



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

Order Instituting Rulemaking to Review  
Climate Credits for Current Compliance with  
Statute and for Potential Improvements.

Rulemaking 20-05-002  
(Filed May 7, 2020)

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**REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY  
(U 39 E) ON PROPOSED DECISION ADOPTING CUSTOMER  
CLIMATE CREDIT UPDATES**

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Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) submits these reply comments on Administrative Law Judge Hymes' Proposed Decision Adopting Customer Climate Credit Updates (the PD). PG&E's reply comments address filed comments by certain parties recommending that the PD should:

- clarify implementation details raised by San Diego Gas and Electric Company (SDG&E) and the California Association of Small and Multi-Jurisdictional Utilities (CASMU);
- address revisions to bill inserts relevant to the California Climate Credit (CCC) proposed by Green Power Institute (GPI);
- modify the calculation of small business California Climate Credit as proposed by the Small Business Utility Advocates (SBUA); and
- recognize Commission Decisions concerning the templates utilized to calculate the CCC as proposed by the California Public Advocates Office (Cal Advocates).

**I. PG&E SUPPORTS IMPLEMENTATION CLARIFICATIONS**

In Opening Comments, each of CASMU and SDG&E seek to clarify implementation details relevant to the calculation of CCCs as set forth in the PD. PG&E supports such clarifications. In particular, CASMU recommended modifications to the PD to clarify that changes to the CCC should take effect in 2023 due to ongoing regulatory proceedings addressing

2022 rates.<sup>1/</sup> PG&E supports modifications to the PD to provide implementation flexibility for those utilities requiring such flexibility based upon unique regulatory or technical challenges. As PG&E articulated in Opening Comments, PG&E is among those utilities with 2022 implementation limitations. Modifications to the CCC in the manner set forth in the PD will require significant modifications to PG&E's billing system, impeding PG&E's implementation in 2022. PG&E continues to encourage the Commission to modify the PD to provide flexibility in implementation for those utilities requiring such flexibility due to unique circumstances.

Relatedly, SDG&E recommends that the PD clarify a critical implementation detail relevant to the calculation of the small business CCC for 2022. SDG&E recommends the PD be augmented to continue the Industry Assistance Factor (IAF) for small business customers for 2022. In support of such recommendation, SDG&E interprets D. 20-10-002 as authorizing an extension of the IAF for small business in 2021, but not for 2022.<sup>2/</sup> As a result, SDG&E claims that establishment of a 2022 IAF is necessary to continue the CCC for small business customers.

PG&E agrees that clarification concerning the applicable IAF is necessary. For 2022, PG&E utilized a different interpretation of D. 20-10-002 than SDG&E as part of its California Climate Credit proposal.<sup>3/</sup> PG&E views D. 20-10-002 as establishing a *continuance of the IAF methodology* established in D. 13-12-002, augmented to reflect a unique IAF of 50 percent in 2021 only. However, PG&E agrees that D. 20-10-002 is sufficiently ambiguous to support differing reasonable interpretations of applicable small business IAFs among utilities. To resolve such ambiguity, PG&E agrees that clarification is necessary.

PG&E notes that if the small and residential CCCs are equal as set forth in the PD, the definition of the IAF becomes irrelevant because the IAF would longer be used in rate calculations. However, this issue should be clarified for PG&E and other utilities facing specific 2022 implementation challenges, and for all utilities in the event of delay.

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<sup>1/</sup> CASMU Opening Comments, p. 1.

<sup>2/</sup> SDG&E Opening Comments, p. 8.

<sup>3/</sup> In Application 21-06-001, PG&E's 2022 Energy Resources Recovery Account ("ERRA") Forecast Application, PG&E proposes the use of a 2022 IAF of 40 percent based upon D. 20-10-002's "continuance" of the existing methodology for years other than 2022. *See* D. 20-10-002, Conclusion of Law 3 (requiring utilities continue the use of the "current method" without specifying an end date to such current method). *But see* Id., Ordering Paragraph 2 (clarifying the IAF in effect for 2021 as 50 percent without clarifying the IAF subsequently in effect).

## II. GPI'S CONCERNS REGARDING PG&E'S BILLING STATEMENT AND INSERTS

In Opening Comments, GPI expressed concerns about “the lack of public awareness about the climate credit program” and suggests that utilities do “small things, like improving billing statement layouts to better highlight the climate credits and how they affect overall bills”<sup>4/</sup> and suggested the Energy Division encourage utilities upgrade their billing statements or “[b]etter would be an Order to the utilities to carry out this simple improvement.”<sup>5/</sup>

PG&E respectfully disagrees with GPI’s recommendations. An energy statement or “bill” design and presentment is neither small nor simple. The energy statement example GPI suggested is much more complex than “simple rearrangement” of Account Summary line items: each line item has dedicated information technology billing systems to calculate respective usage/costs. Consolidating Electric and Gas Adjustments into a single line item is technically complex. Furthermore, as GPI commented, PG&E’s energy statement utilizes the “Saving Alert Function” with a notation stating: “... current charges include a discount of \$40.00 for CA Climate Credit.” to highlight the total Climate Credit return customers receive and provide visibility on the Account Summary or front page of the energy statement. On its following bill pages, PG&E also itemizes the electric and gas Climate Credit return amounts and includes an “Additional Message” to provide additional detail about the CCC.

GPI also referenced PG&E’s bill insert as “far too dense, with tiny print and two long footnotes.”<sup>6/</sup> While PG&E is supportive of consulting with the Energy Division to revise the bill insert copy, and other outreach, into more concise messaging, GPI’s assertion that changes would have no costs to PG&E’s ratepayers is inaccurate. On-bill changes are not simple nor small and require time and dedicated teams to test and implement. PG&E’s administrative costs would be charged against PG&E’s GHG Administrative and Outreach Memorandum Account and approved costs would ultimately deduct from the CCC.<sup>7/</sup> PG&E agrees with the PD’s

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<sup>4/</sup> GPI Opening Comments, p. 2.

<sup>5/</sup> Id., p. 3.

<sup>6/</sup> Id., p. 4.

<sup>7/</sup> See PG&E’s Greenhouse Gas Expense Memorandum Account, available at [https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC\\_PRELIM\\_GA.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_PRELIM_GA.pdf).

conclusion to continually monitor ways to improve outreach and decline to adopt changes to current outreach efforts.

### **III. THE CCC SHOULD NOT BE MODIFIED AS PROPOSED BY SBUA**

In Opening Comments, SBUA supports modifications to the small business CCC such that the credit is made *proportional* to the residential CCC. Specifically, SBUA requests that the small business credit be calculated based “on the ratio of the average kWh consumption per small business customer to the average kWh consumption per residential customer.”<sup>8/</sup> PG&E is concerned that the calculation methodology proposed by SBUA may conflict with the Commission’s key goal in this proceeding—ensuring the credits are compliant with California Air Resources Board (CARB) regulations. As the PD makes clear, the small business CCC does not comply with CARB regulations, as it currently provides credits on a volumetric basis. SBUA’s proposed proportional distribution may conflict with CARB’s prohibition on volumetric returns insofar that it would increase the amount of CCC based upon the volume of electricity consumed by the small business customer class. Because PG&E views SBUA’s proposal as potentially inconsistent with the Commission’s goal to align the CCC methodology with CARB regulations, PG&E continues to support the flat return methodology described in the PD.

Further, the evidentiary record supports that small business customers would benefit from a flat CCC. While the PD recognized a portion of the small business customer class would not receive a credit equal to their consumption, it affirmed a “large percentage” of the customers would receive a similar credit or will become better aware of the CCC. Earlier in this proceeding, SBUA stated that such an approach “would provide a modicum of relief to a vulnerable population.”<sup>9/</sup> PG&E also notes that under the SBUA proposal, the amount of CCC available to residential customers would decrease. Furthermore, as the PD observes, basing the CCC on usage does not provide an incentive to shift to economic activities that would reduce consumption and result in fewer greenhouse gas emissions.<sup>10/</sup> As such, the PD’s approach is reasonable and should be adopted.

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<sup>8/</sup> SBUA Opening Comments, p. 3.

<sup>9/</sup> SBUA, Opening Comments to January 28, 2021 Ruling in R. 20-05-002, p. 2.

<sup>10/</sup> See PD, p. 36 and Finding of Fact 28.

**IV. PG&E SUPPORTS CAL ADVOCATES CLARIFICATIONS CONCERNING  
TEMPLATE REVISIONS**

In Opening Comments, Cal Advocates requests that the PD be updated to recognize Commission Decisions revising the GHG Templates. Cal Advocates observes that D.14-10-033 is the Commission's original guidance to the electric utilities for reporting GHG Cap-and-Trade compliance data, and it has been revised several times to clarify and standardize GHG compliance reporting in D.15-10-032, D.19-04-016, and D.21-05-004.<sup>11/</sup> PG&E agrees and supports changes to the PD to recognize the Commission's revised guidance.

**V. CONCLUSION**

PG&E recommends the Commission modify the PD consistent with the changes described herein.

Respectfully Submitted,

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By:     /s/ Maria V. Wilson    

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<sup>11/</sup> Cal Advocates, Opening Comments, p. 5.