;
5. Community Solar Green Tariff Balancing Account;
6. Centralized Local Procurement Sub-Account and;

7) Whether there are any safety considerations raised by this Application.

The Commission adopted a substantially similar list of scoping issues in PG&E’s 2022 ERRRA Compliance proceeding.²² Over the course of that proceeding, however, PG&E has repeatedly taken the extreme position that any attempt to investigate its 2022 RA sales efforts beyond the solicitations required by its BPP is beyond the scope of that proceeding.²³ CalCCA disagrees with PG&E’s interpretation of the scope of that proceeding and maintains that scope permits a thorough review of PG&E’s 2022 RA sales activities, including *but not limited to* the RA sales solicitations required by PG&E’s BPP.²⁴ Here, in a similar vein, PG&E’s proposed scoping issues permit a thorough review of PG&E’s 2023 RA sales activities. As CalCCA’s pleadings filed in PG&E’s 2022 ERRRA Compliance proceeding explain in detail, PG&E’s record-year RA activities,

²² See A.23-02-018, Assigned Commissioner’s Scoping Memo and Ruling at 2-3 (June 2, 2023).

²³ See A.23-02-018, Motion to Strike Portions of the Prepared Direct Testimony of Brian Shuey on behalf of the California Community Choice Association by Pacific Gas and Electric Company at 4-6 (October 6, 2023); Pacific Gas and Electric Company’s (U 39-E) Response to the Motion of the California Community Choice Association for Official Notice at 3-4 (January 25, 2024); Pacific Gas and Electric Company’s (U 39-E) Response to the Motion of the California Community Choice Association for Commission Review of Administrative Law Judge’s Evidentiary Rulings at 12-24 (March 11, 2024); Joint Report by Pacific Gas and Electric Company (U 39 E) and the California Community Choice Association at 2-3 (February 14, 2024).

²⁴ See A.23-02-018, California Community Choice Association’s Response to Pacific Gas and Electric Company’s Motion to Strike (October 23, 2023); California Community Choice Association’s Motion to Offer Exhibits into Evidence and Admit into the Record (January 18, 2024); California Community Choice Association’s Motion for Commission Review of Administrative Law Judge’s Evidentiary Rulings (February 23, 2024).

including the timing and manner of its efforts to sell excess RA through both solicitations and other sales processes, are relevant to Scoping Issues 1, 3 and 5 in the 2022 ERRRA Compliance proceeding, which substantially mirror PG&E's proposed Scoping Issues 1, 3 and 5 in this proceeding.²⁵

2. PG&E's record year RA activities, including the timing and manner of its efforts to sell excess RA, are relevant to the question of whether PG&E prudently managed its RA portfolio (Scoping Issue 1).

Scoping Issue 1 in the Application, asks “[w]hether PG&E, during the record period, prudently administered and managed the following, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct (SOC) 4: a) Utility-Owned Generation Facilities, except for the Belden and Caribou 1 Powerhouse outages and two maintenance outages at Diablo Canyon Power Plant, which will be reviewed in the 2024 ERRRA Compliance proceeding; b) Qualifying Facilities (QF) Contracts and Non-QF Contracts. If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?”²⁶

At a high level, Scoping Issue 1 requires the Commission to evaluate whether PG&E prudently administered and managed its generation portfolio (UOG and contracted resources) in the record year. As a part of that broad evaluation, the Commission must assess whether PG&E administered and managed its RA resources prudently. That prudence assessment, in turn, includes assessing whether PG&E made reasonable efforts to ensure it received value for all its RA

²⁵ See A.23-02-018, California Community Choice Association's Motion to Offer Exhibits into Evidence and Admit into the Record at 7-16 (January 18, 2024); California Community Choice Association's Motion for Commission Review of Administrative Law Judge's Evidentiary Rulings at 11-23 (February 23, 2024).

²⁶ Scoping Memo at 2.

resources, a key consideration in determining whether PG&E has prudently managed its generation portfolio.

The Commission applies several standards to assess the prudence of PG&E’s management and administration of its generation portfolio, including SOC 4, the Commission’s Good Utility Practice standard and the “reasonable manager” standard.²⁷ SOC 4 requires utilities to prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner.²⁸ The Commission has stated that prudent contract administration consistent with SOC 4 requires the utility “dispose of economic long power”—in other words, sell excess resources—among other activities.²⁹ In a similar vein, the “Good Utility Practice” standard requires utilities act consistent with:

“[A]ny of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition.”³⁰

Lastly, the broad “reasonable manager” standard requires utilities act in a manner that “comport[s] with what a reasonable manager of sufficient education, training, experience and skills using the tools and knowledge at his disposal would do when faced with a need to make a decision and act.”³¹ Each of these standards permit the Commission to review whether the utility maximized the value of its RA resources for the benefit of its customers during the record period.

²⁷ See, e.g., D.20-12-036 at 9 (in SDG&E’s 2018 ERRRA Compliance proceeding, finding SDG&E complied with the Good Utility Practice and reasonable manager standards).

²⁸ D.02-10-062, Conclusion of Law 11.

²⁹ D.02-12-074 at 54; *see also* D.05-04-036 at 24.

³⁰ D.02-12-069, Attachment A at 5.

³¹ D.90-09-088 at 499.

In addition, as referenced in Scoping Issue 1, the Commission must determine whether PG&E managed its resource portfolio in compliance with all applicable Commission decisions, including D.21-12-015. Decision 21-12-015 requires PG&E make reasonable attempts to sell its excess RA capacity to other LSEs before counting that capacity towards its incremental system reliability procurement targets.³² PG&E’s efforts to sell its excess RA during the summer of the record year and realize the value of those resources for the benefit of its customers, therefore, is relevant to the assessment the Commission must make under Scoping Issue 1.

In its 2022 ERRA Compliance proceeding, PG&E argues D.21-12-015 “does not create a separate or additional requirement beyond Appendix S” and asserts Appendix S “is the upfront reasonableness standard by which PG&E’s compliance is measured for the management and sale of RA in this proceeding.”³³ In support, PG&E points to Commission Resolution 4998-E approving Appendix S and the Commission’s subsequent disposition of PG&E’s Advice Letters 6306-E and 6306-E-A (collectively, “Appendix S Justification ALs”), claiming that disposition “affirms that Appendix S contains the CPUC-approved upfront reasonableness standard for conducting RA sales, including in connection with the Emergency Reliability OIR procurement orders.”³⁴ In essence, PG&E suggests the Commission cannot scrutinize its RA sales activities during the record period in an ERRA Compliance proceeding beyond confirming PG&E carried out the solicitations required by Appendix S.

PG&E overstates the effect of Resolution 4998-E and the Commission’s disposition of the Appendix S Justification ALs. Nothing in Resolution 4998-E or the Commission’s disposition of

³² D.21-12-015 at 183-184.

³³ See A.23-02-018, PG&E Motion to Strike at 4 (October 6, 2023).

³⁴ *Id.* at 6.

the Appendix S Justification ALs narrows the scope of ERRA Compliance proceedings or precludes parties (and the Commission) from investigating whether PG&E prudently managed its RA sales during the record period.

Ultimately, PG&E’s management of its generation portfolio—and specifically the efficiency of PG&E’s sales of excess RA—directly contributes to the rates customers pay. That is because PG&E’s sales of RA from its PCIA portfolio drive the quantity of Sold and Unsold RA it records, which in turn impacts PG&E’s PABA balance—a key component of the PCIA rates PG&E’s customers (bundled and unbundled) pay. In addition, the reasonableness of PG&E’s attempts to sell excess RA has larger implications for other LSEs in its service territory, who face penalties if they do not procure sufficient RA to meet compliance obligations. Under the constrained conditions that characterize the state’s RA market, PG&E’s efforts to maximize its sales of excess RA are especially relevant to whether PG&E prudently managed its resource portfolio—not only to lower costs to customers but also to ensure excess capacity is available to meet regional RA needs.

Finally, this is not only the appropriate proceeding for the Commission to review the prudence of PG&E’s management of its RA portfolio during the summer of the record year—it is the *only* proceeding in which the Commission can do so. Section 454.5(d)(2) expressly permits the Commission to “establish a regulatory process to verify and ensure that each contract was administered in accordance with the terms of the contract[.]”³⁵ That process is the ERRA Compliance process. In an ERRA Compliance proceeding, parties can contest whether PG&E followed SOC 4 and prudently managed its resources in making RA sales during the record year. Because the question involves actions PG&E should have taken, but did not pursue (*i.e.*, a

³⁵ Cal. Pub. Util. Code § 454.5(d)(2).

retrospective review of PG&E's actions during the record year), the ERRA Compliance application and review process is the only available forum for parties to probe that question.

3. PG&E's record year RA activities, including the timing and manner of its efforts to sell excess RA, are relevant to whether PG&E's entries recorded in the PABA are reasonable, appropriate, accurate, and in compliance with Commission decisions (Scoping Issue 3)

Scoping Issue 3 asks “[w]hether the entries recorded in the ERRA and the [PABA] are reasonable, appropriate, accurate, and in compliance with Commission decisions.”³⁶ The Commission has broad latitude to consider PG&E's activities impacting those entries. Among the myriad activities informing Scoping Issue 3 is PG&E's transfer of 358 MW of excess RA capacity from the PCIA to the Cost Allocation Mechanism (CAM) in 2023, and associated accounting entries, which PG&E describes in its Prepared Direct Testimony.³⁷ The reasonableness of PG&E's attempts to sell excess RA during the summer of 2023 is well-within the scope of this proceeding because that issue ultimately impacts the entries PG&E made to its balancing accounts, including the PABA during the 2023 record period. Those entries directly contribute to the rates PG&E's customers ultimately pay.

To be more specific, PG&E's attempts to sell its excess RA impact not only the magnitude of PG&E's credit to PABA resulting from the transfer of excess RA to CAM, but also the actual amount of RA capacity PG&E sold during the record year. Ultimately, PG&E's Actual Sold RA (compared to the amount of Sold RA it had forecasted it would sell) is a key factor driving whether an over- or under-collection exists in the PABA, which in turn drives the revenue requirement for the following year's PCIA rates that PG&E's customers pay.³⁸

³⁶ Scoping Memo at 2-3.

³⁷ PG&E Prepared Testimony at 12-15.

³⁸ PG&E's PCIA rates are set in the ERRA Forecast proceeding based on: (1) the Indifference Amount (the difference in the forecast year between the cost of PG&E's supply portfolio and the market

The facts of PG&E’s attempts to sell excess RA during the summer of the record year therefore go to whether PG&E’s PABA entries are “reasonable, appropriate, accurate, and in compliance with Commission decisions.” Put differently, should the Commission find PG&E’s attempts to sell its excess RA capacity were *not* reasonable, and could have resulted in a different PABA balance at the end of the record year due to increased sales of RA, it might determine PG&E’s PABA entries were not “reasonable, appropriate, accurate and in compliance with Commission decisions.”

4. PG&E’s record year RA activities, including the timing and manner of its efforts to sell excess RA, are relevant to whether PG&E administered resource adequacy sales consistent with its BPP (Scoping Issue 5)

Scoping Issue 5 asks “[w]hether PG&E administered resource adequacy procurement and sales consistent with its [BPP].”³⁹ Facts related to PG&E’s RA sales in 2023—including PG&E’s RA positions; the calculation of its RA positions; the timing of PG&E’s calculation of its RA position; the timing and outcomes of its RA solicitations; and PG&E’s attempts to sell its excess RA capacity through both solicitations and other non-solicitation transactions—are each relevant to Scoping Issue 5, because those facts go to whether PG&E conducted RA sales consistent with Appendix S of its BPP.

In its 2022 ERRA Compliance proceeding, PG&E has argued Scoping Issue 5 permits only a review of whether PG&E complied with the mandatory solicitations *required* by Appendix S of its BPP,⁴⁰ and that scrutiny of PG&E’s RA activities beyond those mandatory solicitations would

value of that portfolio); and (2) the year-end balance in the PABA. The Indifference Amount and the year-end PABA over- or under-collection are added together to form the PABA revenue requirement underlying PCIA rates.

³⁹ Scoping Memo at 3.

⁴⁰ See A.23-02-018, PG&E Response to CalCCA’s Motion for Commission Review at 17 (March 11, 2024).

constitute a collateral attack on the Commission's prior decisions.⁴¹ PG&E's position is unsupported. While the Commission's prior decisions affirm PG&E's sales framework, nothing in those decisions insulates PG&E from scrutiny of its treatment of excess RA during the record period consistent with that framework—including its sales of RA through both solicitations and other transactions beyond solicitations—in an ERRA Compliance proceeding.

5. While PG&E's record year RA activities are relevant to multiple of the scoping issues proposed in PG&E's Application, the Commission should clarify a thorough review of those activities is within the scope of this proceeding to avoid parties rehashing scoping arguments in this proceeding.

As explained above, the facts of PG&E's record-year RA activities are relevant to multiple scoping issues proposed in PG&E's Application. The bottom line is that ERRA Compliance proceedings permit a thorough review of the investor-owned utility's RA activities during the record year; indeed, there is simply no other proceeding in which the Commission might conduct a backward-looking assessment of those activities and scrutinize their impacts on bundled and unbundled customers.

In the interest of clarity, however, and to avoid parties rehashing the same scoping arguments they made in PG&E's 2022 ERRA Compliance proceeding, CalCCA recommends the Commission modify PG&E's proposed list of scoping issues to more clearly indicate a thorough review of PG&E's 2023 RA sales activities—including the timing and manner of its sales of excess RA through both the solicitations required by PG&E's sales framework and through any other means permitted by that sales framework—is in scope of this proceeding. The following specific revision to PG&E's proposed Scoping Issue 5 would achieve this end:

5. Whether PG&E's ~~administered~~ resource adequacy procurement and sales activities during the record period were reasonable, appropriate, consistent with

⁴¹ *Id.* at 12-17.

prior Commission directives, and consistent with its Bundled Procurement Plan;

B. Categorization

CalCCA agrees with the categorization of this proceeding as ratesetting.⁴²

C. Need for Hearings

While CalCCA shares PG&E's hope to resolve the issues raised by this Application without hearings,⁴³ CalCCA agrees that evidentiary hearings may be necessary to present facts related to those issues, and therefore requests that the Commission set this matter for hearing.

D. Schedule

CalCCA is largely amenable to PG&E's proposed procedural schedule, which closely adheres to the procedural schedule adopted in PG&E's 2022 ERRA Compliance proceeding. CalCCA recommends one modest modification to PG&E's proposal: the deadline for Cal Advocates and intervenor testimony should be moved back by one week (from September 13 to September 20, 2024) to avoid potential conflicts with the deadline for intervenor testimony in PG&E's 2025 ERRA Forecast case (which, in prior years, has fallen in early September). CalCCA's experts and counsel in this proceeding anticipate being involved in PG&E's 2025 ERRA Forecast proceeding and therefore seek to stagger filing deadlines in the two cases.

CalCCA has conferred with counsel to PG&E and Cal Advocates, and can represent that both parties would support a deadline of September 20, 2024 for Cal Advocates/intervenor testimony, provided PG&E's rebuttal testimony deadline is moved back one week from PG&E's initial proposal (from October 18 to October 25, 2024).

⁴² See *id.* at 17.

⁴³ See *id.*

For the purposes of clarity, CalCCA presents its proposed procedural schedule below, and can represent both PG&E and Cal Advocates support this proposal:

Application Filed	February 28, 2024
Protests and Responses Filed and Served	April 5, 2024
Reply filed	10 days after Protests and Responses
Cal Advocates and Intervenor Testimony	September 20, 2024
Rebuttal testimony served	October 25, 2024
Settlement Discussions	October/November 2024
Evidentiary Hearings	November 18-22, 2024
Concurrent Opening Briefs	December 19, 2024
Concurrent Reply Briefs	January 17, 2025
Proposed Decision	Q1 2025
Final Decision	Q1 2025

IV. COMMUNICATIONS

CalCCA consents to “email only” service and requests that the following individuals be added to the service list for A.24-02-012 on behalf of CalCCA:

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V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests the Commission set this matter for hearing to fully examine the issues discussed above.

Respectfully submitted,



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Dated: April 5, 2024