



FILED

09/12/22

09:29 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

1706026

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

Rulemaking 17-06-026

ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS ON GHG-FREE RESOURCES STAFF PROPOSAL AND OTHER ISSUES

This ruling requests comments on the following questions by October 7, 2022 and replies by November 18, 2022.

1. Greenhouse-Gas Free Resources Staff Proposal

In Decision (D.) 21-05-030, the Commission declined to adopt an allocation process for greenhouse gas-free resources that are not eligible for the Renewable Portfolio Standard (GHG-free resources) but noted that the Commission would consider whether GHG-free resources are under-valued in the Power Charge Indifference Adjustment (PCIA) methodology, and whether to adopt a GHG-Free adder or an allocation mechanism. Parties are invited to respond to the questions in the attached Staff Proposal for addressing GHG-free resources.

2. Questions for Energy Service Providers Regarding Data Access

In D.22-07-008, the Commission established a standard process for reviewing representatives of community choice aggregators (CCAs) to (i) access confidential Energy Resource Recovery Account (ERRA) data for the purpose of developing PCIA and Portfolio Allocation Balancing Account (PABA) forecasts and (ii) disclose non-confidential analyses of PCIA forecasts to CCAs. The

decision was based on findings that (i) protecting CCA customers from rate volatility is in the public interest, (ii) CCAs need accurate PCIA rate and PABA balance forecasts to protect CCA customers from rate volatility, and (iii) 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. Energy service providers (ESPs) did not provide sufficient justification for the Commission to make the similar findings to support providing the same data access to ESPs.

This ruling requests comments by individual ESPs and organizations representing ESPs in response to the following questions. All parties are encouraged to provide reply comments.

- a. Please explain your ratemaking process step by step, with sufficient detail for Energy Division to understand how that process would be affected by access to analyses by ESP reviewing representatives, as outlined in D.22-07-008. If your organization is not an ESP, please describe the ratemaking process as you understand it, providing as much detail as possible.
- b. Building off your response to question (a) above, please identify each step for which access to analyses by reviewing representatives, as outlined in D.22-07-008, would do the following. Please keep in mind that per D.22-07-008, reviewing representatives would have access to confidential data, but ESPs would only have access to reviewing representatives' quarterly analyses.
 - i. How would ESP access to these analyses improve outcomes for ratepayers, including (but not limited to) by promoting rate stability?
 - ii. To the extent that you would use the analyses in "negotiations with customers," as suggested by Alliance for Retail Energy Markets (AReM)/Direct Access Customer Coalition (DACC) earlier in this proceeding,

please describe how you propose to do this and how it would benefit ratepayers, instead of solely benefiting the ESP's bottom line. Would access to these analyses provide any other public benefit? If so, please describe that benefit.

- c. Must ESP reviewing representatives have access to the data described in D.22-07-008, and must ESPs have access to the reviewing representative analyses described in D.22-07-008, outside the months of an active ERRRA forecast proceeding to achieve the public benefits you described above? If so, why?
- d. Please explain whether (and, if so, why) ESPs' use of the analyses provided by their reviewing representatives, as described in D.22-07-008, does not increase the risk of the following, in comparison with CCAs' use of the analyses:
 - i. Market manipulation and/or use for business planning purposes only (as opposed to protecting ratepayers).
 - ii. Publication of confidential, market-sensitive data.
- e. Considering all the above, please explain whether (and, if so, how) ESPs' access to the analyses outlined in D.22-07-008 is materially different from CCAs' access to those analyses, in terms of potential ratepayer impacts and market outcomes. We particularly encourage reply commenters to address this question.

I strongly encourage ESP parties to refer to the California Community Choice Association's comments on December 9, 2021 in this proceeding as an example of the level of detail required for these responses. ESP parties should also be prepared to discuss their answers to these questions at upcoming workshop that the Energy Division will host in November on a date to be determined.

3. Energy Index Proposal to Exclude Certain Resources

In a ruling on April 18, 2022, I directed the utilities to file a joint proposal to modify the Energy Index market price benchmark calculation and invited

other parties to file other proposals. Parties had the opportunity to file comments and replies on the proposals.

In comments on July 8, 2022, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (together, the Joint IOUs) clarified their joint Energy Index proposal to base the market price benchmark (MPB) calculation on three years of historical revenues as follows:

[T]he forecast energy MPB calculation should not include the historical revenues of resources that will no longer be in the portfolios in the forthcoming year, to avoid distorting the forecast with obsolete data. A prominent example is PG&E's Diablo Canyon nuclear resource. When that resource is retired, its historical market revenues should be excluded from the forecast energy MPB calculation...

This ruling directs the Joint IOUs to file a supplemental analysis of their proposal to exclude certain resources from the forecast energy MPB calculation. Other parties may file reply comments.

The supplemental analysis should compare outcomes when one or more resources are removed, and when they are not removed. To the extent possible, this analysis should build off the same data and use the same format as the analyses that the Joint IOUs filed in their original proposal on June 13, 2022. The analysis should include a narrative discussion of the Joint IOUs' findings and should also answer the following questions:

- a. Do the Joint IOUs propose to remove all retiring resources when calculating the Energy Index weights for a forthcoming year, or only resources of a certain size? If the latter, what is the threshold size?
- b. Do the Joint IOUs also propose to add resources that will come online in the forthcoming year, recognizing that there will be no historical data corresponding to those new

- resources? If not, why not? If so, what should the threshold size of such resources be (if any)?
- c. How will the Joint IOUs ensure transparency in this aspect of their calculations each year?
 - d. Does the benefit of PCIA accuracy from the Joint IOUs' proposal outweigh the added complexity in performing and verifying calculations?

Dated September 12, 2022, at San Francisco, California.

/s/ STEPHANIE S. WANG

Stephanie S. Wang
Administrative Law Judge