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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 Through December 31, 2020. (U39E)	Application 21-03-008

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure. The Commission will address the issues in this proceeding in two separate phases, Phase One and Phase Two, as described below.

1. Procedural Background

On March 1, 2021, Pacific Gas and Electric Company (PG&E) submitted Application (A.) 21-03-008, *Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 Through December 31, 2020* (2020 ERRA Compliance).

Alliance for Nuclear Responsibility (A4NR) filed a timely Response to the Application on March 18, 2021. A timely protest was also filed on April 19, 2021, by the Central Coast Community Energy, the City and County of San Francisco, East Bay Community Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pioneer Community Energy, San Jose Clean Energy, Silicon Valley Clean Energy Authority, and Sonoma Clean Power (collectively the Joint CCAs or JCCAs). On April 20, 2021, the Public Advocates Office (Cal Advocates) filed a protest to the Application.[1] PG&E filed a timely Reply to the parties' response and protests on April 28, 2021.

A prehearing conference (PHC) was held on April 29, 2021, to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter.

After considering the Application, the parties' response, protests and reply, and the discussions at the PHC, I have determined that the most efficient resolution of this Application is to consider the issues in this proceeding in two separate phases: Phase One and Phase Two.

For Phase One, the issues and schedule are set below.

For Phase Two, the issues are as set below but may be amended based on the outcome of Phase Two of PG&E's 2019 Energy Resource Recovery Account Entries (ERRA) Compliance proceeding, Application (A.) 20-02-009. The schedule for Phase Two will be determined later.

[1] Cal Advocates served its protest on April 19. 2021, but its protest did not get filed until April 20, 2021. On April 20, 2021, Cal Advocates filed a motion for leave to late-file its protest. The assigned Administrative Law Judge (ALJ) issued an email Ruling accepting Cal Advocates' late-file protest.

2. Issues

Phase One of this proceeding will consider the following issues:

1. Whether PG&E, during the record period, prudently administered and managed the following, in compliance with all applicable rules, regulations and Commission decisions, including but not limited to Standard of Conduct No. 4 (SOC 4):

   a. Utility-Owned Generation facilities, except for the Diablo Canyon Power Plant Unit 2 main generator outages which will be reviewed in the 2021 ERRA Compliance proceeding; and

   b. Qualifying Facilities (QF) Contracts and Non-QF Contracts;

   If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?

2. Whether PG&E achieved least cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4;

3. Whether the entries recorded in the Energy Resource Recovery Account (ERRA) and the Portfolio Allocation Balancing Account (PABA) are reasonable, appropriate, accurate, and in compliance with Commission decisions;

4. Whether PG&E's greenhouse gas compliance instrument procurement complied with its Bundled Procurement Plan;

5. Whether PG&E administered resource adequacy procurement and sales consistent with its Bundled Procurement Plan;

6. Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with applicable tariffs and Commission directives:

   a. Green Tariff Shared Renewables Memorandum Account;

   b. Green Tariff Shared Renewables Balancing Account;

c. Disadvantaged Communities Single Family Solar Affordable Homes Balancing Account;

d. Disadvantaged Communities Green Tariff Balancing Account;

e. Community Solar Green Tariff Balancing Account; and

f. Centralized Local Procurement Sub-Account of the New System Generation Balancing Account;

7. Whether the transactions presented in testimony are reasonable and should be approved. These transactions include:

   a. Bilateral transaction to purchase local Resource Adequacy (RA) volumes from Southern California Edison to meet PG&E's local RA compliance requirements; and

   b. Various Contract Amendments;[2]

8. Whether there are any safety considerations raised by this application.

<u>Phase Two of this proceeding will consider the following issues:</u>

1. Should sales forecasting methods for adjusting revenue requirement under current decoupling policy be adjusted to account for power not sold or purchased during a Public Safety Power Shutoff (PSPS) event in 2020? If so, how?

2. Whether it is appropriate for PG&E to return the revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from the PSPS events in 2020.

3. What is the appropriate methodology for calculating PG&E's unrealized volumetric sales and unrealized revenues resulting from 2020 PSPS events?

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[2] PG&E is requesting approval for a list of contract amendments. *See* PG&E's Prepared Testimony, Chapter 9, Section E.

3. Delaying Review of the Diablo Canyon Power Plant Unit 2 Outages to 2021

In its Application, PG&E requests that the Commission delay review of the outages at the Diablo Canyon Power Plant (Diablo Canyon) related to the Unit 2 main generator to the 2021 ERRA Compliance review period.[3] In Response to PG&E's Application, A4NR expresses concerns about delaying review of the outages and requests that the Commission review in this proceeding any preliminary root cause analyses that PG&E may have already conducted, such as for the July 2020 outage related to a pinhole leak in the auxiliary feedwater piping.[4] In PG&E's Reply to parties' protests and response, PG&E states that it is still conducting its root cause evaluations for the outages related to the Diablo Canyon Unit 2 main generator. PG&E also states that it continues to experience issues with the Unit 2 generator which has caused two additional outages in 2021.[5] PG&E explains that the auxiliary feedwater piping leakage issue A4NR raised is possibly related to the main generator issues and requests that review for the outages related to the auxiliary feedwater piping leakage also be deferred to the 2021 ERRA Compliance proceeding.[6]

At the PHC, PG&E indicated that there were three outages in 2020 that were related to the Diablo Canyon Unit 2 main generator. The outages occurred on July 17, 2020, October 14, 2020, and December 2, 2020. PG&E argued that, because all 3 outages are related to the Unit 2 main generator, the issues causing the outages are related and should be evaluated together. PG&E also stated that,

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[3] Application at 2.

[4] A4NR Response at 1 and 6.

[5] PG&E's Reply at 4.

[6] PG&E's Response at 4-5.

at the time of the PHC, they have not yet finalized any root cause evaluations for any of these outages.[7] At the PHC, Cal Advocates indicated that they review root cause analyses after the analyses are completed.[8]

Because PG&E has not finalized its root cause evaluations to the Diablo Canyon Unit 2 outages, the Commission will review these outages and PG&E's prudence in management and operation of Diablo Canyon in relation to these outages in the 2021 ERRA Compliance proceeding. Even though PG&E may have conducted preliminary analyses, it is premature for the Commission to review the preliminary analyses without the final root cause evaluations. Preliminary analyses alone do not provide sufficient basis for the Commission to determine whether PG&E prudently managed and operated Diablo Canyon. Furthermore, delaying review until the completion of the final root cause evaluations for all related outages, including the 2021 outages that are possibly caused by the same root problems that caused the 2020 outages, allow more efficient use of Commission resources, as well as resources of other parties such as Cal Advocates.

4. Phase Two is established to consider issues related to the 2020 Public Safety Power Shutoffs

In its protest, the JCCAs request that the Commission consider whether to adjust PG&E's revenue requirement for loss in sales resulting from Public Safety Power Shutoff (PSPS) events in 2020 to be within the scope of this proceeding.

For PG&E's 2019 ERRA Compliance, A.20-02-009, the Commission bifurcated the proceeding into two phases and dedicated Phase Two to only

[7] PHC Transcript at 8-9.

[8] PHC at 18.

consider issues related to PG&E's 2019 PSPS events.[9,10] Similarly, the Commission will also bifurcate this proceeding into two phases and dedicate Phase Two of this proceeding to only examine issues related to the 2020 PSPS events.

On June 3. 2021, the Commission issued Decision (D.) 21-06-014 which prohibited PG&E from collecting revenues "equal to the estimated unrealized volumetric sales and unrealized revenue resulting from Public Safety Power Shutoff (PSPS) events" in the future.[11] Therefore, we will not examine whether PG&E should be prevented from adjusting future revenue requirement to make up for any undercollection resulting from PSPS events, as was scoped for PSPS issues in Phase Two of PG&E's 2019 ERRA Compliance proceeding. Rather, the Commission will examine whether PG&E should return the revenue requirement equal to the estimated unrealized volumetric sales and unrealized revenue resulting from the PSPS events in 2020 and, if so, determine the appropriate methodology for calculating the PSPS unrealized volumetric sales and unrealized revenue.

Because Phase Two of PG&E's 2019 ERRA Compliance proceeding will be the first to examine PSPS-related sales forecasting methodology as well as the methodology to calculate PSPS unrealized sales and revenue, the issues set for Phase Two of this proceeding may be amended based on the outcome of PG&E's 2019 ERRA Compliance proceeding.

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[9] Assigned Commissioner's Amended Scoping Memo and Ruling (A.20-02-009, PG&E's 2019 ERRA Compliance) at 4.

[10] Phase Two of PG&E's 2019 ERRA Compliance has not yet been initiated.

[11] D.21-06-014 at 283, Ordering Paragraph 1.

The schedule for Phase Two of this proceeding will be determined later.

5. Need for Evidentiary Hearing

The issues in Phase One of this proceeding are contested material issues of fact. Accordingly, evidentiary hearing is needed on these issues and is scheduled for Phase One, as set forth in the proceeding schedule below.

The need for evidentiary hearings of Phase Two issues has not been determined yet.

6. Schedule

The following schedule for Phase One is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the Application:

Phase One	
Intervenor Testimony served	July 12, 2021
Rebuttal Testimony served	August 13, 2021
List of Stipulated and Disputed Facts; Report of Meet and Confer	August 30, 2021
Evidentiary hearings	September 13-17, 2021
Opening briefs filed	October 19, 2021
Reply briefs filed	November 9, 2021
Proposed decision	1st Quarter of 2022

Phase One will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. The Schedule for Phase Two of the proceeding will be determined later.

It is the Commission's intent to complete this proceeding within 18 months as required by Pub. Util. Code § 1701.5.

7. Duty to Meet and Confer

According to Rule 13.9 of the Commission's Rules of Practice and Procedure, parties must meet and confer no later than 10 calendar days after the submission of rebuttal testimony to consider the following:

1) Identifying and, if possible, informally resolving any anticipated motions;
2) Identifying the facts and issues in the case that are uncontested and may be the subject of stipulation;
3) Identifying the facts and issues in the case that are in dispute;
4) Determining whether the contested issues in the case can be narrowed; and
5) Determining whether settlement is possible.

Parties shall comply with all the guidelines set in Rule 13.9.

In addition, for Phase One issues, parties shall jointly file a List of Stipulated and Disputed Facts, as well as a Report of the Meet and Confer, by August 30, 2021, as set in the proceeding schedule above.

8. Alternative Dispute Program

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.[12]

Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing.

[12] *See* D.07-05-062, Appendix A, Section IV.O.

Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

9. Category of Proceeding/Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding. (Resolution ALJ 176-3482.) Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

10. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's April 2021 monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

11. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by May 31, 2021, the first business day following the period when 30 days have passed after the PHC.

12. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. *See* Public Utilities Code § 1701.1(g). Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the docket card for the proceeding.

13. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at http://consumers.cpuc.ca.gov/pao/ or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

14. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. Due to the current pandemic, however, parties shall serve the assigned ALJ only electronic copies of served documents, unless the assigned ALJ instructs otherwise.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f). The CPUC encourages those who seek information-only status on the service list to consider the CPUC subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by, the CPUC. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

15. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for CPUC proceedings to ensure their ability to receive emails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

16. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Elaine Lau is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. This proceeding will examine issues in two phases: Phase One and Phase Two.
2. The issues considered in each phase are as described above.
3. The schedule for Phase One is as set forth above.
4. Evidentiary hearings are needed in Phase One.

5. The presiding officer is Administrative Law Judge Elaine Lau.
6. The category of the proceeding is ratesetting.

Dated June 21, 2021, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES
Martha Guzman Aceves
Assigned Commissioner