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05/24/22

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2023-2026 Clean Energy Optimization Pilot. (U39E).

Application 22-03-006

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On March 4, 2022, Pacific Gas and Electric Company (PG&E) filed *The Application of PG&E for Approval of 2023-2026 Clean Energy Optimization Pilot (CEOP)* (Application), requesting Commission approval to implement the CEOP. The Regents of the University of California (UC) and Southern California Edison Company (SCE) filed a response on April 4, 2022 and April 8, 2022, respectively. On April 8, 2022, Public Advocates Office of the California Public Utilities Commission filed a protest. On April 12, 2022, the assigned Administrative Law Judge (ALJ) issued a ruling setting a prehearing conference (PHC). On April 18, 2022, PG&E filed a reply to the responses and the protest.

A PHC was held on April 28, 2022, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the Application,

responses, protest, reply, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this Scoping Memo.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether the CEOP is compliant with applicable statutes related to the use of Cap-and-Trade allowance revenues for clean energy and energy efficiency projects, including Pub. Util. Code Section 748.5(c).
2. Whether the CEOP meets Decision 14-10-033's requirements for clean energy and energy efficiency projects to:
 - a. Demonstrate that existing funds are available to fund the proposed pilot;
 - b. Explain why the project qualifies under Pub. Util. Code Section 748.5(c);
 - c. Explain why the project is best funded with Greenhouse Gas allowance revenues instead of ordinary recovery through rates;
 - d. Reference the Forecast Clean Energy Amount;
 - e. Explain why the proposed pilot is reasonable, including but not limited to consideration of:
 - i. Pilot budget levels;
 - ii. Baseline calculations methods;
 - iii. Justification for annual weather adjustment factor for baseline calculations;
 - iv. Incentive payment structure and timing;
 - v. Asset life assumptions;
 - vi. Methods for calculating the energy intensity of buildings and carbon intensity of natural gas; and

- vii. Effectiveness of incentives to target greenhouse gas mitigation.
3. Whether there are any safety concerns.
4. Impacts on environmental and social justice communities, including the extent to which the CEOP impacts achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan.
5. Whether the CEOP aligns with the goals of the Distributed Energy Resource Action Plan.¹
6. Whether funding a portion, or all, of the CEOP through Public Purpose Program funds is just and reasonable.

PG&E's request to open a policy track of this proceeding, to consider implementing the CEOP model on a programmatic level, is outside the scope of this proceeding.

3. Supplemental Testimony

The Commission requires additional information to evaluate the Application. PG&E must provide answers to the following questions by submitting supplemental testimony, as provided in the schedule below:

1. Explain whether the CEOP considers General Order 156's supplier diversity guidelines. If so, how?
2. Identify specific projects for each UC and California State University campus planning to participate in the CEOP, along with cost estimates and timelines for each project;
3. Identify successful project results from SCE's CEOP. Explain what learnings PG&E incorporated from those projects and discuss how they will be implemented;
4. Explain whether PG&E's CEOP can be made available to large non-residential customers outside of a campus community and identify prospective customer groups;

¹ [Distributed Energy Resource Action Plan 2.0](#), adopted April 21, 2022.

5. Explain whether PG&E’s CEOP can be made available to customer classes outside of large non-residential customers; such as residential, small business, and agricultural customers; and
6. Provide more detail on how PG&E’s CEOP can provide “more economic benefits to disadvantaged communities.”²

4. Need for Evidentiary Hearing

The issues in this proceeding could result in parties contesting material issues of fact. Accordingly, we will allow parties to present evidence on these issues, if necessary.

5. Schedule

The following schedule is adopted here and may be modified by the assigned ALJ as required to promote the efficient and fair resolution of the application:

Event	Date
Supplemental testimony	June 27, 2022
Intervenors’ prepared direct testimony served	August 24, 2022
Prepared rebuttal testimony served	September 26, 2022
Meet and confer (Rule 13.9)	October 10, 2022
Joint case management statement (Rule 13.8)	October 17, 2022
Evidentiary hearing, if needed	November 7, 2022
Opening briefs	December 5, 2022
Reply briefs	December 19, 2022
Proposed decision	Within 90 days of submission

² Application at 4.

The purpose of the October 10, 2022 meet and confer is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including: (1) estimates of time requested for cross-examination, (2) schedule of witnesses, and (3) identification of anticipated exhibits.

The proceeding will stand submitted upon the filing of reply briefs, unless the assigned ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

6. Alternative Dispute Resolution (ADR) Program and Settlements

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.

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

7. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination³ that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

8. Public Outreach

Pursuant to Pub. Util. Code Section 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 monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

9. Intervenor Compensation

Pursuant to Pub. Util. Code Section 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 30, 2022, the first business day which is 30 days after the PHC.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

11. 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

³ Resolution ALJ 176-3505.

<http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 1-866-849-8390 or 1-866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. 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 assigned ALJ. Persons may become a party pursuant to Rule 1.4.⁴

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 assigned ALJ of both an electronic and a paper copy of filed or served documents.

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

⁴ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

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 Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. 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.

13. 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 Commission proceedings to ensure their ability to receive e-mails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

14. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Zita Kline is the assigned ALJ and Presiding Officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing may be needed.

4. The Presiding Officer is Administrative Law Judge Zita Kline.
5. The category of the proceeding is ratesetting.

This order is effective today.

Dated May 24, 2022, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner