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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2019, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Transition Cost Balancing Account, and Local Generating Balancing Account in 2019, and (iii) Costs Recorded in Related Regulatory Accounts in 2019.	Application 20-06-________ (Filed June 1, 2020)

APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF ERRA COMPLIANCE FOR RECORD PERIOD 2019

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APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF ERRA COMPLIANCE FOR RECORD PERIOD 2019

I. INTRODUCTION

In compliance with California Public Utilities Code ("P.U. Code") Section 454.5, relevant Decisions ("D.") of the California Public Utilities Commission ("Commission" or "CPUC"), including, but not limited to, D.02-10-062, D.02-12-074, D.05-01-054, and D.05-04-036, and the Commission's Rules of Practice and Procedure, San Diego Gas & Electric Company ("SDG&E") hereby submits its Application for review and approval of: (i) contract administration, least-cost dispatch and power procurement activities in 2019, (ii) costs related to those activities recorded to the Energy Resource Recovery Account ("ERRA"), Portfolio Allocation Balancing Account ("PABA"), Transition Cost Balancing Account ("TCBA"), and Local Generating Balancing Account ("LGBA") in 2019 and (iii) costs recorded in related regulatory accounts in 2019, including New Environmental Regulatory Balancing Account ("NERBA"); Independent Evaluator Memorandum Account ("IEMA"); the Litigation Cost Memorandum Account ("LCMA"); the Green Tariff Marketing Education & Outreach Memorandum Account ("GTME&OMA"); the Green Tariff Shared Renewables Administrative Cost Memorandum Account ("GTSRACMA"); the Enhanced Community Renewable ME&O

Memorandum Account ("ECRME&OMA"); the Green Tariff Shared Renewable Balancing Account ("GTSRBA"); the Tree Mortality Non-Bypassable Charge Balancing Account ("TMNBCBA"); the Disadvantaged Communities – Single Family Solar Homes Balancing Account ("DACSASHBA"); the Disadvantaged Community-Green Tariff Balancing Account ("DACGTBA"); and the Community Solar Green Tariff Balancing Account ("CSGTBA"). SDG&E is not seeking a cost recovery or a rate change at this time for any of these costs.

However, as explained herein and in the associated prepared direct testimony of SDG&E witness Khoang T. Ngo, with respect to SDG&E's LGBA, SDG&E seeks the Commission's permission to return this account's overcollection in SDG&E's next-filed ERRA Forecast Application for year 2022, which will be filed on or about April 15, 2021. In addition, with respect to the NERBA, SDG&E seeks authorization to include this account's undercollection in the Annual Electric Regulatory Account Update filing. Also, with respect to SDG&E's TMNBCBA, SDG&E seeks the Commission's permission to include this account's undercollection in rates in the Annual Electric Public Purpose Program Account Update filing, which will be submitted on or about October 1, 2021. Lastly, SDG&E seeks the Commission's authorization to defer cost recovery of the GTSRBA's undercollection to SDG&E's next-filed ERRA Forecast Application for year 2022. SDG&E is doing so to assist its electricity customers by avoiding a further rate adjustment for a relatively small amount and thereby promoting rate stability.

Finally, D.20-01-005 requires SDG&E to include in its 2019 ERRA compliance application an accounting of the Public Safety Power Shutoff ("PSPS") events that occurred in its service territory in 2019 and how the PSPS impacted its revenue collections.[1] SDG&E will be providing supplemental testimony addressing this topic.

II. BACKGROUND

A. SCOPE OF ERRA COMPLIANCE REVIEW

The ERRA balancing account mechanism was established in D.02-10-062 to track fuel and purchased power billed revenues against actual recorded costs. That decision also required the electric utilities to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism, and a schedule for semiannual ERRA proceedings. The first semiannual proceeding (the forecast application) consists of an application by the utility to establish annual fuel and purchased power forecasts for the upcoming calendar year. During the second semiannual proceeding, a compliance review of the utility's prior period energy resource contract administration, least-cost dispatch, and ERRA balancing account is conducted. The Commission is required to perform a compliance review as opposed to a reasonableness review of the ERRA compliance application.[2] "A compliance review considers whether a utility has complied will all applicable rules, regulations, opinions, and laws, while a reasonableness review evaluates not only a utility's compliance, but also whether the data or actions resulting from, for example, the calculation of a forecasted expense, are reasonable, based on the methods and inputs used."[3]

In D.02-10-062, the Commission adopted minimum standards of conduct the utilities must follow in performing their procurement responsibilities. Standard of Conduct #4 ("SOC

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1 D.20-01-005 at Ordering Paragraph (OP) 6.

2 D.16-05-003 at 3.

3 *Id.*

4") describes the compliance review criteria for contract administration and economic dispatch of generation resources on which the utilities will be evaluated: "The utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least- cost manner. Our definitions of prudent contract administration and least cost dispatch are the same as our existing standard."[4]

The scope of compliance review described in D.02-10-062 and D.02-12-074 includes Commission review of utility retained electric generation ("URG") fuel expenses, contract administration, California Independent System Operator ("CAISO")-related costs, existing Qualified Facilities ("QF") contracts, other power purchase agreements (including renewable resource contracts) and economic dispatch of electric generation resources (including Miramar, Palomar, Desert Star Energy Center ["Desert Star"], Cuyamaca, Escondido and El Cajon Battery Energy Storage System ("BESS") and Ramona Solar Energy Project).

The Commission further stated in D.03-06-067 that in determining whether the utilities complied with the requirement to "dispose of economic long power and to purchase economic short power in a manner that minimizes ratepayer costs,"[5] the Commission would examine "the prudence of each utility's decision to dispatch resources contained in the integrated DWR-IOU portfolio and execute market transactions for economic purposes … ."[6] Accordingly, the Commission's annual compliance review focuses on prudent contract administration, least-cost dispatch, and URG fuel procurement activities.

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4 D.02-10-062 at Conclusion of Law 11.

5 D.03-06-067 at 10.

6 *Id.*

The appropriate scope and standard of review for these ERRA applications have also been addressed in D.05-04-036 and D.05-01-054. According to those decisions and pertinent to the scope of review of the utility's least-cost dispatch obligation, the Commission will consider those decisions to dispatch the resources in the daily, hourly, and real-time markets. As for the standard of review of the utility's least-cost dispatch, contract administration, and URG costs, the Commission reiterated in D.05-04-036 that its review is not a "reasonableness review," but is instead a "compliance review:"

> We [the Commission] went on to state that the least cost dispatch review process is a compliance review, and that there are no ranges of possible outcomes. (D.05-01-054 at 13-14.) Instead, we stated in pertinent part that:
>
> The outcome or standard for review has been predetermined – that is the lowest cost. SCE must demonstrate that it has complied with this standard, by providing sufficient information and/or analysis in order for the Commission to verify that SCE's dispatch resulted in the most cost-effective mix of total resources, thereby minimizing the cost of delivering electric services. Based on analyses of SCE's showing and subsequent discovery, ORA or any other party may take the position that SCE did not fully comply with SOC 4. In such cases, we will judge the merits of the parties' positions and may impose disallowances and/or penalties…. This compliance process encompasses much more than that characterized by ORA. Imposing a compliance process for least-cost dispatch under SOC 4, rather than a reasonableness review process, does not diminish our ability to ensure just and reasonable rates.

(D.05-01-054 at 14-15.)[7]

In this same decision, the Commission goes on to say that:

> **D.05-01-054 did not adopt specific criteria for determining "what constitutes least-cost dispatch compliance or what the utility needs to provide to meet its burden to prove such compliance."** (D.05-01-054 at 15 (emphasis added).) Instead, we stated that if ORA or another party can demonstrate that the utility "has not dispatched resources in a least-

[7] D.05-04-036 at 26. *Accord* D.15-11-011 at 2; D.17-03-016 at 3.

> cost manner, the Commission will review that evidence and make appropriate adjustments for non-compliance." (*Id*. at 16.)[8]

Finally, on October 21, 2014, SDG&E, along with Pacific Gas and Electric Company ("PG&E) and Southern California Edison Company ("SCE"), jointly filed a Joint Proposal for the Demonstration of Least-Cost Dispatch ("Joint Proposal"), which detailed the information that the utilities would include in testimony or workpapers in ERRA compliance proceedings to demonstrate least-cost dispatch. On November 5, 2014, the Commission's Office of Ratepayer Advocates ("ORA") filed a response which included four recommended modifications to the Joint Proposal. On December 2, 2014, Administrative Law Judge Roscow and Commissioner Florio issued an "Interim Ruling Providing Guidance for the 2014 ERRA Compliance Proceedings," which adopted both the Joint Proposal as well as ORA's suggested modifications relating to economically dispatched demand response programs. These requirements were adopted on a non-interim basis in D.15-05-005 and D.15-12-025. The prepared direct testimony and associated Attachments and workpapers of SDG&E witness Joseph Pasquito address these least-cost dispatch requirements and satisfy SDG&E's burden of proof for the 2019 record period.

B. ERRA

As noted above, the purpose of the ERRA is to provide full recovery of SDG&E's energy procurement costs associated with serving SDG&E's bundled service customers. Accordingly, SDG&E's ERRA revenue requirement includes specific recovery of CAISO energy and ancillary services load charges, contract costs, generation fuel costs, CAISO-related costs, hedging costs and previously approved equity rebalancing costs related to the financial statement consolidation

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[8] *See also* D.05-04-036 at 27 (internal footnote omitted).

of Otay Mesa Energy Center ("OMEC") under Accounting Standards Codification 810 ("ASC 810"), formerly referred to as FASB Interpretation No. 46 (R) or "Fin 46 (R)." Pursuant to Section 5(d) of SDG&E's ERRA Tariff, the ERRA also includes "in lieu payments payable to communities where SDG&E is transporting its own gas through its own gas transmission or distribution system, or both, for purposes of generating electricity or for use in its own operations." The ERRA also includes revenues from SDG&E's Electric Energy Commodity Cost ("EECC") rate schedules (commodity revenue), non-fuel generation revenues allocated to the Non-Fuel Generation Balancing Account ("NGBA") and other Commission-approved accounts.

SDG&E believes that the costs and expenses recorded to the ERRA during 2019 are correctly stated and in compliance with the Commission's directives, and are recoverable. The ERRA balance as of December 31, 2019 was approximately a $(119) million overcollection.

C. PABA

Pursuant to D.18-10-019 and Advice Letter 3318-E,[9] the Portfolio Allocation Balancing Account ("PABA") was established to record the "above-market" costs and revenues associated with all generation resources that are eligible for cost recovery through the Power Charge Indifference Adjustment ("PCIA") rates, including SDG&E's Utility-Owned Generation ("UOG"). The PABA is comprised of a series of subaccounts referred to as "vintage subaccounts." Costs recorded in each vintage subaccount include, but are not limited to, fuel, greenhouse gas ("GHG") costs, third party power purchase contracts, and UOG's revenue requirement. The above-market costs of all generation resources that are eligible for cost recovery through the PCIA rates, including SDG&E's UOG, is also recorded in the PABA. The

[9] *See* SDG&E AL 3318-E, filed on December 10, 2018, and approved on May 30, 2019.

PABA tariff states that "[t]he entries recorded in the vintaged PABA subaccounts shall be reviewed in SDG&E's annual ERRA Compliance proceeding."[10]

The balance in the PABA as of December 31, 2019 reflected an undercollection, as shown in the accompanying confidential prepared direct testimony of Khoang T. Ngo and its associated Table 2, as well as in Attachment B thereto, which provides a monthly summary of the accounting entries recorded to the PABA during 2019. Accordingly, SDG&E requests confirmation that the transactions recorded in 2019 in the PABA are correctly stated and in compliance with the Commission's directives.

D. TCBA

In D.06-12-019, the Commission determined that SDG&E's annual TCBA review should be included as part of the annual ERRA compliance review. The ERRA compliance review is the appropriate forum to review the TCBA because the costs that are recovered in the TCBA generally relate to the above-market portion of certain QF and purchase power costs eligible for recovery under Assembly Bill ("AB") 1890. Specifically, the TCBA records the eligible above-market power costs and the revenues received from SDG&E's Competition Transition Charge ("CTC") rate. The TCBA balance as of December 31, 2019 was a $(0.923) million overcollection.[11] SDG&E requests confirmation that the entries and calculations recorded in the TCBA are correctly stated and in compliance with the Commission's directives.

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[10] *See* SDG&E Electric Tariffs, Preliminary Statements at Revised Cal. P.U.C. Sheet No.32544-E, *available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_PABA.pdf*.

[11] The forecasted 2019 year-end overcollected balance of $1.7 million was approved in Advice Letter ("AL") 3452-E on December 18, 2019 for amortization in rates effective January 1, 2020.

E. LGBA

The LGBA was authorized in D.13-03-029. The LGBA records the costs and revenues for generation that have been determined to be subject to the cost allocation mechanism ("CAM"). For 2019, the contracts included in the LGBA were the Escondido Energy Center ("EEC") contract, the Pio Pico Energy Center ("PPEC"), CP Kelco Combined Heat & Power ("CHP"), the Grossmont Hospital CHP, and Carlsbad Energy Center. Also included were the SDG&E-owned Escondido Energy and El Cajon Energy Storage Facilities.[12] As of December 31, 2019, the LGBA balance reflected an overcollection, as shown in the accompanying confidential prepared direct testimony of Khoang T. Ngo and its associated Table 4, as well as in Attachment D thereto, which provides a monthly summary of the accounting entries recorded to the LGBA during 2019. In this Application, SDG&E is requesting, among other things, that SDG&E's 2019 transactions reflected in its LGBA are in compliance with the Commission's directives.

In summary, SDG&E is requesting that the Commission (a) determine that its LGBA's 2019 transactions are in compliance with Commission directives and are recoverable, and (b) authorize it to return the overcollected 2019 recorded activity in its 2022 ERRA Forecast Application.

F. NERBA

The NERBA, as approved by the Commission's Decision 13-05-010 in SDG&E's 2012 General Rate Case ("GRC"), records the operating and maintenance ("O&M") and capital-

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[12] Per D.13-03-029, and established in Advice Letter ("AL") 2499-E fuel costs for EEC, El Cajon Energy Storage Facility, Escondido Energy Storage Facility (in AL 2924-E), PPEC (in D.14-02-016), CP Kelco CHP (in AL 2897-E), Grossmont Hospital CHP (in CHP Program Settlement Agreement Term Sheet October 8, 2010 and adopted in D.10-12-035) and Carlsbad Energy Center (in D.15-05-051 and adopted in AL2757-E) are to be recorded to the LGBA.

related costs associated with certain new and proposed federal and state environmental programs, such as fees charged by the California Air Resources Board ("CARB") under AB 32. As of January 1, 2019, the beginning balance in the AB 32 electric subaccount in NERBA was a $0.480 million undercollection. Revenues in 2019 were $(0.306) million, expenses totaled $0.431 million, and interest of approximately eleven thousand dollars was booked in 2019, as shown in Attachment E of the accompanying prepared direct testimony of Khoang T. Ngo. The resulting balance in the AB 32 electric subaccount in NERBA as of December 31, 2019 was approximately a $0.616 million undercollection. SDG&E is requesting confirmation that the 2019 transactions recorded in the AB 32 electric subaccount in NERBA are appropriate and correctly stated in accordance with Commission directives, and that the Commission authorize SDG&E to include the balance of $0.616 million undercollection in rates in the Annual Electric Regulatory Account Update filing, which will be implemented in rates and amortized effective January 1 following the Commission's approval of this Application.

G. IEMA

Pursuant to D.04-12-048 and D.05-07-039, the purpose of the IEMA is to record third party costs associated with the use of Independent Evaluators ("IEs") in the utility's long-term procurement activities and Renewables Portfolio Standard ("RPS") programs. Interest is applied to any over- or undercollection balance at the three-month Commercial Paper rate.

In D.11-10-029, which approved Phase 1 of SDG&E's 2009 ERRA Compliance filing, SDG&E was authorized to update its IEMA tariff disposition to transfer the balance in the IEMA to the ERRA on an annual basis.[13]

[13] D.11-10-029 was implemented in AL 2304-E, which was approved on January 12, 2012 and effective November 17, 2011.

As explained in the accompanying prepared direct testimony of Khoang T. Ngo, pursuant to the above-mentioned decisions, SDG&E transferred the IEMA 2019 undercollection balance of $0.090 million to ERRA. SDG&E is requesting confirmation in this Application that the amounts transferred from IEMA to ERRA during 2019 are in compliance with the Commission's directives.

H. LCMA

Pursuant to Resolution ("Res.") E-3893, the LCMA records litigation costs associated with refunds resulting from the energy crisis in October 2000 through January 2001. The LCMA tracks the difference between incurred litigation costs and settlement proceeds received.

At this time, SDG&E is not requesting recovery of its December 31, 2019 undercollected LCMA balance as there are pending litigation cases, and the appropriate vehicle for requesting recovery is through a separate filing. SDG&E requests that the Commission review SDG&E's 2019 LCMA transactions. As of January 1, 2019, the beginning balance in the LCMA was an undercollection of approximately $0.087 million. Litigation expenses totaled $0.132 million, and interest of approximately thirty-four hundred dollars was booked in 2019. Thus, the balance in the LCMA as of December 31, 2019 was an undercollection of $0.222 million. Once SDG&E has closed all LCMA related litigation, SDG&E will evaluate and execute next steps.

I. GTME&OMA

Pursuant to D.15-01-051, the GTME&OMA records the difference between the revenues collected through the GT-ME&O Charge and the initial and ongoing incremental ME&O cost incurred to implement the Green Tariff Shared Renewables Program ("GTSRP"). In 2019, the GTME&OMA had costs and interest totaling $(0.134) million, and the ending balance was $0.020 million as shown in the accompanying prepared direct testimony of Khoang T. Ngo in

Attachment H. In this proceeding, SDG&E requests confirmation that the transactions recorded in the GTME&OMA are correctly stated and in compliance with the Commission's directives.

J. GTSRACMA

Pursuant to D.15-01-051, the purpose of the GTSRACMA is to record the difference between the revenues collected through the GTSR Administrative Charge and the initial and ongoing incremental administrative costs incurred to implement the GTSRP.

In 2019, the GTSRACMA had current activity and interest of $(0.329) million, and the ending balance was $1.56 million, as shown in Attachment I in the accompanying prepared direct testimony of Khoang T. Ngo. SDG&E requests confirmation that the transactions recorded in the GTSRACMA are correctly stated and in compliance with the Commission's directives.

K. ECRME&OMA

Pursuant to D.15-01-051, the purpose of the ECRME&OMA is to record the difference between the revenues collected through the ECR-ME&O Charge and the initial and ongoing incremental ME&O costs incurred to implement the GTSRP. The GTSRP consists of both a Green Tariff option and an Enhanced Community Renewables option. ME&O costs for the Enhanced Community Renewables option are recorded in the ECRME&OMA.

In 2019, the ECRME&OMA had current activity and interest of sixty-five dollars, and the ending balance was also $0.003 million as shown in Attachment J of the accompanying prepared direct testimony of Khoang T. Ngo. SDG&E requests confirmation that the transactions recorded in the ECRME&OMA are correctly stated and in compliance with the Commission's directives.

L. GTSRBA

Per D.15-01-051, SDG&E established the GTSRBA[14] to record the difference between the revenues collected from individual customers electing to participate in the GTSR program and the incremental costs incurred to serve customers participating in that program. The GTSR program consists of both a Green Tariff ("GT") component and an Enhanced Community Renewables ("ECR") component, which are recorded in separate subaccounts with the GTSRBA. The GTSRBA tariff states that: "The balance in the GTSRBA will be addressed in SDG&E's annual Energy Resource Recovery Account (ERRA) Forecast proceeding or in a separate application deemed appropriate by the Commission."[15] In 2019, GTSRBA had current activity and interest resulting in a $2.02 million undercollection, and the December 31, 2019 undercollection ending balance of $2.1445 million, as shown in Attachment K of the accompanying prepared direct testimony of Khoang T. Ngo. Accordingly, SDG&E requests that the Commission confirm that the transactions recorded in the GTSRBA are correctly stated and in compliance with the Commission's directives, and that SDG&E may request recovery of the undercollected 2019 ending balance of $2.1445 million in its 2022 ERRA Forecast Application.

M. TMNBCBA

Per D.18-12-003, SDG&E filed AL 3343-E-B[16] to establish the TMNBCBA to record the tree mortality related procurement costs. As noted in D.18-12-003, Ordering Paragraph ("OP") 9, the TMNBCBA cost will be recovered through the public purpose program ("PPP") charge.

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[14] *See* AL 2889-E, approved June 23, 2016 and effective May 28, 2016.

[15] *See* Cal. P.U.C. Sheet No. 28265-E, Preliminary Statement at Sheet 5 *available at* https://www.sdge.com/sites/default/files/elec_elec-prelim_gtsrba.pdf.

[16] *See* SDG&E AL 3343-E-B, filed on May 31, 2019, approved on July 19, 2019, with an effective date of July 2, 2019.

The TMNBC tariff states that "The balance in the TMNBC will be addressed in SDG&E's Annual Electric Public Purpose Program Account Update filing or in another proceeding deemed appropriate by the Commission."[17]

In 2019, the TMNBCBA reflected an undercollection as shown in the accompanying confidential prepared direct testimony of Khoang T. Ngo and its associated Attachment L. However, the approval of AL 3343-E authorized the transfer of 2017 through 2018 costs from the memorandum accounts BioRAMMA and BioMASSMA to TMNBCBA. This was subsequently approved and included in PPP rates effective January 1, 2020. Additionally, the approval of AL 3471-E[18] authorized the transfer of the remaining 2019 costs from BioRAMMA and BioMASSMA to TMNBCBA. This will be included in SDG&E's 2020 PPP update filing on October 2020. Accordingly, SDG&E requests (a) confirmation that the balance of transactions recorded in 2019 in the TMNBCBA are correctly stated and in compliance with the Commission's directives, and that (b) the Commission authorize SDG&E to include the TMNBCBA undercollection in rates in the Annual Electric Public Purpose Program Account Update filing, submitted on October 1, 2021, which will be implemented in rates and amortized effective January 1 following the Commission's approval of this Application.

N. DACSASHBA, DACGTBA, AND CSGTBA

Pursuant to Ordering Paragraph (OP) 8 of Decision (D.) 18-06-027 issued on June 22, 2018, AL 3410-E-A[19] established the Disadvantaged Community – Single-Family Solar Homes

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17 *See* SDG&E Electric Tariffs, Preliminary Statements at Revised Cal. P.U.C. Sheet No. 31951-E, available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_TMNBCBA.pdf

18 *See* SDG&E AL 3471-E, filed on November 25, 2019, approved on January 7, 2020, with an effective date of December 26, 2019.

19 *See* SDG&E AL 3410-E-A, filed on October 1, 2019, and approved on October 24, 2019.

Balancing Account (DACSASHBA), and AL 3253-E-B[20] established the Disadvantaged Community-Green Tariff Balancing Account (DACGTBA) and Community Solar Green Tariff Balancing Account (CSGTBA).

1. DACSASHBA

The DACSASH program provides incentive payments to low-income single-family homeowners in DACs for rooftop solar installation, as authorized in D.18-06-027. The incentive payments will be included as costs in DACSASHBA. The DACSASHBA will also record SDG&E's proportionate share (10.3%) of the $10 million annual budget starting in 2019 through the end of the program in 2030. Funds not allocated to specific projects or program expenses will be returned to ratepayers at the conclusion of the program (December 31, 2030). The DACSASH program will be funded first by greenhouse gas (GHG) allowance revenues, and if such funds are exhausted, the programs will be funded through PPP funds. In 2019, the DACSASHBA had current GHGRBA transfers and interest of $(1.033) million, and the December 31, 2019 ending balance was a $(1.033) million overcollection as shown in Attachment M of the accompanying prepared direct testimony of Khoang T. Ngo. SDG&E requests confirmation that the transactions recorded in the DACSASHBA are correctly stated and in compliance with the Commission's directives.

2. DACGTBA

The DACGTBA is a GT program that will allow all DACGT customers to purchase 100% green energy at a discount. Pursuant to D.18-06-027, the DACGTBA program will be funded first by GHG allowance revenues, and if such funds are exhausted, the programs will be funded through PPP funds. Therefore, SDG&E modifies the preliminary statement of the

[20] *See* SDG&E AL 3253-E-B, filed on November 21, 2019, and approved on December 12, 2019.

Greenhouse Gas Revenue Balancing Account (GHGRBA) to reflect the transfer of the authorized funding, if available, from the GHGRBA to the DACGTBA. In 2019, the DACGTBA had current GHGRBA transfers and interest of $(2.115) million, and the December 31, 2019 ending balance was a $(2.115) million overcollection, as shown in Attachment N of the accompanying prepared direct testimony of Khoang T. Ngo. SDG&E requests confirmation that the transactions recorded in the DACGTBA are correctly stated and in compliance with the Commission's directives.

3. CSGTBA

The CSGT program is a GT/Shared Renewables Program that will allow all CSGT eligible customers in DACs to benefit from the development of solar generation projects located in their own or nearby DAC. Pursuant to D.18-06-027, the CSGT program will be funded first by GHG allowance revenues and if such funds are exhausted, the programs will be funded through PPP funds. In 2019, the CSGTBA had current GHGRBA transfers and interest of $(0.391), and the December 31, 2019 ending balance was also $(0.391) million overcollection as shown in Attachment O of the testimony of Khoang Ngo. SDG&E requests confirmation that the transactions recorded in the CSGTBA are correctly stated and in compliance with the Commission's directives.

III. SUMMARY OF PREPARED DIRECT TESTIMONY

In support of this Application, SDG&E provides the prepared direct testimony of five witnesses. As SDG&E's prepared direct testimony demonstrates, in 2019, SDG&E has fully complied with its Commission-approved electric procurement plans,[21] all relevant contract terms

[21] For purposes of the Commission's review and the compliance findings requested herein, the relevant Long Term Procurement Plan ("LTPP") is SDG&E's 2014 LTPP, approved in Commission Res. E-4543 (October 11, 2012), in compliance with D.15-10-031.

and conditions, SOC 4 and applicable Commission decisions. The prepared direct testimony shows that SDG&E's 2019 ERRA, PABA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA accounting entries are correctly stated and in compliance with the Commission's directives. The prepared direct testimony of SDG&E's witnesses, and the issues they address, are summarized below and incorporated by reference herein:

- **MR. JOSEPH PASQUITO**

  Mr. Pasquito's prepared direct testimony describes the various energy resources in SDG&E's electricity portfolio and addresses the manner in which SDG&E complied during the record period with its obligation to dispatch its energy portfolio in a least-cost manner, consistent with SDG&E's Commission-approved LTPP.

- **MS. KHOANG T. NGO**

  Ms. Ngo's prepared direct testimony provides a description of the transactions for the 2019 entries to SDG&E's ERRA, PABA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA. Ms. Ngo's prepared direct testimony explains the regulatory basis for SDG&E's requested disposition for these accounts and seeks the Commission's determination that, for the 2019 record period, SDG&E's recommended dispositions are in compliance with Commission directives and should be approved as correctly stated.

- **MR. MIGUEL DURAN**

  Mr. Duran's prepared direct testimony describes the categories of expenses that were recorded to SDG&E's ERRA, TCBA, and LGBA accounts and explains the contract administration activities associated with SDG&E's power purchase agreements during 2019.

- **MR. SCOTT LEWIS**

  Mr. Lewis's prepared direct testimony explains SDG&E's procurement of Greenhouse Gas ("GHG") compliance instruments during the 2019 record period. In this proceeding, SDG&E is requesting that the Commission review and approve GHG compliance instrument procurement activity incurred in 2019 in compliance with the LTPP, AB 32, and recent Commission directives regarding GHG compliance costs, including D.19-04-016.

- **MR. CARL S. LAPETER**

  Mr. LaPeter's prepared direct testimony explains that SDG&E has complied with applicable Commission standards governing the operation of Utility Owned Generation ("UOG") resources and the management of planned and unplanned outages during the 2019 record period.

IV. REQUESTED RELIEF AND ISSUES TO BE CONSIDERED

The issues to be considered and the relief requested are contained in this Application, supporting testimony and related exhibits. In submitting this Application and supporting testimony, SDG&E demonstrates and requests express Commission findings that:

1. During 2019, SDG&E prudently administered and dispatched its UOG resources and portfolio of contracts, including Miramar, Palomar, Desert Star,

Cuyamaca, Escondido and El Cajon Battery Energy Storage System, Ramona Solar Energy Project, power purchase agreements, QFs, non-QF resources, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan;

2. All 2019 entries and costs recorded in SDG&E's ERRA, PABA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA are correctly stated and in compliance with the Commission's directives;
3. SDG&E's procurement of GHG compliance instruments during the 2019 record period is consistent with the Commission's current directives applicable to those compliance instruments;
4. Confidential treatment of the unredacted versions of the prepared direct testimony, as requested in the declarations accompanying the testimony, is appropriate and authorized;
5. SDG&E will return the overcollection in SDG&E's LGBA in SDG&E's next- filed ERRA Forecast Proceeding for year 2022, which will be filed on April 15, 2021 or SDG&E's next Annual Electric Regulatory Update filing;
6. SDG&E will pursue cost recovery of the undercollection in SDG&E's GTSRBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2022, which will be filed on or about April 15, 2021;
7. SDG&E will include the NERBA undercollection in rates in the Annual Electric Regulatory Account Update filing, which will be implemented in

rates and amortized effective January 1 following the Commission's approval of this Application; and,

8. SDG&E will include the TMNBCBA undercollection in rates in the Annual Electric Public Purpose Program Account Update filing, submitted on or about October 1, 2021, which will be implemented in rates and amortized effective January 1 following the Commission's approval of this Application.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1(a) – (c)

In accordance with Rule 2.1 (a) – (c) of the Commission's Rules of Practice and Procedure, SDG&E provides the following information.

1. Rule 2.1(a) - Legal Name

SDG&E is a corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California 92123. SDG&E's attorney in this matter is Roger A. Cerda.

2. Rule 2.1(b) - Correspondence

Correspondence or communications regarding this Application should be addressed to:

Roger A. Cerda
Attorney for:
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Telephone: (858) 654-1781
Facsimile: (619) 699-5027
Email: rcerda@sdge.com

With copies to:

Kathy Peniche
Regulatory Case Manager San Diego Gas &
Electric Company 8330 Century Park Court, CP32F
San Diego, California 92123
Telephone: (858) 654 6304
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3. Rule 2.1(c)

a. Proposed Category of Proceeding

In accordance with Rule 7.1, SDG&E requests that this Application be categorized as ratesetting.

b. Need for Hearings

SDG&E does not believe that approval of this Application will require hearings. SDG&E has provided ample supporting testimony, analysis and documentation that provide the Commission with a sufficient record upon which to grant the relief requested.

c. Issues to be Considered

The issues to be considered are described in this Application and the accompanying testimony and exhibits (*see* Summary of Application and Summary of Testimony, above). Regarding safety considerations, based on current information, SDG&E's proposals in this Application and associated testimony will not result in any adverse safety impacts on the facilities or operations of SDG&E.

d. Proposed Schedule

SDG&E proposes the following schedule:

ACTION	DATE
Application filed	Monday, June 1, 2020
Prehearing Conference	Tuesday, July 14, 2020
Intervenor Testimony	Friday, October 30, 2020
Rebuttal Testimony	Friday, December 11, 2020
Hearings (if necessary)	Wed/Thurs, January 13-14, 2021
Opening Briefs	Friday, February 5, 2021
Reply Briefs	Friday, February 19, 2021
Proposed Decision	Friday April 23, 2021
Comments on Proposed Decision	Friday, May 14, 2021
Reply Comments	Friday, May 21, 2021
Commission Approval	June of 2021

B. Rule 2.2 – Articles of Incorporation

A certified copy of SDG&E's Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on September 10, 2014, in connection with SDG&E's Application No. A.14-09-008, and is incorporated herein by reference.

VI. CONFIDENTIAL INFORMATION

SDG&E is submitting the prepared direct testimony supporting this Application in both public (redacted) and non-public (unredacted and confidential) form, consistent with SDG&E's declarations of confidential treatment attached to the witnesses' testimony and submitted in conformance with D.06-06-066, D.08-04-023 and other applicable orders and statutory provisions. In short, confidential treatment is necessary in this proceeding to avoid inappropriate disclosure of the confidential and commercially sensitive information (pertaining to SDG&E's

electric procurement resources and strategies) that SDG&E witnesses must identify to support this Application.

VII. SERVICE

This is a new application. No service list has been established. Accordingly, SDG&E will electronically serve this Application, prepared direct testimony and related exhibits on parties to the service list for A.19-05-007 (last year's SDG&E ERRA compliance proceeding) and R.12-03- 014 (OIR to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans). Electronic copies will be also be served on Administrative Law Judge ("ALJ") ALJ Patricia B. Miles (the assigned ALJ in A.19-05-007) and Chief ALJ Anne Simon.

VIII. CONCLUSION

WHEREFORE, SAN DIEGO GAS & ELECTRIC COMPANY requests that the Commission:

(1) find that during 2019 SDG&E prudently administered its generation resources and portfolio of contracts and dispatched energy in a least-cost manner, in compliance with SDG&E's Commission-approved procurement plan;

(2) find that SDG&E's 2019 entries in its ERRA, PABA, TCBA, LGBA, NERBA IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA were correctly stated and in compliance with the Commission's directives;

(3) determine that SDG&E's procurement of GHG compliance instruments during the record period was consistent with applicable standards;

(4) authorize SDG&E to pursue adjustment of the overcollection in SDG&E's LGBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2022,

which will be filed on April 15, 2021 or SDG&E's next Annual Electric Regulatory Update filing;

(5) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's GTSRBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2022, which will be filed on or about April 15, 2022;

(6) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's NERBA in the Annual Electric Regulatory Account Update filing;

(7) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's TMNBCBA in the Annual Electric Public Purpose Program Account Update filing, which will be submitted on or about October 1, 2021; and,

(8) grant such additional relief as the Commission believes is just and reasonable.

SDG&E is ready to proceed with its showing in this Application.

Respectfully submitted,

/s/ Roger A. Cerda

Roger A. Cerda
Attorney for:
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SAN DIEGO GAS & ELECTRIC COMPANY

By: */s/ Miguel Romero*

Miguel Romero
San Diego Gas & Electric Company
Vice President – Energy Supply

DATED at San Diego, California, this 1st day of June 2020.

OFFICER VERIFICATION

<u>OFFICER VERIFICATION</u>

Miguel Romero declares the following:

I am an officer of San Diego Gas & Electric Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF ERRA COMPLIANCE FOR RECORD PERIOD 2019** are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 1, 2020 at San Diego, California.

/s/ Miguel Romero
Miguel Romero
San Diego Gas & Electric Company Vice President – Energy Supply