BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2025 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U 39 E)	Application No. 24-05-009 (Filed May 15, 2024)

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

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SUMMARY OF RECOMMENDATIONS

- The California Public Utilities Commission (Commission) should not, in this proceeding, consider Pacific Gas & Electric Company's (PG&E) conditional proposal to continue the use of the Forecast 2024 System Resource Adequacy (RA) Market Price Benchmark (MPB) in place of any RA MPB exceeding the 2024 System RA MPB for 2025 ratesetting purposes, nor should it consider PG&E's related proposal to track the difference between the RA MPBs issued by Energy Division in October 2024 and the alternative MPB PG&E proposes for 2025 ratesetting purposes;
- The Commission should not consider PG&E's proposal to modify its methodology for allocating common costs of the Power Charge Indifference Adjustment (PCIA)-eligible portfolio in this proceeding, and should instead consider that proposal in a separate rulemaking or consolidated application proceeding;
- To the extent the Commission considers PG&E's proposal to modify its methodology for allocating common costs in this proceeding, it should not consider PG&E's proposal to make any changes to that methodology effective on January 1, 2024, and should only consider any changes to the methodology effective on January 1, 2025;
- To the extent the Commission considers PG&E's proposal to modify its methodology for allocating common costs in this proceeding, the Commission should issue an order allowing CalCCA to seek to enter Southern California Edison Company's (SCE) confidential information under seal in this proceeding if doing so becomes necessary;
- The Commission should set the default discovery timelines for all parties to (a) five business days prior to the Fall Update, (b) three business days after rebuttal testimony and (c) two business days after the Fall Update is filed, with exceptions from those timelines allowed in the event that PG&E requires more time due to the number or breadth of data requests;
- The Commission should require PG&E to serve public and confidential workpapers concurrently with all supplements and updates to testimony;
- The Commission should require from PG&E a clear presentation of modifications between its Prepared Testimony and any supplemental testimony;
- The Commission should require PG&E to serve public and confidential workpapers contemporaneously with all testimony supplements and updates over the course of the proceeding;
- The Commission should categorize this Application as ratesetting;
- The Commission should set PG&E's Application for hearing; and
- The Commission should modify PG&E's proposed procedural schedule consistent with CalCCA's recommendations.

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Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2025 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U 39 E)	Application No. 24-05-009 (Filed May 15, 2024)

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

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), the California Community Choice Association[1] (CalCCA) hereby protests the *Application of Pacific Gas and Electric Company (PG&E) for Adoption of Electric Revenue Requirements and Rates Associated with its 2025 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U39E)* (Application).[2]

PG&E makes two major policy proposals in its Application. First, PG&E proposes to indefinitely cap the System Resource Adequacy (RA) Market Price Benchmark (MPB) at its 2024

[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, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

[2] Application (A.) 24-05-009, *Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2025 Energy Resource Recovery Account (ERRA) and Generation non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation (U39E)* (May 15, 2024) (Application).

Forecast level rather than using the 2025 Forecast or 2024 Actual RA MPBs for ratemaking purposes as prior Commission decisions require.[3] As a part of that conditional[4] proposal, PG&E requests approval to track the difference in value between the frozen and correct RA MPBs, and—at some undefined point in the future—charge its customers for the balance accumulated in that tracker.[5] Second, PG&E proposes to modify how—and from whom—it recovers the common costs of its Power Charge Indifference Adjustment (PCIA)-eligible generation portfolio.[6] Each proposal would increase the PCIA rates that bundled and unbundled customers pay.

The Commission should not consider either proposal in this proceeding. PG&E's proposals raise broad policy questions the Commission should consider in a rulemaking or consolidated application proceeding, not in an expedited ERRA Forecast proceeding. The purpose of the ERRA Forecast proceeding is straightforward. Through the annual proceeding, the Commission ensures timely recovery of the investor-owned utilities' (IOU) prospective procurement costs consistent with Section 454.5(d)(3) of the California Public Utilities Code. As a part of its ERRA review, the Commission focuses squarely on the IOU's compliance with prior orders, rules or policies. The Commission does not permit policymaking in ERRA Forecast proceedings unless a prior Commission decision has ordered such policymaking.

This approach makes good sense. ERRA Forecast proceedings involve a single utility and typically involve a small number of intervenor parties, making them a poor forum for the

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3 PG&E Prepared Testimony at 2-1:6-11.

4 PG&E's proposal is conditional on the 2025 Forecast and 2024 Actual RA MPBs rising above the level of the 2024 Forecast RA MPB. PG&E Prepared Testimony at 2-3:3-5. Thus, parties will not know if PG&E will even advance its major proposed modification to the PCIA ratemaking framework until October, once Energy Division releases updated MPBs and PG&E files its Fall Update testimony.

5 PG&E Prepared Testimony at 2-3:12-18.

6 *Id*. at 10-11:7 to 10-13:26.

Commission to evaluate and establish broad policy proposals that implicate more than one utility service territory. ERRA Forecast proceedings are also expedited affairs, lasting barely 6.5 months, which leaves parties and the Commission no time to rigorously assess broad policy proposals. Where parties have previously raised policy proposals in ERRA Forecast proceedings, the Commission has reminded parties that such proposals "should be addressed in proceedings with input from other investor-owned utilities and interested parties."[7]

PG&E's proposal to cap the RA MPB is a particularly egregious example of a major policy proposal that has no place in an ERRA Forecast proceeding. The PCIA framework established by Decision (D.) 18-10-019 and D.19-10-001 ensures indifference—mandated by Section 365.2, 366.2 and 366.3 of the California Public Utilities Code—by requiring that PG&E credit the PCIA for the value of any benefits from its PCIA-eligible generation portfolio. Those benefits include RA value, which, per D.19-10-001, PG&E must calculate using the Forecast and Actual RA MPBs released annually by Energy Division.[8] Nothing in the decisions creating the PCIA framework permits a cap on RA value. An RA value cap would inappropriately inflate PCIA rates and depress bundled customer generation rates, shifting costs from bundled to departed load customers in violation of the indifference principle established by California law and the Commission decisions establishing the PCIA ratemaking framework.[9]

PG&E claims its RA value cap proposal is necessary to mitigate bundled customer rate increases and volatility in light of scarcity in the short-term RA market, steep increases in RA prices, and alleged flaws in the way the RA MPB is calculated.[10] As load-serving entities (LSE)

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7 A.17-06-005, *Scoping Memo and Ruling of Assigned Commissioner*, pp. 3-4 (Aug. 24, 2017).

8 D.19-10-001 at Attachment B, Table 2; Table 4.

9 *See* Cal. Pub. Util. Code §§ 365.2; 366.2(f)(2), (g); 366.3.

10 *See* PG&E Prepared Testimony at 2-2:26-27, 2-2:32 to 2-3-2.

subject to RA program compliance obligations, community choice aggregators (CCA) are acutely aware of, and directly affected by, the scarcity in the RA market. CalCCA and its member CCAs have therefore made concerted efforts to alleviate those conditions. But PG&E's one-sided RA value cap proposal puts the cart before the horse. There exists no stakeholder consensus that the RA MPB over-estimates the RA value of PG&E's portfolio, let alone a Commission decision directing any changes to the RA MPB calculation. PG&E, for its part, offers no timeline or concrete process for resolution of the RA program and RA MPB concerns it raises. It has not even filed a petition to modify D.18-10-019 or D.19-10-001, or filed a petition for rulemaking to reconsider the RA MPB calculation. Instead, it merely hints those issues may be addressed in the RA Order Instituting Rulemaking (OIR) (R.23-10-011) or in a vague future docket in which the utility "intends to file a request for Commission review of the PCIA RA MPB."[11]

Moreover, even if it were appropriate for PG&E to propose an RA value cap in this proceeding (which it is not), contrary to PG&E's claims, its proposal would not even mitigate rate volatility. That is because PG&E's proposal focuses narrowly on rising RA value and ignores the potentially offsetting impact of low brown power prices on bundled customer generation and PCIA rates. By artificially depressing bundled customer generation rates in the near-term, and charging bundled customers for an accumulated tracker balance in the future, PG&E's proposal would in fact exacerbate, not mitigate, rate volatility. PG&E's RA value cap proposal is therefore not only procedurally inappropriate, but also ill-conceived, and the Commission should not include it in the scope of issues for determination in this proceeding.

Like PG&E's RA value cap proposal, the Commission should not consider PG&E's proposal to modify its common cost allocation methodology in this proceeding, and should instead

[11] *Id*. at 2-2:18-20; 2-3 at footnote 4.

consider that proposal in a rulemaking or consolidated application proceeding where all three IOUs are parties. Beyond the limitations of ERRA Forecast proceedings discussed above, there is another practical reason to consider PG&E's common cost allocation proposal elsewhere: PG&E claims its proposal mirrors Southern California Edison Company's (SCE) currently authorized allocation methodology.[12] The details of SCE's common cost allocation methodology, however, are contained in confidential testimony filed in SCE's 2024 ERRA Forecast proceeding.[13] While CalCCA believes PG&E's proposal may in fact diverge from SCE's authorized approach, CalCCA's reviewing representatives are concerned the Non-Disclosure Agreement (NDA) in SCE's 2024 ERRA Forecast proceeding will prevent CalCCA from bringing the details of SCE's methodology into the record of this proceeding, making it difficult for the Commission to evaluate whether PG&E's proposed approach in fact follows SCE's as it claims.

That practical issue aside, the Commission has indicated an interest in the IOUs consistently determining and recovering "fixed generation costs" such as the common costs PG&E raises.[14] PG&E clearly appears to want to align with what it claims to be SCE's approach. And, in its ERRA Forecast proceeding, San Diego Gas and Electric Company (SDG&E) proposes to place O&M costs related to its utility-owned generation (UOG)-resources in a non-vintaged Portfolio

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12 *Id*. at 10-12:21-22.

13 *See id*. at 10-11, footnote 20 (citing to SCE's redacted Prepared Testimony from its 2024 ERRA Forecast case, A.23-06-001).

14 *See* A.23-05-012 *et al.*, *Assigned Commissioner's Scoping Memo and Ruling* (Apr. 2, 2024) (asking, among other scoping questions, "Which fixed generation costs could and should be consistent across the three large IOUs[.]" and "Should a methodology be adopted by which utilities determine fixed generation costs?"). While that Scoping Ruling concluded PG&E's proposal to modify its common cost allocation methodology was "better addressed in [a] separate proceeding[]", it did not specify an appropriate proceeding, nor direct PG&E to raise that proceeding in its ERRA Forecast proceeding. *Id*. at 6.

Allocation Balancing Account (PABA) subaccount,[15] apparently prompted by PG&E's similar proposal to modify its common cost allocation methodology (which, as previously mentioned, purports to rely in turn on SCE's approach).[16] Both PG&E and SDG&E effectively demonstrate the importance of a consistent approach across utilities by relying on practices in other IOU service territories to justify their proposals.

The simplest way for the Commission to ensure consistent practices will be to adopt the same common cost allocation methodology for all three IOUs; and the easiest way to ensure it adopts the same methodology is to consider the issue in a proceeding in which all three IOUs are parties. The Commission should not, therefore, include PG&E's proposal to modify its common cost allocation methodology in the scope of issues for determination in this proceeding.

Even with PG&E's RA value cap and common cost allocation proposals excluded from the scope of this proceeding, this case will involve several weighty issues requiring the parties' and Commission's attention. For instance, PG&E forecasts "Excess RPS" in 2025[17]—a classification that has no basis in the decisions establishing the PCIA ratemaking framework. To the extent "Excess RPS" represents volumes PG&E will not sell or make available to the market, those volumes should be counted as Retained Renewable Portfolio Standard (RPS) and valued in the PCIA. CalCCA will investigate PG&E's valuation of RPS products in the PCIA and ensure the utility's approach complies with Commission decisions, rules and regulations. CalCCA will also investigate, clarify, and possibly recommend modifications and corrections to the following additional proposals, positions, calculations and issues in PG&E's Application:

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15 *See* A.24-05-010, *Application of San Diego Gas & Electric Company (U 902 E) for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts, 2025 Electric Sales Forecast, and GHG-Related Forecast*, Prepared Testimony of Sheri Miller at 3:7-4:3.

16 *Id.* at 3:15-20.

17 PG&E Prepared Testimony at 6-12:12-14.

- Whether PG&E is correctly calculating the impact to its PCIA revenue requirement resulting from the removal of Diablo Canyon Nuclear Power Plant (DCPP) Units 1 and 2 from the PCIA;
- Whether PG&E's Indifference Calculation inputs and sources are appropriate and comply with D.18-10-019 and D.19-10-001;
- Whether PG&E is correctly calculating its gain on the sale of its San Francisco General Office Headquarters;
- Whether PG&E classification and valuation of RA and RPS products in the PCIA is reasonable and in compliance with prior Commission decisions;
- Whether PG&E correctly values any transactions of greenhouse gas (GHG)-Free large hydroelectric energy;
- Whether PG&E correctly calculated the amortization of the 2023 General Rate Case (GRC) undercollection; and
- Whether PG&E's funding set-asides for the Disadvantaged Communities Green Tariff (DAC-GT) program and the Community Solar Green Tariff (CS-GT) programs are consistent with the budgets requested by the particular CCAs.

Given the several significant and likely contested issues of fact PG&E's Application raises, CalCCA requests the Commission set this Application for hearing. Finally, while CalCCA is largely amenable to PG&E's proposed procedural schedule, it requests two modest modifications to that schedule to ensure parties have sufficient time to thoroughly address PG&E's Fall Update and develop robust comments on the Proposed Decision: comments on the Fall Update should be due on November 5 (rather than November 1 as PG&E proposes), and comments on the Proposed Decision should be due 5 days after the Proposed Decision (rather than 4 days as PG&E proposes).

I. CALCCA'S INTEREST

A. CalCCA Represents the Interests of Twelve CCAs That Serve PG&E's Delivery Service Customers

As noted above, CalCCA represents the interests of 24 CCAs in California, including twelve CCAs that serve PG&E's delivery service customers. Each of those 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.

B. CCAs Are Subject to Several Non-Bypassable Charges, Including the PCIA

CCA customers receive generation services from their local CCA and receive transmission, distribution, billing, and other services from the IOU. As such, CCA customers must pay the same electric distribution, transmission and non-bypassable rates as the IOU'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 (NBC), including the PCIA. As discussed below, the 2025 levels of the PCIA will be established in this proceeding.

C. CalCCA Has A Real, Direct, Tangible, Material and Pecuniary Interest In the Outcome of this Proceeding

In its Application, PG&E requests the Commission:

1) Adopt the 2025 ERRA-related revenue requirements listed in its Application (and as updated in the Fall Update);
2) Adopt PG&E's forecast 2025 electric sales (as updated in the Fall Update);
3) Adopt PG&E's GHG-related revenue forecasts for 2025 (as updated in the Fall Update);
4) Approve PG&E's recorded 2023 administrative and outreach expenses of $588,000;

5) Approve PG&E's rate proposals associated with its proposed total electric procurement-related revenue requirements, including PG&E's Green Tariff/Shared Renewables (GTSR) proposal, to be effective in rates on January 1, 2025; and

6) Grant such additional relief as the Commission deems proper.[18]

Importantly, PG&E requests the Commission establish the 2025 levels of the PCIA, which, as described above, both bundled and unbundled customers pay. Moreover, as described above, PG&E requests the approval of a novel RA value cap, and proposes significant changes to the allocation of its common costs,[19] each of which will increase the 2025 levels of the PCIA.

CalCCA seeks to participate in this proceeding in order to protect the interests of the CCAs it represents and the interests of those CCAs' customers, in large part because the PCIA represents a significant component of the overall rates those customers pay. Ensuring the accuracy of the PCIA and other charges CCA customers pay, planning for changes to the PCIA, and protecting customers from the rate shock that can result from those changes, are core directives for all CCAs and essential for any LSE. CalCCA and its members therefore have a real, direct, present, tangible and pecuniary interest in this proceeding.

II. GROUNDS FOR PROTEST

The impact of PG&E's Application on both departed and bundled customers requires scrutiny under the applicable legal standards. PG&E, as the applicant, bears the burden of proof in ERRA Forecast proceedings.[20] That burden of proof includes a burden of production, which in

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[18] Application at 44-46.

[19] *Id*. at 44-45.

[20] Rulemaking (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 (Dec. 28, 2012) (D.12-12-030).

ERRA Forecast proceedings is a "preponderance of the evidence."[21] That means the Commission should not grant the relief PG&E requests unless a preponderance of the record evidence demonstrates PG&E has affirmatively satisfied its burden of proof with respect to that request.

CalCCA protests the Application on the grounds PG&E has fallen short of meeting its burden with respect to the relief it requests. CalCCA has identified several preliminary issues in the Application that should prevent immediate adoption of the relief PG&E requests without the Commission's further examination. These issues—certain of which are beyond, and others of which are properly within, the scope of this proceeding—directly impact CalCCA's interests and are described in more detail below. With that said, CalCCA is still examining the Application, conducting discovery, and communicating with PG&E to better understand and analyze the utility's requests. 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. Issues Beyond the Scope of this Proceeding

1. PG&E's "Conditional" Proposal to Artificially Cap the RA MPB to the Detriment of its Unbundled Customers Is Unjustified and Beyond the Scope of an ERRA Forecast Proceeding

PG&E observes that scarcity in the System RA market has driven RA price increases in recent years.[22] It forecasts those conditions will persist and potentially worsen in the coming

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[21] *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 (Jan. 16, 2018) (D.18-01-009); R.11-02-019*, Order Modifying Decision (D.) 12-12-030 and Denying Rehearing, as Modified,* p. 29 (July 27, 2015) (D.15-07-044) (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.").

[22] PG&E Prepared Testimony at 2-4:11-17.

years.[23] Prompted by those forecasts, and its unilateral belief that the methodology for calculating the RA MPB "may no longer fairly value RA when it is used for IOU compliance and PCIA ratemaking purposes," PG&E conditionally proposes an extraordinarily anticompetitive and improper modification to the PCIA ratemaking framework.

The specifics of PG&E's proposal are complicated, but are summarized as follows. In the event the 2024 Final and 2025 Forecast RA MPBs exceed the 2024 Forecast System RA MPB (the condition), PG&E will ask the Commission to ignore the 2024 Final and 2025 Forecast RA MPBs, and instead continue to apply the lower 2024 Forecast System RA MPB for PCIA ratemaking purposes.[24] Further, PG&E will ask the Commission to keep the RA MPB artificially capped at the 2024 Forecast level ($15.23/kW-month) until some indefinite point in the future when the Commission completes an examination of the RA MPB and RA market in a docket PG&E does not identify.[25] PG&E will also ask the Commission for permission to implement a tracker[26] during that unbounded period of time in order to record the difference in the value of the RA attributes transferred between PABA and ERRA using the artificially frozen RA MPB and the actual RA MPBs (and ultimately, at some point in the future, impose the accumulated balance on its customers).[27]

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23 *Id*. at 2-5:12-16.

24 *Id*. at 2-18.

25 *Id*. at 2-19.

26 PG&E would establish a separate subaccount in each vintaged PABA subaccount and a subaccount in ERRA that would track the difference in the value of the RA attributes transferred between PABA and ERRA using the RA MPB adopted by the Commission for 2025 ratesetting and the RA MPBs published by the Commission in the Fall of 2024 for 2025 ratesetting. Further, PG&E would establish subaccounts in each of the other generation-related balancing accounts that transfer attribute values for retained RA between ERRA and those generation-related balancing accounts. PG&E Prepared Testimony at 2-18:10 to 2-19:10.

27 PG&E Prepared Testimony at 2-18.

PG&E casts its conditional proposal as a mere "mitigation measure."[28] It is anything but. In reality, PG&E's proposal would add a major new component to the PCIA ratemaking framework as modified by D.18-10-019 and D.19-10-001: an RA value cap. Nothing in those decisions, or in any subsequent Commission decisions, authorizes an RA value cap (or any similar "mitigation measure"). On the contrary, the PCIA framework requires PG&E—and all IOUs—to use the 2025 Forecast RA MPB[29] to determine its "Indifference Amount,"[30] which is the difference in the forecast year between the cost of PG&E's supply portfolio and the market value of that portfolio, and is one of two components that form PCIA rates. The framework also requires PG&E to use the 2024 Final RA MPB to determine its 2024 year-end balance in the PABA[31]—which is a rolling "true-up" of the forecasted costs and revenues associated with PG&E's supply portfolio to actual values, and is the second component of PCIA rates. The Indifference Amount and the year-end PABA over- or under-collection are added together to form the PABA revenue requirement underlying PCIA rates.[32] Every year, in the Fall Update, PG&E updates its revenue requirements to reflect updated MPBs released by Energy Division; those updated MPBs include both Forecast MPBs for the following year, as well as Final MPBs for the current year. Through this Update process, changes in the MPBs have a substantial impact on the two key components underlying the PCIA ratemaking methodology. By the same token, placing a cap on the value of the RA component of PG&E's supply portfolio would have a substantial impact on the two key

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28 *Id*. at 2-2:4.

29 The RA MPB, also known as the RA Adder, is used to determine the value of the RA component of PG&E's supply portfolio. It is one of three benchmarks that are used to determine the overall market value of PG&E's supply portfolio. *See* D.19-10-001 at 27.

30 D.19-10-001, Attachment B at 1 (Table II).

31 *Id*., Attachment B at 2 (Table IV).

32 *See, e.g.*, D.22-12-012 at 54 (explaining this generally applicable methodology in the context of Southern California Edison Company).

components underlying PCIA rates. To put a finer point on that impact, PG&E's proposed RA value cap would significantly increase 2025 PCIA rates, as PG&E itself acknowledges.[33]

PG&E points to a scant RA market as partial justification for its cap proposal. CCAs are well-aware of this RA market scarcity. As LSEs, CCAs are also subject to RA program compliance obligations and must procure RA from the same constrained short-term RA market as PG&E. RA scarcity has made it difficult for several CCAs to meet RA compliance obligations and has caused CCAs to not only pay high prices to procure RA but also pay substantial fines where they have failed to meet their compliance obligations. CalCCA and its members have not only expressed their concerns about the RA market in other proceedings,[34] but also made concerted efforts to alleviate RA market scarcity, including, for example, by advocating for PG&E and the other IOUs to optimize their supply portfolios and make excess RA available to other LSEs,[35] and by advocating for PG&E to allocate the RA associated with Diablo Canyon Nuclear Power Plant during its period of extended operations (which PG&E vigorously resisted).[36] In short, CCAs are acutely impacted by RA market conditions.

The instant proceeding, however, is an ERRA Forecast proceeding—not a policymaking proceeding. Neither RA market scarcity, nor the impact of scarcity on the calculation of the RA MPB, can be addressed in this proceeding. The Commission does not permit policy proposals in ERRA Forecast proceedings; these expedited proceedings are designed for the narrow and ministerial task of authorizing procurement revenue requirements by evaluating PG&E's

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[33] *See* PG&E Prepared Testimony at 2-18 (Table 2-5) (illustrating effects on PCIA rates relative to July 1, 2024 rates if PG&E's conditional proposal were adopted)

[34] *See id*. at 2-20:9-10; footnote 35 (citing CalCCA comments in R.23-10-011, the RA Program OIR).

[35] *See, e.g.* CalCCA Protest of PG&E AL 6306-E-A.

[36] *See* D.23-12-036 at 77-84.

compliance with prior Commission orders, rules or policies. PG&E's proposal is therefore well-beyond the scope of this ERRA Forecast proceeding.

Finally, even if the Commission permitted the development of *ad hoc* mitigation measures in ERRA Forecast proceedings (which it does not), far from mitigating rate volatility, PG&E's proposal may in fact *exacerbate* it. That is because PG&E's proposal focuses narrowly on the RA component of the value of its supply portfolio, ignoring the potentially offsetting impact of low brown power prices. PG&E's proposal is therefore not only improper, it is ill-conceived. The Commission should exclude PG&E's conditional proposal from the scope of this proceeding.

a. The Commission Does Not Permit Policymaking in ERRA Forecast Proceedings

As PG&E and the other utilities have reminded stakeholders time and again, the purpose of ERRA Forecast dockets is to assure timely recovery of the utilities' actual electric procurement costs, as required by Public Utilities Code Section 454.5(d)(3), among other Commission decision-mandated tasks. The approval of program costs, the appropriate rate mechanisms to recover those costs, and the allocation of those costs among different customer groups is pre-determined via authorizing Commission decisions in other proceedings including the utility's general rate case. The scope of ERRA Forecast proceedings is limited to evaluating the IOUs' compliance with prior Commission orders, rules or policies.[37]

The Commission has largely forbidden policymaking in ERRA Forecast cases unless a prior Commission decision has ordered such policymaking.[38] For example, the Scoping Memo in

[37] *See, e.g.*, A.13-05-015, *Scoping Memo and Ruling of Assigned Commissioner* at 4 (Sept. 12, 2013).

[38] *See, e.g.,* D.18-01-009 at 10 (finding that policy issues are properly addressed in other dockets); *see also id.* at 14, Conclusion of Law (COL) 2 and Ordering Paragraph (OP) 2 (denying PG&E's request to modify its line loss calculation).

A.17-06-005 (PG&E's 2018 ERRA Forecast application) rejected the inclusion of certain CCA-proposed changes to the PCIA ratemaking methodology, stating:

> The CCA parties are proposing changes to existing methods of calculation, and do not allege non-compliance with Commission rules, decisions, and resolutions on the part of PG&E. Such proposals should be addressed in proceedings with input from other investor-owned utilities and interested parties.[39]

Fairness requires the Commission similarly prohibit consideration of PG&E's RA value cap proposal in this proceeding. As the IOUs have argued previously, dockets like rulemakings and consolidated applications apply to all California utilities and are noticed to, and generally include as parties, a broader set of stakeholders.[40] Proposals to change the PCIA ratemaking framework, therefore, can and should be raised in those types of dockets, such that all interested parties have an opportunity to evaluate and respond to those proposals. It is unlikely all parties with an interest in PG&E's RA value cap have notice of it being raised here. In addition to having the correct parties, such a proceeding would better enable alternative changes to the PCIA such as allocating the RA attributes to all load that pays for them rather than limiting the discussion to the treatment of the market price benchmark as PG&E proposes here.

PG&E itself has represented to the Commission the narrow and ministerial the scope of ERRA Forecast applications—and how narrow it should be going forward. In Rulemaking (R.) 17-06-026, the Commission sought input into a change in the schedule for the ERRA Forecast proceedings that would replace the November Update with an October Update.[41] CalCCA argued this change should be accompanied by a corresponding change to the filing date of the IOUs'

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[39] A.17-06-005, *Scoping Memo and Ruling of Assigned Commissioner* at 3-4 (Aug. 24, 2017).

[40] *See* A.18-06-001, *PG&E Reply to Protests and Responses* at 2-3 (Jul. 16, 2018) (addressing rulemakings).

[41] R.17-06-026, *E-Mail Ruling Requesting Comments on ERRA Timing Proposal* at 5 (May 20, 2021).

ERRA Forecast applications in order to largely maintain the same pre-Update timeline for parties to understand and develop a robust record.[42] PG&E disagreed, arguing ERRA Forecast proceedings do not include the type of policymaking that require substantial record development: "The existing schedule (*i.e.*, from June 1st to early November) is more than sufficient to litigate *what are mostly routine and non-controversial* non-Update-related aspects of the Joint Utilities' ERRA Forecast proceedings."[43] PG&E also stated it agreed with comments from another party that the ERRA Forecast proceedings "by design" should consist of "perfunctory updates."[44] It also observed that complications surrounding the Fall (at the time, November) Update were likely indicative of "growing pains" associated with the new PCIA methodology and not indicative of what it called "*routine review* of the ERRA Forecast applications."[45] PG&E also agreed that future ERRAs, including this 2025 ERRA Forecast, should "be *more routine* than have been experienced in the past two or three years."[46] PG&E should not be allowed to now distance itself from its own prior statements to push through approval of a massive change to the PCIA ratemaking framework through what PG&E itself describes as a "routine" and expedited proceeding.

Importantly, there is simply no room to consider a new RA value cap in a 6.5-month proceeding. Stakeholders lack sufficient time and resources to track down all of the answers to the

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42 R.17-06-026, *California Community Choice Association's Comments in Response To Staff's ERRA Timing Proposal* at 4-12 (June 15, 2021).

43 R.17-06-026, *The Joint Utilities' Opening Comments on Proposed Decision Resolving Phase 2 Issues Related To Energy Resources Recovery Account Proceedings* at 6 (Jan. 6, 2022) (emphasis added).

44 R.17-06-026, *Reply of Southern California Edison Company (U 338-E) To Administrative Law Judge's Ruling Requesting Comments on The Market Price Benchmark Issue Date* at 5 (Sept. 22, 2021) (emphasis added).

45 *Id*. (emphasis added).

46 *Id*.

several thorny legal, policy and ratemaking questions that PG&E's testimony leaves unanswered. For example:

- How would PG&E's proposal affect the New System Generation Balancing Account?
- If the issues that PG&E identifies related to the RA market are addressed, how would that affect RA market prices and the MPB?
- How will PG&E's proposal operate if the 2025 System RA benchmark exceeds the 2024 System RA benchmark, but the 2025 benchmarks for Local and Flex RA do not reach the 2024 levels?
- How long would PG&E's tracker remain in place?
- Over what period of time would PG&E dispose of the accumulated balance in its tracker, and through what mechanism?
- How would PG&E mitigate the impacts of the accumulated tracker balance on customers if RA prices do not go down?

As the above questions make clear, CalCCA has endeavored since PG&E filed its Application to try to find a way to try to evaluate the details of PG&E's conditional proposal in time for intervenor testimony (including by issuing over fifty discovery requests to date), and will continue to do so; but the task is tall, and it is unlikely to be accomplished within the brief timeframes required for this proceeding. Making things more complicated, CalCCA and other stakeholders will not even be certain that PG&E is even advancing its proposal until PG&E files its Fall Update in October 2024. At that point, should PG&E advance its proposal, or some version of its proposal, CalCCA and other stakeholders would have a matter of weeks to analyze the impact of that proposal on rates. The ERRA Forecast proceeding routinely requires parties to rapidly analyze and address the

impact of updated MPBs and balancing account balances once PG&E files its Fall Update testimony, but that timeline leaves no time for parties to meaningfully analyze or address the rate impacts of significant policy proposals. It is therefore neither reasonable nor practical for PG&E's RA value cap proposal to enter the scope of this proceeding and the Commission should exclude it.

b. The Commission Does Not Consider or Adopt "Mitigation Measures" in ERRA Forecast Proceedings

PG&E acknowledges that the ERRA Forecast "is not the appropriate place to make a statewide determination as to whether the RA MPB is appropriately representing the value of RA in PG&E's PCIA-eligible portfolio. Rather this issue should be addressed in a statewide proceeding."[47] Yet, PG&E takes the confounding position that its "ERRA Forecast is the appropriate venue to request Commission consideration and adoption of certain mitigation measures"[48], *i.e.*, a proposed RA value cap. PG&E ignores that the RA MPB affects all three IOUs' portfolios, and thus, any changes to the application of that MPB—to the extent any are necessary—should be addressed in a statewide proceeding, just like any determination as to whether that MPB appropriately represents the value of RA. In this year's set of ERRA Forecast Proceedings, both PG&E and SDG&E[49] make similar proposals with respect to the application of the RA MPB, but SCE does not. Allowing the consideration of PG&E's (and SDG&E's) RA value cap proposals in their respective ERRA Forecast proceedings, therefore, would risk creating a patchwork PCIA framework that functions differently across the three IOU service territories.

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47 PG&E Prepared Testimony at 2-17:7-10.

48 *Id*. at 2-17:10-12.

49 A.24-05-010, *Application of San Diego Gas & Electric Company (U 902 E) for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts, 2025 Electric Sales Forecasts, and GHG-Related Forecasts* at 12 (May 15, 2024).

Moreover, PG&E is mistaken about the scope of the Commission's consideration and action in an ERRA Forecast proceeding. The Commission does not consider "mitigation measures" in ERRA Forecast proceedings unless directed to do so by a Commission decision in a separate proceeding. PG&E's RA value cap proposal puts the cart before the horse by proposing a novel PCIA ratemaking component before the Commission even undertakes the process of addressing RA market scarcity or modifying the calculation of the RA MPB, let alone agreeing with PG&E's diagnosis of the problems with the RA market or the RA MPB and resolving that process. If the Commission had taken up RA market scarcity and adopted a RA value "mitigation measure" in a separate rulemaking or consolidated application proceeding, it may have been reasonable for PG&E to implement that Commission decision in this ERRA Forecast proceeding. But the Commission has not done so, and therefore, PG&E's proposal is premature and untethered to any Commission direction or consideration. Until and unless the Commission undertakes the review and makes the determination PG&E appears to desire but has not yet requested, PG&E must comply with *existing* Commission decisions, including D.18-10-019 and D.19-10-001. Those decisions require PG&E to use the 2025 Forecast RA MPBs to determine its Indifference Amount, and require PG&E to use the 2024 Final RA MPBs to determine its 2024 year-end balance in the PABA.

c. Even if the Commission Considered Mitigation Measures in ERRA Forecast Proceedings, PG&E's Proposal Would Not Mitigate Rate Volatility

PG&E asserts its RA value cap proposal is necessary to avoid "high bundled service customer generation-related rates and significant rate and bill volatility"[50] and would provide

[50] PG&E Prepared Testimony at 2-2:26-27.

"interim rate relief."[51] PG&E misrepresents the impacts of its proposal; an RA value cap would not protect bundled customers from volatility, and could exacerbate it.

RA is only one component of the value of PG&E's overall PCIA-eligible portfolio. The total market value of PG&E's PCIA-eligible portfolio is derived from total eligible generation in megawatt-hours (MWh) multiplied by MPBs for RA, RPS value, and Energy value (brown power). Energy value is the estimated financial value, measured in dollars, that is attributed to the generation energy-only component of a utility portfolio for a given year. 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.[52]

Capping the RA MPB at the 2024 Forecast level will impact *only* the RA component of PCIA and bundled customer generation rates. It would not affect the RPS or brown power components of those rates. Those components, including low brown power prices in particular, could have an offsetting impact on high RA prices. Should those conditions materialize, PG&E's proposal would therefore *worsen*, not mitigate, volatility. That is because PG&E's proposal would artificially depress bundled customer generation rates and inflate the PCIA in the near-term, and spike bundled generation rates in the future when PG&E begins to amortize its accumulated tracker balance (inclusive of interest). That balance would only decrease if RA prices come down, an outcome PG&E cannot and does not guarantee. Putting aside the procedural impropriety of PG&E's proposal, therefore, the RA value cap would not address the problem PG&E purports to address.

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51 *Id*. at 2-2:32 to 2-3:2.

52 D.19-10-001 at 6.

d. There Is No Consensus Among Stakeholders Regarding the Issues PG&E Alleges Regarding the Calculation of the RA MPB

PG&E believes that due to material changes in the RA market that have occurred since 2019, the methodology for calculating the RA MPB may no longer fairly value RA when it is used for IOU compliance and PCIA ratemaking purposes.[53] Whether PG&E is correct in its assessment of the RA MPB calculation or not, there is no consensus on this issue among stakeholders. While CalCCA and its members have on several occasions expressed concerns regarding RA market scarcity, they have not raised any concerns regarding the calculation of the RA MPB, and certainly do not agree that the calculation *overestimates* RA value.

PG&E itself appears to support the current calculation and application of the RA MPB in the context of other proceedings. In the Provider of Last Resort (POLR) OIR (R.21-03-011), for example, PG&E has supported the use of the annual RA MPB to forecast the costs of system and flexible RA.[54] Similarly, in the Diablo Canyon Power Plant (DCPP) Cost Forecast proceeding (A.24-03-018), PG&E proposes to use the RA MPB to calculate and recover the cost of substitution RA capacity for DCPP during extended operations. PG&E states it will use the 2024 Forecast RA MPB for now, and update the DCPP Cost Forecast in the fall "using the final 2024 PCIA system RA benchmark and the forecast 2025 PCIA system RA benchmark once they are made available by the Commission."[55]

Again, even if there existed stakeholder (including PG&E) consensus regarding flaws in the calculation of the RA MPB, for the reasons discussed above, it would not be reasonable to

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53 PG&E Prepared Testimony at 2-13:19-21.

54 R.21-03-011, PG&E Opening Brief at 10, fn. 22.

55 A.24-03-018, *Application of Pacific Gas and Electric Company to Recover in Customer Rates the Costs to Support Extended Operation of Diablo Canyon Power Plant from September 1, 2023 through December 31, 2025 and for Approval of Planned Expenditure of 2025 Volumetric Performance Fees*, PG&E Prepared Testimony at 4-4:21-25.

modify the application of that MPB in an ERRA Forecast proceeding until and unless the Commission issued a decision directing that modification in a separate proceeding. In this case, no such consensus exists, and therefore, the Commission has no basis to consider PG&E's proposal in this proceeding.

e. PG&E's Proposal is Anticompetitive and Would Impermissibly Shift Costs to Departed Customers

Section 365.2 of the California Public Utilities Code mandates indifference for departed customers, requiring the Commission to "ensure that departing load does not experience any cost increases as a result of the allocation of costs that were not incurred on behalf of the departing load."[56] Under Section 366.2, unbundled customers are responsible solely for "estimated net unavoidable electricity costs" when determining indifference, and those costs must be reduced by the benefits in the IOUs' portfolios that accrue to bundled customers.[57] Decisions 18-10-019 and 19-10-001 apply the mandates in Sections 365.2 and 366.2 of the California Public Utilities Code and set forth a new PCIA framework to maintain indifference.

PG&E claims failure to adopt its conditional proposal "would result in cost shifts to bundled customers."[58] PG&E's claim appears premised on its conclusion that the RA MPB is somehow broken or incorrect in a way that penalizes bundled customers. But, as explained above, PG&E's view of the RA MPB is far from a consensus position. The Commission has certainly not accepted PG&E's position or indicated the RA MPB requires modification, let alone adopted any modifications. As such, *deviations* from the existing PCIA framework—such as capping RA value as PG&E proposes—would result in impermissible cost shifts to departed customers. In other

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56 Cal. Pub. Util. Code § 365.2.

57 Cal. Pub. Util. Code § 366.2(f)(2), (g).

58 PG&E Prepared Testimony at 2-20:12.

words, PG&E's proposal would require departed load customers to indefinitely subsidize bundled customer rates if RA prices go up, while PG&E relies on the existing PCIA resource portfolio to meet its own RA requirements for bundled customers. Notably, PG&E's proposal does not offer departed load customers commensurate protections if RA prices—or any other prices impacting the value of PG&E's PCIA-eligible supply portfolio—go down; it's a one-way cap. The absence of symmetrical protection is revealing. PG&E's proposal is not about mitigating rate volatility, but rather an anticompetitive attempt to lower bundled customer generation rates by shifting costs to departed load. The Commission should not allow PG&E to advance that proposal in this proceeding.

B. The Commission Should Consider PG&E's Proposal to Modify its Common Cost Allocation Methodology in a Separate Consolidated Proceeding in Which All Three Investor-Owned Utilities Are Participants

For the second straight ERRA Forecast Application, PG&E proposes to change how—and from whom—it will recover its common costs, including its Electric Supply Administration (ESA) costs, without any prior Commission decision, rule or policy directing PG&E to do so. In last year's case, PG&E proposed to allocate its ESA costs to ERRA, PABA and the New System Generation Balancing Account based on the gross costs associated with each account, rather than allocating those costs based on the net revenue requirement of those accounts as approved in Energy Division's disposition of Advice Letter 5440-E.[59] This year, PG&E advances a different approach: the utility proposes to recover its common costs (including ESA costs) through the Legacy UOG vintaged PCIA-subaccount.[60] PG&E asserts its proposal is consistent with SCE's current authorized methodology for allocating ESA costs.[61] Further, PG&E proposes an effective

[59] A.23-05-012, PG&E Prepared Testimony at 9-10:21-29.

[60] PG&E Prepared Testimony at 10-11:15-17.

[61] *Id*. at 10-12:21-22.

date of January 1, 2024 for recording such a change "since PG&E initially raised this issue as a part of its 2024 ERRA Forecast application."[62]

As explained at length above, the scope of ERRA Forecast proceedings is limited to evaluating the IOU's compliance with prior Commission orders, rules or policies; these proceedings are neither an appropriate nor a practical forum for policymaking. Like its proposal to freeze the RA MPB at the 2024 Forecast level, PG&E's proposal to change its common cost allocation methodology is an example of the kind of policymaking that is well-beyond the scope of an ERRA Forecast proceeding. Whereas PG&E's current common cost allocation methodology is authorized by a prior Commission decision (Energy Division's disposition of Advice Letter 5440-E), no prior Commission decision, rule or policy directs PG&E to allocate its common costs to the Legacy UOG-vintaged PCIA subaccount. The Commission should therefore exclude PG&E's proposal to modify its common cost allocation methodology from the scope of this proceeding.

CalCCA suggests the Commission wait to consider the allocation of PG&E's common costs in a rulemaking or consolidated application proceeding in which all three utilities are parties, for two reasons. First, PG&E relies on what it believes SCE's common cost allocation methodology to be in order to justify its approach, citing to a redacted version of SCE's confidential testimony in that utility's 2024 ERRA Forecast proceeding.[63] As a threshold matter, PG&E's description of SCE's ESA cost allocation methodology requires scrutiny because, according to SCE's response

[62] *Id*. at 10-11:15-10-12:2.

[63] *Id*. at 10-9 to 10-13 (citing to SCE's 2024 ERRA Forecast testimony, available at: https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2306001/6135/510461198.pdf.

to a ruling in its 2024 ERRA Forecast case, that utility has $0 in ESA costs.[64] But even if SCE has ESA costs to allocate, PG&E's proposal does not in fact appear to be exactly the same as SCE's common cost allocation methodology—an issue CalCCA intends to explore in this proceeding. CalCCA is concerned its reviewing representatives may need to use and introduce SCE's confidential materials in this proceeding in order to set the record straight on how SCE treats these costs and whether PG&E's proposal accurately describes that methodology. However, the NDA in SCE's ERRA Forecast would not permit CalCCA's reviewing representatives to use such confidential materials in this case.[65] This situation weighs in favor of considering these issues in a consolidated policy proceeding in which, if necessary, confidential materials from all three IOUs can be used to compare the manner in which these costs are recovered.

Second, a rulemaking or consolidated application proceeding would allow the Commission to more efficiently achieve consistency across the three IOUs—an outcome that CalCCA supports,[66] and both the Commission and the IOUs appear to desire to varying degrees. The Commission has indicated an interest in the IOUs consistently determining and recovering "fixed

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[64] A.23-06-001, *Application of Southern California Edison Company (U 338-E) for Approval of its 2024 ERRA Forecast Proceeding Revenue Requirement,* Opening Comments of Southern California Edison Company (U 338-E) to Administrative Law Judge's Ruling Directing Parties to Comment Regarding Fixed Generation Costs at 3 (Aug. 16, 2023).

[65] A.24-05-007, *Application of Southern California Edison Company (U338E) for Approval of its 2025 ERRA Forecast Proceeding Revenue Requirement*, Nondisclosure Agreement Regarding Protected Materials at ¶ 8 (barring use of Protected Materials outside of this proceeding and also barring disclosure to non-signatories like PG&E and SDG&E).

[66] *See* A.23-05-012, Telephonic Proceeding Transcript at 20-21 (Jan. 9, 2024) (CalCCA counsel expressing no objection to PG&E's proposal being in scope in Track 2 of PG&E's ERRA Forecast proceeding, but advocating for the consolidation of all three IOU ERRA Forecast proceedings given that PG&E's proposal is premised on aligning its approach with SCE, and because consolidation would allow for comparison across the three IOUs).

generation costs" such as the common costs PG&E raises.[67] PG&E, for its part, seeks to align its methodology with SCE's approach. And, in its ERRA Forecast proceeding, SDG&E proposes to place O&M costs related to its UOG-resources in a non-vintaged PABA subaccount,[68] seemingly prompted by PG&E's similar (but slightly different) proposal to modify its common cost allocation methodology (which, as previously mentioned, purports to rely in turn on SCE's approach). Both PG&E and SDG&E effectively demonstrate the importance of a consistent approach across utilities by relying on practices in other IOU service territories to justify their proposals.

The simplest way for the Commission to ensure consistent practices will be to adopt the same common cost allocation methodology for all three IOUs. The easiest way to ensure it adopts the same methodology is to consider the issue in a proceeding in which all three IOUs are parties.

Prompted by an ALJ Ruling in last year's ERRA Forecast case,[69] PG&E first raised its common cost allocation proposal in a prehearing conference statement in Track 2 of that proceeding.[70] A Scoping Ruling in Track 2 states that PG&E's common cost allocation proposal "would be better addressed in separate proceedings"[71] but does not identify the appropriate proceeding in which the parties should raise these issues. Importantly, that Scoping Ruling does

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67 *See* A.23-05-012 *et al.*, *Assigned Commissioner's Scoping Memo and Ruling* (Apr. 2, 2024) (asking, among other scoping questions, "Which fixed generation costs could and should be consistent across the three large IOUs[.]" and "Should a methodology be adopted by which utilities determine fixed generation costs?"). While that Scoping Ruling concluded PG&E's proposal to modify its common cost allocation methodology was "better addressed in [a] separate proceeding[]", it did not specify an appropriate proceeding, nor direct PG&E to raise that proceeding in its ERRA Forecast proceeding. *Id*. at 6.

68 *See* A.24-05-010, *Application of San Diego Gas & Electric Company (U 902 E) for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts, 2025 Electric Sales Forecast, and GHG-Related Forecast*, Prepared Testimony of Sheri Miller at 3:7-4:3.

69 *See* A.23-05-012 *et al.*, *Administrative Law Judge's Ruling Regarding Fixed Generation Costs* at 2 (Oct. 9, 2023).

70 A.23-05-012 *et al*., *Prehearing Conference Statement of Pacific Gas and Electric Company (U 39 E)* at 3-6 (Jan. 5, 2024).

71 *See* A.23-05-012 *et al.*, *Assigned Commissioner's Scoping Memo and Ruling* at 6 (Apr. 2, 2024).

not *require* that the Commission resolve PG&E's cost allocation proposal in its 2025 ERRA Forecast case, and for the reasons explained above, it makes sense to address that proposal in some other proceeding to which all three IOUs are parties.

To the extent the Commission allows PG&E's common cost allocation proposal to remain in scope in the instant proceeding, however, CalCCA plans to propose all three utilities utilize a common methodology to allocate common costs. Since PG&E's proposal relies on SCE's confidential information, CalCCA requests a Commission order allowing it to seek to enter SCE's confidential information under seal in this proceeding if doing so becomes necessary. Further, the Commission should under no circumstances permit PG&E to "backdate" its proposed allocation methodology to January 1, 2024. As explained above, PG&E proposed an entirely different modification to its existing ESA cost allocation methodology in last year's ERRA Forecast proceeding. PG&E's proposed allocation methodology has changed in this year's Application, as has its breadth—PG&E now proposes to change the allocation of not only its ESA costs but also its forecast collateral costs. PG&E has not demonstrated why the Commission should apply a modified cost allocation towards a year in which PG&E made an entirely different cost allocation proposal, and in the process disturb settled revenue requirements and rates. The Commission should decline to do so.

C. Issues Within the Scope of this Proceeding

1. PG&E's Proposed Treatment of RPS Volumes Does Not Meet the Requirements of Commission Decisions

The annual RPS target quantities used to calculate PG&E's RPS compliance period requirement serve as the minimum quantities for PG&E's annual Retained RPS volumes.[72]

[72] D.20-02-047 at 13-14.

Whereas in recent years PG&E has forecasted a short RPS position and applied surplus "banked" renewable energy credits (REC) from prior years to meet its minimum Retained RPS requirement, PG&E forecasts a long RPS position in 2025 and therefore does not anticipate using banked RECs next year. PG&E states: "[a]ny excess RPS generation in 2025 will be marked as such and utilized in future years once pre-2018 RECs and unsold volumes have been utilized."[73] Should conditions change between now and its Fall Update such that PG&E forecasts a short RPS position for 2025, PG&E proposes to "implement the methodology ordered by the Commission in D.23-12-044 unless Commission resolution of a PFM D.23-06-006 establishes an alternate accounting framework and precedes PG&E's Fall Update."[74] PG&E further clarifies it would first use RECs banked in and after 2019 to meet any forecast REC shortfall (should a forecast shortfall materialize), then use pre-2018 generation banked RECs beginning with 2018 RECs before applying any "Unsold or excess RECs" towards the shortfall.

PG&E's proposed treatment of its 2025 RPS volumes appears to violate Commission decisions. First, PG&E's reference to "Excess RPS" has no basis in the decisions establishing the PCIA framework. Per that framework, RPS products are categorized as either "Retained", "Sold", or "Unsold." The value of each of those products for forecast and true-up purposes is established by D.19-10-001.[75] Any RPS volumes that PG&E does not sell or offer to the market should be categorized as Retained RPS and valued at the relevant benchmark. Any other approach would not only violate the PCIA framework but unfairly constrain the RPS market at a time when CCAs and other LSEs are struggling to procure adequate RPS in the market. PG&E's testimony, however,

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73 PG&E Prepared Testimony at 10-22:6-8.

74 *Id*. at 10-19:3-7.

75 *See* D.19-10-001 at Attachment B, 1-2.

does not clearly define or explain why it created a new category of "Excess RPS" how it plans on valuing such RECs for PCIA ratemaking purposes. CalCCA has already issued discovery to better understand PG&E's approach, and will continue to do so over the course of this proceeding to ensure PG&E's proposal is reasonable and in compliance with all applicable rules, regulations, resolutions and decisions. CalCCA may address the merits of PG&E's proposal—including modifications to that proposal as necessary—in testimony and briefing.

2. 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 PG&E is correctly calculating the impact to its PCIA revenue requirement resulting from the removal of DCPP Units 1 and 2 from the PCIA;
- Whether PG&E's Indifference Calculation inputs and sources are appropriate and comply with D.18-10-019 and D.19-10-001;
- Whether PG&E is correctly calculating its gain on the sale of its San Francisco General Office Headquarters;
- Whether PG&E classification and valuation of RA and RPS products in the PCIA is reasonable and in compliance with prior Commission decisions;
- Whether PG&E correctly values any transactions of GHG-Free large hydroelectric energy;
- Whether PG&E correctly calculated the amortization of the 2023 GRC undercollection; and
- Whether PG&E's funding set-asides for the DAC-GT program and the CS-GT programs are consistent with the budgets requested by the particular CCAs.

CalCCA is still examining the Application and reserves the right to address and protest additional issues in the course of this proceeding as they arise through further review, analysis, discovery and investigation of all aspects of the Application.

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

A. CalCCA Agrees This Proceeding Should Be Categorized As "Ratesetting"

PG&E proposes to categorize this proceeding as a ratesetting proceeding within the meaning of Rule 1.3(g) of the Commission's Rules of Practice and Procedure.[76] CalCCA agrees with the categorization of this proceeding as ratesetting.

B. CalCCA Believes Hearings May Be Necessary

PG&E states the need for hearings in this proceeding and the issues to be considered in hearings will depend on the degree to which other parties contest PG&E's requests. As this Protest makes plain, CalCCA contests several of PG&E's requests, and may contest additional requests as it continues to review PG&E's Application. While CalCCA will pursue settlement and record stipulations to the extent feasible, PG&E's proposed procedural schedule appropriately assumes hearings may be necessary. The Commission should reserve a date for an evidentiary hearing to address unresolved issues of fact.

C. The Commission Should Not Consider PG&E's RA Value Cap Proposal or its Common Cost Allocation Proposal In the Scope of This Proceeding

As CalCCA describes at length above, PG&E's conditional proposal to artificially freeze the RA MPB at 2024 Forecast levels and the utility's proposal to modify its methodology for allocating its common costs are beyond the scope of this proceeding. Both proposals require the type of policymaking the Commission prohibits in ERRA Forecast proceedings. PG&E should make those proposals in a rulemaking or consolidated application proceeding in which a broader set of stakeholders can review the proposal and in which the Commission can ensure a consistent approach across all three IOUs. The Commission should not consider either proposal in this

[76] Application at 37.

proceeding.

To the extent the Commission allows consideration of PG&E's common cost allocation proposal in this proceeding, however, the Commission should not consider PG&E's proposal to make its new common cost allocation methodology effective January 1, 2024, for the reasons described above, and should only consider changing PG&E's existing common cost allocation methodology beginning on January 1, 2025.

CalCCA does not object to the remainder of PG&E's proposed scoping issues, and lists those issues below for clarity:

1. Should the Commission adopt PG&E's request to approve 2025 ERRA Forecast revenue requirements in this Application for 2025 ratesetting purposes, all as initially forecast herein and as may be updated through the course of this proceeding , including (a) disposition of PG&E's forecast December 31, 2024 year-end balancing account balances, subject to adjustments for recorded balances through the AET process, except for balances recorded to the MCAMBA, and (b) disposition of recorded VAMOMA balances?
2. Should the Commission adopt PG&E's 2025 electric sales forecast?
3. Should the Commission adopt the GHG-related forecasts for 2025 described in the Application?
4. Were PG&E's recorded 2023 administrative and outreach expenses of $588,000 reasonable?
5. Should the Commission approve PG&E's rate proposals associated with its proposed total electric procurement related revenue requirements, including its GTSR proposal, to be effective in rates on January 1, 2025?

D. CalCCA Proposes Two Minor Changes to PG&E's Proposed Schedule.

CalCCA is largely amenable to PG&E's proposed procedural schedule, and in particular supports moving briefing deadlines to *after* the Fall Update (which is different from the procedural schedule in PG&E's previous ERRA Forecast cases). CalCCA however recommends two minor changes to PG&E's proposed schedule. First, CalCCA proposes that comments on the Fall Update be due **November 5** rather than November 1 as PG&E proposes. CalCCA's attorneys and experts, who work on at least six ERRA cases, will be challenged to turn around comments on the Fall Update a day after preparing reply briefs, and particularly so in this year's case given the major RA proposal PG&E may include in its Fall Update. Based on correspondence with PG&E, CalCCA understands PG&E would support CalCCA's recommended November 5 deadline for comments on the Fall Update.

Second CalCCA recommends comments on the Proposed Decision be due **5**, rather than PG&E's-proposed 4, days after the Proposed Decision, consistent with previous ERRA Forecast proceedings. CalCCA's recommended procedural schedule is below, for clarity:

Event	**PG&E's Proposed Schedule**	**CalCCA's Proposed Schedule**
Application filed	May 15, 2024	May 15, 2024
Notice of Application appears in Daily Calendar	May 17, 2024	May 16, 2024
Protests Filed	+ 30 days after Notice	June 17, 2024
Reply Filed	+ 10 days after Protests/ Responses	June 27, 2024
Prehearing Conference	By July 10, 2024	By July 10, 2024
Intervenor testimony served	September 3, 2024	September 3, 2024
Rebuttal testimony served	September 24, 2024	September 24, 2024
Rule 13.9 Meet and Confer	September 27, 2024	September 27, 2024

Event	PG&E's Proposed Schedule	CalCCA's Proposed Schedule
Evidentiary Hearings (if needed)	October 2-3, 2024	October 2-3, 2024
Update to Prepared Testimony (Fall Update)	October 16, 2024	October 16, 2024
Concurrent Opening Briefs	October 21, 2024	October 21, 2024
Concurrent Reply Briefs	October 31, 2024	October 31, 2024
Concurrent Comments to Fall Update filed; proceeding submitted	November 1, 2023	November 5, 2024
Proposed Decision	November 2024	November 2024
Comments on Proposed Decision	+4 days after Proposed Decision	+5 days after Proposed Decision
Reply comments	+3 days after Comments on Proposed Decision	+3 days after Comments on Proposed Decision

E. Other Procedural Requests in Light of the Compressed Nature of This Proceeding.

PG&E and CalCCA have worked cooperatively and constructively in recent ERRA Forecast proceedings, which has allowed both parties to litigate this expedited case without unnecessary motion practice. CalCCA expects both parties will do so again this year. Nevertheless, to promote clear expectations, CalCCA requests that the Commission:

- Set the default discovery timelines for all parties to (a) five business days prior to the Fall Update, (b) three business days after rebuttal testimony and (c) two business days after the Fall Update is filed, with exceptions from those timelines allowed in the event that PG&E requires more time due to the number or breadth of data requests;

- Require PG&E to serve public and confidential workpapers concurrently with all supplements and updates to testimony;

- Require from PG&E a clear presentation of modifications between its Prepared Testimony and any supplemental testimony; and

- Require PG&E to serve public and confidential workpapers contemporaneously with all testimony supplements and updates over the course of the proceeding.

IV. COMMUNICATIONS AND SERVICE

CalCCA consents to "email only" service and request that the following individuals be added to the service list for A.24-05-009 on behalf of CalCCA:

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Information-Only Please include the individuals listed below on the information-only service list for this proceeding:

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V. CONCLUSION

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

Dated: June 17, 2024

Respectfully submitted,

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