

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**

06/10/22

10:38 AM

R1706026

June 10, 2022

**Agenda ID #20720**  
**Ratesetting**

TO PARTIES OF RECORD IN RULEMAKING 17-06-026:

This is the proposed decision of Administrative Law Judge Stephanie S. Wang. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's July 14, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:smt

Attachment

Decision PROPOSED DECISION OF ALJ WANG (Mailed 6/10/2022)

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

Order Instituting Rulemaking to  
Review, Revise, and Consider  
Alternatives to the Power Charge  
Indifference Adjustment.

Rulemaking 17-06-026

**DECISION RESOLVING PHASE 2 ISSUES RELATED TO  
DATA ACCESS AND VOLUNTARY ALLOCATIONS IN  
MARKET PRICE BENCHMARK CALCULATIONS**

TABLE OF CONTENTS

Title	Page
DECISION RESOLVING PHASE 2 ISSUES RELATED TO DATA ACCESS AND VOLUNTARY ALLOCATIONS IN MARKET PRICE BENCHMARK CALCULATIONS.....	2
Summary .....	2
1. Background .....	2
2. Issues Before the Commission.....	5
3. Whether to Provide Data Access for PCIA Rate Forecasts .....	5
3.1. Existing ERRA Data Access .....	6
3.2. Is the Proposed Data Access Necessary to Advance a Public Interest? .....	8
3.3. What are the Risks of the Data Access Proposal, and How Can These Risks Be Mitigated? .....	12
4. Whether to Exclude Voluntary Allocations from RPS Market Price Benchmark Calculations .....	15
5. Comments on Proposed Decision .....	19
6. Assignment of Proceeding .....	19
Findings of Fact .....	19
Conclusions of Law .....	19
O R D E R .....	21

**DECISION RESOLVING PHASE 2 ISSUES RELATED TO  
DATA ACCESS AND VOLUNTARY ALLOCATIONS IN  
MARKET PRICE BENCHMARK CALCULATIONS**

**Summary**

This decision establishes a standard process for reviewing representatives of community choice aggregators to (i) access confidential Energy Resource Recovery Account data for the purpose of developing Power Charge Indifference Adjustment forecasts and (ii) disclose non-confidential analyses of Power Charge Indifference Adjustment forecasts to community choice aggregators. This decision also confirms that the Commission's staff should exclude Voluntary Allocations from calculations of the Renewable Portfolio Standard Market Price Benchmark.

This proceeding remains open to consider additional Phase 2 issues, including: (a) whether greenhouse gas-free resources are under-valued in the PCIA, and if so, whether to adopt an adder or allocation mechanism, (b) whether to adopt a new method to include long-term fixed-price transactions in calculating the Renewables Portfolio Standard adder, and (c) whether to modify the calculation of the PCIA energy index market price benchmark.

**1. Background**

The California Public Utilities Commission (Commission) opened Rulemaking (R.) 17-06-026 on June 26, 2017 to review, revise and consider alternatives to the Power Charge Indifference Adjustment (PCIA). The Commission adopted the PCIA to ensure that when electric customers of an investor-owned utility (IOU or utility) depart from IOU service and receive their electricity from a non-IOU provider, those customers remain responsible for costs previously incurred on their behalf by the IOUs.

In Phase 1 of this proceeding, the Commission considered issues regarding exemptions from the PCIA for customers who participate in the California Alternate Rates for Energy program or are served by Medical Baseline rates. The Commission resolved these issues in Decision (D.) 18-07-009 and D.18-09-013. The Commission also examined the PCIA methodology and considered alternatives to that mechanism in Phase 1. In D.18-10-019, the Commission resolved those issues, implemented an annual 0.5 cent/Kilowatt-hour (kWh) cap on PCIA rate increases (PCIA Cap), and opened a second phase of this proceeding.

On December 19, 2018, the Commission held a prehearing conference to discuss the scope and schedule of Phase 2. On February 1, 2019, the assigned Commissioner issued a Scoping Memo and Ruling (2019 Scoping Memo) with three categories of issues: benchmarking, pre-payment and portfolio optimization. The Commission resolved these three categories of issues in D.19-10-001, D.20-03-019, D.20-08-004 and D.21-05-030.

In D.19-10-001, the Commission directed the Commission's staff to propose a new method to include long-term fixed-price transactions in calculating the RPS Adder for consideration in this proceeding.

On December 16, 2020, the assigned Commissioner issued an Amended Scoping Memo and Ruling (2020 Scoping Memo) to add issues to the scope of Phase 2 of this proceeding. California Community Choice Association (CalCCA), the Public Advocates Office of the Commission (Cal Advocates), The Utility Reform Network (TURN), Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Coalition of California Utility Employees (CUE), and Alliance for Retail Energy Markets (AReM)/Direct Access Customer Coalition (DACC) filed

opening comments on the 2020 Scoping Memo on January 22, 2021. CalCCA, AReM/DACC, SDG&E, SCE, PG&E, and CalCCA filed reply comments on February 9, 2021. Parties also filed comments in response to Phase 2 rulings issued by the assigned Administrative Law Judge (ALJ) on May 20, 2021 and August 25, 2021.

In D.21-05-030, the Commission authorized new Voluntary Allocation, Market Offer, and Request for Information processes for Renewable Portfolio Standard contracts subject to the PCIA and added a new issue to Phase 2 (whether greenhouse gas (GHG) -free resources are under-valued in the PCIA and if so, whether to adopt a GHG-free adder or allocation mechanism).

In the 2020 Scoping Memo, we asked whether the Commission should consider any other changes necessary to ensure efficient implementation of PCIA issues within Energy Resource Recovery Account (ERRA) proceedings. Parties raised numerous proposals in response to this question in comments on the 2020 Scoping Memo. In D.22-01-023, the Commission addressed the proposals most likely to improve the efficiency of implementation of PCIA issues in ERRA proceedings, including three data access proposals by CalCCA. However, the Commission determined that additional information would be necessary to decide whether to adopt CalCCA's proposal to require utilities to provide access to confidential data for the purpose of creating PCIA rate forecasts.

On April 18, 2022, the assigned ALJ issued a ruling to request comments on a staff implementation plan to exclude Voluntary Allocation transactions from Renewable Portfolio Standard market price benchmark calculations.

## 2. Issues Before the Commission

We now consider the following Phase 2 issues:

- (a) Whether to require utilities to provide Community Choice Aggregators (CCAs) and Electric Service Providers (ESPs) access to confidential data for the purpose of creating PCIA rate forecasts, and if so, how to provide data access; and
- (b) Whether to exclude Voluntary Allocation transactions from Renewable Portfolio Standard market price benchmark calculations.

We will address the following remaining Phase 2 issues in one or more subsequent decisions:

- (i) Whether greenhouse gas-free resources are under-valued in the PCIA, and if so, whether to adopt an adder or allocation mechanism;
- (ii) Whether to adopt a new method to include long-term fixed-price transactions in calculating the Renewables Portfolio Standard adder; and
- (iii) Whether to modify the calculation of the PCIA energy index market price benchmark.

## 3. Whether to Provide Data Access for PCIA Rate Forecasts

In comments on the 2020 Scoping Memo, CalCCA proposed requiring the three IOUs to provide year-round access to confidential ERRA monthly reports (and underlying data and workpapers) for the purpose of creating PCIA or Portfolio Allocation Balancing Account (PABA) rate forecasts with data received through nondisclosure agreements (Data Access Proposal). These reports contain a running monthly account of the beginning balance, net revenues or revenue shortfall, costs, interest, and total balance for the ERRA, PABA, and PCIA Undercollection Balancing Account (PUBA). While CCA reviewing representatives currently have access to confidential ERRA monthly report data,

(i) the existing nondisclosure agreements limit use of this information to participate in the specific ERRA forecast proceeding for which it is disclosed, and (ii) CCA reviewing representatives only have access to this confidential data while an ERRA forecast proceeding remains open. Therefore, there may be data indicating important trends on the PCIA, but CCA reviewing representatives would not have knowledge of it unless they are actively involved in an ERRA forecast proceeding.

The assigned ALJ issued rulings on September 17, 2021 (Ruling 1) and November 5, 2021 (Ruling 2) to request comments on the Data Access Proposal. The rulings requested comments on (i) whether the disclosure of confidential ERRA data to certain stakeholders outside of an ERRA proceeding is necessary to advance a public interest, and (ii) what are the risks of allowing a reviewing representative to disclose certain information to their client for purposes of developing or understanding PCIA or PABA forecasts and whether such risks can be mitigated.

SCE, PG&E, and SDG&E (together, the Joint IOUs), CalCCA, and AReM/DACC filed Ruling 1 comments on October 1, 2021, and the Joint IOUs and CalCCA filed replies on October 8, 2021. CalCCA, AReM/DACC, and the Joint IOUs filed Ruling 2 comments on December 9, 2021, and CalCCA and the Joint IOUs filed Ruling 2 reply comments on January 6, 2021.

### **3.1. Existing ERRA Data Access**

The confidentiality of electric procurement data is governed by Pub. Util. Code Section 454.5(g) and Commission decisions, including D.06-06-066, D.06-12-030, D.07-05-032, and D.08-04-023.

CCA and ESP reviewing representatives currently have access to confidential ERRA utility data during the pendency of the applicable ERRA



forecast proceeding. In D.22-01-023, the Commission streamlined the process for parties to ERRA forecast proceedings to access confidential ERRA data. In that decision, the Commission ordered the utilities to provide confidential information from the ERRA Master Data Request response to all reviewing representatives that have signed a nondisclosure agreement with the utility within 5 business days after each of the utility's monthly ERRA reports is submitted to the Commission during the pendency of the applicable ERRA forecast proceeding.

Under these nondisclosure agreements, reviewing representatives may not disclose confidential data to their clients. The confidential information may only be used for purposes of participating in the specific ERRA forecast proceeding for which the data was disclosed.

In D.22-01-023, the Commission established May 15<sup>th</sup> as the new annual deadline for utilities to file ERRA forecast applications, and established October 1<sup>st</sup> each year as the new deadline for releasing Market Price Benchmarks for the PCIA to facilitate timely Commission decisions on ERRA forecast applications by the end of each calendar year. Accordingly, the current schedule anticipates that the reviewing representatives of ERRA proceeding parties will not have access to confidential ERRA data from January through April each year (4 months).

CalCCA proposes to expand access to confidential ERRA as follows:

(a) allow access by reviewing representatives year-round through a non-disclosure agreement, rather than only during the pendency of an ERRA forecast proceeding, and (b) allow reviewing representatives to provide PCIA and PABA forecasts to their clients based on confidential information, and to

provide non-confidential information about the drivers of these forecasts to their clients.

In response, the Joint IOUs urged the Commission to not abandon existing protections for confidential, market-sensitive IOU procurement information adopted under Pub. Util. Code Section 454.5(g), and specifically not to allow reviewing representatives to provide confidential, market-sensitive data directly to market participants.<sup>1</sup>

The Commission will not consider modifications to our policy of prohibiting reviewing representatives from providing confidential and/or market-sensitive ERRA data to market participants in this decision.

However, we will consider whether it is in the public interest to provide access to unbundled customers' reviewing representatives to confidential ERRA forecast data when an ERRA forecast proceeding is not pending. If so, we will consider whether we can institute effective and efficient guardrails to prevent disclosure of confidential, market sensitive ERRA data from reviewing representatives to their clients.

### **3.2. Is the Proposed Data Access Necessary to Advance a Public Interest?**

CalCCA asserted that CCA reviewing representatives need year-round access to confidential ERRA data for PCIA and PABA forecasting to empower CCAs to offer their customers protection from rate volatility.

CalCCA asserted that CCAs need better PCIA and PABA forecasts so that they can apply their reserves to reduce the "at market" portion of their rates to mitigate "rate shock" for their customers in the total generation rate. The CCA reserves would cover a portion of the other non-PCIA generation costs incurred

---

<sup>1</sup> Joint IOU comments on January 6, 2022.

to serve the customer.<sup>2</sup> CalCCA argued that CCAs need better information so that they can anticipate increases in PCIA rates and to plan accordingly, including building reserves when necessary.<sup>3</sup>

On the other hand, AReM/DACC asserted that while CCAs can use PCIA forecasts to mitigate increases in CCA rates, “ESPs could utilize the PCIA forecasting [data] as well in negotiations with their customers.”<sup>4</sup>

The Joint IOUs argued that the CCAs want confidential data for “business planning” purposes, and that the Commission has no statutory obligation to ensure that CCAs remain economically viable. The Joint IOUs did not explain why protecting CCA customers from rate spikes is not in the public interest. The Commission has recognized the importance of mitigating rate volatility for customers in previous decisions, including the recent decision on ERRA-related issues in this proceeding.<sup>5</sup>

The Commission finds that protecting CCA customers from rate volatility is in the public interest. However, AReM/DACC did not provide a sufficient justification for why use of PCIA forecasts in ESP negotiations with their customers is in the public interest.

The remaining question is whether CCA reviewing representatives need access to confidential, market-sensitive ERRA data to protect CCA customers from rate volatility.

CalCCA argued that CCA reviewing representatives need confidential ERRA monthly data to develop accurate PCIA rate and PABA balance forecasts

---

<sup>2</sup> CalCCA comments filed on December 9, 2021 at 13-14.

<sup>3</sup> CalCCA comments filed on December 9, 2021 at 14-15.

<sup>4</sup> AReM/DACC comments filed on December 9, 2021 at 2.

<sup>5</sup> See D.22-01-023 at Finding of Fact 2.

and explain the drivers of these forecasts to their clients. CalCCA argued that the publicly available ERRA monthly reports do not provide the granularity necessary to accurately model changes to the PCIA. Specifically, CalCCA asserted that CCAs need to understand not only the PCIA rate forecast and forecasted PABA balances, but also the drivers of those balances, the degree to which each those drivers will affect the PCIA in a given forecast year, and whether those future balances are likely to self-correct. In recent years, factors driving PABA balances have included demand spikes from summer heat waves, reduced customer revenues from the COVID pandemic, changes in the market value of non-RPS energy, and increases in portfolio costs.<sup>6</sup>

CalCCA provided the following example to illustrate the problem. CalCCA recalled that PG&E recorded a \$145 million undercollection in the PABA for the fourth quarter of 2020, after PG&E's 2021 ERRA forecast proceeding had closed. CalCCA did not have access to confidential information underlying that undercollection and was unable to analyze the drivers of the resulting change in the PABA until the next ERRA forecast proceeding began in June of 2021. CalCCA argued that the CCAs lost more than six months of time that could have been used to prepare and plan for rate changes for their customers.<sup>7</sup>

The Joint IOUs argued that neither CalCCA nor AReM/DACC provided sufficient justification for why the Joint IOUs' confidential and market sensitive data, and not public data, is necessary for PCIA rate forecasting.<sup>8</sup> The Joint IOUs provided an illustration in their September 17, 2021 comments of how public

---

<sup>6</sup> CalCCA comments filed December 9, 2021 at 14-15.

<sup>7</sup> CalCCA comments filed December 9, 2021 at 18.

<sup>8</sup> Joint IOU reply comments filed January 6, 2022 at 4-5.

reports, combined with other public information, can be used to forecast the direction of PCIA rates.

CalCCA responded that public data is insufficient to develop accurate PCIA rate and PABA balance forecasts or understand the drivers behind these forecasts. CalCCA asserts that CCAs need to be able to anticipate the market trend for each driver of changes to the PCIA and PABA balance so that the CCA can anticipate whether the balances are likely to self-correct or worsen over the rest of the year, and whether those trends will continue and impact future indifference amounts.<sup>9</sup>

The Joint IOUs argued that CCAs, ESPs, and their reviewing representatives are sophisticated parties that are already knowledgeable about the current drivers in the California energy markets and can forecast PCIA rates and PABA balances based on public information, commercial information, and their own business judgement as participants in the market. CalCCA responded that access to confidential IOU data will make CCA forecasts more accurate.

The Commission finds that CCA reviewing representatives need access to confidential, market-sensitive ERRA data to make accurate PCIA rate and PABA balance forecasts and to effectively predict whether these trends are likely to self-correct or continue. The Commission has previously found that access to confidential data is necessary to effectively participate in ERRA forecast proceedings. Similarly, we are persuaded that confidential data is needed to make PCIA forecasts that are accurate enough for CCAs to rely upon when taking actions to protect customers from rate volatility.

---

<sup>9</sup> CalCCA comments filed December 9, 2021 at 18-19.

### **3.3. What are the Risks of the Data Access Proposal, and How Can These Risks Be Mitigated?**

CCA reviewing representatives currently have access to confidential ERRA data through nondisclosure agreements for the purpose of participating in ERRA forecast proceedings. No party has asserted that the existing framework for confidential ERRA data access has failed. The Joint IOUs asserted that the Commission's confidentiality rules "have successfully ensured an appropriate balance between transparency in the context of Commission proceedings and necessary protection of procurement data in order to prevent market manipulation."<sup>10</sup>

CalCCA proposed that CCA reviewing representatives, under a non-disclosure agreement, would receive confidential data and would disclose to their CCA clients "the same type of analysis provided by the IOUs in public testimony in ERRA Forecast proceedings."<sup>11</sup> CalCCA provided examples of the type of information it seeks for reviewing representatives to disclose to their CCA clients, but did not provide a specific list of information for disclosure for the proposed purpose.

The Joint IOUs raised concerns that CCA reviewing representatives will disclose confidential, market-sensitive information to CCAs. The Joint IOUs asserted that if the Commission moves forward with the Data Access Proposal, the Commission should mitigate this risk by providing the IOU with the right to review the information in advance of distribution to the market participant and object to the disclosure of information that has the potential to provide the market participant a competitive advantage. The IOUs propose that parties

---

<sup>10</sup> Joint IOU reply comments filed January 6, 2022 at 4.

<sup>11</sup> CalCCA comments filed December 9, 2021 at 24.

should meet and confer about the disputed transmission of information, and the ALJ Division of the Commission should be available to adjudicate these disputes.<sup>12</sup>

Without effective mitigation measures, the Data Access Proposal would create a significant risk that a reviewing representative will disclose confidential and/or market-sensitive information to a client. The existing ERRA confidential data framework includes built-in risk mitigation measures. Reviewing representatives are subject to non-disclosure agreements and may only disclose to their clients information that they include in public versions of their ERRA forecast proceeding comments. These guardrails are efficient and create an effective balance between transparency and risk mitigation.

The Joint IOUs' proposed mitigation measures highlight the need for the Commission to pre-determine what types of information are not confidential before a CCA reviewing representative is permitted to disclose the information to its client. Rather than creating a case-by-case process for IOUs to dispute proposed disclosures, the Commission will create a standard process for data disclosures to promote administrative efficiency, consistency, and transparency.

The Commission concludes that CalCCA or its members should organize a meeting with all interested CCAs and the IOUs by October 3, 2022 to discuss the proposed format and content of PCIA forecasting analyses that CCAs' reviewing representatives will provide to their clients.

A member of CalCCA may file on behalf of all CCAs that seek PCIA forecasting data access, a joint Tier 2 advice letter by December 1, 2022. The

---

<sup>12</sup> Joint IOU reply comments filed January 6, 2022 at 10.

proposal in the Tier 2 advice letter must consist of a standard template for conveying the following from CCA reviewing representatives to their clients: (1) descriptions of any and all potential drivers behind anticipated changes in the PCIA (including those that may not be applicable at every point in time), which should use the public analysis of drivers in PG&E's November Update in Rulemaking (R.) 21-06-001 as a model, and (2) descriptions of any single- or multi-year PCIA rate projections the reviewing representatives will develop. The template should contain sufficient detail so that a reviewing representative could use it "off the shelf" and so that the Commission and stakeholders are reasonably able to determine whether the proposed format would risk exposing confidential or market-sensitive information. To aid the review process, the Tier 2 advice letter should also contain a public appendix with a full *example* analysis that uses the proposed template and dummy information. The advice letter should include a proposed non-disclosure agreement based on the ERRA forecast non-disclosure agreement. The Tier 2 Advice Letter should also include a list of all CCAs that seek this PCIA forecasting data access and their reviewing representatives. Any protests to the Advice Letter must be specific in their explanation about how the information in the proposed template is confidential or would create an unfair market advantage and harm the public interest.

CCA reviewing representatives will be required, on an ongoing basis, to simultaneously provide the Commission's Energy Division and the relevant IOU the disclosures they provide to their clients. This will enable Energy Division and IOUs to monitor and ensure that the information disclosed to clients is limited to the type of information approved in the Tier 2 Advice Letters. To balance the need for regular analysis against the burden of staff monitoring, disclosures by reviewing representatives to their clients under this decision shall



be limited to once per quarter. All disclosures must be limited to the information approved in the Tier 2 Advice Letters.

The Commission recognizes that over time, CCAs may seek to modify the structure of the information that their reviewing representatives provide. The CCAs may collectively file a Tier 2 Advice Letter no more often than once per year, by January 31, to request a modification of the standard template for disclosures under this decision and/or the list of all community choice aggregators that seek this forecasting data access and their reviewing representatives.

#### **4. Whether to Exclude Voluntary Allocations from RPS Market Price Benchmark Calculations**

In D.11-12-018, the Commission adopted a Market Price Benchmark (MPB) to approximate the market premium for Renewable Portfolio Standard (RPS) resources in the PCIA calculation.<sup>13</sup> The Commission subsequently revised the RPS MPB calculation in D.18-10-019<sup>14</sup> and D.19-10-001.<sup>15</sup> In D.19-10-001, the Commission established an annual true-up for the RPS MPB<sup>16</sup> and adopted a data template for Energy Division to use when collecting RPS contract information.<sup>17</sup> The Commission's staff calculates the RPS MPBs as the weighted average of the reported prices of short-term, index-plus, Portfolio Content Category (PCC)-1 RPS transactions.

---

<sup>13</sup> D.11-12-018 at Ordering Paragraph (OP) 5.

<sup>14</sup> D.18-10-019 at OP 1.

<sup>15</sup> D.19-10-001 at OP 1 and 3.

<sup>16</sup> D.19-10-001 at OP 3 and 4.

<sup>17</sup> D.19-10-001 at 24 and OP 5.

In D.21-05-030, the Commission established the Voluntary Allocation process for RPS resources. Through this process, load serving entities (LSE) in an IOU's territory may accept allocations of RPS-eligible energy from the applicable IOU's portfolio, which the LSEs may then use towards meeting their RPS requirements. Voluntary Allocations comprise a "slice" of an IOU's entire PCIA-eligible RPS portfolio. LSEs will be offered allocations of the RPS portfolio in proportion to their vintaged, forecasted annual load share.<sup>18</sup>

As established in a disposition letter issued on October 25, 2021 to address the Joint Utilities' advice letter on Voluntary Allocation procedures, the allocations will be effectuated via contracts between the IOUs and the allocation recipients.<sup>19</sup> An LSE that accepts an RPS Voluntary Allocation must pay the applicable year's RPS MPB.<sup>20</sup>

Ordering Paragraph 5 of D.21-05-030 requires the PCIA ratemaking methodology to treat RPS Voluntary Allocations as sales at the applicable year's MPB. This decision addresses how the allocations are accounted for in the PABA and ERRRA balancing accounts, but it does not address how to account for RPS Voluntary Allocations in future MPB calculations.

On April 18, 2022, the assigned ALJ issued a ruling to request comments on staff's plan to exclude Voluntary Allocations from calculations of the RPS MPB (Staff Plan) for the following reasons. The RPS MPB is intended to approximate the market premium for RPS-eligible resources. However, the MPB is not a negotiated market price. Including Voluntary Allocations when

---

<sup>18</sup> D.21-05-030 at OP 2.

<sup>19</sup> Non-Standard Disposition Letter for Southern California Edison Advice Letter 4569-E issued on October 25, 2021 at 3.

<sup>20</sup> D.21-05-030 at OP 2(c).

calculating newer RPS MPBs will effectively weight a new MPB by the value of the earlier MPB. In other words, including RPS Voluntary Allocation transactions in the RPS MPB calculation will constrain the ability of the RPS MPB to reflect market prices and dynamics outside the Voluntary Allocations, which use a mandated price instead of relying directly on the market. This weighting issue is exacerbated as the volume of Voluntary Allocations increases relative to other transactions. If the availability of allocations affects overall market dynamics, those dynamics should be reflected in the prices of transactions outside the Voluntary Allocations, which will be incorporated into new MPBs without having to include the actual MPB-based Voluntary Allocations in the calculation.

Joint IOUs, CalCCA, and AReM filed comments on the Staff Plan on April 28, 2022, and the Joint IOUs and CalCCA filed reply comments on May 12, 2022.

The Joint IOUs and CalCCA supported the Staff Plan. The Joint IOUs asserted that Voluntary Allocation transactions “contain none of the hallmarks of market-based transactions:” (i) these transactions have a pre-set price, (ii) the allocations are a slice of the IOU’s portfolio, meaning that delivered quantities are uncertain, and (iii) these transactions do not occur in a market setting, since only PCIA-eligible LSEs in an IOU territory may participate.

CalCCA similarly argued that Voluntary Allocations are not market sales and supported the Staff Plan’s rationale that the MPB should not be weighted by the previous year’s MPB.

AReM opposed the Staff Plan, arguing that (i) the predetermined price of Voluntary Allocations was adopted by the Commission as a “proxy for market prices” and (ii) the MPB should reflect all decisions of LSEs to procure RECs for a

given year, including Voluntary Allocations. However, the assumptions embedded in AReM's arguments are incorrect.

The Commission did not adopt the predetermined price of Voluntary Allocations as a proxy for current market prices. In D.21-05-030, the Commission concluded that LSEs electing to accept Voluntary Allocations should be required to pay the IOU the applicable year's MPB for attributes received. While previous decisions have characterized the RPS Adder as a proxy for the market premium for certain RPS resources, the Commission did not characterize the mandated price for Voluntary Allocations as a proxy for current market prices in D.21-05-030.

Nor has the Commission decided that the RPS MPB should reflect all decisions of LSEs to procure RECs for a given year. The Joint IOUs responded that, on the contrary, the Commission has modified the calculation of the RPS MPB to only include certain "market transactions." D.19-10-001 modified the calculation of the RPS Adder, using the volume weighted average of all LSE "market transactions" using only Portfolio Content Category 1 index-plus contracts.<sup>21</sup> The Joint IOUs asserted that Voluntary Allocations are not market transactions since these transactions do not occur in a market setting and the price of the allocations are pre-set. Further, the allocations are a "slice" of an IOU's portfolio and are not equivalent to other resources included in the RPS Adder. These assertions are accurate, and the Commission finds that the mandated price for a Voluntary Allocation is not a market price.

We conclude that the Commission's staff should implement its plan to exclude Voluntary Allocations from calculations of the RPS MPB.

---

<sup>21</sup> D.19-10-001 at Conclusion of Law 2 and Ordering Paragraph 1(b).

## **5. Comments on Proposed Decision**

The proposed decision of ALJ Stephanie S. Wang in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

## **6. Assignment of Proceeding**

John Reynolds is the assigned Commissioner and Stephanie Wang is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. Protecting CCA customers from rate volatility is in the public interest.
2. CCAs need accurate PCIA rate and PABA balance forecasts to protect CCA customers from rate volatility.
3. CCA reviewing representatives need access to confidential, market-sensitive ERRA data to make accurate PCIA rate and PABA balance forecasts and to effectively predict whether these trends are likely to self-correct or continue.
4. The Commission can mitigate the risks that a reviewing representative will disclose confidential, market-sensitive information to a client by pre-determining what types of information are not confidential before a CCA reviewing representative is permitted to disclose the information to its client.
5. The mandated price for a Voluntary Allocation is not a market price.

### **Conclusions of Law**

1. This decision should not modify the Commission's policy of prohibiting reviewing representatives of CCAs and ESPs from providing confidential and/or market-sensitive ERRA data to market participants.

6. The Commission should establish a standard process for reviewing representatives of community choice aggregators to (i) access confidential ERRA data for the purpose of developing Power Charge Indifference Adjustment forecasts and (ii) disclose non-confidential analyses of Power Charge Indifference Adjustment forecasts to community choice aggregators.

7. CalCCA or its members should organize one or more meetings with all interested CCAs and the IOUs by October 3, 2022 to discuss the proposed format and content of PCIA forecasting analyses that CCAs' reviewing representatives will provide to their clients.

8. A member of CalCCA should file, on behalf of all CCAs that seek PCIA forecasting data access, a joint Tier 2 Advice Letter by December 1, 2022. The proposal in the Tier 2 Advice Letter should include the following:

- (a) A standard template for conveying the following from CCA reviewing representatives to their clients, including:
  - (1) descriptions of any and all potential drivers behind anticipated changes in the PCIA (including those that may not be applicable at every point in time), which should use the public analysis of drivers in PG&E's November Update in R.21-06-001 as a model, and
  - (2) descriptions of any single- or multi-year PCIA rate projections the reviewing representatives will develop.
- (b) A public appendix with a full example analysis that uses the proposed template and dummy information.
- (c) A proposed non-disclosure agreement based on the ERRA forecast non-disclosure agreement.
- (d) A list of all CCAs that seek this PCIA forecasting data access and their reviewing representatives.

9. CCAs' reviewing representatives should be required, on an ongoing basis, to simultaneously provide the Commission's Energy Division and the applicable IOU the disclosures they provide to their clients.

10. CCAs' reviewing representatives should be permitted to disclose information to their clients under this decision only once per quarter. All disclosures should be limited to the information permitted to be disclosed in the applicable Tier 2 Advice Letter.

11. The CCAs should be permitted to collectively file a Tier 2 Advice Letter no more often than once per year, by January 31, to request a modification of the standard template for disclosures under this decision and/or the list of all community choice aggregators that seek this forecasting data access and their reviewing representatives.

12. The Commission's staff should exclude Voluntary Allocations from calculations of the RPS MPB.

## **O R D E R**

### **IT IS ORDERED that:**

1. California Community Choice Association or its members may organize a meeting by October 3, 2022 to discuss the proposed format and content of the non-confidential analyses of Power Charge Indifference Adjustment forecasts that reviewing representatives may disclose to community choice aggregators under this decision. This meeting shall include Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and representatives of all interested community choice aggregators.

2. One member of California Community Choice Association may file on behalf of all community choice aggregators that seek Power Charge Indifference Adjustment forecasting data access, a joint Tier 2 Advice Letter by December 1, 2022. The proposal in the Tier 2 Advice Letters shall include the following:

- (a) A standard template for conveying the following from community choice aggregators' reviewing representatives to their clients, including: (1) descriptions of any and all potential drivers behind anticipated changes in the Power Charge Indifference Adjustment (including those that may not be applicable at every point in time), which should use the public analysis of drivers in Pacific Gas and Electric Company's November Update in Rulemaking 21-06-001 as a model, and (2) descriptions of any single- or multi-year Power Charge Indifference Adjustment rate projections the reviewing representatives will develop.
- (b) A public appendix with a full example analysis that uses the proposed template and dummy information.
- (c) A proposed non-disclosure agreement based on the Energy Resource Recovery Account forecast non-disclosure agreement.
- (d) A list of all community choice aggregators that seek this forecasting data access and their reviewing representatives.

3. Community choice aggregators' reviewing representatives shall simultaneously serve to the Commission's Energy Division and the applicable investor-owned utility all information that they disclose to their clients under this decision. Reviewing representatives are permitted to disclose information to their clients under this decision only once per calendar quarter. A reviewing representative shall not disclose any information pursuant to this decision that is not explicitly included in the approved standard template for disclosures. Community choice aggregators may collectively file a Tier 2 Advice Letters no more often than once per year, by January 31, to request a modification of the standard template for disclosures under this decision and/or the list of all community choice aggregators that seek this forecasting data access and their reviewing representatives.



13. Rulemaking 17-06-026 remains open.

This order is effective today.

Dated \_\_\_\_\_, at Sacramento, California