

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



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Application of Pacific Gas and Electric Company
(U39E) for Review of the Disadvantaged
Communities – Green Tariff, Community Solar
Green Tariff and Green Tariff Shared Renewables
Programs.

A.22-05-022

And Related Matters.

A.22-05-023

A.22-05-024

**OPENING COMMENTS OF THE JOINT COMMUNITY CHOICE AGGREGATORS
AND CITY AND COUNTY OF SAN FRANCISCO ON ADMINISTRATIVE LAW
JUDGE’S RULING DIRECTING RESPONSES TO QUESTIONS REGARDING
IMPLEMENTATION OF DECISION 24-05-065**

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I. INTRODUCTION

In accordance with the California Public Utilities Commission’s (“CPUC” or “Commission”) *Administrative Law Judge’s Ruling Directing Response to Questions Regarding Implementation of Decision 24-05-065* dated June 5, 2024 (“ALJ Ruling” or “Ruling”), Ava Community Energy, Clean Power Alliance of Southern California, the City and County of San Francisco, acting by and through its Public Utilities Commission, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pico Rivera Innovative Municipal Energy, San Diego Community Power, San Jacinto Power, and San José Clean Energy (collectively, the “Joint Community Choice Aggregators” or “Joint CCAs”) hereby submit these Opening Comments.

The Joint CCAs appreciate the Commission’s aim to expeditiously resolve implementation issues associated with the modified Disadvantaged Communities Green Tariff (“DAC-GT”) and the new Community Renewable Energy (“CRE”) programs as adopted by

Decision (“D.”) 24-05-065, *Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program* (“the Decision”). The Joint CCAs support the Commission’s goal of furthering the development of local, front-of-the-meter (“FTM”) distributed energy resources (“DERs”) – community solar and storage resources in particular – and look forward to collaborating with the Commission on developing the details that would allow interested Community Choice Aggregators (“CCAs”) to offer a CCA-led CRE Program. As noted in the Ruling and the Decision, the record does not contain specifics for CCA participation, and there are open questions associated with which tariffs and processes should be in place to enable interested CCAs to participate in the CRE Program.¹ In these comments, the Joint CCAs outline the cornerstones of a proposed CRE Program that can incorporate both investor-owned utility (“IOU”) and CCA tariffs. While the Joint CCAs propose to largely align the CRE Program between IOU and CCA administrators, there are a few instances where program rules may differ (as further outlined below).

The Joint CCAs’ comments are structured in three sections. Section II provides a summary of the Joint CCAs’ CRE Program proposal and highlights concerns regarding the financial viability of the CRE Program with current funding allocations. Section III answers specific questions in the ALJ Ruling regarding the CRE Program, providing additional details regarding the Joint CCAs’ CRE Program proposal as it relates specifically to developer compensation and the “subscriber revenue share” (referred to hereafter as “customer incentives”). Finally, Sections IV through VI respond to select Ruling questions regarding the modification of the DAC-GT program.

¹ See D.24-05-065 at 148 (“As CCAs are permitted to participate in the new community renewable energy program, the foundational tariffs will need to be revised to accommodate this participation. At this time, the record does not contain the specifics for CCA participation”); *see also* Ruling at 7 (requesting comment on which process should be employed to enable CCA participation).

II. SUMMARY OF CCA CRE PROGRAM PROPOSAL

A. The New CRE Program Must Equally Incorporate IOU and CCA Tariffs

The Joint CCAs support greater development of distributed FTM resources, and appreciate the opportunity to provide feedback on the new CRE Program to ensure that interested CCAs will be able to participate. The Decision specifies that the new CRE Program shall be based on one of the existing IOU tariffs that are compliant with the federal Public Utility Regulatory Policies Act (“PURPA”), such as the Renewable Market Adjusting Tariff (“ReMAT”) and Standard-Offer-Contract (“SOC”) tariffs.² However, as these are IOU-specific tariffs, the Commission also notes in the Decision that “the foundational tariffs will need to be revised to accommodate” CCA participation.³ The Joint CCAs propose that both IOUs and CCAs use SOCs as foundational tariffs for the CRE Program. Specifically, the Joint CCAs propose to offer a SOC tariff that incorporates the IOUs’ PURPA wholesale tariffs but which is governed by CCA tariff rules and principles. As noted above, the Joint CCAs recommend that program rules and requirements should largely be aligned between IOUs and CCAs offering the CRE Program, as is customary under the existing DAC-GT programs. This would ensure consistency between the various CRE Programs and would minimize confusion among customers and developers. As such, the Joint CCA proposal illustrated below would be consistent across both IOU and CCA program administrators with limited exceptions.

The Joint CCAs provide the following proposal as the basic underlying structure of the CRE Program, detailing the program’s contract structure and project requirements. Further details regarding developer compensation and customer incentives are provided in Section III in response to the ALJ Ruling questions.

² D.24-05-065 at 168, Ordering Paragraph (“OP”) 1(a).

³ *Id.* at 148.

i. Proposed CRE Contract Structure and Project Requirements

Similar to the IOUs, the Joint CCAs propose that interested CCAs would offer SOCs under the CRE Program in which a developer signs a power purchase agreement (“PPA”) directly with the load serving entity (“LSE”) (i.e., in this case, the CCA) for a 20-year delivery term. The 20-year delivery term is recommended to enable subscribing customers to meet Title 24 requirements by enrolling under a CRE project.

The Joint CCAs believe the CRE Program should be based on SOCs because this contract structure allows the developers insight into PPA prices, which in turn helps them assess the feasibility of project development. One of the hurdles the Joint CCAs have encountered under the DAC-GT and Community Solar Green Tariff (“CSGT”) programs has been that developers are uncertain about the cost cap for PPAs because that information is confidential. The Joint CCAs understand that developers may choose not to participate in DAC-GT or CSGT solicitations due to the perception that the prices for their projects may be too high. A set PPA price under a SOC construct would remove this uncertainty. This construct would also reduce PPA negotiations and bid pricing reviews, leading to program administration efficiencies and price consistency for customers throughout the state.

As detailed further in response to Question 1 in Section III below, the Joint CCAs are proposing that the CRE Program PPA price be based on several components, including a PPA base payment and additional price adders. Consistent with the Decision, the Joint CCAs propose that the PPA base payment would be based on the PURPA avoided costs for both IOU and CCA projects,⁴ with additional “adders” provided to appropriately value the local DERs. While the

⁴ *Id.* at 125 (“The adopted community renewable energy program will compensate generating resources based on the PURPA avoided costs of the facility...[T]he Commission will use its own method to determine the avoided cost of the generating resource, with PURPA guidance.”)

Joint CCAs are amenable to adopting the PURPA avoided costs as the base PPA price under the CRE Program, it must be highlighted that CCAs do not fall under PURPA compliance and CCA avoided generation costs are likely to differ from the IOUs' avoided costs.

The CRE Program resources would consist of solar, or solar plus storage, projects.⁵ The Joint CCAs propose certain locational requirements to support *community-based* solar or solar plus storage projects, and to ensure that projects are located in areas where the load (or customer) is located. In the case of a CCA offering the CRE Program, one could argue that the resource is implicitly "local" if it is located in a CCA's (more geographically limited) service area and will only serve CCA customers. However, the same is not necessarily true for IOU projects due to the vast size of the IOUs' service territories.⁶ For these reasons, the Joint CCAs propose that CRE projects must be located within 50 miles of subscribing customers for both IOU and CCA-led CRE Programs (or vice versa, subscribing customers must be located within 50 miles of the CRE resource). The Joint CCAs are open to considering other locational requirements as proposed by stakeholders in response to this Ruling.

Additionally, CRE resources must be integrated into the California Independent System Operator ("CAISO") market. It is essential that resources under the program can receive resource adequacy ("RA") credit. However, RA credits are only possible if the resource can receive deliverability status, which has been an observed barrier for distributed resources because the deliverability allocation process is an ill fit for projects of this type. If it is cost prohibitive or otherwise not feasible for the resource to get deliverability, the Commission should work with

⁵ *Id.* at 169, OP 1(i) ("Storage – The community renewable energy program tariff shall allow for co-located solar and storage.")

⁶ Pacific Gas & Electric ("PG&E"), for example, could technically locate a resource in Fresno and serve customers in Humboldt County if the locational requirement under the CRE Program would be the LSE's service area, thereby defeating the purpose of a *community* renewable energy program.

the California Energy Commission (“CEC”) to allow a resource to get RA credit as a load modifier via the LSE’s year-ahead RA forecast by virtue of reducing the LSE’s RA obligation.⁷ Such coordination would preferably occur prior to contracting, to provide LSEs certainty that they would receive RA credit for resources under the program and to minimize redundant RA costs for customers.

The Joint CCAs propose a minimum project size of 500 kW and a maximum project size of 5 MW under both the IOU and CCA CRE Programs.⁸ As further detailed below, the current allocated funding amount will effectively limit the CRE Program to around 50 MW of capacity, and the limitation of the project size can ensure that more distributed resources are being built under the program to benefit more localized communities. Furthermore, it should be a primary goal of the program to site resources in areas where load is located, thereby reducing the likelihood of land availability for large resources. For those reasons, the Joint CCAs recommend a smaller maximum system size than the one proposed in the Decision.

Contrary to Southern California Edison’s (“SCE”) proposal, the Joint CCAs do not recommend that projects *must* be located in capacity constrained areas.⁹ The Joint CCAs propose

⁷ The Net Value Billing Tariff (“NVBT”) proposal previously included a proposal for resources as load modifiers on the CEC year-ahead RA forecast which the Joint CCAs objected to. However, those concerns related to the fact that only LSEs file year-ahead RA forecasts with the CEC, and under the NVBT proposal, the LSEs would not have held the contract with the resource developer. Under the CCA CRE Program, the LSE would be the counterparty on the resource and would, therefore, have more insight into the resource. The Joint CCA acknowledge that there would be many implementation details associated with this proposal, including coordination with the CEC and, therefore, offer this as a suggestion for conversation moving forward.

⁸ See D.24-05-065 at 156 (The Joint CCAs are proposing a maximum project size under the 20 MW limit set by the Decision); See also Cal. Code Regs, tit. 24, pt. 1 §10-115(a)(7) (“The community shared solar electric generation system and/or community shared battery storage system shall not be served by an individual source larger than 20 MW.”).

⁹ See D.24-05-065 at 79 (“Other parameters of SCE’s proposal include a maximum facility size of three megawatts, a capacity constrained site location requirement, a combine solar and storage requirement (allowing for Renewable Energy Credits), and a requirement that storage dispatch rights be provided to the contracting utility.”).

to offer a PPA adder to projects located in capacity constrained areas but recommend against *requiring* project siting in those areas. This requirement would limit project siting too much and would require IOU analyses which have been unavailable in the past.¹⁰

Finally, in accordance with Assembly Bill 2316 and the Decision, developers must demonstrate that all projects shall comply with the prevailing wage requirement,¹¹ and must further demonstrate to the CEC that the proposal complies with Section 10-115 of the California Building Code.¹²

ii. CRE Customer Eligibility

Each LSE would enroll eligible customers in their respective CRE Programs.¹³ Per the Decision, all residential customers (i.e. low-income and non-low-income), as well as small commercial customers, will be eligible to enroll as subscribers to the CRE Program.¹⁴ In accordance with Assembly Bill 2316 and the Decision, the Joint CCAs propose that at least 51% of each project's capacity under the CRE program must be subscribed by low-income customers.¹⁵ Low-income customers are defined as individuals or households who qualify for the California Alternate Rates for Energy ("CARE") program, Family Electric Rate Assistance ("FERA") program, CalFresh, Supplemental Nutrition Assistance Program ("SNAP"), or the Low-income Heating Energy Assistance Program ("LIHEAP"), or reside in an underserved

¹⁰ See generally Rulemaking 21-06-017 Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future ("High DER Rulemaking") including discussions about locating distributed resources in areas of grid constraint.

¹¹ D.24-05-065 at 169, OP 1(h).

¹² *Id.* at 168-169, OP 1(f).

¹³ Customers will be subscribed to a portion of a CRE project based on their previous 12-months load. If only partial or no previous load is available, customer load can be estimated. The same process is used for DAC-GT customer enrollment.

¹⁴ Technically, OP 1(d) of D.24-05-065 states that "*All [emphasis added]* customers will be eligible to enroll as subscribers to the tariff" (i.e. residential and non-residential customers alike). See D.24-05-065 at 168. However, the Decision's text at 119 implies that only residential customers, and small commercial customers, are the intended participants under the program.

¹⁵ D.24-05-065 at 169, OP 1(g).

community which includes low-income communities as defined in Health & Safety Code Section 39713, communities within the 25% most disadvantaged communities according to the CalEnviroScreen, and communities located on tribal lands.¹⁶

The remaining 49% of a project's capacity is not limited to a certain customer type but, as noted in the Decision, it is recommended that this capacity would focus on enrolling non-low-income customers who rent or lease.¹⁷

Per the Decision, low-income customers would be auto-enrolled under the CRE Program. The Joint CCAs further discuss auto-enrollment provisions in response to Question 9 in Section III below.

B. Any CRE Program Implemented by the Commission Must Take Into Account Current Funding Limitations

Some parties have raised the concern that the current funding expected to be available for the CRE Program is too limited to create an impactful program.¹⁸ The Joint CCAs agree. The Commission has noted in the Decision that it will set aside certain funding for the CRE Program, namely \$33 million appropriated to the Commission by Assembly Bill 102 (2023) for community energy renewable program usage and storage-backed renewable generation programs, as well as the Environmental Protection Agency's ("EPA") Solar for All grant funding (collectively referred to herein as "CRE Funding").¹⁹ California was awarded \$249,800,000 in

¹⁶ See Pub. Util. Code Section 769.3(a)(3).

¹⁷ D.24-05-065 at 118.

¹⁸ See Comments of Cypress Creek Renewables, LLC on the Proposed Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program at 12; Clean Coalition Comments on Proposed Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program at 3; Comments of The Solar Energy Industries Association on Proposed Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program at 14.

¹⁹ D.24-05-064 at 118 (citing AB 102, Budget Act of 2023, Section 244 appropriated \$33 million to the Commission with additional requirements.)

Solar for All funding but it is not clear how much of that funding will be set aside for the CRE Program.²⁰ If an estimated \$100 million is set aside from the EPA’s Solar for All funding, in total, the CRE Program would have a statewide budget of \$133 million.

While the Decision does not establish a program capacity cap, the program’s capacity is implicitly limited by the funding available for the program. As is discussed further below in Section III in response to Questions 1- 4, the CCAs are proposing that the CRE Funding would pay for two core components of the program: (1) the customer incentives (i.e. revenue share) paid to participating low-income customers and (2) the “Community Solar Adder”, an adder contributing to the overall PPA price paid to the developer. The Joint CCAs would also expect CRE Funding to cover administrative costs of the CRE Program. This is in alignment with the DAC-GT program, where ratepayer funds are used to cover (1) the bill discount paid to participating low-income customers, (2) the “above-market generation costs” of the solar (and storage) resource, *and* (3) administrative and marketing, education and outreach (“ME&O”) costs of the program.

Even if CRE Funding were to only cover customer incentives and the Community Solar Adder, the current funding allocation of an estimated \$133 million would only allow for approximately 50 MW of statewide program capacity based on the estimated pricing assumptions that the Joint CCAs use in Table 1 below.²¹ The Joint CCAs would like to highlight

²⁰ See Solar for All Selected Applicants, available at: <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all>; See also D.24-05-065 at 118 fn 327 (stating that “some portion” of the funds would support the community renewable energy program).

²¹ In the example outlined below, the CRE Funding would cover \$20/MWh for the Community Solar Adder and \$2/kW-month for the Community Storage Adder for a blended rate of \$36.44/MWh. The CRE Funding would also cover \$52.52/MWh for the CRE solar + storage Incentive Rate for 50% of customers (only low-income) leading to total costs of \$62.7/MWh. \$133 million in funding can cover around 106,000MWh annually (over a 20-year contract period), and if one assumes an even split of MWhs between the solar and the storage resource, the CRE Funding could cover around 20MW in solar and 36MW in storage resource for a combined program capacity of 56MW.

that such a limited program cap (and estimated funding amount) may be insufficient to incentivize the administrative effort necessary to develop a new community renewable energy program in California. As noted above, the Joint CCAs support the development of local FTM DERs but also want to caution that adequate funding must be available to make the program successful (if not feasible). Commissioner Houck also acknowledged the current funding limitations for the CRE Program and the risks it poses to the success of the program in her dissent to the recent Decision.²² The Joint CCAs strongly recommend that the Commission take these funding limitations into consideration when further developing the CRE program and consider potential avenues for additional funding that may be available for this program.

III. RESPONSES TO RULING QUESTIONS: NEW COMMUNITY RENEWABLE ENERGY PROGRAM

A. Revenue Share and Bill Credits

1. *The new community renewable energy program is designed to deliver value through two streams of funding: (i) the stable but moderately adjusting compensation from wholesale tariffs and (ii) the external, nonratepayer, funding or “adder” that is managed through investor-owned utility (Utility) balancing accounts. How should these streams of funding be applied to provide both developer compensation and subscriber savings or revenue share (i.e., percentage split of total revenue from a project between the developer or generator account and benefiting or subscriber accounts)?*

The Joint CCAs make the following proposal regarding the structure of the developer compensation and the subscriber’s “incentive”²³ for the CRE Program (including IOU and CCA tariffs). These proposals are based on SCE’s proposal provided in SCE’s Opening Comments to the *Ruling Setting Aside Submission of the Record to Seek Comments on Aspects of Net Value*

²² See Concurrence and Dissent of Commissioner Darcie L. Houck as to the Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program.

²³ As described above, the Joint CCAs call the subscriber’s “revenue share” an “incentive” as it more appropriately describes the form of payment the customer receives. Following SCE’s proposal, the customer does not receive a share of the projects revenue (which would be CAISO revenues), but instead the customer incentive is calculated as a percentage of the PPA price.

Benefit Tariff Proposal, dated November 6, 2024 , as well as the requirements of the Decision with slight proposed modifications.

i. Developer Compensation

The Joint CCAs agree with SCE’s proposal that developers be paid based on the project’s PPA price.²⁴ Importantly, the PPA would braid several different value streams together to ensure that the developers are encouraged to develop local, community-based solar, or solar plus storage, projects. The Joint CCAs propose that the PPA price offered under the CRE Program be comprised of three core elements: (i) a base payment, (ii) a Community Solar Adder, and (iii) a Grid Capacity Adder. Additionally, for the CCA CRE Programs specifically, an individual CCA has the discretion to add a fourth element, a “Community Goals Adder.” The following describes each of the proposed PPA elements in more detail.

Base Payment

The base payment should be consistent across IOU and CCA CRE projects, and should be set at the respective IOU’s PURPA avoided cost rate, as determined by the Commission through an administrative process.²⁵ As noted in the Decision, the use of PURPA avoided costs to compensate generation resources will not result in a cost shift to non-participating ratepayers.²⁶

Community Solar Adder

The Community Solar Adder should also be consistent across all IOU and CCA CRE projects and would be paid for through CRE Funding.²⁷ The purpose of this adder would be to

²⁴ See D.24-05-065 at 79.

²⁵ See e.g. Resolution E-5323 (Adoption of 2024 updated administratively set fixed avoided-cost rates for the ReMAT program pursuant to D.20-10-005); see also D.20-05-006, OP 1 and OP 2 (determining the calculation of energy and capacity prices under the standard offer contract program).

²⁶ D.24-05-065 at 124.

²⁷ As noted in section II.B above, “CRE Funding” is defined as the \$33 million appropriated to the Commission by Assembly Bill 102 (2023) for community energy renewable program usage and storage-

encourage the development of projects in areas where the load is located and to develop true *community-based* renewable energy projects (i.e. projects are located “close” to where customers are located).²⁸ This value would be similar to the “above market generation costs” under the DAC-GT program, but unlike the DAC-GT above market generation costs (which vary by project), would be set at the same level across all CRE projects.

The Joint CCAs propose that the Commission convene a working group to further discuss the appropriate value of the Community Solar Adder. For example, one issue that should be investigated is whether it would be appropriate to provide local resources in load pockets with additional value for the avoided costs of using the transmission system. It should also be investigated further if it is appropriate to derive the Community Solar Adder from other small-scale renewable energy feed-in-tariffs (“FITs”) like the ReMAT. Another option is to consider historic costs for local capacity as an adder for resources that can count for RA. The question of how local FTM DERs can be valued has been an issue of much discussion in this instant proceeding and the Joint CCAs believe that a Commission-organized working group would provide the appropriate venue for developing an appropriate valuation methodology.

Grid Capacity Adder

The Grid Capacity Adder would be included for projects that are located in a capacity constrained area and would be paid for by the IOUs. The IOUs should make a proposal on how to develop the Grid Capacity Adder based on their experience under the Distribution Investment Deferral Framework (“DIDF”) solicitation process.²⁹ In the past, the IOUs have recommended

backed renewable generation programs, as well as the Environmental Protection Agency’s (“EPA”) Solar for All grant funding.

²⁸ See a proposed definition for proximity between customers and projects in Section II.A.i. above.

²⁹ To date, the DIDF solicitations have largely been unsuccessful. It is currently being discussed in the Commission’s High DER Rulemaking (R.21-06-017) if the DIDF solicitations should be terminated.

that resources would have to participate in designated solicitation processes such as the DIDF to gain access to additional locational benefits and value. For example, for a DAC-GT resource to receive locational value, it would have to participate (and be selected) in both the DAC-GT and the DIDF solicitations. This is a cumbersome and impractical process for any developer that has never been successful to date. To give projects in grid constrained areas more timely and direct access to additional locational benefits, the Joint CCAs recommend that the utilities propose a methodology to provide a “Grid Capacity Adder” under the CRE Program itself.

Community Goals Adder (or “CCA Adder”)

The Community Goals Adder would be specific to the CCA CRE Program and would be paid for by the participating CCA. Under this proposal, a CCA can choose to adjust the PPA price to align with the CCAs’ avoided procurement costs and/or to support specific goals and interests of the CCA and its community. For example, a CCA is likely to have avoided procurement costs that differ from their respective IOU and could therefore choose to modify the value to a developer beyond the IOU’s PURPA avoided cost (which is the base payment under the CRE Program). Many CCAs also have specific goals and interests in their community (e.g. rehabilitation of brownfields, reduction of local air quality impacts due to fossil-fuel power stations, or development of local projects in disadvantaged communities (“DACs”)) and may therefore be willing to provide additional value to the developer under the CRE Program. The Community Goals Adder would be different for each CCA, with each participating CCA proposing the value of the adder in their respective SOC documents.

Any discussions in the High DER Rulemaking should inform the Grid Capacity Adder proposal the IOUs make for the CRE Program.

The Joint CCAs provide a summary of the PPA elements, with example pricing, in Table 1 below.³⁰ The Joint CCAs recommend that a separate pricing structure is developed for solar and storage resources based on the service they provide, rather than a blended rate.³¹ This provides more flexibility to developers and allows for co-located (rather than just hybrid) solar and storage resources as provided for in the Decision.³²

Table 1: Example of Proposed PPA Structure

PPA Element	Solar (\$/MWh)	Storage (\$/kW-month)	Cost Recovered by
Base payment	\$30	\$15	Participating LSE
Community Solar Adder	\$20	\$2	CRE Funding
Grid Capacity Adder	\$20	\$2	IOU
Community Goals Adder	\$20	\$2	CCA
TOTAL	\$90	\$21	

Finally, the Joint CCAs recommend that the PPA pricing (and associated adders) could be adjusted based on industry responses to CRE solicitations, similar to the ReMAT program. For example, if few (or no) responses are received to a CRE solicitation, the Community Solar Adder could increase by a certain percentage to further encourage participation in the solicitation. After a successful CRE solicitation, the adders could be decreased for the next tranche of the CRE Program solicitation.

ii. Participant Revenue Share (or “Customer Incentive”)

Per the Decision, all residential customers, as well as small commercial customers, are eligible to enroll as subscribers to the CRE Program. However, the Decision only adopts a minimum revenue share (or customer incentive) for low-income subscribers and declines to

³⁰ Note that pricing is approximated and does not necessarily reflect actual market costs.

³¹ The Joint CCAs note that a blended rate could be calculated by the participating program administrators for the purposes of calculating the subscriber incentives as further described below in response to Question 2.

³² D.24-05-065 at 169, OP 1(i). Co-located resources typically have separate prices for solar and storage resources while hybrid solar and storage resources use a blended rate.

specify a minimum revenue share for non-low-income (i.e. “general market” subscribers) as they will not receive a subsidy through external funding.³³

The Joint CCAs support SCE’s proposal that the program should provide a flat monetary credit based on a percentage of the contracted project compensation (i.e. the PPA price) for low-income subscribers. General market subscribers would not receive an incentive but would also not have to pay for the above-market generation costs incurred by the resources under the program. In other words, all subscribing customers remain on their otherwise applicable tariff (“OAT”) when enrolling under the CRE Program. Low-income customers only will then receive an annual bill credit based on a percentage of the PPA price. The Joint CCAs discuss the level of incentives for low-income customers in more detail in response to Question 2 below.

2. *Decision (D.)24-05-065 states, “The Commission finds that a minimum 20 percent revenue share for low-income subscribers is reasonable and provides protection for subscribers. However, the record of this proceeding does not contain adequate details on a specific percentage credit.” What should the revenue share for low-income subscribers be and how should it be calculated? Comments should consider that some external funding types may have certain conditions to ensure the funding benefits low-income customers.*

As noted above in response to Question 1, the Joint CCAs support SCE’s proposal to provide low-income subscribers with an incentive based on 20% of the PPA price provided under the specific CRE project that the customer subscribes to. In a simple example, if a customer were to subscribe to a solar-only project that has a PPA price of \$90/MWh, the customer incentive rate would be set at \$18/MWh (i.e., the “CRE Incentive Rate”). The customer incentive credit would then be calculated during an annual “true-up” process by multiplying the customer’s usage over the previous 12 months with the CRE Incentive Rate. Under this example, a customer with a 6 MWh annual usage would receive an annual bill credit of \$108.

³³ *Id.* at 120

While this calculation is relatively straightforward for solar only projects, it is a bit more complex to calculate a 20% share for PPA prices that are composed of both an energy price (\$/MWh) for the solar resource and a capacity price (\$/kW-month) for the storage resource.³⁴ Under the example provided in response to Question 1 above, the solar resource would be paid \$90/MWh and the storage system \$21/kW-month. If one were to convert the storage system's capacity price into an energy price to create a blended \$/MWh rate, and then take 20% of the blended PPA price, the customer would receive a CRE Incentive Rate of \$52.6/MWh.³⁵ In this case, a customer with a 6 MWh annual usage would receive an annual bill credit of \$315.60, a significant increase compared to the annual bill credit of \$108 for a solar resource only. For comparison purposes, under MCE's DAC-GT program, low-income customers received an average of \$450 in bill credits in 2023 (calculated as a 20% bill discount off the electric portion of their bill).³⁶

Effectively, low-income customers subscribed to a solar-only CRE project would receive only about one third of the annual incentive that DAC-GT participants receive (under the assumptions of the above example). However, as CRE Funding is limited, this would allow for more customers to be subscribed under the program and to provide an incentive to a larger number of low-income customers. This would also help meet AB 2316's statutory objective to "promote robust participation by low-income customers."³⁷

³⁴ The Joint CCAs maintain that the developers should be paid two separate prices for their solar and storage resources to enable the participation of co-located resources.

³⁵ The blended PPA rate is calculated as follows: a 4-hour, 1MW battery would generate 1460 MWhs of energy annually and would get paid \$252,000 per year, which comes to an \$/MWh rate of \$173/MWh. The blended PPA price would be \$263/MWh (\$90/MWh for the solar resource). 20% of the blended PPA rate amounts to a CRE Incentive Rate of \$52.60.

³⁶ See MCE Advice Letter 79-E.

³⁷ Pub. Util. Code Section 769.3(b)(1)(3).

Low-income customers subscribed to a solar and storage CRE project would receive approximately the same annual incentive that DAC-GT participants receive. While this may generally be a desirable outcome, the Joint CCAs would like to note that CRE Funding will be expended very quickly on a limited number of customers due to the high customer incentive costs. The Joint CCAs elaborate on the challenges regarding limited CRE Funding in Section II.B above.

In summary, when implementing the CRE Program, the Commission must find a balance between providing reasonable incentives to low-income customers while also reaching as many customers as possible. The Joint CCAs believe that the proposed rate structure outlined above is a reasonable approximation of what the CRE Incentive Rate could look like. However, the Joint CCAs are also open to discussing further modifications to the methodology with stakeholders to strike the right balance between the level of low-income customer incentives and the number of program participants.

3. *D.24-05-065 states “With respect to bill credits, the Commission finds the [Southern California Edison (SCE)] proposal to use the simplified Shared Savings Model using balancing accounts to provide a flat monetary credit on subscriber bills is reasonable...The Commission finds that a minimum 20 percent revenue share for low-income subscribers is reasonable and provides protection for subscribers. However, the record of this proceeding does not contain adequate details on a specific percentage credit. A future ruling in this proceeding will allow for additional record development. The Commission also declines to specify a minimum revenue share for -non-low-income-subscribers as they will not receive a subsidy through external funding.” Propose, in detail, how a low-income and non-low-income bill credit should be applied, including billing presentment.*

As noted above in response to Question 1, the Joint CCAs propose that non-low-income subscribers would not receive an incentive and would remain on their OAT. Low-income customers would receive an incentive calculated as 20% of the PPA price, as further detailed in response to Question 2. Additionally, while the Joint CCAs currently propose that non-low-

income subscribers would not receive incentives, to the extent the Commission determines that general market subscribers are required to receive a percentage of the revenue share under Public Utilities Code Section 769.3(c)(5), the Joint CCAs would support an incentive of up to 10% of the PPA price for non-low-income customers (calculated as described above in response to Question 2). However, as this incentive would not be provided through the currently available external funding, it is unclear how the costs for this incentive would be covered.³⁸

The Joint CCAs further propose that for low-income customers, the incentive would be applied directly to the customers' generation portion of their electric bills after the annual true-up process. As the customer incentive would be covered by CRE Funding, both IOUs and CCAs would seek cost recovery for the bill credit from the IOU balancing account tracking the CRE Funding. The Joint CCAs propose that this process follows the same process as the DAC-GT program. Namely, a CCA participating in the CRE Program would submit an annual budget advice letter to the Commission and the IOUs would distribute funding to the CCAs in advance. The CRE Program budgets would then be trued-up on an annual basis.

B. Non-Ratepayer-Funded Adder

4. *What should be the developer incentive or adder per project and how should it be calculated? Potential funding sources include the Environmental Protection Agency's (EPA) Solar for All grant funding, General Funds allocated to the Commission, and others to be determined.*
 - a. *Should the incentives for developers be based on dollars per watt, dollars per kilowatt-hour, a lump sum, or some other scheme? Explain why.*

As noted above in response to Question 1, the Joint CCAs propose that the developer be compensated based on the PPA price offered by the LSE in its SOC. Solar resources would be paid a \$/MWh price for the energy produced by the system. Solar plus storage resources would

³⁸ See D.24-05-065 (noting that non-low-income subscribers will not receive a subsidy through external funding).

offer a distinct pricing structure for the solar and the storage resource (where solar would be paid a \$/MWh price for the energy produced and storage would be paid a \$/kW-month price for the capacity provided by the system). Basing developer compensation on a PPA price or storage rate is the standard mechanism for LSEs to procure FTM resources and the simplest and most efficient way to structure developer compensation under the CRE Program.

- b. What process should the Commission use for determining the incentive or adder? Should the Commission set the incentive or adder price administratively or should it require the utilities to use a method such as a reverse auction that would introduce price discovery? If you recommend a price discovery method, specify the method you propose and the justification for using that method.*

As further discussed in response to Question 1 above, the Joint CCAs propose that the Commission establish a working group process to discuss the valuation of the Community Solar Adder. The Joint CCAs also provide proposals for how the Grid Capacity Adder and Community Goals Adder should be set in response to Question 1(a).

- c. Should the incentive or adder be based on a minimum dollar amount per customer or a minimum percentage of project revenue share? Should the incentive or adder increase if more low income customers are signed up beyond the 51 percent per project minimum threshold?*

As noted above in response to Question 1, the Joint CCAs recommend that the developer be compensated under a standard PPA, not based on a minimum revenue share or dollar per customer amount. Developers should also not receive an increased adder or incentive based on the number of low-income customers subscribed in the CRE Program, especially as developers will not be involved in the recruitment of subscribing customers under the CCA proposal (as noted in Section II.A.ii, LSEs would be responsible for enrolling eligible customers, not developers).

- d. *What other non-monetary incentives or assistance could utilities or Community Choice Aggregators (CCAs) provide to community renewable energy program projects and developers?*

See a detailed description of the “Grid Capacity Adder” (provided by the IOUs) and the “Community Goals Adder” (provided by CCAs) above in response to Question 1.

C. Federal Incentives

5. *Some CCAs who administer the Disadvantaged Communities Green Tariff (DAC-GT) have successfully negotiated lower Power Purchase Agreement contract prices with selected developers if a project receives the federal Investment Tax Credit (ITC) Low-Income Community Bonus Credit. Similarly, the Solar on Multifamily Affordable Housing program also set a precedent for aligning incentives, such as the federal ITC, with incentives provided for the installation of solar. Should the new community renewable energy program follow a similar process for leveraging the federal incentives available in the Inflation Reduction Act including the Low-Income Community Bonus Credit and other new and available tax credits?*

As the Joint CCAs have previously noted in this proceeding, it is important for renewable energy projects to take advantage of federal tax credits.³⁹ However, it is common practice for project developers to incorporate the Investment Tax Credit (“ITC”) and similar benefits into PPA pricing. The Joint CCAs do not believe it is necessary to incorporate any requirement within the CRE program to encourage these incentives.

D. Disbursal of Non-Ratepayer Funds

6. *D.24-05-065 states “Utilities would have the role of fiscal agents and apply monetary credits to the generation, i.e., benefiting, and customer, i.e., subscriber, accounts. The Commission finds that it is reasonable to direct Utilities to establish a balancing account to track the subscriber revenue shares and distribute the appropriate shares through the bill credit. Further, changes to the credits based on facility performance and credit distribution can be easily updated through an annual trueup process.” How should the external funding be disbursed to the projects and participating customers of Utilities and CCAs?*

³⁹ See Reply Brief of the Joint Community Choice Aggregators and City and County of San Francisco at 14.

As described in the Decision, the IOUs would create balancing accounts for CRE Funding which is expected to be the \$33 million in general funds and a to-be-determined amount of the EPA's Solar for All Funding. Under the CCAs' proposal, the IOUs would also create another sub-account under the same balancing account to track and disburse the IOU-provided "Grid Capacity Adder".

Similar to the DAC-GT program, the Joint CCAs propose that both IOUs and CCAs would submit an annual budget advice letter forecasting the costs for the CRE Program and specifying which costs are recovered from which balancing sub-account (CRE Funding vs. Grid Capacity Adder). The IOUs would provide the CCAs with the forecasted funding for the CCA CRE Program in anticipation of expenses to be incurred. The CRE Program budgets would then be trued-up on an annual basis.

E. Treatment of Utility Implementation and Administrative Costs

7. *What funding source should be used to pay for start-up costs and program administration and what process should be used for cost recovery? This may include costs associated with billing system updates, the customer enrollment process buildout, ongoing subscription management and development of a new solar and storage contract (if needed).*

The Joint CCAs note that existing community solar programs, such as the DAC-GT program, cover administrative costs with ratepayer funds which cover program start-up costs such as billing system updates, the customer enrollment process etc. For more details, see the Joint CCAs' response to Question 22 below. These administrative costs were not accounted for in the Decision for the new CRE Program. However, such costs are necessary to implement a successful program. As noted above in Section II.B., the Joint CCAs are concerned that the currently allocated external CRE Funding can only support customer incentives, above-market generation costs, and administrative costs for a small program capacity. Therefore, the Joint

CCAs strongly recommend that other funding sources be identified to make this program more viable.

F. CCA Participation

8. *D.24-05-065 states “As CCAs are permitted to participate in the new community renewable energy program, the foundational tariffs will need to be revised to accommodate this participation. At this time, the record does not contain the specifics for CCA participation.”*

a. What process should be employed to enable CCA participation in the community renewable energy program? This would include discussion of how CCAs must notify the Commission of their participation in accordance with Pub. Util. Code Section 769.3(b)(2)(B) and the process for CCAs to access external funds?

Pursuant to Public Utilities Code Section 769.3(b)(2)(B), if the Commission establishes a new community renewable energy program, each CCA “shall notify whether it will participate in the program, within 180 days of the *establishment* [emphasis added] of the program.”⁴⁰ As evidenced by the ALJ Ruling, there are still many remaining questions regarding the implementation of a CRE Program. Further, the Decision notes that the Commission intends to address CRE Program implementation issues through a subsequent implementation decision.⁴¹ CCAs will not be able to properly determine whether to participate in the new program until most of the implementation questions and issues have been resolved. Therefore, the Joint CCAs recommend that the CRE Program be determined “established” for purposes of the 180 day deadline when the second decision is issued determining the details of the CRE Program.⁴² Upon the issuance of the second decision, CCAs that are interested in offering the CRE Program would then have 180 days to submit their own CRE Program tariffs (i.e., the SOCs), as well as additional program implementation details, to the Commission via a Tier 2 Advice Letter. This

⁴⁰ Pub. Util. Code § 769.3(b)(2)(B).

⁴¹ D.24-05-065 at 123.

⁴² *See id.* at 123, 147 (noting that a second proposed decision will be issued to finalize outstanding implementation issues associated with the new program).

process would both (1) notify the Commission of the CCA's intent to participate in the program and (2) provide the necessary tariff and implementation details for Commission consideration of the CCA's participation in the CRE Program. Upon approval of the Tier 2 AL, the CCA would make the CRE SOC publicly available and prepare for program launch. This process follows the example of the rollout of the DAC-GT programs offered by CCAs.

b. Which CCA tariffs should be eligible for the program?

The Joint CCAs propose the creation of new CCA SOCs as foundational tariffs for the CRE Program. See more details about the contract structure in Section II.A.i above. Furthermore, each CCA will share the specific details of their SOC (e.g. the details about the individual CCA Community Goals Adder) when submitting the necessary tariff documents to the Commission in the Tier 2 AL described in response to Question 8(a) above.

G. Enrollment

10. Should Utility-facilitated or CCA-facilitated auto-enrollment be the only enrollment pathway for low-income customers in DAC-GT and the new community renewable energy program? What other enrollment options are available? What are the benefits or drawbacks of either approach? Comments should consider potential administrative cost, alignment with other low-income programs like the California Alternate Rates for Energy (CARE) program, compatibility with Title 24, the customer enrollment experience, ease of customer understanding billing/crediting, and consumer protections.

The Joint CCAs understand that the Decision requires automatic enrollment for the CRE Program.⁴³ The Decision further specifies that low-income customers enrolled in the IOU or CCA Arrearage Management Program should be prioritized for automatic enrollment, followed by all other low-income customers who subscribe to the tariff.⁴⁴ The Joint CCAs propose that

⁴³ D.24-05-065 at 119.

⁴⁴ *Id.*

non-low-income customers would not need to be auto-enrolled and would, instead, voluntarily subscribe to the CRE Program.

The Decision follows the auto-enrollment approach utilized in D.20-07-008 and Resolution E-5124 for the modified DAC-GT program.⁴⁵ In Resolution E-5124, the Commission recognized that CCAs designing their own auto-enrollment criteria, instead of using specific statewide criteria, could prevent program implementation delays.⁴⁶ Pursuant to D.20-07-008⁴⁷ and Resolution E-5124,⁴⁸ CCA program administrators have created auto-enrollment criteria and also offered self-enrollment options for eligible customers that indicate interest in joining the DAC-GT program voluntarily. The Joint CCAs support the existing auto-enrollment process for the modified DAC-GT program and maintaining self-enrollment opportunities for customers otherwise eligible under a CCA's auto-enrollment criteria.

11. If you recommend auto-enrollment, describe the criteria that should be used for i) determining which customers would be auto-enrolled in the community renewable energy program and ii) ensuring that customers aren't enrolled in more than one program (i.e. community renewable energy program and DAC-GT). Additionally, explain which program (i.e. community renewable energy program and DAC-GT) would low-income customers be enrolled in first?

The Joint CCAs note that there are different eligibility requirements under the CRE Program and the DAC-GT program. The DAC-GT program is available to low-income residents who reside in DACs and are eligible for either the CARE or FERA programs.⁴⁹ Low-income

⁴⁵ *Id.* at 133.

⁴⁶ Resolution E-5124 at 19 (providing “that CCAs design their auto-enrollment criteria in such a way as to prevent issues and further program implementation delays from occurring, while still retaining alignment with D.20-07-008”).

⁴⁷ D.20-07-008 at 14, OP 2.

⁴⁸ Resolution E-5124 at 19, 31.

⁴⁹ *See* Resolution E-5212.

customers eligible for the CRE Program as defined by Assembly Bill 2316 is a much broader group.⁵⁰

Acknowledging the discrepancy in the eligible customers between the two programs, the Joint CCAs believe that low-income customers and the customers who are at the highest risk of being disconnected should be enrolled in whichever program provides the highest benefit and/or the largest discount on their monthly bills that they may be eligible for. Based on the Joint CCAs' current understanding of the new CRE Program, the Joint CCAs believe the DAC-GT program would likely provide the higher benefit to low-income customers as the program guarantees that customers will receive 20% off their electric bills. As such, the Joint CCAs propose that DAC-GT eligible customers first be enrolled in the DAC-GT program with remaining customers automatically enrolled in the CRE Program (up to the program cap). However, the final determination for the customer incentive under the CRE Program has not yet been made. It will be important to consider party comments in response to Question 1 of the Ruling and the Commission's ultimate determination on this issue prior to making a final determination on which program customers should be enrolled in first.

IV. RESPONSES TO RULING QUESTIONS: MODIFIED DISADVANTAGED COMMUNITIES GREEN TARIFF PROGRAM

12. Determining the prior year spending for multiple DAC-GT program administrators on is a challenging task which requires review of multiple annual budget advice letters. Explain whether you think it would be simpler to have one of the three investor-owned utilities submit an annual report on behalf of all DAC-GT administrators showing historical spending each year in the first quarter?

It is unclear from the question whether an annual report submitted by the IOUs on behalf of all the DAC-GT program administrators would be in lieu of the annual budget advice letters

⁵⁰ See Pub. Util. Code Section 769.3(a)(3).

(“ABALs”), or in addition to the ABALs. The Decision clarifies that the submission date of the ABALs is moved from February 1 to April 1 of each year,⁵¹ however the instant question seems to suggest that an annual reporting process would be “simpler” than the submission of the ABALs. In general, the Joint CCAs do not object to an annual report containing public information providing details on the prior years’ spending for the DAC-GT program. However, it is not practical for an annual report to be submitted by one of the IOUs that either (i) requires the coordination and transfer of confidential data to the IOUs for submission or (ii) prevents each program administrator’s budget from being independently reviewed by the Commission as is the current process through the ABALs.

First, it would be burdensome to coordinate the transfer of confidential data to the IOUs for submission in an annual report replacing the ABALs. Second, in the original decision, each CCA’s administrative and marketing costs must be approved by the Commission as those costs are capped.⁵² This submission and approval process requires a Tier 2 AL submission from each program administrator.⁵³ Due to this, the Joint CCAs understand that each ABAL must be reviewed individually to assess the cost caps, and a joint submission by one IOU would be unnecessary and would cause confusion should one program administrator’s costs need to be reevaluated by the Commission. Therefore, the Joint CCAs would object to an IOU reporting process that replaced the ABAL submissions.

Additionally, while the Joint CCAs would not have an objection to an annual report submitted by an IOU that contains public information to facilitate stakeholder review of relevant spending for the DAC-GT program, any annual report should be submitted in the second, or even

⁵¹ D.24-05-065 at 134.

⁵² See Resolution E-4999 (establishing a 10 percent cost cap for program administration and 4 percent cost cap for marketing, education, and outreach).

⁵³ See *id.* at 68, OP 4.

third, quarter of the year to ensure the information being provided is accurate. Specifically, a budget report should not be posted until after the review and disposition of the initial program administrator ABALs. As noted in the Decision, the ABAL submission deadline was moved from February 1 to April 1 to allow for improved accuracy in tracking costs.⁵⁴ Requiring submission of an annual report in the first quarter of each year would negate this improvement and result in inaccurate spending data.

13. In D.04-12-048 of the Long-Term Procurement Planning Proceeding, the Commission required Utilities to hire an Independent Evaluator to monitor competitive solicitations that involve affiliate transactions, Utility-built or Utility turnkey bidders. Subsequently, D.06-05-039 required an Independent Evaluator to also monitor all Renewables Portfolio Standard program solicitations to separately evaluate and report on a Utility's entire solicitation, evaluation and selection process for this and all future solicitations. The Independent Evaluator serves as an independent check on final selections, by ensuring solicitations are conducted in an open, fair, and transparent process. Should the Independent Evaluator for each Utility be required to submit a report for all Utility DAC-GT procurements, whether or not a Request For Offer results in a selected bid?

The Joint CCAs do not take a position on this question as the Independent Evaluator required by D.06-05-039 applies only to the IOUs.

V. RESPONSES TO RULING QUESTIONS: MODIFIED AND LEGACY GREEN TARIFF AND SHARED RENEWABLES

A. Incremental Renewable Procurement – All Parties Respond

D.24-05-065 adopts the Utilities' proposal to bundle any future solicitations for new resources to meet modified green tariff demand with the same procurement activities it will undertake to meet its long-term planning goals to ensure least cost best-fit procurement. The Decision requires Utilities to each submit a Tier 2 Advice Letter updating their existing Green Access Program tariffs according to the directives of the decision, including details on how their programs will result in incremental new renewable energy being purchased.

17. Describe how additional renewable procurement should be accomplished, citing key dependencies to an approved Integrated Resource Plan Decision and process.

⁵⁴ D.24-05-065 at 134.

- a. *How would a participant be assured that these resources are from incremental renewable resources?*

As noted in Resolution E-4999, the purpose of creating the DAC-GT program was to promote development of new renewable energy projects in DACs.⁵⁵ Pursuant to the DAC-GT program implementation Resolutions, DAC-GT program administrators must submit executed PPAs no later than 180 days following notification of selected bidders of solicitations. This process has demonstrated that the projects used to serve the DAC-GT program are new renewable energy projects. The modified DAC-GT program will continue to submit PPAs to the Commission through an Advice Letter process. The Joint CCAs believe these PPA submissions should provide sufficient detail that the proposed projects are new incremental projects. Additionally, any projects will be included in the program administrators' Integrated Resource Plans which are also reviewed by the Commission. The Joint CCAs believe any dependencies created between the Integrated Resource Planning process and the DAC-GT or new CRE Programs would be unnecessary and overly complicated.

VI. RESPONSES TO RULING QUESTIONS: ALL CALIFORNIA RENEWABLES PORTFOLIO PROGRAMS

22. *For the legacy Green Tariff, modified Green Tariff, and Disadvantaged Communities Green Tariff programs, provide a breakdown of budget line items by category and program, using the same categories used in Exhibit CA-01 Appendix B. Are there other cost categories, such as a regulatory compliance line item, that should be included in the programs' reporting?*

The Joint CCAs support a budget line item breakdown consisting of four main categories: (i) above market generation costs, (ii) bill discount, (iii) program administration, and (iv) ME&O as used in Exhibit CA-01 Appendix B. While the Joint CCAs believe these main categories sufficiently make up the programs' reporting, some program administrators provide additional

⁵⁵ Resolution E-4999 at 23.

detail on cost breakdowns within these categories. For example, “program administration” often includes the following sub-categories: (i) program management, (ii) information technology (“IT”), (iii) billing operations, (iv) regulatory compliance, and (v) procurement. Additionally, ME&O costs would include (i) labor costs, and (ii) outreach and material costs. If budget line items are broken down further from the main categories listed above and included in Exhibit CA-01, the Joint CCAs request that, at a minimum, these subcategories also be included.

VII. CONCLUSION

The Joint CCAs thank the Commission for its consideration of the matters set forth in these comments.

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Respectfully Submitted,

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