STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN APPLICATION 24-02-012:

This is the proposed decision of Administrative Law Judge Leah Goldberg. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 12, 2025, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke
Chief Administrative Law Judge

MLC: asf
Attachment

Decision **PROPOSED DECISION OF ALJ L. GOLDBERG (Mailed 5/2/2025)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Compliance Review of Utility-Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility-Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 through December 31, 2023.	Application 24-02-012

DECISION APPROVING PACIFIC GAS AND ELECTRIC COMPANY'S 2023 ENERGY RESOURCE RECOVERY ACCOUNT ENTRIES AND RELATED MATTERS

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Summary

In this proceeding, the Commission evaluates whether Pacific Gas and Electric Company (PG&E) met the standard for compliance under the Energy Resources Recovery Account (ERRA) regulatory compliance process for the 2023 Record Year.

This decision requires PG&E to complete a cause evaluation for any future outage caused by the failing of the engine water pump bearing in unit 6 at the Humbolt Bay Generating Station and to submit the cause evaluation in the next ERRA Compliance proceeding following the outage.

The decision also requires PG&E to submit independent evaluator reports for completed resource adequacy solicitations held during the quarterly reporting period in its quarterly compliance reports submitted to the Commission regardless of whether the solicitations award a transaction.

This decision finds that PG&E has acted as a reasonable and prudent manager in compliance with applicable tariffs and Commission directives and thus approves PG&E's 2023 ERRA Compliance application.

This proceeding is closed.

1. Background

The Commission established the Energy Resource Recovery Account (ERRA) balancing account mechanism in Decision (D.) 02-10-062 to track fuel and purchased power billed revenues against actual recorded costs of these items. The Commission also required regulated electric utilities in California to establish a fuel and purchased power (F&PP) revenue requirement forecast, a trigger mechanism, and a schedule for ERRA applications. Subsequent ERRA Balancing Account (BA) decisions adopted minimum standards of conduct that regulated energy utilities must follow in performing their procurement responsibilities.

The ERRA regulatory process includes an annual forecast proceeding and an annual compliance proceeding. In the annual ERRA forecast application, a utility requests adoption of the utility's forecast of its expected annual F&PP costs for the upcoming 12 months. Approval of the forecast allows utilities to recover their ERRA revenue requirement in rates.

In the ERRA compliance proceeding, the Commission performs a compliance review of the ERRA BA and related regulatory accounts and certain non-ERRA accounts. The compliance review evaluates whether a utility complied with all applicable rules, tariffs, regulations, Commission decisions, and laws. The Commission also conducts a reasonableness review of the ERRA and other relevant regulatory accounts to determine whether the entries in these accounts are accurate and in compliance with Commission directives and orders. Finally, the Commission reviews whether the utility prudently administered its contracts and generation resources and dispatched energy in a least-cost manner in compliance with Standard of Conduct Number Four (SOC 4).[1]

1.1. Procedural Background

On February 28, 2024, Pacific Gas and Electric Company (PG&E) filed Application 24-02-012, for compliance review of Utility-Owned Generation Operations, Portfolio Allocation BA (PABA) Entries, ERRA Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility-Owned

[1] D.02-10-062, at 50-52.

Generation Fuel Procurement, and Other Activities for the Record Period January 1 through December 31, 2023 (Record Year). This proceeding is also known as the ERRA Compliance Review for the 2023 Record Year.

On April 5, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Alliance for Nuclear Responsibility (A4NR), and California Community Choice Association[2] (CalCCA) filed timely protests to the Application. PG&E filed a response to the protests on April 15, 2024.

On April 19, 2024, the assigned Administrative Law Judge (ALJ) held a prehearing conference. On June 12, 2024, the assigned Commissioner issued the Scoping Memo and Ruling (Scoping Memo). The Scoping Memo categorized this proceeding as ratesetting and set forth seven issues for the Commission to consider in this proceeding.

On October 11, 2024, the assigned ALJ issued a ruling modifying the proceeding schedule and directing the parties to meet and confer and file a joint case management statement. The Parties sent a procedural email to the assigned ALJ requesting an extension of time to file the case management statement. The assigned ALJ granted the extension on October 21, 2024, via an email ruling, which ruling also took the scheduled evidentiary hearings off calendar.

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

The parties filed a Joint Case Management Statement on November 6, 2024, stating that 1) an evidentiary hearing is not necessary because there are no material facts in dispute; 2) A4NR will not be participating in the proceeding; and 3) the parties stipulated to certain facts, leaving only issues related to the Belden and Caribou 1 Powerhouse outages and two maintenance outages at Diablo Canyon Power Plant, which will be reviewed in the 2024 ERRA Compliance proceeding, and an outage at Unit 6 of the Humboldt Bay Generating Station in dispute.

On December 16, 2024, the parties filed a Joint Motion to Enter Evidence into the Evidentiary Record concurrently with PG&E's Motion to Seal the Evidentiary Record.

On December 19, 2024, PG&E filed and served its opening brief. No other parties submitted briefs. There were no reply briefs.

On April 9, 2025, the assigned ALJ issued a ruling granting the Joint Motion to Enter Evidence into the Evidentiary Record and granting PG&E's Motion to Seal the Evidentiary Record.

1.2. Submission Date

This matter was submitted on December 19, 2024, upon the submission filing of PG&E's opening brief.

2. Issues Before the Commission

The Scoping Memo identified the following issues to be determined in this proceeding:

1. Whether PG&E, during the Record Year, prudently administered and managed, in compliance with all applicable rules, regulations and Commission decisions, including but not limited to SOC 4, the following:

a. UOG facilities except for the Belden and Caribou 1 Powerhouse outages and two maintenance outages at Diablo Canyon Nuclear Power Plant, which will be reviewed in the 2024 ERRA Compliance proceeding;

b. Qualifying Facilities (QF) Contracts; and

c. Non-QF Contracts.

2. Whether PG&E achieved least cost dispatch of its energy resources and economically triggered demand response programs pursuant to SOC 4.
3. Whether the entries recorded in the ERRA and the Portfolio Allocation Balancing Account (PABA) are reasonable, appropriate, accurate, and in compliance with Commission decisions.
4. Whether PG&E's greenhouse gas compliance instrument procurement complied with its Bundled Procurement Plan (BPP).
5. Whether PG&E administered resource adequacy (RA) procurement and sales consistent with its BPP.
6. Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with applicable tariffs and Commission directives:

a. Green Tariff Shared Renewables Memorandum Account;

b. Green Tariff Shared Renewables BA;

c. Disadvantaged Communities - Single Family Solar Affordable Homes BA;

d. Disadvantaged Communities - Green Tariff BA;

e. Community Solar Green Tariff BA; and

f. Centralized Local Procurement Sub-Account of the New System Generation BA.

7. Whether there are any safety considerations raised by this Application.

3. Standard of Review and Jurisdiction

The Commission exercises jurisdiction over the activities of public utilities,[3] including electrical corporations.[4] PG&E is an investor-owned utility (IOU) providing electrical service in California. PG&E is therefore an IOU "subject to our jurisdiction, control and regulation."[5] The Commission has jurisdiction to review an IOU's ERRA compliance applications.[6]

In this Application, the Commission evaluates whether PG&E met the standard for compliance under the ERRA regulatory compliance process. In order for PG&E to meet the standards of ERRA compliance, PG&E must demonstrate that it prudently administered all contracts and generation resources and dispatched energy in accordance with SOC 4 and the Commission's longstanding procurement priorities of reliability, least-cost, and environmental sensitivity during the Record Year.[7] Established in D.02-10-062, SOC 4 provides that "utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner."[8] For failure to uphold the utilities' duty to prudently administer contracts and achieve least-cost-dispatch, the Commission adopted a maximum potential disallowance for violations of SOC 4 at twice the utility's annual procurement administrative expenditures, as set in a utility's general rate case.[9] The maximum potential

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[3] Pub. Util. Code § 216(a).

[4] Pub. Util. Code § 218 defines an electrical corporation as every corporation "owning, controlling, operating, or managing any electrical plant."

[5] Pub. Util. Code § 216(b).

[6] Pub. Util. Code § 454.5.

[7] D.02-10-062 at 17-18.

[8] D.02-10-062 at 74 (Conclusion of Law 11).

[9] D.03-06-067 at 6.

disallowance relates solely to the administration of electric procurement contracts and generation resources and to the dispatch of energy in a least cost manner, including contract negotiation and management, dispatch of Utility-Owned Generation (UOG) and third party generation resources, and fuel costs to UOG facilities. Potential disallowances that would not be included in the maximum potential disallowance cap would include expenses such as the costs for UOG replacement energy. For 2023, PG&E's annual procurement administrative expenditure is $44,153,000, and its maximum disallowance is $88,306,000.[10]

The Commission reviews ERRA applications under a reasonable manager standard, whereby it evaluates PG&E's actions based on whether they "comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act."[11]

PG&E has the burden of proof in this proceeding. PG&E satisfies its burden of proof based on a preponderance of the evidence.[12]

4. PG&E's Administration of its Utility-owned Generation and QF Contracts and Non-QF Contracts

4.1. Utility Owned Generation

PG&E operates the following UOG: 1) hydroelectric, 2) fossil fuel, 3) battery energy storage, 4) solar, and 5) nuclear. This decision considers each electricity generation source below:

[10] Exhibit PG&E-01 at 14-3.

[11] D.11-10-002 at 11.

[12] D.16-04-006, at 11.

4.1.1. Hydroelectric Generation

PG&E's utility-owned hydroelectric portfolio consists of 61 powerhouses with 99 generating units and ancillary support facilities that include reservoirs, diversions, dams and water conveyance apparatus.

PG&E operated its hydroelectric portfolio in a reasonable manner during the Record Year by maintaining a comprehensive management structure, prudently overseeing operation of the large and geographically dispersed, and aging hydroelectric system. Although PG&E sought to manage outages sufficiently in advance, the system experienced unanticipated outages caused by equipment malfunction and storm events.

Two outages that occurred in 2023 will be reviewed in the 2024 ERRA Compliance Proceeding namely an outage at the Belden Powerhouse that commenced in June 2023 and an outage at the Caribou 1 Powerhouse that commenced in July 2023.

We find that, with the exception of the two outages that will be reviewed in the 2024 ERRA Compliance Proceeding, PG&E operated its hydroelectric portfolio in a reasonable manner, in compliance with all applicable rules, regulations and Commission decisions, during the Record Year by maintaining a comprehensive management structure and by prudently overseeing the operation of its hydroelectric system.

4.1.2. Fossil Fuel Generation, Battery Energy Storage and Solar Generation

During the Record Year, PG&E owned, operated and maintained three fossil fuel generating stations, one battery energy storage project, and 10 ground-mounted PV solar stations. The three fossil fuel generating stations include the Gateway Generation Station, Colusa Generating Station and Humboldt Bay

Generating Station. The battery energy storage project is known as the Elkhorn Battery Energy Storage System. The 10 ground-mounted PV generation stations are known as 1) Vaca Dixon; 2) Westside; 3) Stroud; 4) Five Points; 5) Huron; 6) Cantua; 7) Giffen; 8) Gates; 9) West Gates; and 10) Guernsey Solar Station.

A forced outage is defined as an unplanned outage due to equipment failures, or the need for an urgent repair.[13] PG&E's fossil fuel generating facilities experienced 13 forced outages during the Record Year. The Gateway Generation Station experienced one forced outage. PG&E reported no forced outages at the Colusa Generating Station during the Record Year. The Humbolt Bay Generating Station experienced 12 forced outages during the Record Year.

The August 2, 2023 forced outage at the Humbolt Bay Generating Station unit 6 was caused by failure of the engine water pump bearings. Cal Advocates requested that PG&E hire a metallurgist to determine the cause of failure of the engine water pump bearings and provide that metallurgy analysis report into the next ERRA Compliance filing. Cal Advocates also sought PG&E's explanation for why it did not pursue compensation from the manufacturer of the equipment.[14]

PG&E responded that a cause evaluation was not necessary because this was the only forced outage caused by an engine water pump bearing failure in 13 years after 375,000 hours of operation. Moreover, PG&E disposed of the faulty bearings after it fixed the problem, so there is nothing for the metallurgist to test. As for seeking compensation from the manufacturer, PG&E typically rebuilds the pumps rather than purchasing new pumps. Therefore, the warranty on the pumps expired several years ago. Lastly, even if the pumps were still in their

[13] A forced outage differs from a planned outage, which is a scheduled outage usually for maintenance purposes.

[14] Exhibit PAO-01 at 3-45.

warranty period, the warranty would not cover consequential damages such as replacement power costs. PG&E offered that if there are repeated failures of the low temp engine water pump bearings in the future, it will conduct a cause analysis.[15]

We find that PG&E acted reasonably in addressing the outages at the Humbolt Bay Generating Station, including the August 2, 2023 forced outage of unit 6. We further direct that if the engine water pump bearings fail in the future at Humbolt Bay Generating Station, that PG&E conduct a cause evaluation and report the results in the next ERRA Compliance proceeding following the outage.

The Elkhorn Battery Storage facility, located at the Moss Landing Substation in Monterey County, stores energy for dispatch onto the grid as needed. It is a flexible resource that assists in reliability.[16] On February 6, 2023, Tesla performed an emergency critical control system update for the site controller and tested the site following the changes to the control system. This forced the Elkhorn Battery Storage facility out of service for roughly 45 hours.[17] PG&E also reported a fire at the facility in 2022.[18]

During the Record Year, PG&E's PV generating facilities were operated at maximum production and were included in the CAISO market subject to CAISO tariff provisions.[19] In approving PG&E's PV program, D.10-04-052 linked PV performance to recovery of operation and maintenance costs. Specifically, PG&E's PV generating facilities must operate minimally at 80 percent of

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[15] Exhibit PG&E-03 at 3-4.

[16] Exhibit PG&E-01 at 3-1.

[17] *Id*. at 3-25.

[18] *Ibid.* This event was also raised in PG&E's 2022 ERRA Compliance Proceeding.

[19] Exhibit PG&E-01 at 3-17.

expected output. Failure to do so, will be a factor in disallowing or refunding operation and maintenance costs to ratepayers. In the Record Year, PG&E's PV facilities operated at 70.7 percent of expected output. PG&E explained that but for CAISO's request that PG&E curtail output for economic dispatch purposes, PG&E PV output would have achieved 81.9 percent of expected output.[20] Accordingly, the Commission finds that because the reduced output was the result of CAISO curtailment requests, the reduced output does not warrant disallowing operation and maintenance costs.

The evidence shows that PG&E acted reasonably in addressing the outages at two of its fossil fuel facilities and the Elkhorn Battery Storage facility. In summary, the Commission finds that PG&E prudently managed its utility-owned fossil fuel generation, battery energy storage facility and solar generation facilities, in compliance with all applicable rules, regulations and Commission decisions.

4.1.3. Nuclear Generation

PG&E owns and operates the Diablo Canyon Nuclear Power Plant (Diablo Canyon) located in San Luis Obispo County. PG&E plans refueling and maintenance outages to properly operate and maintain Diablo Canyon. There were no forced outages in 2023.[21] The evidence supports our finding that PG&E operated Diablo Canyon in a reasonable manner during the Record Year.

4.2. Administration of QF and Non-QF Contracts

During the Record Year, PG&E managed 482 and settled 485 energy contracts. Net energy and RA payments totaled roughly $2.5 billion.

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[20] *Id*. at 3-18.

[21] Exhibit PG&E-01, chapter 4.

Additionally, PG&E managed 112 contracts for projects that began delivery or achieved commercial operation, entered into 50 contract amendments, and settled disputes resulting in the collection of roughly $11.4 million in damages.

The extensive testimony and work papers in the evidentiary record address PG&E's contract management, fuel procurement expenses and PG&E's electric portfolio hedging during the Record Year and support a finding that PG&E administered its QF and non-QF contracts reasonably, prudently, and in conformance with SOC 4 and its BPP.

5. Least Cost Dispatch

Least cost dispatch refers to a utility's dispatch of resources in a least-cost manner by using the most cost-effective mix of total resources and scheduling dispatch efficiently and strategically. In an ERRA compliance proceeding, the Commission considers whether the utility complied with SOC 4 that requires consideration of 1) whether the utility dispatched contacts under its control, 2) whether it disposed of economic long power, and purchased short power in a manner that minimizes ratepayer costs, and 3) whether the utility used the most cost-effective mix of total resources, thereby minimizing the cost of delivering electric services.

For the Record Year, PG&E provided the following: 1) an overview of the least cost dispatch in the CAISO Markets; 2) a description of the least-cost dispatch business process that includes billing and scheduling processes; 3) a summary of reports and tables documenting dispatchable thermal resources aggregated annual exception rates for incremental cost bid calculations, self-commitment decisions, master file data changes, and market and business process changes; and 4) a discussion of economically-triggered demand response programs including a discussion of economically dispatched demand response, the capacity bidding program with an annual summary of results, the smart air conditioning program, and the inaugural report on the Smart Thermostat Control Pilot program, for which 2023 was the first year for this pilot program.

PG&E's testimony demonstrated that it achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4 in the Record Year. Accordingly, the Commission finds that PG&E's least-cost dispatch in the Record Year was in compliance with Commission requirements, including SOC4.

6. ERRA BA and PABA Balancing Accounts

6.1. Reasonableness of ERRA and PABA account entries

In this proceeding, we review the ERRA BA for the actual ERRA revenues and electric procurement costs for revenue recovery from PG&E's bundled customers, except for bundled customers served under the Green Tariff Shared Renewables Program.[22] Revenues and Costs recorded in the ERRA BA include, in whole or in part, 1) customer revenues; 2) retained portfolio attribute value; 3) voluntary allocation and market offer; 4) minimum retained renewable portfolio standard value; 5) Reliability Order Instituting Rulelmaking Supply and Demand; 6) energy supply administration; 7) California Independent System Operator (CAISO) charges and revenues; 8) fuel costs; 9) contract costs; 10) greenhouse gas costs; and 11) miscellaneous costs.[23] PG&E's testimony demonstrates that it complied with all Commission decisions in recording entries into the ERRA BA.[24]

[22] *See* D.02-10-062, D.02-12-074 and Pub. Util. Code § 454.5(d)(3), as modified by D.18-10-019.

[23] Exhibit PG&E-01 at 13-2 to 13-5.

[24] Exhibit PG&E-01, chapter 13.

The PABA, established by D.18-10-019, is a two-way cost balancing account with subaccounts for each vintaged portfolio.[25] The purpose of the PABA is to record the above-market costs for all generation resources that are eligible for recovery through the Power Charge Indifference Adjustment (PCIA).[26] PCIA-eligible generation resources are assigned vintages based on the year PG&E commits to the resource. In 2023, the Commission did not approve any PCIA-eligible UOG facilities for PG&E and no construction commenced during the Record Year.[27] The PCIA assigns responsibility for vintages of generation resources to departing load based on the year that the customer departed from bundled service.[28] PG&E's testimony demonstrates that it complied with all Commission decisions in recording entries in the PABA appropriately and accurately.[29]

Upon review, we find that the entries recorded in the ERRA and PABA are reasonable, appropriate, accurate, and in compliance with Commission decisions.

7. Procurement of Greenhouse Gas Compliance Instruments and RA

7.1. Green House Gas Compliance Instruments

PG&E's BPP, as modified by Advice Letter 5473-E, details PG&E's procurement authority to comply with the Cap-and-Trade Program managed by

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[25] D.18-10-019, OP 7 contained a vintaged account structure that includes categories for billed revenues, generation resource costs, net CAISO market revenues related to energy and ancillary services , and revenues associated with the newable energy Adder and RA capacity.

[26] PG&E's PABA Electric Preliminary Statement Part HS. Both bundled customers and departing load customers pay PCIA costs.

[27] Exhibit PG&E-01 at 12-17.

[28] Exhibit PG&E-01 at 12-2.

[29] Exhibit PG&E-01, chapter 12.

the California Air Resources Board. The extensive record developed in this proceeding includes the parties' testimony and workpapers.[30] This evidence provided a sufficient showing that PG&E's procurement of Greenhouse Gas Compliance Instruments complied with its BPP, Commission directives and applicable tariffs. Accordingly, we find that PG&E's procurement of Greenhouse Gas Compliance Instruments complied with its BPP.

7.2. Resource Adequacy

RA requirements were developed in response to the 2000-2001 California energy crisis. The requirements obligate load serving entities to procure capacity, referred to as RA. Like all load serving entities, PG&E must procure sufficient RA to meet the system, flexible and local[31] RA requirements. Each load serving entity's RA requirements are set based on energy usage forecasts, and each load serving entity must report its compliance. Load serving entities report year-ahead procurement in annual filings due on October 31st of each year and month-ahead procurement 45 days prior to the compliance month.[32]

The Commission modified the RA requirements in 2021, effective 2022. The modifications obligated load serving entities to procure additional capacity to prepare for extreme heat during the summer months.[33] In 2023, the Commission also adopted several changes to the RA program to implement a 24-hour slice-of-day framework, local RA requirements for 2024-2026, flexible RA

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[30] Exhibit PG&E, chapter 7.

[31] Exhibit PAO-01 at 5-1 and 5-2. Commencing in 2023, in areas of California with Central Procurement Entities (CPEs), the CPEs procure all local RA requirements and load serving entities no longer receive local resource RA; however, adjustments will be made for load serving entities self-procurement.

[32] Exhibit PG&E-01 at 8-2.

[33] *See* D.21-02-028, D.21-03-056 and D.21-12-015.

requirements for 2024, and Phase 3 modifications to the RA program.[34] The Commission also extended the planning reserve margins first adopted in D.21-02-015 for the 2024 and 2025 RA years.[35]

Under PG&E's BPP, PG&E must submit quarterly compliance reports to the Commission for approval of certain purchases and sales of RA. PG&E must also hire an independent evaluator to assess monitoring, evaluation and reporting requirements on any electronic solicitations or requests for offers, including RA sales and certain RA purchases. PG&E's BPP requires that the independent evaluator's report be included in the quarterly compliance report in which PG&E seeks approval for a specific transaction. PG&E has not been providing independent evaluator reports in its quarterly compliance reports in cases where it is not seeking approval for executed transactions.[36]

Cal Advocates asserts that regardless of whether PG&E seeks approval for executed transactions, PG&E should submit the independent evaluator's report. Cal Advocates highlights the benefits of the independent evaluator's report including ensuring fair, open and transparent solicitations that are free from fraud, abuse, negligence, or gross incompetence. Additionally, these reports provide market driven, non-regulatory review in reviewing the solicitations and the particulars of energy and capacity markets. Cal Advocates further argues that "[b]y not including in the [quarterly compliance reports] the [independent evaluator] report for a solicitation in which the report was created, the Commission cannot make use of its value."[37]

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[34] *See* D.23-04-010 and D.23-06-029.

[35] *See* D.23-06-029.

[36] Exhibit PAO-01 at 5-9.

[37] *Ibid.*

Cal Advocates urges the Commission to clarify that PG&E must include independent evaluator reports in quarterly compliance reports for completed solicitations held during the quarterly reporting period regardless of whether the solicitation awards transactions.[38] PG&E agreed to include independent evaluator's reports but clarified that this only applies to independent evaluator reports that are required under the BPP.

We find that PG&E satisfied the requirements for purchase and sale of RA consistent with PG&E's BPP. We also direct PG&E to include BPP-required independent evaluator reports for completed solicitations held during the quarterly reporting period in its quarterly compliance reports, regardless of whether the solicitations award any transactions.

As discussed below, PG&E also serves as the central procurement entity for PG&E's distribution service area for the multi-year local resource adequacy program.

8. Recorded Entries in the Other BAs and Memorandum Accounts

8.1. Green Tariff Shared Renewables Memorandum Account and the Green Tariff Shared Renewables BA

Under D.15-01-051, PG&E must track administrative and marketing costs for the Green Tariff Shared Renewables program in a memorandum account. PG&E offers two Green Tariff Shared Renewables programs. The first is a green tariff program for customers under the name "PG&E's Solar Choice." The second is the "Regional Renewable Choice" program for developers. In 2023, no customers took service under the Regional Renewable Choice program tariff.

[38] *Id.* at 5.1.

Revenues received and actual expenses incurred from the Green Tariff Shared Renewables Program must be tracked in the Green Tariff Shared Renewables BA. In 2023, PG&E's Solar Choice program was oversubscribed, meaning that the resources required exceeded those dedicated to the program. The Commission therefore authorized PG&E to add the interim pool of renewable portfolio standard resources to support the Solar Choice Program.[39]

Upon review, we find that PG&E's testimony demonstrated that its entries for administrative and marketing costs in the Green Tariff Shared Renewables Memorandum Account and its entries into the Green Tariff Shared Renewables BA recorded during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.[40]

8.2. Disadvantaged Communities – Single Family Solar Affordable Homes BA

The Disadvantaged Communities – Single Family Solar Affordable Homes BA records the costs of the Disadvantaged Communities – Single Family Solar Affordable Solar Housing program.[41] This program supports the development of alternatives and adoption and growth of renewable generation in disadvantaged communities.

None of the entries in this account were contested. The evidentiary record in this proceeding supports the conclusion that the expenses PG&E recorded in the Disadvantaged Communities – Single Family Solar Affordable Homes BA were reasonable.[42] We find that the costs incurred and recorded in the

[39] CPUC Resolution E-5218, approving Advice Letter 6451-E, June 29, 2022.

[40] Exhibit PG&E-01, chapter 11.

[41] *See* D.18-06-027.

[42] Exhibit PG&E-01, chapter 15.

Disadvantaged Communities – Single Family Solar Affordable Homes BA during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives, and that it is reasonable for PG&E to recover the 2023 program management expenses in the amount of $49,113.[43]

8.3. Disadvantaged Community – Green Tariff BA

The Disadvantaged Community – Green Tariff BA (DCGTBA) records the costs of the Disadvantaged Community – Green Tariff program. This program offers eligible customers the choice of using clean energy without installing generation equipment or owning a home. It is available to customers in disadvantaged communities who meet income eligibility requirements for the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. The DCGTBA gives customers an additional 20 percent discount on their electricity bills in addition to the CARE and FERA discounts. The program has been fully subscribed since 2020.[44] PG&E demonstrated compliance with Commission directives related to this program, including CPUC Res. 4-999 and D.18-06-027.[45,46]

We find that PG&E's testimony demonstrated that its entries recorded in the DCGTBA during the Record Year are reasonable and are in compliance with applicable tariffs and Commission directives.[47]

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[43] Exhibit PG&E-01 at 15-4.

[44] Exhibit PG&E-01 at 5-2.

[45] CPUC Res. 4-999 required semi-annual request for offers to procure the full program capacity.

[46] D.18-06-027 required PG&E to file Advice Letters, which PG&E did to establish the DCGTBA and the Community Solar Green Tariff Balancing Account (CSGTBA) and to fund the BAs.

[47] Exhibit PG&E-01, chapter 5 at 5-1 to 5-5.

8.4. Community Solar Green Tariff BA

The Community Solar Green Tariff BA (CSGTBA) records the costs of the Community Solar Green Tariff program. While the program is structured similarly to the Disadvantaged Communities Green Tariff program, this program seeks more local engagement in community-developed solar projects. This program is available to CARE and FERA customers but opens participation to non-CARE and non-FERA customers once 50 percent or greater of the project has been subscribed to low-income customers. The CSGTBA gives participants a 20 percent discount. This program is designed to engage communities in developing solar projects within five miles of the participating customer's community, or within 40 miles in the San Joaquin Valley pilot community. The Community Solar Green Tariff program had no customers during the Record Year because customers will not be enrolled until the first Community Solar Green Tariff program comes online in 2024[48].

We find that PG&E's testimony demonstrated that its entries recorded in the CSGTBA during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.[49]

8.5. Centralized Local Procurement Sub-Account of the New System Generation BA

As the central procurement entity for the local RA program, PG&E may record and recover procurement and administrative costs.[50] PG&E has recorded these costs in the Centralized Local Procurement Sub-Account of the New

[48] Exhibit PG&E-01 at 5-6.

[49] Exhibit PG&E-01, chapter 5, at 5-5 to 5-7.

[50] *See* D.20-06-002.

System BA.[51] Commencing in 2023, PG&E procured local RA in its capacity as the central procurement entity for all load serving entities under the Commissions jurisdiction within the PG&E distribution service area.[52] The costs lodged in the Centralized Local Procurement Sub-Account of the New System BA are not in dispute in this proceeding.

The Commission finds PG&E's testimony demonstrated that its recorded costs in the Centralized Local Procurement Sub-Account of the New System Generation BA during the Record Year to be reasonable and in compliance with Commission decisions.

9. Conclusion

In conclusion, we find it reasonable to approve PG&E's 2023 ERRA Compliance Application.

10. Safety Considerations

No safety considerations were raised in the Application. Accordingly, the Commission finds that there are no safety considerations raised by the Application.

11. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no relevant public comments provided for this proceeding.

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[51] Exhibit PG&E-01, chapter 16.

[52] Exhibit PG&E-01 at 16-1.

12. Procedural Matters

This decision affirms all rulings made by the assigned ALJ and assigned Commissioner in this proceeding.

All motions not ruled on are deemed denied.

13. Comments on Proposed Decision

The proposed decision of ALJ Leah Goldberg in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on __________, and reply comments were filed on _____________ by ________________.

14. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Leah Goldberg is the assigned ALJ in this proceeding.

Findings of Fact

1. The 2023 Record Year extended from January 1, 2023 through December 31, 2023.
2. PG&E operates the following UOG types: 1) hydroelectric, 2) fossil fuel, 3) battery energy storage, 4) solar, and 5) nuclear.
3. PG&E's utility-owned hydroelectric portfolio consists of 61 powerhouses with 99 generating units with ancillary support facilities that include reservoirs, diversions, dams and water conveyance apparatus.
4. During the Record Year, PG&E owned, operated and maintained three fossil fuel generating stations, one battery storage energy project, and 10 ground-mounted PV solar stations.
5. PG&E's Gateway Generation Station, which is a fossil fuel generating facility, experienced one forced outage during the Record Year.

6. PG&E's Humbolt Bay Generating Station, a fossil fuel generating facility, experienced 12 forced outages during the Record Year.

7. During August 2023, Humbolt Bay Generating Station unit 6 was forced out of service because the engine water pump bearings failed.

8. PG&E owns the Elkhorn Battery Storage facility located in Monterey County.

9. On February 6, 2023, the Elkhorn Battery Storage facility was forced out of service for 45 hours while Tesla performed an emergency critical control system update for the site controller and tested the facility following the changes to the control system.

10. PG&E's PV generating facilities were operated at only 70.7 percent of expected output because CAISO requested that PG&E curtail output for economic dispatch purposes. Otherwise, PG&E's PV output would have achieved 81.9 percent of expected output.

11. PG&E owns and operates the Diablo Canyon Nuclear Power Plant.

12. There were no forced outages at the Diablo Canyon Nuclear Power Plant during the Record Year.

13. PG&E's testimony demonstrates that it operated Diablo Canyon Nuclear Power Plant in a reasonable manner during the Record Year.

14. PG&E is in the process of conducting cause evaluations on the outages at the Belden and Caribou 1 Powerhouse outages and two maintenance outages at Diablo Canyon Nuclear Power Plant during the Record Year.

15. During the Record Year, PG&E managed 482 and settled 485 energy contracts. Net energy and RA payments totaled roughly $2.5 billion. PG&E also managed 112 contracts for projects that began delivery or achieved commercial

operation, entered into 50 contract amendments, and settled disputes resulting in the collection of roughly $11.4 million in damages.

16. The evidentiary record supports a finding that PG&E reasonably and prudently administered its QF and non-QF contracts reasonably and in conformance with SOC4 and its BPP.

17. PG&E's testimony demonstrates that it achieved least cost dispatch of its energy resources and economically triggered demand response programs pursuant to SOC 4 in the Record Year.

18. PG&E's testimony demonstrates that it complied with all Commission decisions in recording entries into the ERRA BA appropriately and accurately during the Record Year.

19. In 2023, the Commission did not approve any PG&E PCIA-eligible UOG facilities and no construction commenced during the Record Year.

20. PG&E's testimony demonstrates that it complied with all Commission decisions in recording entries in the PABA appropriately and accurately.

21. PG&E has not provided independent evaluator reports in its quarterly compliance reports in cases where it has not sought approval for executed RA transactions.

22. The extensive record in this proceeding provides a sufficient showing that PG&E's procurement of Greenhouse Gas Compliance Instruments is in compliance with its BPP, Commission directives and applicable tariffs.

23. The evidentiary record in this proceeding supports a finding that PG&E satisfied the Commission's requirements for the purchase and sale of RA capacity consistent with PG&E's BPP.

24. PG&E offers two Green Tariff Shared Renewables Programs, namely "PG&E's Solar Choice," for customers and the "Regional Renewable Choice" program for developers.

25. In 2023, no customers took service under the Regional Renewable Choice program tariff.

26. PG&E's testimony demonstrated that its entries recorded in the Community Solar Green Tariff Shared Renewables Memorandum Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

27. PG&E's testimony demonstrated that its entries recorded in the Green Tariff Shared Renewables BA during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

28. The Disadvantaged Communities – Single Family Solar Affordable Homes BA records the costs of the Disadvantaged Communities – Single Family Solar Affordable Solar Housing program.

29. PG&E's testimony demonstrated that its entries into the Disadvantaged Communities-Single Family Solar Affordable Homes BA are reasonable and in compliance with applicable tariffs and Commission directives.

30. PG&E's testimony demonstrated that its entries recorded in the Disadvantaged Communities Green Tariff Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

31. The Community Solar Green Tariff program engages communities in developing solar projects within five miles of the participating customer's community, or within 40 miles in the San Joaquin Valley pilot community.

32. The Community Solar Green Tariff program had no customers during the Record Year because customers will not be enrolled until the first Community Solar Green Tariff program comes online in 2024.

33. PG&E's testimony demonstrated that its entries recorded in the Community Solar Green Tariff BA during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

34. PG&E recorded the procurement and administrative costs it incurred as a central procurement entity for local RA in the Centralized Local Procurement Sub-Account of the New System Balancing Account.

35. In 2023, PG&E procured local RA in its capacity as the central procurement entity for load serving entities under the Commission's jurisdiction within the PG&E distribution services area.

36. PG&E's testimony demonstrated that its recorded costs in the Centralized Local Procurement Sub-Account of the New System Generation BA during the Record Year to be reasonable and in compliance with Commission decisions.

37. No safety considerations were raised in the Application.

Conclusions of Law

1. PG&E operated its hydroelectric portfolio in a reasonable manner during the Record Year by maintaining a comprehensive management structure and by prudently overseeing operation of its hydroelectric system.

2. PG&E acted reasonably in addressing the 12 forced outages at the Humbolt Bay Generating Station, including the August 2, 2023 forced outage of unit 6.

3. Output of 70.7 percent of expected output from PG&E's PV facilities is the result of CAISO curtailment requests, and does not warrant disallowing operation and maintenance costs.

4. With the exception of outages at the Belden and Caribou 1 Powerhouse, which will be reviewed in PG&E's 2024 ERRA Compliance proceeding, PG&E reasonably and prudently managed its utility-owned fossil fuel generation, battery storage facility and solar generation facilities in compliance with all applicable rules, regulations and Commission decisions.

5. With the exception of two maintenance outages, which will be reviewed in in PG&E's 2024 ERRA Compliance proceeding, PG&E operated Diablo Canyon in a reasonable manner and in compliance with all applicable rules, regulations and Commission decisions.

6. PG&E reasonably and prudently administered its QF and non-QF contracts reasonably and in conformance with SOC 4 and its BPP.

7. PG&E achieved least cost dispatch of its energy resources and economically triggered demand response programs pursuant to SOC 4 in the Record Year.

8. The entries recorded in the ERRA BA are reasonable, appropriate, accurate, and in compliance with Commission decisions.

9. The entries recorded in the PABA are reasonable, appropriate, accurate, and in compliance with Commission decisions.

10. PG&E's procurement of Greenhouse Gas Compliance Instruments during the Record Year is in compliance with its BPP, Commission directives and applicable tariffs.

11. PG&E's procurement and sales of RA during the Record Year are in compliance with its BPP, Commission directives and applicable tariffs.

12. PG&E's entries recorded in the Green Tariff Shared Renewables Memorandum Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

13. PG&E's entries recorded in the Green Tariff Shared Renewables BA during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

14. PG&E's entries recorded in the Disadvantaged Communities-Single Family Solar Affordable Homes BA were reasonable and in compliance with applicable tariffs and Commission directives and that it is reasonable for PG&E to recover the 2023 program management expenses as recorded.

15. PG&E's entries recorded in the Disadvantaged Communities Green Tariff Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

16. PG&E's entries recorded in the Community Solar Green Tariff Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

17. PG&E's recorded costs in the Centralized Local Procurement Sub-Account of the New System Generation Balancing Account during the Record Year are reasonable and in compliance with Commission decisions.

18. It is reasonable to approve PG&E's 2023 ERRA Compliance application.

O R D E R

IT IS ORDERED that:

1. Application 24-02-012 is approved, consistent with the conclusions of law adopted in this decision.

2. If the Humbolt Bay Generating Station engine water pump bearing in unit 6 fails, Pacific Gas and Electric Company shall conduct a cause evaluation and report the results in the next Energy Resource Recovery Account Compliance proceeding following the outage.

3. Pacific Gas and Electric Company shall submit Bundled Procurement Plan-required independent evaluator reports for completed resource adequacy solicitations held during the quarterly reporting period in its quarterly compliance reports submitted to the Commission regardless of whether the solicitations award any transactions.
4. The Commission approves Pacific Gas and Electric Company's recovery of $49,113 for 2023 program management expenses in the Disadvantaged Communities-Single Family Solar Affordable Homes program.
5. Pacific Gas and Electric Company shall report on its finding from the cause evaluations on the outages at the Belden and Caribou 1 Powerhouse outages and two maintenance outages at Diablo Canyon Nuclear Powerplant during the Record Year in its next Energy Resource Recovery Account Compliance application.
6. The determination that hearings are necessary is changed to no hearings needed.
7. All rulings by the assigned Commissioner and the assigned Administrative Law Judges are affirmed.
8. Application 24-02-012 is closed.

This order is effective today.

Dated _____, at Sacramento, California