



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

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Application of Pacific Gas and Electric  
Company for Approval of its 2023-2026 Clean  
Energy Optimization Pilot

Application No. 22-03-006  
(Filed March 4, 2022)

(U 39 E)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)  
REPLY TO PROTESTS AND RESPONSES**

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Dated: April 18, 2022

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**I. INTRODUCTION**

On March 4, 2022, Pacific Gas and Electric Company (PG&E) filed its application for “Approval of its 2023-2026 Clean Energy Optimization Pilot” (“Application”). The Application appeared on the Commission’s Daily Calendar, New Proceedings section, on April 7, 2022. Pursuant to Rules 1.15 and 2.6 of the California Public Utilities Commission (“CPUC” or “Commission”) Rules of Practice and Procedure (“Rule”), protests or responses were due on April 8, 2022. This reply to protests and responses is timely filed pursuant to Rule 2.6(e).

On April 8, 2022, the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”) filed a protest to PG&E’s Application.<sup>1</sup> Southern California Edison Company (“SCE”),<sup>2</sup> and the Regents of the University of California (“UC”)<sup>3</sup> filed responses to PG&E’s Application on April 8, 2022, and April 4, 2022, respectively. PG&E looks forward to collaborating with interested parties on their recommendations through the discovery, settlement discussions, and evidentiary phases of this proceeding.

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<sup>1</sup> Protest of the Public Advocates Office on Pacific Gas and Electric Company’s Application for Approval of its 2023-2026 Clean Energy Optimization Pilot (“Cal Advocates’ Protest”), (April 8, 2022).

<sup>2</sup> Southern California Edison Company’s Response to Application of Pacific Gas and Electric Company for Approval of 2023-2026 Clean Energy Optimization Pilot (“SCE Response”), (April 8, 2022).

<sup>3</sup> Response by the Regents of the University of California to Application of Pacific Gas and Electric Company for Approval of 2023-2026 Clean Energy Optimization Pilot (“UC Response”), (April 4, 2022).

As a primary purpose of protests and responses to applications is to address the applicant's statement regarding the proposed category, need for hearing, issues to be considered, and proposed schedule (Rule 2.6(d)), and not designed to address the merits of the proposal, PG&E does not address the merits here and reserves the right to do so at a later date.

This reply focuses on procedural issues regarding the proceeding schedule, including an alternative schedule of the application, scoping issues raised in Cal Advocates' Protest, and the categorization of this proceeding.

## **II. PROPOSED SCHEDULE**

As stated in PG&E's Application, PG&E still expects that hearings will not be necessary for this Application. This is because PG&E's CEOP is modeled closely after SCE's CEOP established in Application (A.)18-05-015 and is an extension of CEOP availability to campuses in Central and Northern California.<sup>4</sup> In its Response, UC agreed that hearings may not be required because it is (1) based on SCE's CEOP and (2) PG&E has held initial conversations with intervenors in SCE's CEOP proceeding, including UC.<sup>5</sup> Further, UC supported a final decision by November 2022.<sup>6</sup>

In its Protest, Cal Advocates requested hearings and expanded the proceeding timeline by four months.<sup>7</sup> PG&E will work with all parties through discovery and informal discussions to answer questions and resolve any issues regarding the details of the Application. PG&E remains hopeful a settlement can be reached in this proceeding such that the expanded schedule will not be necessary. PG&E is cognizant of the fact that resolution of issues without hearings will be more efficient and preserve the Commission and parties' time and resources. However, in

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<sup>4</sup> PG&E is basing this expectation in part on the fact that hearings were not necessary to resolve issues of fact in SCE's initial CEOP Application proceeding R.18-05-015, on which PG&E's Application is based. SCE's CEOP was established in R.18-05-015 pursuant to Decision (D.)19-04-010 and modified by D.20-11-030, which adjusted certain metrics due to the COVID-19 pandemic and issues stemming from it.

<sup>5</sup> UC Response, p. 2.

<sup>6</sup> UC Response, p 2.

<sup>7</sup> Cal Advocates' Protest, p. 8.

recognition of Cal Advocates’ Protest, PG&E proposes an alternative schedule that includes supplemental testimony, a date for parties to request a hearing, and proposed dates for hearings, if necessary:

<b>Activity</b>	<b>PG&amp;E’s Initial Proposed Date<sup>(a)</sup></b>	<b>Cal Advocates’ Proposed Date<sup>(b)</sup></b>	<b>PG&amp;E’s Alternate Proposed Date</b>
Scoping Memo Issued	2 <sup>nd</sup> Quarter 2022	2 <sup>nd</sup> Quarter 2022	2 <sup>nd</sup> Quarter 2022
Settlement Discussions	May 2022	Week of October 10, 2022	May 2022
Supplemental Testimony			June 22, 2022
Intervenor Testimony		August 24, 2022	August 24, 2022
Rebuttal Testimony		September 26, 2022	October 10, 2022
Meet and Confer pursuant to Rule 13.9		No later than October 6, 2022	No later than October 20, 2022
Joint Party Status Report Filed to Commission/Deadline to Request Evidentiary Hearings	September 2022		October 31, 2022
Evidentiary Hearings (if necessary)		Week of October 31, 2022	Week of November 7, 2022
Concurrent Opening Briefs		December 5, 2022	December 5, 2022
Concurrent Reply Briefs		December 19, 2022	December 19, 2022
Proposed Decision	October 2022	1 <sup>st</sup> Quarter 2023	1 <sup>st</sup> Quarter 2023
Final Decision	November 2022	March 2023	March 2023
(a) PG&E’s Application, p. 9. (b) Cal Advocates’ Protest, pp. 7-8.			

### **III. SCOPE OF THE PROCEEDING**

Cal Advocates’ protest and UC’s response discussed issues to be addressed in PG&E’s CEOP proceeding. UC generally agreed with the issues to be considered which were whether (1) PG&E’s CEOP is just and reasonable, should it be authorized, and (2) PG&E can establish and implement the budget and cost recovery mechanisms.<sup>8</sup> Cal Advocates proposed a list of issues

<sup>8</sup> UC Response, p. 2.

for consideration.<sup>9</sup> As discussed below, PG&E generally agrees with scoping issues included in Cal Advocates' Protest. In addition to the CEOP scope, PG&E proposes a scope of the proposed policy track for a longer-term program.

**A. Scope of the Proceeding**

PG&E generally does not oppose Cal Advocates' list of anticipated issues to be within the scope of the proceeding.<sup>10</sup> PG&E believes many of these issues may be resolved more expeditiously because they are similar, if not identical, to the issues presented in SCE's CEOP application.<sup>11</sup> PG&E reviewed both Cal Advocates' Protest and the SCE Application proceeding and identified the following issues that are the same or similar. Specifically, below are issues as listed by Cal Advocates in which SCE's CEOP could substantially inform issues relating to PG&E's CEOP, as the pilot is in many respects the extension of SCE's CEOP to campuses in Central and Northern California<sup>12</sup>:

- 1) *Whether the proposed pilot is in compliance with applicable statutes related to the use of Cap-and-Trade allowance revenues for clean energy and energy efficiency projects, including Pub. Util. Code §748.5(c).*
- 2) *Whether the proposed pilot meets the framework set forth in D.14-10-033's for applications seeking recovery GHG allowances to fund clean energy and energy efficiency projects to:*
  - b) *Whether the project qualifies under Pub. Util. Code § 748.5(c); and*
  - c) *Whether the project is best funded to use GHG allowance revenues instead of ordinary recovery through rates.*

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<sup>9</sup> Cal Advocates' Protest, pp. 6-7.

<sup>10</sup> Cal Advocates' Protest, pp. 6-7.

<sup>11</sup> Application 18-05-015, Assigned Commissioner's Scoping Memo and Ruling, pp. 2-3, (July 25, 2018); Protest of the Office of Ratepayer Advocates of Southern California Edison's Clean Energy Optimization Pilot, pp. 2-4, (June 18, 2018).

<sup>12</sup> Cal Advocates' Protest, pp.6-7.

- 3) *Whether the proposed pilot is reasonable, including but not limited to consideration of the pilot's:*
- b) Duration;*
  - c) Baseline calculation methods;*
  - e) Eligibility for participation, double funding, and double counting of GHG emissions reductions;*
  - f) GHG emission rates and costs;*
  - g) Justification for annual weather adjustment factor for baseline calculations;*
  - h) Incentive payment structure and timing;*
  - i) Asset life assumptions;*
  - j) Methods for calculating the energy intensity of buildings and carbon intensity of natural gas; and*
  - k) Effectiveness of proposed incentives to target GHG mitigation.*

SCE's CEOP proceeding and implementation provided valuable insights for the campuses that participated in the program in Southern California. However, PG&E acknowledges that the proposed CEOP is different in certain respects due to differences in the size/regions of campuses and time of the pilot as well as from a result of lessons from SCE's CEOP resulting in certain pilot mechanism adjustments. Issues in scope as listed by Cal Advocates that PG&E identifies as more distinct than SCE's CEOP due to differences in PG&E's process, pilot size, budget/funding, and structure are below:<sup>13</sup>

- 2) *Whether the proposed pilot meets the framework set forth in D.14-10-033's for applications seeking recovery GHG allowances to fund clean energy and energy efficiency projects to:*
- a) Whether existing funds are available to fund the proposed pilot; and*
  - d) Whether PG&E appropriately references the Forecast Clean Energy Amount.*

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<sup>13</sup> Cal Advocates' Protest, pp. 6-7.

- 3) *Whether the proposed pilot is reasonable, including but not limited to consideration of the pilot's:*
  - a) *Budget; and*
  - d) *Criteria for characterizing measures as “GHG-emission reducing measures”.*
- 4) *Whether PG&E has reasonably consulted, disclosed, and conducted outreach with the UC and CSU systems over the programs to comply with Public Utilities Code Section 748.5(c) and D.14-10-033.*
- 5) *Whether funding a portion or all of the proposed pilot through Public Purpose Programs (PPP) funds is just and reasonable.*

PG&E looks forward to working with parties and discussing these scoping issues regarding PG&E's pilot.

#### **B. Scope of the Policy Track**

PG&E believes that the proposed policy track would be a suitable venue for discussions around establishing a program with campuses and how it can interface with longer-term planning at those institutions. In its Response, SCE supported the Commission's consideration of a policy track for a long-term, steady-state program.<sup>14</sup> PG&E recommends that through this policy track, the Commission consider seeking feedback from customers, including UC and CSU, about how offerings like CEOP impact their decision-making. For example, UC has expressed a potential interest in sharing its decision-making and funding processes for clean energy projects. Such feedback would be appropriately introduced in PG&E's proposed policy track – for example, through a workshop – and could be valuable to the Commission as they determine if and how CEOP could best scale to help achieve California's climate goals.

#### **IV. CATEGORIZATION**

Cal Advocates states that the categorization of the proceeding should be ratesetting.<sup>15</sup>

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<sup>15</sup> Cal Advocates Protest, p. 7.

