STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

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SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN APPLICATION 23-05-013:

This is the proposed decision of Administrative Law Judge Rafael L. Lirag. It will appear on the Commission's December 14, 2023 agenda. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Pursuant to Rule 14.6(b), comments on the proposed decision must be filed within seven (7) days of its mailing and reply comments must be filed within three (3) days of its mailing.

Comments must be filed pursuant to Rule 1.13 electronically. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic copies of comments should be sent to ALJ Lirag at rl8@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

KATHERINE MACDONALD for
Michelle Cooke
Chief Administrative Law Judge

MLC:jnf
Attachment

Decision **PROPOSED DECISION OF ALJ LIRAG (Mailed 11/27/2023)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) for Approval of its 2024 Electric Procurement Revenue Requirement Forecasts, 2024 Electric Sales Forecast, and GHG-Related Forecasts.	Application 23-05-013

DECISION APPROVING SAN DIEGO GAS & ELECTRIC COMPANY'S 2024 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS, 2024 ELECTRIC SALES FORECAST, AND GREENHOUSE GAS RELATED FORECASTS

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DECISION APPROVING SAN DIEGO GAS & ELECTRIC COMPANY'S 2024 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS, 2024 ELECTRIC SALES FORECAST, AND GREENHOUSE GAS RELATED FORECASTS

Summary

This decision approves San Diego Gas & Electric Company's (SDG&E) 2024 Electric Procurement Revenue Requirement Forecasts, 2024 Electric Sales Forecast, and Greenhouse Gas (GHG) Related Forecasts for inclusion in its retail rates effective January 1, 2024.

The decision adopts SDG&E's updated 2024 revenue requirement forecast of $709.8[1] million which is $152.385 million less than its currently effective revenue requirement of $862.185 million. The adopted revenue requirement is subject to adjustment from a revision to SDG&E's 2024 forecast for Resource Adequacy sales that is being required in this decision.[2]

SDG&E's 2024 Energy Resource Recovery Account (ERRA) forecast includes the revenue requirements for ERRA, the Portfolio Allocation Balancing Account, Competition Transition Charge, Local Generation, San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost, Modified Cost Allocation Methodology (MCAM) revenue requirement, San Diego Community Power's Disadvantaged Communities revenue requirements, Tree Mortality Non-Bypassable Charge, and GHG allowance revenues and return allocations.

The ERRA process allows SDG&E to recover its procurement costs, including expenses for fuel and purchased power, utility retained generation,

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[1] Adjusted revenue requirement after applying corrections specified in SDG&E's Reply to October update comments.

[2] The adjustment is projected to cause a slight decrease to the 2024 ERRA forecast revenue requirement that is being adopted by this decision.

California Independent System Operator related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers.

In total, the adopted revenue requirement is projected to result in a decrease to the current system average bundled rate of 1.826 cents per kilowatt hour (kWh), or 4.7 percent. Based on these numbers, it is projected that a typical bundled non-California Alternate Rates for Energy (CARE) residential customer using 400 kWh per month would expect to see a monthly bill decrease of 6.0 percent, or $10.00. On the other hand, a typical bundled CARE residential customer using 400 kWh per month would expect to see a monthly bill decrease of approximately 8.0 percent, or $9.00.

The decision also adopts SDG&E's Electric Sales Forecast for 2024, GHG Allowance Return Rates, Power Charge Indifference Adjustment (PCIA) rates, rate components for the Green Tariff Shared Renewables Program, and MCAM rates.

SDG&E is directed to revise its 2024 RA sales volume forecast using the average of actual RA sales recorded in 2023 to date. SDG&E is also directed to revise affected revenue requirement forecasts that will be impacted by the change to the RA sales volume forecast.

This proceeding remains open to consider Fixed Generation Costs issues in a Track 2 of the proceeding. A PHC regarding Fixed Generation Costs has been scheduled for January 9, 2024.

1. Background

On May 15, 2023, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 23-05-013 for approval of its 2024 Electric Procurement Revenue

Requirement Forecasts, 2024 Electric Sales Forecast, and Greenhouse Gas (GHG) Related Forecasts.

On June 14, 2023, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a protest to the application. Clean Energy Alliance (CEA) and San Diego Community Power (SDCP) filed a joint protest on June 16, 2023. SDG&E filed a Reply to protests on June 26, 2023. Direct Access Customer Coalition (DACC) filed a Response to the application on July 12, 2023.[3]

On July 18, 2023, SDG&E filed a motion seeking confidential treatment of specified portions of Attachment G to the application. The motion was granted by the Administrative Law Judge (ALJ) ruling on August 21, 2023.

A prehearing conference was held on July 12, 2023, to gather information about the scope, schedule, and other procedural matters.

On August 1, 2023, the assigned ALJ issued a ruling directing parties to file comments on fixed generation costs.

On August 4, 2023, the assigned Commissioner issued a Scoping Memorandum and Ruling (Scoping Memo) setting forth the scope and procedural schedule for the proceeding.

Opening Comments regarding fixed generation costs were filed by SDG&E, Cal Advocates, and CEA and SDCP on August 16, 2023. Reply Comments were filed by SDG&E, DACC, and CEA and SDCP on August 23, 2023.

[3] DACC was allowed to late-file its Response.

On September 5, 2023, a motion for party status was filed by California Community Choice Association (Cal-CCA). The motion was granted on September 6, 2023.

On September 22, 2023, a joint report was filed by all the active parties in the proceeding.

On September 25, 2023, a ruling was issued by the assigned ALJ revising the schedule and cancelling the evidentiary hearing scheduled for September 29, 2023, pursuant to a request from parties.

On September 29, 2023, motions were filed by SDG&E and SDCP and CEA to seal evidentiary record. Both motions were granted in the ALJ ruling issued on October 26, 2023.

Also on September 29, 2023, a motion to enter testimony and exhibits into the evidentiary record was jointly filed by Cal Advocates, SDG&E, Cal Advocates, SDCP and CEA, DACC, and Cal CCA. The motion was granted in the October 26, 2023 ALJ ruling.

Opening Briefs were filed by SDG&E and jointly by Cal-CCA, SDCP and CEA (collectively, CCA Parties) on October 4, 2023. A joint Reply Brief was filed by the CCA Parties on October 11, 2023. SDG&E also filed its Reply Brief on October 11, 2023.

On October 9, 2023, a ruling was issued by the assigned ALJ concerning fixed generation costs.

On October 13, 2023, SDG&E filed an update to the application. SDG&E also filed a motion for leave to file specified information in Attachment G of the update as confidential. The motion for leave to file confidential materials was granted in the ALJ ruling issued on October 26, 2023.

Opening Comments to the October update were filed on October 27, 2023 by DACC and jointly by SDCP and CEA. SDCP and CEA also filed a joint motion to file a confidential version of its comments. The motion was granted in the ALJ ruling on November 8, 2023.

Also on October 27, 2023, SDCP and CEA filed joint motions to enter supporting October update testimony into the record and to seal evidentiary record. The two motions were granted on November 14, 2023.

On November 3, 2023, SDG&E filed Reply Comments concerning the October update as well as motions to enter testimony into the record and to seal evidentiary record. The motions were granted in the ALJ ruling on November 14, 2023.

The proceeding is deemed submitted on November 3, 2023 upon the filing of SDG&E's Reply Comments concerning the October update to the application.

2. SDG&E's Energy Resource Recovery Account (ERRA)

SDG&E's ERRA was authorized in Decision (D.) 02-10-062 pursuant to Public Utilities (Pub. Util.) Code Section 454.5. The ERRA regulatory process consists of: (a) an annual forecast proceeding to adopt a forecast of the utility's electric procurement cost revenue requirement and electricity sales for the upcoming year; and (b) an annual compliance proceeding to review the utility's compliance in the preceding year regarding energy resource contract administration, least cost dispatch, fuel procurement, and the ERRA balancing account. There is also an update process for new information which is discussed in Section 3.1 of the decision.

The ERRA process allows SDG&E to recover its procurement costs, including expenses for fuel and purchased power, utility retained generation, California Independent System Operator (CAISO) related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers.

This proceeding concerns SDG&E's current annual ERRA forecast proceeding which allows the utility to adopt a forecast of the utility's electric procurement cost revenue requirement and electric sales for 2024. This proceeding also includes SDG&E's sales forecast for 2024 as required by D.22-03-003.[4]

SDG&E's 2024 ERRA forecast includes the following components:

(1) ERRA revenue requirement;

(2) Portfolio Allocation Balancing Account (PABA) revenue requirement;

(3) Competition Transition Charge (CTC) revenue requirement tracked in the Transition Cost Balancing Account (TCBA);

(4) Local Generation (LG) revenue requirement tracked in the LG Balancing Account (LGBA) and projected 2023 year-end balance recorded in the LGBA;

(5) San Onofre Nuclear Generating Station (SONGS) Unit 1 Offsite Spent Fuel Storage Cost revenue requirement tracked in SDG&E's Nuclear Decommissioning Adjustment Mechanism (NDAM) account;

(6) Modified Cost Allocation Mechanism (MCAM) revenue requirement;

(7) SDCP Disadvantaged Communities - Green Tariff (DAC-GT) and Community Solar – Green Tariff (CS-GT) revenue requirements;

[4] D.22-03-003 directed SDG&E to file subsequent annual electric sales forecasts in its ERRA forecast applications.

(8) Tree Mortality Non Bypassable Charge (TMNBC) revenue requirement; and

(9) GHG allowance revenues and return allocations.[5]

PABA

SDG&E's PABA was authorized by D.18-10-019 to record costs and revenues associated with all generation resources that are eligible for cost recovery through Power Charge Indifference Adjustment (PCIA) rates. D.19-10-001 authorized any over/under collection in PABA subaccounts in a given year to be rolled into the next year's ERRA Forecast filing.

CTC

The CTC is from The Electric Utility Industry Restructuring Act found in Assembly Bill (AB) 1890[6] which made generation of electricity a competitive market in California. CTC is a ratemaking device to recover investments in electric generation facilities that would otherwise be stranded as excess capacity by the transition to a competitive market. The TCBA is designed to accrue all ongoing CTC revenues and recover all ongoing eligible CTC generation-related costs.

LG

SDG&E's LG was authorized in D.13-03-029 which allows it to recover new generation costs for local reliability that are deemed to be subject to the Cost Allocation Mechanism (CAM) policy adopted in D.06-07-029 and D.11-05-005. The LG is a per-kilowatt-hour non-bypassable charge to all benefiting customers including all bundled customers, Direct Access customers, and Community Choice Aggregation (CCA) customers. The LGBA is designed to record costs and

[5] Application at 2-3.

[6] AB 1890 became effective September 23, 1996.

revenues of LG where the California Public Utilities Commission (Commission) has determined that the generation resource is subject to CAM.

SONGS Unit 1 Offsite Spent Fuel Storage Costs

SDG&E is a minority owner of the SONGS Unit 1 with Southern California Edison being the majority holder. SONGS has been shut down and all three units are no longer in service. However, SDG&E has been allowed to recover Unit 1 Offsite Spent Fuel Storage costs. As directed by D.15-12-032, SDG&E is to recover these costs in its ERRA Forecast proceedings instead of its general rate case.

MCAM

The MCAM balancing account records the net costs related with SDG&E's procurement of energy resources incurred on behalf of certain load-serving entities (LSE) in the following circumstances: (a) opt-out procurement-related costs for LSE customers that have opted out of self-procurement; (b) backstop procurement-related costs for LSE customers that fail to provide the required capacity required by D.19-11-016 and D.21-06-035; and (c) opt-out LSEs that have left the market and no longer serve customers. Resolution E-5241 issued on January 12, 2023, approved SDG&E's cost recovery to implement MCAM.[7]

SDCP DAC-GT and CS-GT

Resolution E-5246 directed SDG&E to include SDCP's 2024 budget estimate for DAC-GT and CS-GT into its 2024 ERRA forecast filing.[8] The DAC-GT and CS-GT are solar programs offering discounts to qualified customers that are unable to install solar on their roof.

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[7] *See* Resolution E-5241, Ordering Paragraph (OP) 1.

[8] *See* Resolution E-5246 issued on March 16, 2023.

TMNBC

Recovery of the TMNBC was authorized in D.18-12-003. This is for recovery of net costs of tree mortality-related biomass energy procurement which is intended to address the state's tree mortality crisis.

GHG Allowance Revenues and Return Allocations

GHG allowance revenues and return allocations were authorized in D.14-10-033. Investor-owned utilities (IOU) are required by the Commission to distribute GHG allowance revenues eligible for return to customers.[9]

3. Request

SDG&E's 2024 ERRA forecast is a total revenue requirement of $700.9 million.[10] This amount is $88.7 million less than its currently effective ERRA-revenue requirement of $789.6 million. As will be discussed in Section 3.2, the above amount is subject to adjustment from the October Update which SDG&E filed on October 13, 2023.

As stated in Section 2, the 2024 ERRA forecast includes the revenue requirement forecasts for ERRA, PABA, CTC, LG, SONGS Unit 1 Offsite Spent Fuel Storage Costs, MCAM, the SDCP DAC-GT and CS-GT, and GHG allowance revenues, set-asides, and returns.[11]

The ERRA forecast also includes the 2023 undercollection year-end balances in the ERRA, PABA, and LGBA, a Power Charge Indifference Adjustment (PCIA) undercollection balancing account trigger, and rate components for the Green Tariff Shared Renewables (GTSR) Program.

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[9] *See* D.12-12-033, OP 1; D.20-10-002, OP 1; and D.21-08-026, OP 6.

[10] Application at 2.

[11] The ERRA forecast does not include the TMNBC revenue requirement and franchise fees and uncollectibles due to confidentiality concerns regarding these amounts.

In addition, SDG&E also seeks approval of its 2024 electric sales forecast as directed by D.22-03-003 and a proposal to allow the Commission sufficient time to review alternative sales forecast proposals as directed by D.22-12-042.

PCIA

PCIA is a rate component intended to preserve bundled customer indifference to customers that migrate from bundled load by ensuring that departing load customers pay their share of cost responsibility associated with above-market-costs of the utilities' total procurement portfolio. The PCIA undercollection balancing account (CAPBA) tracks PCIA balances that accrued under the PCIA rate cap that the Commission established in D.18-10-019 and removed in D.21-05-030. SDG&E is requesting to transfer any remaining balances in the CAPBA subaccounts to the corresponding PABA vintage subaccounts and to close the CAPBA preliminary statement.

GTSR

The Commission required SDG&E to establish the GTSR program in D.15-01-051. The program is intended to promote renewable energy by expanding access to renewable energy resources for ratepayers who are currently unable to access the benefits of onsite generation such as residential customers who cannot install solar panels. The program has two features administered by the utilities: (a) an EcoChoice Green Tariff (GT) component which allows customers to purchase energy with a greater share of renewables procured by SDG&E; and (b) an Enhanced Community Renewables (ECR) component which allows customers to purchase renewable energy from community-based projects.

The GT program is currently suspended and so only the 2024 ECR rates are included in SDGE's ERRA forecast.

Sales Forecast

D.22-03-003 directed SDG&E to file subsequent sales forecasts in its ERRA forecast proceedings.[12] The 2024 sales forecast is based on the demand forecast that SDG&E developed for the California Energy Commission (CEC) which was adopted by the CEC on January 25, 2023.[13]

3.1. October 2023 Update

The ERRA process allows SDG&E to update its application later during the year and so SDG&E filed its October Update to the application. The October Update has traditionally served to update testimony regarding the CTC Market Price Benchmark (MPB) and PCIA benchmarks. This information is provided to SDG&E by the Commission's Energy Division, which compiles and provides updated input assumptions so that the MPB can be calculated.

SDG&E also updated other information since approximately five months have passed since the filing of the May Application, and according to SDG&E, various input assumptions have changed. Some of these changes include updates to projected 2023 ERRA and PABA account balances and including into the PABA revenues from all signed Voluntary Allocation Market Offer (VAMO) sales contracts for remaining bundled Renewable Energy Credits (REC).

SDG&E's updated total forecast is a $710.2 revenue requirement compared to $700.9 in its initial application. Table 1 below shows the updated revenue

[12] D.22-03-003, OP 3 at 25. This is the decision to A.21-08-010, which is SDG&E's 2022 Electric Sales Forecast Application.

[13] Application at 15-16.

requirements for the various ERRA forecast components as well as the original amounts set forth in the initial application.

Table 1. 2024 ERRA Forecast Revenue Requirements (values are in $000,000s)

Account	Currently Effective Revenue Req.	2024 Revenue Req. Application	2024 Revenue Req. October Update
ERRA	$538.5	$432.5	$487.1
2023 ERRA Balance	$153.4	$26.9	$23.7
PABA	$97.8	$90.5	$113.9
2023 PABA Balance	($14.6)	($32.3)	($31.3)
CTC	$10.6	$16.8	$8.2
LG	$187.6	$245.5	$207.0
2023 LGBA Balance	$0.4	$120.8	$131.8
SONGS Unit 1 Spent Fuel	$1.3	$1.3	$1.3
MCAM	$0	$0.6	$0.6
SDCP DAC-GT/CS-GT	$0.6	$0.7	$0.7
TMNBC	Confidential	Confidential	Confidential
GHG Revenues for Return	($183.0)	($202.1)	($233.1)
CAPBA Trigger	($3.1)	$0	$0
Total	**$862,185**	**$700.9**	**$709.8**[14]

4. Issues Before the Commission

As set forth in the assigned Commissioner's Scoping Memo, the issues in this proceeding are as follows:

1. Whether the Commission should approve SDG&E's total 2024 forecast revenue requirement and the amount of the

[14] The October update total was $710.2. The new total is a result of corrections to the October update after corrections to the revenue requirements for ERRA (-$0.6), PABA (+$0.1), and CTC (+$0.1) were made in SDG&E's Reply to October update comments. The corrections are in Table 1 of the Reply.

2024 TMNBC forecast revenue requirement, to become effective in rates on January 1, 2024;

2. Whether the Commission should approve SDG&E's 2024 ERRA forecast revenue requirement and the projected 2023 ERRA yearend balance;
3. Whether the Commission should approve SDG&E's 2024 PABA forecast revenue requirement and the projected 2023 PABA year-end balance;
4. Whether the Commission should approve SDG&E's 2024 CTC forecast revenue requirement;
5. Whether the Commission should approve SDG&E's 2024 LG forecast revenue requirement and the projected 2023 LG balancing account year-end balance;
6. Whether the Commission should approve the 2024 SONGS Unit 1 Offsite Spent Fuel Storage Cost forecast revenue requirement;
7. Whether the Commission should approve SDG&E's 2024 MCAM revenue requirement;
8. Whether the Commission should authorize SDG&E to recover SDCP's 2024 DAC-GT and CS-GT revenue requirements pursuant to Resolution E-5246;
9. Whether the Commission should approve SDG&E's 2024 TMNBC forecast revenue requirement;
10. Whether the Commission should approve SDG&E's 2024 forecasts of GHG revenues, revenue set-asides and returns and administrative expenses, which include:
    a. Forecast GHG allowance revenues;
    b. Forecast set asides for clean energy/energy efficiency programs;
    c. Forecast revenue returns to small business and emissions intensive trade-exposed retail customers;
    d. GHG administration, customer education and outreach plan costs; and

   e. Forecast revenue returns to residential and small business customers via the California Climate Credit.

11. Whether the Commission should approve SDG&E's proposed vintage PCIA in rates;
12. Whether the Commission should approve SDG&E's proposed 2024 rate components for the GTSR Program;
13. Whether the Commission should approve SDG&E's proposed 2024 MCAM rates;
14. Whether the Commission should approve SDG&E's 2024 Electric Sales Forecast; and
15. Whether the Commission should approve SDG&E's request to transfer the remaining balances in the PCIA under-collection balancing account (CAPBA) subaccounts to the corresponding PABA vintage subaccounts and close the CAPBA preliminary statement.

5. Comments from Intervenors

5.1. DACC

DACC's only comment is with regards to the October update. DACC states that SDG&E should be required to justify the drastic increase in the updated forecast for the MCAM balancing account. DACC recommends delaying the implementation of MCAM charges unless there is adequate justification for the increase.

5.2. SDCP and CEA & Cal-CCA

The CCA Parties filed joint briefs and state that SDG&E should be directed to adopt a forecasted 2024 Resource Adequacy (RA) sales volume equal to the average of actual RA sales recorded in 2023 to date. The CCA Parties state that this is required by D.19-10-001.[15] The CCA Parties add that in future proceedings, SDG&E should develop a forecast of sold RA by evaluating RA

[15] D.19-10-001 OP 2.

market conditions and historical RA sales. The CCA Parties also state that SDG&E should revert back to past confidentiality designation practices that allow for publication of line-item components of PCIA portfolio costs and class average bundled rates.

In comments to the October update, SDCP and CEA note that they identified several errors that SDG&E should correct.

6. Discussion

6.1. ERRA Costs and 2023 Balance

SDG&E's updated forecast for its 2024 ERRA revenue requirement is $487.7 million. By comparison, its current ERRA revenue requirement is $538.5 million. The ERRA provides full recovery of SDG&E's procurement costs, as well as GHG costs, associated with serving its bundled customers. These include expenses associated with California Independent System Operator (CAISO) such as energy and ancillary services load charges, CAISO revenues from utility generation and supply contracts, contract costs, generation fuel costs, and hedging costs.[16]

The 2024 ERRA forecast is based on SDG&E's sales forecast and the projected amount of energy that SDG&E's bundled load customers will require in 2024. SDG&E explains its updated forecast methodology in Exhibit SDG&E-13C. SDG&E then calculates the amount of energy it can generate and then determines the various energy contracts it must enter into to meet its energy requirements.

SDG&E's initial forecast for ERRA was $432.5 million. This forecast was prepared earlier during the year and was adjusted to $487.7 million in the

[16] Exhibit SDG&E-03 at BH-2.

October Update because of higher-than-expected energy costs. The cost of energy is impacted by global market pressures and gas prices. The updated sales forecast and projected load departure also impacts the ERRA forecast.

SDG&E also projects to incur an undercollection of $23.7 million to the 2023 year-end balance of the ERRA balancing account. This is due to higher than forecast ERRA costs in 2023 compared to what was authorized in D.22-12-042.

Parties do not oppose SDG&E's 2024 ERRA forecast component as well as the forecast 2023 ERRA year-end balance. We find that the evidence presented supports the forecast and that SDG&E's 2024 forecast should be authorized.

With respect to its Supply Resource Forecast, SDG&E states that it expects to sell additional RA capacity to the market in order to optimize its portfolio.[17] The issues raised by the CCA Parties concerning the RA sales volume will be discussed in a later section of the decision.

6.2. PABA Costs and 2023 Balance

SDG&E's updated forecast for PABA is $113.8 million. By comparison, its currently authorized revenue requirement for PABA is $97.8 million. SDG&E's initial forecast in its May application was $90.5 million but as mentioned in the preceding section, energy costs and costs to serve bundled customers have been higher than what was expected at the beginning of this year due to several factors.

SDG&E also forecasts a 2023 year-end overcollection of $31.3 million in the PABA. This is the projected overcollection from the authorized PABA revenue requirement for 2023.

[17] Exhibit SDG&E 13 at JE-5.

The PABA records costs and revenues associated with all of SDG&E's generation resources that are eligible for cost recovery through PCIA rates. The PCIA charge is intended to ensure that any above-market costs of electric resources procured by SDG&E on behalf of its customers that later switch to another provider are not transferred to its remaining electric supply customers.

Costs recorded in each vintage subaccount typically include fuel, GHG costs, third party power purchase contract costs and the revenue requirement for generation assets owned by SDG&E including its generation power plants, and eligible costs recoverable through PCIA rates.

Exhibit SDG&E-14C provides the updated breakdown of the PABA revenue requirement forecast for 2024.[18] The process of forecasting PCIA costs is provided in Exhibit SDG&E-15. Meanwhile the updated breakdown of costs in the PABA 2023 year-end balance is shown in Attachment C of Exhibit SDG&E-15C.

Parties generally do not oppose SDG&E's PABA forecast, PCIA forecasting costs, and the forecast for the 2023 PABA year-end balance except for corrections to capacity values that the CCA Parties identified and a recommendation to use a higher sales volume forecast of RA sales. These issues will be discussed later in the decision.

Overall, we find that the evidence SDG&E presented supports the PABA forecast and PABA year-end balance.

[18] Exhibit SDG&E-14C Table 8 at BH-12.

6.3. CTC Costs

SDG&E's updated forecast for CTC costs is $8.1 million compared to its initial forecast of $16.8 million. Its currently effective CTC revenue requirement is $10.6 million.

As discussed in Exhibit SDG&E-02, CTC costs are based on dispatchable capacity or firm capacity contracts which include both energy and capacity payments.[19] Energy payments for contracts are derived using SDG&E's "short-run avoided cost" formula. According to SDG&E, ERRA expenses for CT contracts are based on delivered energy multiplied by the market price benchmark (MPB). Any costs greater than the MPB are recorded in the TCBA. Parties do not object to SDG&E's forecast for CTC costs.

We find SDG&E's methodology for forecasting CTC costs reasonable and find that the updated forecast of $8.1 million should be adopted. The forecast for CTC energy supply for 2024 is shown in Exhibit SDG&E-13C and the forecasted generation of plants is shown in Appendix D of said exhibit.

6.4. LG Costs and LGBA Balance

SDG&E's updated request for LG costs is $207.0 million which is lower than its initial request of $245.5 million. By comparison, its currently effective LG revenue requirement is $187.6 million.

As stated earlier in the decision, LG costs are for the recovery of net costs associated with new generation resources that provide local RA for SDG&E's system and which are deemed to be subject to the CAM policy adopted in D.06-07-029 and D.11-05-005. SDG&E has generating power plants and energy storage centers but also enters into contracts for generation resources.

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[19] Exhibit SDG&E-02 at JE-11.

Attachment A of Exhibit SDG&E 13C provides the updated breakdown of LG expenses and contract costs.

Parties do not challenge or object to the requested LG costs and we find that the LG forecast is adequately supported by the evidence submitted which presents a monthly breakdown of the different costs.

SDG&E also requests recovery of a $131.8 million undercollection in the 2023 LGBA year-end balance. The LGBA records the LG costs and revenues received from SDG&E's LG rate and uses a sub-account for each generation resource. Resolution E-5217 requires SDG&E to update year-end balances for each of its regulatory accounts.

The LGBA compares the LG costs with revenues received on a monthly basis and SDG&E's projected year-end balance utilizes the most recent recorded costs and updated forecast for the remaining months in 2023 that do not yet have recorded costs.

There were also no objections to the projected 2023 LGBA year-end undercollection and we find that the amounts are properly documented by the testimony submitted by SDG&E.

6.5. SONGS Unit 1 Offsite Spent Fuel Storage Costs

SDG&E's forecast for SONGS Unit 1 Offsite Spent Fuel Storage Costs in both its initial application and October update is $1.3 million, which is also the same amount as its current revenue requirement.

As explained in Exhibit SDG&E-02, spent fuel assemblies from SONGS Unit 1 have been stored since 1972 at the General Electric-Hitachi (GE-Hitachi) spent fuel storage facility.[20] Monthly payments are made by SCE who then bills

[20] Exhibit SDG&E-02 at JE-18.

SDG&E for its 20 percent ownership of SONGS Unit 1. Costs are based on the storage contract with GE-Hitachi. Costs have been relatively flat each year although there are occasionally slight increases due to adjustments for escalation. Parties did not comment on or object to SDG&E's forecast and we find SDG&E's current forecast to be reasonable and supported by the evidence presented.

6.6. MCAM Costs

D.22-05-015 authorized the recovery of MCAM rates to ensure that net costs of electric resource procurement obligations mandated in D.19-11-016 and D.21-06-035 are recovered in a fair and economical manner. Resolution E-5241 approved SDG&E's implementation plan for cost recovery but required certain modifications which are addressed in advice letters 4151-E and 4151-E-A.

SDG&E's proposed MCAM rates are specified in Table 12 of Exhibit SDG&E-17C and we find the forecast amount for 2024 of $0.6 million should be authorized. DACC questions the drastic increase in MCAM rates and states that these charges should be fully justified. However, MCAM charges are being implemented for the first time and the implementation plan was adequately reviewed and approved by Resolution E-5241. We also find the updated amount of $0.6 million reasonable and does not constitute a drastic increase.

6.7. SDCP DAC-GT/CS-GT Costs

Resolution E-5246[21] directed SDG&E to include SDCP's 2024 budget estimate for DAC-GT and CS-GT into its 2024 ERRA forecast filing. As stated previously, the DAC-GT and CS-GT are solar programs offering discounts to qualified customers that are unable to install solar on their roof.

[21] Issued on March 16, 2023.

SDG&E adopted the program revenue requirements of $0.4 million for DAC-GT and $0.3 million for CS-GT requested by SDCP in Advice Letter 010-E. SDCP's requested budgets were approved in Resolution E-5246 and SDG&E is not requesting any additional funding for these programs.

Parties do not oppose the forecast for the DAC-GT and CS-GT and we find that the program revenue requirements for these programs totaling $0.7 million were already authorized in Resolution E-5246.

6.8. TMNBC Costs

The TMNBC Balancing Account records tree mortality related procurement costs. SDG&E's updated TMNBC costs are presented in Exhibit SDG&E-14C. These costs have been granted confidential treatment following past Commission practice. We find the forecast costs reasonable and supported by the evidence. Parties did not raise any issues with SDG&E's TMNBC forecast. We find that SDG&E's TMNBC forecast as set forth in the testimony of SDG&E's witness reasonable and should be adopted.

Pursuant to D.18-12-003, these costs are to be recovered through the public purpose programs. This means that the revenue requirement associated with TMNBC costs is not included in the rate impacts of the ERRA process.

6.9. GHG Allowance Returns

SDG&E's updated forecast for GHG Allowance Returns is $(233.1) million. Its initial forecast in its May application was $(202.1) million. By comparison, its current revenue requirement is $(183.0) million.

IOUs are required by the Commission to distribute GHG allowance revenues eligible for return to customers. The returns are to be made to emission intensive and trade-exposed (EITE) entities who will receive an annual fixed on-bill credit based on Commission calculations. The EITE distribution will follow the manner prescribed in D.20-10-002 (modified by D.21-08-026). The remaining allowance distributions shall be made equally to all qualifying Small Business and Residential customers via a twice annual California Climate Credit (CCC) of $78.22.[22]

Parties do not contest SDG&E's calculations and we find that the updated proposed GHG Allowance Returns are supported by Table 6 of Exhibit SDG&E-17 which shows the breakdown of allowable returns. We therefore find that the proposed GHG Allowance Returns for 2024 should be authorized.

6.10. CAPBA Trigger

SDG&E currently has $3.1 million left from its 2020 CAPBA Trigger application (A.20-07-009). SDG&E filed a CAPBA Trigger application (A.20 07 009) in July 2020 to reduce the rate volatility of incorporating the CAPBA balance and was directed to amortize the balance over 36 months from 2021 to 2023.

The CAPBA Trigger is a process which allows SDG&E to file an application to address an undercollection in its PCIA rate that exceeds a certain percentage. The purpose of the application is to equalize cost sharing between departing load customers and bundled customers.

Amortization of the remaining CAPBA balance is expected to be concluded in 2023 and no balance is expected to remain in the CAPBA in 2024.

6.10.1. Request to Transfer Balance and Close CAPBA

SDG&E also requests to transfer the remaining balances in the CAPBA subaccounts to the corresponding PABA vintage subaccounts and close the CAPBA preliminary statement.

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[22] *See* Exhibit SDG&E-17 Table 7 at RRB-14 to RRB-15.

This request was denied in D.22-12-042 because of the uncertainty of the remaining balances from amortization of the 2020 CAPBA Trigger and potential year-end balances.[23] However, amortization of the 2020 CAPBA Trigger will be concluded at the end of 2023 and any residual balances are expected to be very small. There is therefore little reason to keep the CAPBA open for 2024. None of the parties oppose SDG&E's request and we find the request reasonable and should be approved.

6.11. Electric Sales Forecast

D.22-03-003 directed SDG&E to include its 2023 Electric Sales Forecast in this application. The table below shows SDG&E's 2024 forecast and by comparison the current annual electric net sales in 2023.

Table 2. Annual Electric Net Sales (gigawatt hours)

Sector	Proposed 2024	Current Authorized 2023	Difference
Residential	6,059	5,927	+132
Small Commercial	2,322	1,972	+350
Medium & Large Com./Ind.	9,491	8,772	+719
Agricultural	342	323	+19
Lighting	76	78	-2
Total	**18,291**	**17,072**	**+1,219**

According to SDG&E, the 2024 Electric Sales Forecast is based on the California Energy Commission's (CEC) 2022 California Demand forecast which

[23] D.22-12-042 at 32 to 33.

was adopted by the CEC on January 25, 2023.[24] The CEC's forecast is derived from the CEC's data which was presented in Exhibit SDG&E-06.[25]

We reviewed SDG&E's forecast as well as the process for which SDG&E developed its forecast as described in Exhibit SDG&E-06. The 2024 forecast uses the impacts of factors that the CEC's forecast considered such as the CEC's private supply, achievable energy efficiency, and achievable fuel substitution.

SDG&E held a sales forecast workshop on March 2, 2023, and provided materials to the parties. The workshop discussed the CEC's forecasting process, SDG&E's modifications to the forecast, and how the CEC's forecast is used to establish the rate schedule level forecast. SDG&E also listened to input from attending parties.

We find SDG&E's 2024 Electric Sales Forecast reasonable and adequately supported by the evidence it presented in this proceeding. Parties do not oppose SDG&E's forecast. SDG&E's forecast also takes into account projected decline in bundled electric sales due to load departure resulting from migration of customers to CCA programs in 2024. Based on the above, we find that SDG&E's 2024 Electric Sales Forecast should be adopted.

6.11.1. SDG&E's Proposal to Address Delays

D.22-03-003 directed SDG&E to coordinate with stakeholders and propose a detailed plan on how to address delays of implementing modifications to its sales forecasts such that there is enough time for the Commission to consider

[24] Exhibit SDG&E-06 at KES-3.

[25] *Id.* at KES-4.

alternative sales forecast proposals and for SDG&E to be able to implement these.[26]

SDG&E submitted a proposal in its 2023 ERRA application but said proposal was rejected in D.22-12-042 and SDG&E was directed to submit another proposal in this proceeding.

SDG&E states that it has taken several steps that will help expedite the sales forecast process, including increasing staff and implementing new forecasting software that will split the sales forecast into more granular levels. In addition, SDG&E proposes that parties proposing an alternative sales forecast notify SDG&E and initiate a meet and confer effort to discuss the merits of the alternative forecast.

We find that the above steps present improvements in allowing the Commission sufficient time to review alternative sales forecast proposals in the proceeding and for SDG&E to implement the alternative proposals. We therefore find that SDG&E has complied with the directive in D.22-03-003 and D.22-12-042 concerning this topic. Parties did not comment on SDG&E's proposals and further improvements can be proposed later on if the above steps and efforts prove to be inadequate.

6.12. Other Issues

6.12.1. PCIA Rates

PCIA rates are based on applicable costs from SDG&E's total portfolio of resources. Pursuant to D.22-01-023, the Commission's Energy Division issues updated PCIA benchmarks in the beginning of October[27] which SDG&E utilizes in order to calculate its updated proposed vintage PCIA rates. The methodology

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[26] D.22-03-003, OP 2.

[27] The final 2023 benchmarks were issued by Energy Division on October 2, 2023.

for calculating PCIA rates as well as the 2024 forecast benchmarks are shown and explained in Exhibit SDG&E-15C.

Parties do not object to SDG&E's proposed vintage PCIA in rates and we find that the evidence submitted supports SDG&E's PCIA forecasts for 2024.

6.12.2. GTSR Rate Components

The Commission required SDG&E to establish the Green Tariff Shared Renewables (GTSR) program in D.15-01-051 intended to promote renewable energy by expanding access to renewable energy resources for ratepayers who are currently unable to access the benefits of onsite generation such as residential customers who cannot install solar panels. SDG&E's GTSR program has two features administered by the utilities: (a) an EcoChoice Green Tariff (GT) component which allows customers to purchase energy with a greater share of renewables procured by SDG&E; and (b) an Enhanced Community Renewables (ECR) component which allows customers to purchase renewable energy from community-based projects.

The GT program was suspended in A.22-05-022[28] and members were disenrolled from the program. The ECR however, was not suspended and SDG&E presents the ECR rates in 2024 in Exhibit SDG&E-17C. Parties do not object to the ECR rates, and we find the ECR rates are supported by the evidence presented and should be authorized.

6.12.3. Errors in October Update

SDCP and CEA note that they identified several errors in the October update that SDG&E should correct.

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[28] A.22-05-022 ALJ Ruling on August 25, 2022 Suspending GT Program.

In its Reply to the update comments, SDG&E acknowledges the following errors and states that it will correct the following errors: (a) correct energy time index weightings; (b) correct Flex RA market price benchmark; (c) inclusion of local RA Sales Value for PCIA vintage 2017 resources; and (d) correct vintage allocation in PABA year-end balances.

The revenue requirement corrections are shown in Table 1 of SDG&E's Reply to October update comments and Table 1 in Section 3.1 of this decision reflects the corrected totals to ERRA, PABA, and CTC. The updated total for the 2024 revenue requirement is changed from $710.2 million to $709.8 million.[29]

The above errors again illustrate issues with the quality of SDG&E's ERRA forecast filings and we once again direct SDG&E to consult with the Commission's Energy Division to identify areas for improvement.[30] For example, the corrected revenue requirement totals were not highlighted in SDG&E's Reply to October update comments and the total forecast was not corrected.

6.12.4. Confidentiality Designation Issues

The CCA Parties recommend that SDG&E revert back to past confidentiality designation practices that allow for publication of line-item components of PCIA portfolio costs and class average bundled rates.

However, SDG&E argues that the Commission's Energy Division requested new detailed attachments and asked SDG&E to include the detailed breakdown of class average revenues and rates by rate component for both bundled and departed load customers.

[29] This total is subject to correction(s) due to rounding.

[30] Errors and areas for improvement were discussed in SDG&E's 2023 ERRA forecast filing.

SDG&E states that the revenues from bundled customers are confidential in nature and because of the more detailed presentation, it is now necessary to designate current and proposed class average bundled rates as confidential. Previously, the revenues from bundled customers were aggregated with revenues from departed load customers such that it was not possible to derive what the revenues from bundled customers were.

We agree with SDG&E's rationale for designating class average bundled rates as confidential consistent with D.06-06-066. We find it appropriate however, for parties, in consultation with the Commission's Energy Division, to discuss in the 2025 ERRA forecast workshop, whether there are more appropriate ways to submit the more detailed information that Energy Division requires while at the same time addressing the access and transparency concerns raised by the CCA Parties.

6.12.5. RA Sales Forecast

The CCA Parties argue that the RA sales volume forecast should be equal to the average actual RA sales recorded in 2023 to date pursuant to D.19-10-001. The CCA Parties add that in future proceedings, SDG&E should develop a forecast of sold RA by evaluating RA market conditions and historical RA sales.

SDG&E explains that it does not forecast RA sales as part of the ERRA forecast proceeding. Instead, it relies on existing contractual agreements to determine the RA sales value that is included in the ERRA forecast proceeding. SDG&E adds that using historical data would not accurately reflect RA sales in 2024 because the conditions would not be the same because of the impact of load departure and other factors such as expiring contracts in 2024 and anticipated new online capacity.

SDG&E is required by D.19-10-001 to forecast sold RA and we agree with the CCA Parties that SDG&E's method of using existing contracts to determine the RA sales value does not take into account future RA sales that may occur. We are not convinced with SDG&E's reasoning that as future agreements are reached, existing contracts expire. SDG&E states that it uses existing contractual agreements, which seems to imply that future contractual agreements that SDG&E may enter into are not taken into account by this method.

SDG&E is concerned that a forecast for RA sales using average sales may be incorrect citing a supposed unique service territory and load departure it has experienced in recent years. However, we find that SDG&E does not cite to a particular issue regarding the monthly sales in 2023 that greatly impacts the projected RA sales in 2024. For example, the sales values might have been fluctuating to a great degree or decreasing every month. SDG&E also did not elaborate on why it believes its service territory is unique relative to RA sales.

Also, this ERRA forecast proceeding includes many different forecasts relating to ERRA. The Commission understands that a forecast is not always accurate but deliberates on the reasonableness of different forecasts that are proposed in this proceeding. In any case, between the two methodologies proposed, we find the CCA Parties' proposal to use the average monthly sales in 2023 to date as the basis for the forecast to be more reasonable.

Therefore, we find that SDG&E should revise its 2024 RA sales forecast using the average of actual RA sales recorded in 2023 to date. Affected revenue requirement forecasts such as the PABA revenue requirement should also be revised accordingly.

6.12.6. Fixed Generation Costs

On August 1, 2023, the assigned ALJ issued a ruling directing parties to submit comments regarding IOU generation costs recovered through the ERRA balancing account that do not change based on the amount of electricity customers use or the amount of operating time associated with the electricity generation (Fixed Generation Costs). Parties filed comments pursuant to the ruling.

On October 9, 2023, the assigned ALJ issued a ruling stating that consideration of Fixed Generation Costs issues will be deferred to a Track 2 of the proceeding. A PHC has been scheduled for January 9, 2024, to address the Fixed Generation Costs issues.

7. Reduction of Comment Period and Party Comments

The proposed decision of ALJ Rafael L. Lirag in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. In developing the schedule for the proceeding, parties stipulated to reduce the 30-day public review and comment period required by Pub. Util. Code Section 311 to seven (7) days for opening comments and three (3) days for reply comments.[31]

Comments were filed by __________ on __________. Reply comments were filed by __________ on __________.

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[31] The reduced comment period on the proposed decision is incorporated in the schedule adopted in the Scoping Memo.

8. Assignment of Proceeding

Commissioner John Reynolds is the assigned Commissioner and Rafael L. Lirag is the assigned ALJ in this proceeding.

Findings of Fact

1. The October update has traditionally served to update testimony regarding the CTC MPB and PCIA benchmarks.
2. SDG&E's October update contains its updated ERRA forecasts.
3. SDG&E's ERRA forecast is supported by the evidence presented.
4. The 2023 year-end forecast for the ERRA balancing account is supported by the evidence presented.
5. Parties generally do not oppose SDG&E's PABA forecast, PCIA forecasting costs, and the forecast for the 2023 PABA year-end balance except for corrections to capacity values that the CCA Parties identified and a recommendation to use a higher sales volume forecast of RA sales.
6. The evidence SDG&E presented supports the PABA forecast and PABA year-end balance.
7. SDG&E's methodology for forecasting CTC costs and updated forecast are reasonable.
8. Parties do not object to the requested LG costs and the LG forecast is adequately supported by the evidence submitted which presents a monthly breakdown of the different costs.
9. There were no objections to the projected 2023 LGBA year-end undercollection and the amounts are properly documented by the testimony submitted.

10. Spent fuel assemblies from SONGS Unit 1 have been stored since 1972 at the GE-Hitachi spent fuel storage facility and monthly payments are made by SCE who then bills SDG&E for its 20 percent ownership of SONGS Unit 1.

11. Spent fuel costs are based on the storage contract with GE-Hitachi and have been relatively flat each year with occasional increases due to adjustments for escalation.

12. SDG&E's forecast for spent fuel assemblies from SONGS Unit 1 is reasonable and supported by the evidence presented.

13. MCAM charges are being implemented for the first time and the implementation plan was adequately reviewed and approved by Resolution E-5241.

14. The forecast for MCAM costs is reasonable and does not constitute a drastic increase.

15. Resolution E-5246 directed SDG&E to include SDCP's 2024 budget estimate for DAC-GT and CS-GT into its 2024 ERRA forecast filing.

16. SDCP's requested budgets were approved in Resolution E-5246 and SDG&E is not requesting any additional funding for these programs.

17. SDG&E's forecast for TMNBC costs as set forth in Exhibit SDG&E-14C is reasonable and supported by the evidence.

18. IOUs are required by the Commission to distribute GHG allowance revenues eligible for return to customers.

19. The GHG returns are to be made to EITE entities with the remaining allowance distributions to be made to all qualifying Small Business and Residential customers via a twice annual CCC.

20. SDG&E's proposed GHG Allowance Returns are supported by Table 6 of Exhibit SDG&E-17 which shows the breakdown of allowable returns.

21. Amortization of the remaining CAPBA balance is expected to be concluded in 2023 and no balance is expected to remain in the CAPBA in 2024.

22. Amortization of the 2020 CAPBA Trigger will be concluded at the end of 2023 and any residual balances are expected to be very small.

23. There is little reason to keep the CAPBA open for 2024 and none of the parties oppose SDG&E's request to close the CAPBA.

24. SDG&E's 2024 Electric Sales Forecast is based on the CEC's 2022 California Demand forecast which was adopted by the CEC on January 25, 2023.

25. The 2024 forecast uses the impacts of factors that the CEC's forecast considered such as the CEC's private supply, achievable energy efficiency, and achievable fuel substitution.

26. SDG&E's 2024 Electric Sales Forecast is reasonable and adequately supported by the evidence it presented in this proceeding.

27. SDG&E's Electric Sales Forecast takes into account projected decline in bundled electric sales due to load departure resulting from migration of customers to CCA programs in 2024.

28. SDG&E states that it has taken several steps that will help expedite the sales forecast process, including increasing staff and implementing new forecasting software that will split the sales forecast into more granular levels.

29. SDG&E also proposes that parties proposing an alternative sales forecast notify SDG&E and initiate a meet and confer effort to discuss the merits of the alternative forecast.

30. The steps SDG&E has taken present improvements in allowing the Commission sufficient time to review alternative sales forecast proposals in the proceeding and for SDG&E to implement the alternative proposals.

31. Parties do not object to SDG&E's proposed vintage PCIA in rates and the evidence submitted supports SDG&E's PCIA forecasts for 2024.

32. The GT program was suspended but the ECR was not suspended.

33. Parties do not object to the ECR rates, and they are supported by the evidence presented.

34. The revenue requirement corrections identified by SDCP and CEA in the October update are shown in Table 1 of SDG&E's Reply to October update comments.

35. Revenues from bundled customers are confidential in nature.

36. Previously, the revenues from bundled customers were aggregated with revenues from departed load customers such that it was not possible to derive what the revenues from bundled customers were.

37. It is appropriate to discuss in the 2025 ERRA forecast workshop whether there are more appropriate ways to submit data concerning PCIA portfolio costs and class average bundled rates.

38. Using existing contracts to determine RA sales value does not take into account future RA sales that may occur.

39. SDG&E's method of using existing contractual agreements implies that future contractual agreements that SDG&E may enter into are not taken into account.

40. SDG&E is concerned that a forecast for RA sales using average sales may be incorrect citing a supposed unique service territory and load departure it has experienced in recent years.

41. SDG&E does not cite to a particular issue regarding the monthly sales in 2023 and did not elaborate why it believes its service territory is unique relative to RA sales.

42. A forecast is not always accurate, but the Commission deliberates on the reasonableness of different forecasts that are proposed in this proceeding.

43. Consideration of Fixed Generation Costs issues will be deferred to a Track 2 of the proceeding.

Conclusions of Law

1. SDG&E's 2024 ERRA forecast should be authorized.

2. SDG&E's forecast for the 2023 year-end balance in the ERRA balancing account should be authorized.

3. SDG&E's forecasts for the PABA and PABA 2023 year-end balance should be authorized.

4. SDG&E's forecast amount for CTC costs should be adopted.

5. The LG forecast for 2024 and LGBA year-end balance 2023 should be authorized.

6. SONGS Unit 1 Offsite Spent Fuel Storage Costs should be authorized.

7. The forecast for MCAM costs should be authorized.

8. The forecast for SDCP's DAC-GT and CS-GT programs for 2024 should be adopted.

9. SDG&E's forecast for TMNBC costs as set forth in Exhibit SDG&E-14C should be adopted.

10. The proposed GHG Allowance Returns for 2024 should be authorized.

11. SDG&E's proposed GHG Allowance Returns for 2023 should be authorized.

12. SDG&E's request to transfer the remaining balances in the CAPBA subaccounts to the corresponding PABA vintage subaccounts and close the CAPBA preliminary statement should be authorized.

13. SDG&E's 2024 Electric Sales Forecast should be adopted.

14. SDG&E has complied with the Commission's directive to address delays in implementing modifications to its sales forecasts.
15. SDG&E's PCIA forecasts for 2024 should be approved.
16. SDG&E's ECR rates for 2024 should be authorized.
17. The designation of class average bundled rates as confidential is consistent with D.06-06-066.
18. Parties should discuss SDG&E's confidentiality designation practices for submitting PCIA portfolio costs and class average bundled rates in its next ERRA pre-filing workshop.
19. The CCA Parties' proposal to use the average monthly sales in 2023 as the basis for forecasting sold RA is more reasonable than SDG&E's method of using existing contracts.
20. SDG&E should revise its 2024 RA sales forecast using the average sales in 2023 to date, and revise affected revenue requirement forecasts accordingly.
21. The proceeding should remain open to address Fixed Generation Costs in a Track 2 of the proceeding.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to have a revenue requirement of $709.8 million for its 2024 Energy Resource Recovery Account (ERRA) Forecast effective January 1, 2024. Specifically, this decision adopts the following:
    a. ERRA revenue requirement of $487.1 million;
    b. 2023 ERRA year-end balance of $23.7 million;
    c. Portfolio Allocation Balancing Account (PABA) revenue requirement of $113.9 million;

d. 2023 PABA year-end overcollection of $31.3 million;

e. Competition Transition Charge revenue requirement of $8.2 million;

f. Local Generation (LG) revenue requirement of $207.0 million;

g. 2023 LG Balancing Account balance of $131.8 million;

h. San Onofre Generating Station Unit 1 Offsite Spent Fuel Storage revenue requirement of $1.3 million;

i. Modified Cost Allocation Mechanism revenue requirement of $0.6 million;

j. San Diego Community Power Disadvantaged Communities - Green Tariff and Community Solar – Green Tariff revenue requirements of $0.7 million;

k. Confidential Tree Mortality Non-Bypassable Charge revenue requirement as specified in Exhibit SDG&E-14C; and

l. Green House Gas Revenues for Return of $(233.1) million composed of Small Business and Residential California Climate Credit costs of $(232.5) million and Emissions-Intensive and Trade-Exposed costs of $(0.5) million.

2. Within 30 days of today's date, San Diego Gas & Electric Company shall file a Tier 1 Advice Letter with tariffs to implement the rates authorized by this decision. The tariffs shall become effective on or after the filing of the advice letter subject to review by the Commission's Energy Division.

3. San Diego Gas & Electric Company's 2024 Greenhouse Gas Allowance Return Rates are adopted.

4. San Diego Gas & Electric Company's Power Charge Indifference Adjustment rates are adopted.

5. San Diego Gas & Electric Company's 2023 rate components for the Green Tariff Shared Renewables Program are adopted.

6. San Diego Gas & Electric Company's request to transfer the 2023 year-end balance in the Power Charge Indifference Adjustment Undercollection Balancing Account (CAPBA) to the Portfolio Allocation Balancing Account and to thereafter close the CAPBA is approved.

7. San Diego Gas & Electric Company's Electric Sales Forecast is adopted.

8. San Diego Gas & Electric Company's proposal to address delays relating to its Electric Sales forecasts is adopted.

9. In its next Energy Resource Recovery Account prefiling workshop, San Diego Gas and Electric Company shall include for discussion whether its confidentiality designation practices for submitting Power Charge Indifference Adjustment portfolio costs and class average bundled rates are appropriate.

10. In the Tier 1 Advice Letter specified in Ordering Paragraph 2, San Diego Gas and Electric Company shall revise its 2024 Resource Adequacy (RA) sales volume equal forecast using the average of actual RA sales recorded in 2023 to date, and thereafter revise other revenue requirement forecasts that will be affected by this change.

11. Application 23-05-013 remains open to consider Fixed Generation Costs issues in a Track 2 of the proceeding.

This order is effective today.

Dated ______________________, at San Francisco, California.