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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.	R.17-06-026

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS ON SUPPLEMENTAL GREENHOUSE GAS-FREE PROPOSAL AND ISSUES IN SCOPE

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TABLE OF CONTENTS

SUMMARY OF RECOMMENDATIONS

- California Community Choice Association (CalCCA) supports the California Public Utilities Commission (Commission) Energy Division Staff's Supplemental GHG-Free Proposal (Supplemental Proposal), with the following recommended modifications:

    - The frequency of an investor-owned utility's (IOU's) election of an allocation or Market Price Benchmark (MPB) should be limited to either a one-time or multi-year option to allow load-serving entities (LSEs) adequate time for long-term procurement and compliance planning; and

    - To comply with the requirements of Public Utilities Code sections 366.2(g) and 365.2 allowing unbundled customers to elect to receive the benefits of the resources they fund through the PCIA and to prevent cost-shifting, the Commission should order the continuance of the separate interim allocations of non-hydropower (hydro), including nuclear, GHG-Free attributes, while monitoring the market for GHG-free non-hydro transactions. If a market for such GHG-Free non-hydro transactions emerges, the Commission should then establish a non-hydro MPB, and adopt the Supplemental Proposal's methodology for IOU elections of allocations or MPBs for hydro and non-hydro GHG-Free value.

- The Commission should address the following issues prior to closing this proceeding:

    - The appropriate venue for determining vintaging changes when an IOU procurement contract is amended, renewed, or extended, which is the subject of a currently outstanding *Motion to Amend Assigned Commissioner's Second Amended Scoping Memo and Ruling,* filed by CalCCA in this proceeding on September 9, 2022; and

    - The urgent need for a permanent framework to credit the Portfolio Allocation Balancing Account when utilities use banked renewable electricity credits for Renewable Portfolio Standards compliance, which the Commission has noted in two decisions, Decision (D.) 20-02-047 and D.22-12-012, should be developed within this proceeding.

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California Community Choice Association[1] (CalCCA) submits these comments in response to the *Administrative Law Judge's Ruling Requesting Comments on Supplemental Greenhouse Gas-Free Proposal and Issues in Scope*[2] (Ruling), dated March 3, 2023.

I. INTRODUCTION

CalCCA's comments address the following Ruling issues: (1) Energy Division's Supplemental Greenhouse Gas Free (GHG-Free) Proposal (Supplemental Proposal);[3] and (2) recommendations for additional issues to be added to the scope of this proceeding.

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[1] California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

[2] *Administrative Law Judge's Ruling Requesting Comments On Supplemental Greenhouse Gas-Free Proposal and Issues In Scope*, R.17-06-026 (Mar. 3, 2023): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M502/K987/502987675.PDF.

[3] The Supplemental Proposal is Attachment A to the Ruling.

A. Energy Division Staff GHG-Free Supplemental Proposal

CalCCA appreciates Energy Division Staff's efforts to quantify the recognized GHG-Free value in the investor-owned utility (IOU) power charge indifference adjustment (PCIA) portfolios. As a result of the information obtained from its summer 2022 data request, Energy Division Staff finds "a premium for GHG-Free resources" and that "GHG-Free resources are undervalued in the PCIA."[4] With GHG-Free value established, the only remaining issue is how to ensure both bundled and unbundled customers, including customers of community choice aggregators (CCAs), share the value of such resources in proportion to their responsibility for PCIA costs, as required by Public Utilities Code sections 366.2(g) and 365.2. Specifically, section 366.2(g) requires the value to be recovered by CCA customers in one of two ways: (1) reducing the costs paid by CCA customers by the incremental value of benefits that remain with bundled service customers (i.e., a Market Price Benchmark (MPB)); or (2) an allocation of a fair and equitable share of those benefits (i.e., an allocation of resources). Section 365.2 also prohibits inequitable cost shifting between bundled and unbundled customers, thereby requiring the proportional distribution of the value/benefits.

The initial September 12 Staff proposal recommended a GHG-Free MPB (instead of an allocation).[5] Calculation of the MPB would include transactions for in-California Independent System Operator Corporation (CAISO) and out-of-CAISO large hydropower and nuclear resources (as well as combined resources to the extent the percentage of GHG-Free, non-Renewable Portfolio Standard (RPS) eligible resources can be identified).[6]

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4 *Administrative Law Judge's Ruling Requesting Comments on GHG-Free Resources Staff Proposal and Other Issues,* R.17-06-026 (Sept. 12, 2022), Attachment A, "GHG Free Data Analysis and Staff Proposal" (September 12 Staff Proposal), at 5-6.

5 September 12 Staff Proposal, at 6-7.

6 *Id.* at 7.

The Supplemental Proposal changes this methodology, allowing IOUs to choose either GHG-Free allocations (of only hydro resources) or MPB treatment (calculated only from hydro transactions) in each year.[7] By adding back in the option of an allocation of hydro resources, Energy Division Staff will allow Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) to elect to continue the "interim" PG&E and SCE GHG-Free allocations, albeit without the non-hydro (i.e., nuclear) resource value.[8] San Diego Gas & Electric Company (SDG&E) does not have "interim allocations," and therefore would "choose" the GHG-Free MPB until it has an allocation process approved by the Commission.[9]

Through this Supplemental Proposal, Energy Division has methodically collected data demonstrating an incremental GHG-Free "value," which the Supplemental Proposal provides to unbundled customers through its proposed methodology. CalCCA therefore supports the Supplemental Proposal, but has the following recommended modifications to ensure its effective application and compliance with statutory mandates:

- The frequency of an IOU's election of an allocation or MPB should be limited to either a one-time or multi-year option to allow LSEs adequate time for long-term procurement and compliance planning; and

- To comply with the requirements of Public Utilities Code sections 366.2(g) and 365.2 requiring, the Commission should order the continuance of the separate interim allocations of non-hydropower (hydro), including nuclear allocation GHG-Free attributes, while monitoring the market for GHG-free non-hydro transactions. If a market for such GHG-Free non-hydro transactions emerges, the Commission

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7 Supplemental Proposal at 2.

8 *See* Supplemental Proposal at 2 (referencing Resolution E-5046 (May 7, 2020) (adopting an interim allocation of energy from GHG-Free resources (separated into buckets of nuclear and non-nuclear energy) to PCIA-eligible LSE's in PG&E's service territory, based on an individual LSE's share of forecasted load in the service territory); Resolution E-5111 (Dec, 17, 2020) (extending the PG&E allocations through 2021, with the option to extend through 2022 and 2023); Resolution E-5095 (Aug. 28, 2020) (interim allocations in SCE territory through 2022); D.21-05-030, *Phase 2 Decision on Power Charge Indifference Adjustment Cap and Portfolio Optimization,* R.17-06-026 (May 24, 2021) Ordering Paragraph 12 at 67 (extending the SCE interim allocations through 2023) (collectively, the "Interim Allocations")).

9 Supplemental Proposal at 3.

should then establish a non-hydro MPB, and adopt the Supplemental Proposal's methodology for IOU elections of allocations or MPBs for hydro and non-hydro GHG-Free value.

B. Additional Issues in Scope

The Ruling also requests comments on whether the Commission should consider additional issues before closing this proceeding. Prior Commission decisions point to this proceeding as the appropriate venue to develop PCIA-related policies necessary to address issues that specific Energy Resource Recovery Account (ERRA) forecast and compliance proceedings were unable to resolve. Specifically, the Commission should address the following issues prior to closing this proceeding:

- The appropriate venue for determining vintaging changes when an IOU procurement contract is amended, renewed, or extended, which is the subject of a currently outstanding September Motion filed by CalCCA in this proceeding on September 9, 2022;[10] and
- The urgent need for a permanent framework to credit the Portfolio Allocation Balancing Account (PABA) when utilities use banked Renewable Energy Certificates (RECs) for RPS compliance, which the Commission has noted in two decisions should be developed within this proceeding.[11]

As set forth more fully below, closing this proceeding without addressing these issues will: (1) cause continued uncertainty; (2) further burden the ERRA expedited proceedings, which are not designed to address policy issues; and (3) risk the potential for inconsistent treatment of contract amendments and PABA revenue across IOU service territories.

[10] *California Community Choice Association's Motion to Amend Assigned Commissioner's Second Amended Scoping Memo and Ruling*, R.17-06-026, at 1 (Sept. 9, 2022) (September Motion).

[11] D.20-02-047 (PG&E 2020 ERRA Forecast proceeding), at 15-16; D.22-12-012 (SCE 2023 ERRA Forecast Proceeding), at 22.

II. THE SUPPLEMENTAL PROPOSAL SHOULD BE ADOPTED WITH MODIFICATIONS

CalCCA supports the Supplemental Proposal, as it recommends providing unbundled customers with their proportional share of the incremental GHG-Free benefits/value for non-RPS eligible large hydropower resources. As set forth more fully below, however, two modifications should be made to the Supplemental Proposal to ensure its efficient application and comply with statutory mandates: (1) the annual election by the IOUs of either MPB treatment or GHG-Free allocations should be modified to either a one-time permanent or multi-year choice to allow LSEs adequate time for long-term planning; and (2) to comply with the requirements of Public Utilities Code sections 366.2(g) and 365.2, the Commission should order the continuance of the separate IOU "interim" allocations of non-hydro, nuclear GHG-Free attributes, monitor the market for non-hydro GHG-free attribute transactions, establish a non-hydro, nuclear GHG-Free MPB if a market emerges, and at that time add the non-hydro GHG-free value to the methodology proposed in the Supplemental Proposal (i.e., IOU election of allocation or MPB).

A. The Frequency of an IOU's Election of an Allocation or MPB Should be Limited to Allow Adequate Time for LSE Long Term Procurement and Compliance Planning

The annual election by the IOUs of either MPB treatment or GHG-Free allocations should be modified to allow either a one-time permanent or multi-year election to provide LSEs adequate time to plan for their GHG-Free compliance and procurement needs. The Supplemental Proposal allows the IOUs to make their annual election for each calendar year in the IOU's ERRA Forecast application filing for that year.[12] While CalCCA is supportive of the Supplemental Proposal and allowing the IOUs to elect how it will provide the GHG-Free value/benefits, the Supplemental

[12] For the 2024 ERRA Forecast application only, each IOU must make its election via a Tier 1 advice letter by June 15, 2023 and must revise its ERRA Forecast workpapers, as necessary, by July 15, 2023. *See* Supplemental Proposal at 2.

Proposal should be modified to only allow such an election one time on a permanent basis. LSEs need adequate time for procurement and other long-term planning, and the one-year election cycle fails to allow sufficient notice of the way in which the value or benefits of the GHG-Free resources will be provided. For example, if an IOU chooses the allocation one year, but then switches to the MPB the next year, the LSE may have failed to procure the GHG-Free resources needed to meet procurement and compliance obligations in that year that the allocation will have fulfilled. In the alternative, the IOU election should be allowed for a period of years, corresponding to a compliance period (such as the RPS three-year compliance period, or any compliance period that may be established given Senate Bill 100 goals and the potential development of a long-term reliability and GHG reduction procurement program in the Integrated Resource Plan (IRP) proceeding).

B. Statutory Requirements and the Prohibition Against Cost Shifting Require the Commission to Allow Unbundled Customers to Elect to Receive GHG-Free Value for Non-Hydro, Nuclear Resources

The Supplemental Proposal should be modified to allow unbundled customers to elect to receive the benefits for all GHG-Free resources, including nuclear, in the IOUs' PCIA portfolios. Public Utilities Code sections 366.2(g) and 365.2 require the Commission to ensure unbundled customers can receive the benefits of the resources they fund through the PCIA, and to ensure costs incurred by bundled customers are not shifted to unbundled customers (i.e., requiring unbundled customers to incur costs while bundled customers benefit). The Supplemental Proposal provides value only for hydro GHG-Free resources, either through an allocation or MPB (as elected by the IOUs). By omitting non-hydro attributes, including nuclear, however, the Supplemental Proposal fails to provide the full value required by Public Utilities Code sections 366.2(g) and 365.2. To ensure the equitable distribution of all GHG-Free value, the Supplemental

Proposal should be modified to incorporate the non-hydro, nuclear resources, as originally envisioned in the September 12 Staff Proposal.[13]

Given that Energy Division was unable to establish a MPB for the GHG-Free value of non-hydro, including nuclear, resources at this time given the small number of GHG-Free transactions involving such resources, CalCCA proposes the continuation of the separate interim allocations for the non-hydro, nuclear GHG-Free value until a MPB for non-hydro, nuclear can be established.[14] Energy Division can monitor the GHG-Free non-hydro, nuclear transactions to determine if a market emerges enabling the establishment of a non-hydro, nuclear GHG-Free MPB. If such a MPB can be established, the methodology proposed in the Supplemental Proposal for the hydro resources (i.e., either allocation or MPB, as elected by the IOU) can then be applied to the non-hydro, nuclear resources. Continuing the separate interim allocations for non-hydro, nuclear and establishing the non-hydro, nuclear GHG-Free MPB when a market for such resources develops, in addition to the Supplemental Proposal for hydro GHG-free, will ensure that unbundled customers can elect to receive all GHG-free benefits in compliance with Public Utilities Code sections 366.2(g) and 365.2. If the Commission declines to allow unbundled customers to elect to receive all the GHG-Free value/benefits (including non-hydro, nuclear), it should ensure that all customers

[13] See September 12 Staff Proposal, at 7 ("staff proposes to include transactions for in-CAISO and out-of-CAISO large hydro and nuclear resources") (emphasis added). In addition, the September 2022 Staff Proposal recognizes that until PCIA funding for the Diablo Canyon Power Plant (DCPP) concludes (in November 2024 for Unit 1, and in 2025 for Unit 2), DCPP GHG-Free value will continue to be subject to the rules adopted in this proceeding. Id. at 8.

[14] The dearth of reportable non-hydro, nuclear transactions is likely due to the limited number of nuclear suppliers in California, and the west in general. In addition, the non-hydro, nuclear GHG-free attributes have been offered by PG&E and Edison through the interim allocations, which significantly lowers the number of reportable transactions for GHG-Free non-hydro, nuclear attributes. However, if non-hydro, nuclear transactions increase, the Commission may at that point be able to establish the GHG-Free non-hydro, nuclear MPB.

receive equal treatment by denying the IOUs the use of the GHG-Free attributes for which it fails to provide unbundled customers value (i.e., non-hydro, nuclear GHG-Free), for any purpose.

III. THE COMMISSION SHOULD ADD TO THE PCIA PROCEEDING SCOPE ISSUES REGARDING RE-VINTAGING IOU POWER PURCHASE AGREEMENTS (PPA) AND CREDITING OF BANKED RECS

A. The Commission Should Grant CalCCA's Outstanding September Motion in this Proceeding Regarding Re-vintaging IOU PPAs

CalCCA filed its September Motion to implement D.21-07-013 by amending the Scoping Ruling in this proceeding to include consideration of the appropriate venue for determining vintaging changes when an IOU procurement contract is amended, renewed, or extended.[15] Contract amendments, renewals, and extensions may affect the vintage of ratepayers to whom the costs related to the amendment, renewal, or extension should be attributed for purposes of calculating the PCIA. Stakeholders are currently required to raise this issue in response to advice letters, which is an insufficient venue to consider the detail required to address vintaging.[16] Although D.21-07-013 noted an intent to address within this proceeding the question of which venue is appropriate to consider re-vintaging of contract amendments, renewals, and extensions, the September Motion remains outstanding.

Currently, the only venue available for review of IOU contract amendments, renewals, and extensions for the purposes of proper cost recovery is the advice letter process.[17] However, the inquiry requires more than what the advice letter process can provide. The specific question at issue with respect to vintaging, or re-vintaging, is whether a particular contract amendment, renewal, or extension constitutes a new procurement decision on behalf of currently bundled

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15 September Motion at 1.
16 *Id.* at 2.
17 *Id.* at 5.

customers (and therefore warrants re-vintaging).[18] Material contract terms, such as price, duration, and quantity underlie the inquiry but also are typically confidential and redacted from advice letter filings.

General Order 96-B, governing the advice letter process, does not provide for a formal discovery process – for any tier of advice letter.[19] Therefore, unless there is an underlying docket under which a market participant like a CCA would have already signed an applicable non-disclosure agreement (NDA), the process to sign the NDA and submit discovery to obtain the previous and modified contracts would eat up much of the 20-day protest period. The September Motion cites to an example in which resolving whether a reviewing representative could sign an IOU's NDA alone took over 20 days.[20]

Because of these procedural difficulties, a group of Northern California CCAs requested the issue of re-vintaging be addressed in PG&E's 2019 ERRA Compliance case.[21] In response to the CCAs' raising the issue, the Commission recognized the need to take a closer look at where vintaging is best addressed:

> [T]he Commission's currently open proceeding, Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment, R.17-06-026, is more appropriate for considering how the Commission should address contract vintages for the utilities in the future, and we intend to explore these matters in that proceeding.[22]

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[18] *Id.* at 5. That inquiry is separate and distinct from review of the reasonableness of the amendment, renewal, or extension of a contract, and whether such contract action comports with Standard of Care 4 or the IOU's Bundled Procurement Plan. *Id.* at 5.

[19] *Id.* at 6.

[20] *Id.* (citing to Joint CCA Opening Comments on Proposed Decision in PG&E's 2019 ERRA Compliance proceeding).

[21] *Opening Comments of Joint Community Choice Aggregators on Proposed Decision Resolving Phase One of Pacific Gas and Electric Company's Energy Resources Recovery Account (ERRA) Compliance Application for the 2019 Record Year*, Application (A.) 20-02-009 (June 30, 2021) ("Joint CCA Opening Comments").

[22] D.21-07-013, *Decision Resolving Phase One of Pacific Gas and Electric Company's ERRA Compliance Application for the 2019 Record Year,* A.20-02-009 (July 15, 2021), at 21 (emphasis added).

No party opposes the September Motion. AReM/DACC "strongly supports" the September Motion and agrees with both CalCCA's analysis regarding contract re-vintaging and the fact there is no effective forum for these issues at present.[23] The Joint IOUs do not oppose the request to include the issue in scope of this proceeding, observing that "[a] statewide rulemaking to review [PCIA] matters is an appropriate proceeding for the Commission to determine the appropriate venue to address vintaging matters applicable to PCIA-eligible contract amendments, renewals, and extensions."[24] The IOUs, however, do take issue with the September Motion's characterization of CCA departing load cost responsibility,[25] which is largely irrelevant to the procedural question at issue and was only offered by CalCCA as context to introduce the issue.[26] The IOUs also argue that the advice letter process can be a robust stakeholder process to evaluate an IOU's procurement contract approval and associated cost recovery request.[27] Such an argument, however, ignores the problem CalCCA presents – that the short protest period, need to sign an NDA and the need to submit discovery are incompatible with the advice letter process.

While disagreement on these points likely still exists, the issue that would be decided in this proceeding is largely a procedural one – does the advice letter process provide sufficient mechanisms to allow for a review of whether an amended contract should be re-vintaged, or are ratepayers better served by the process afforded to parties in the ERRA compliance proceeding? Such a process question undoubtedly can be resolved via a short comment period, and, therefore,

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23 *Response of the Alliance for Retail Energy Markets and the Direct Access Customer Coalition to California Community Choice Association's Motion to Amend Assigned Commissioner's Second Amended Scoping Memo and Ruling*, R.17-06-026, at 1-2 (Sept. 26, 2022).

24 *Joint Response of Pacific Gas and Electric Company (U 39-E), Southern California Edison Company (U 338-E), and San Diego Gas & Electric Company (U 902-E) to Motion to Amend Assigned Commissioner's Second Scoping Memo and Ruling*, R.17-06-026, at 1 (Sept. 26, 2022) ("IOU Response").

25 *Id.* at 2-7.

26 *See* September Motion at 3-4.

27 IOU Response at 5-7.

granting CalCCA's motion would not unduly extend the scope or timeline of this proceeding prior to its closure.

B. An Urgent Need Exists for a Permanent Framework to Credit the PABA When Utilities Use Banked RECs for RPS Compliance

The use of banked RECs to meet the IOUs' RPS compliance requirements escalated in the past few years, requiring the development of interim solutions to account for that use within each IOU's PABA. While parties have largely agreed on the interim solutions proposed within the PG&E and SCE ERRA forecast cases, the development of a permanent framework to value banked RECs as Retained RPS is both necessary and urgent, as the Commission has already acknowledged. Both the existing Voluntary Allocation and Market Offer (VAMO) process and proposed programs, such as SCE's Green Share program, will further increase demand for RECs from the IOUs' RPS-eligible portfolios, likely leading to an increased use of banked RECs to meet RPS compliance obligations in the near term. As set forth below, in two separate decisions, the Commission has stated the development of a REC-crediting framework is, or should be, within the scope of this proceeding.

The issue first arose in 2019. In its 2020 ERRA Forecast case, PG&E forecasted it would oversell its RPS generation within the 2020 forecast year, requiring the utility to utilize banked RECs to meet its compliance requirements.[28] Decision 20-02-047 determined such RECs should be valued at the RPS Adder, but acknowledged that R.17-06-026 is the proper place to address a longer-term framework:

> A tracking framework within PABA and mechanisms to value banked RECs at the end of the compliance period may help resolve these issues. These issues are however, more appropriately addressed by the Commission in the PCIA proceeding.[29]

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[28] D.20-02-047, at 13-16.

[29] *Id.* at 15-16.

The issue next arose in each of the utilities' 2023 ERRA forecast cases, where the VAMO left all three IOUs short of the RPS-generation necessary to meet compliance requirements. SCE's October Update proposed a three-step process to determine how to calculate how many banked RECs it would need for bundled customer compliance after the VAMO.[30] That process resulted in SCE estimating it will be short of the RECs needed to meet its 2023 RPS compliance requirement.[31] PG&E similarly forecasted it would be short,[32] and SDG&E's October Update made clear it also would be short.[33]

During both PG&E's 2020 ERRA Forecast case and again during the 2023 ERRA Forecast cases for PG&E and SCE, parties largely arrived at an agreement on the rate recovery for RECs that had been generated in prior years but used for compliance in later years. The solutions revolved around how to value within the PABA banked RECs being used as Retained RPS in the forecast year that had previously been valued at a different amount in the year in which they were generated. In SCE's case, for example, SCE determined there were sufficient banked RECs that it had previously valued as Unsold RPS, *i.e.*, valued at $0, to cover the shortfall it anticipated in meeting its RPS compliance obligation.[34] SCE applied the 2023 Forecast RPS Adder to these banked RECs since they were forecasted to be retained for bundled customer's RPS compliance,[35] essentially converting the banked RECs from Unsold RPS to Retained RPS. Similarly, parties agreed on PG&E's approach to "true-up" the value of RECs previously valued as Retained RPS in a prior case to the value those same RECs would realize under the 2023 Forecast RPS Adder.

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30 A.22-05-014, Exh. SCE-05 at 122:15-124:3.

31 *Id.*, Exh. SCE-05 at 123:16-124:3 (the exact amount is confidential).

32 A.22-05-029, Exh. D.22-12-044 at 22. SDG&E's case is addressed *infra*.

33 *Comments of San Diego Community Power and Clean Energy Alliance on the October Update of San Diego Gas & Electric Company*, A.22-05-025, at 6-11 (Oct. 28, 2022).

34 A.22-05-014, Exh. SCE-05 at 123:16-124:3.

35 *Id.*, Exh. SCE-05 at 123:16-124:3.

The Southern California (SoCal) CCAs agreed with SCE's interim methodology and the figures resulting from that methodology,[36] and the Commission adopted it in D.22-12-012.[37] CalCCA agreed with PG&E's interim methodology, and the Commission adopted it in D.22-12-044. [38] While SDG&E's October Update clearly showed a post-VAMO shortfall in RPS to meet its compliance obligation, and the CCAs put forward the same solution agreed upon in the other ERRA forecast cases in their October Update comments, the utility argued the issue was out of scope. The Commission opted not to bring its SDG&E decision in line with its PG&E and SCE decisions.[39]

Lastly, in A.22-05-022, *et al.*, SCE has proposed what is essentially a REC-purchasing program to replace the Green Tariff Shared Renewable Program.[40] Under SCE's proposal, participating bundled service customers will remain on their otherwise applicable tariff and will pay the cost of their participation in SCE Green Share through an adder rate on their bill.[41] SCE has stated Green Share "will use SCE's renewable energy portfolio, in excess of what is required to meet SCE's RPS compliance requirements or other CPUC mandated procurement programs, which could potentially include banked PCC-1 RECs."[42] PG&E has proposed a nearly identical program.[43] While fact-finding is still on-going in that proceeding, and parties' proposals are not yet final, CalCCA currently foresees both programs using banked RECs to meet customer demand, if they are adopted.

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36 D.22-12-012, at 60.
37 *Id.* at 61.
38 D.22-12-044, at 22.
39 D.22-12-042, at 21-22.
40 A.22-05-022, *et al.*, Exh. SCE-02 at 12-30.
41 A.22-05-022, *et al.*, Exh. SCE-02 at 12:16-17, 30:3-7.
42 A.22-05-022, *et al.*, Exh. SCE-02 at 21:2-4; 27:10-12.
43 *Pacific Gas and Electric Company Green Access Programs (GAP) Evaluation and Proposals Application for Review Disadvantaged Communities-Green Tariff (DAC-GT), Community Solar-Green Tariff (CS-GT), and Green Tariff Shared Renewables (GTSR) Supplemental Testimony,* A.22-05-022, *et al.*, at 12-25 (Jan. 20, 2023).

The problem, as SCE acknowledged in its ERRA Forecast case, is that the accounting framework is only a temporary solution.[44] Noting D.20-20-047 had already addressed the issue, the SoCal CCAs argued that a permanent framework to credit banked RECs should be developed in the PCIA proceeding to ensure all RPS energy is appropriately valued in the PCIA.[45] In response, the Commission stated: "… the current scope of the PCIA proceeding includes consideration of whether to modify or clarify the calculation of the PCIA for VAMO transactions, so we do not address SoCal CCAs' request here."[46] In PG&E's case, the Commission acknowledged that "CalCCA and PG&E have agreed there should be a framework for handling banked renewable energy credits for the post-2023 period," but stated the issue was out of scope in that case.[47] The Commission's ERRA decision for SDG&E stated "SDCP and CEA are … free to raise this issue in R.17-06-026 if they elect to do so."[48]

The Commission should act on D.20-02-047 and D.22-12-012 to order the development of a framework to credit banked RECs in this proceeding. The issue affects all three utility service territories and requires a consistent solution across IOUs. The disparate outcomes within the ERRA Forecast proceedings – indeed, the fact all three decisions were unable to come to agreement on whether the issue should even be addressed – are evidence of the need for one consistent policy applicable to all three IOUs. That policy should be developed in a proceeding in which all three IOUs are parties.

CalCCA urges the Commission to address this issue before it closes this proceeding. The framework should include issues such as a 'lookback' period over which the IOU can go back to

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44 A.22-015-014, Exh. SCE-05 at 123:16-124:3
45 *Id.*, Exh. CCA-01 at 32:3-6.
46 D.22-12-012, at 61 (emphasis added).
47 D.22-12-044, at 22.
48 D.22-12-042, at 22.

use excess RECs, the quantity of excess RECs that can be used from each vintage, what to do if there are insufficient excess RECs available, the value that will be placed on the RECs, and specific methodologies for tracking excess RECs and whether they have been previously charged to customers. To date, the CCA and IOU parties (excluding SDG&E) have been able to find agreement on interim versions of such a framework, and there is no reason to believe a workshop and comment period could not resolve any remaining differences in an efficient manner.

IV. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests adoption of the recommendations set forth in these Comments. To the extent the Commission closes R.17-06-026 without addressing the two issues recommended to be added to the proceeding scope discussed herein, CalCCA urges the Commission to quickly open a successor proceeding to address them, or to prescribe in detail the appropriate venue in which they can be raised in the near term.

Respectfully submitted,

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March 17, 2023