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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

ADMINISTRATIVE LAW JUDGE'S RULING TO DIRECT SOUTHERN CALIFORNIA EDISON COMPANY TO FILE A REPORT AND DIRECT APPLICANT TO FILE A RESPONSE

This ruling directs Southern California Edison Company (SCE) to file the final evaluation report for its Clean Energy Optimization Pilot in this proceeding by March 31, 2023. This ruling also directs Pacific Gas and Electric Company (PG&E) to respond to questions and encourages other parties to file comments by April 19, 2023 and replies by May 3, 2023.

1. Final Evaluation Report of Southern California Edison Company Pilot

In Decision 19-04-010, the Commission authorized SCE to conduct a Clean Energy Optimization Pilot and ordered SCE to submit a final evaluation report on the pilot (SCE Final Report) as a Tier 2 Advice Letter. I direct SCE to additionally file a copy of the SCE Final Report in this proceeding by March 31, 2023.

2. Additional Questions for Party Comments

I direct PG&E to respond to each of the following questions. I also encourage other parties to comment on the following questions.

- a. Does the SCE Final Report indicate a need for the Commission to authorize an additional pilot in PG&E territory with essentially the same purpose and design? Why or why not?
- b. If the Commission authorizes a new PG&E pilot, how should the Commission modify the design or other requirements of the pilot proposed by PG&E based on the SCE Final Report?
- c. PG&E proposed a budget of \$50 million for proposed pilot based on its projection that approximately \$50 million in cap-and-trade allowance revenues that may be used for clean energy and energy efficiency projects (CEEE funds) would be available during the four-year period of 2023-2026 under the 15% cap imposed in Public Utilities Code Section 748.5. However, PG&E's projection of available CEEE funds appears to be based on projections by the California Air Resource Board (CARB) of allowance allocations for future years, which CARB may change through a rulemaking. How would PG&E's estimates for available CEEE funding change if Diablo Canyon does not close in 2025 or if replacement generation sources for Diablo Canyon avoid a net increase in greenhouse gas (GHG) emissions?
- d. On January 4, 2023, the Legislative Analyst's Office released a review of the 2022 CARB Scoping Plan that recommended CARB reduce the supply of Cap-and-Trade allowances available in future years and noted CARB's commitment to a review of the Cap-and-Trade Program in 2023. How does PG&E's estimate of future available CEEE funds consider uncertainty in the allowance market?
- e. In opening testimony, PG&E proposed an administrative budget of \$5.6 million and proposed to use some of this administrative budget to implement the proposed policy track. Since the assigned Commissioner declined to include a policy track in this proceeding, PG&E is directed to clarify which portion of its proposed administrative budget was intended for its previously proposed policy track.

PG&E is also directed to provide an administrative cost proposal for a total pilot budget of \$20.4 million. The administrative cost proposal must include a breakdown by cost category.

- f. To ensure that a pilot evaluation report is sufficiently independent and informative for developing longer-term programs and policies, the Commission has authorized Energy Division staff to provide direction in selecting and supervising the independent evaluator under contract with the utility in prior decisions. For example, *see* Decision 21-10-012 at Conclusion of Law 31. Please comment on whether this evaluation approach would be appropriate for this proposed pilot.

IT IS SO RULED.

Dated March 2, 2023, at San Francisco, California.

/s/ STEPHANIE WANG
Stephanie Wang
Administrative Law Judge