



FILED

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R2502005

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Update and Reform Energy Resource
Recovery Account and Power Charge
Indifference Adjustment Policies and
Processes.

Rulemaking 25-02-005

**ADMINISTRATIVE LAW JUDGES RULING SETTING
PREHEARING CONFERENCE, DIRECTING PARTIES TO MEET AND
CONFER, AND DIRECTING FILING OF A JOINT PREHEARING
CONFERENCE STATEMENT**

This ruling provides notice of and instructions for a prehearing conference (PHC) to be held in Rulemaking (R.) 25-02-005 on Friday, January 23, 2026, at 1:00 p.m. at the California Public Utilities Commission's (Commission) San Francisco Headquarters, 505 Van Ness Avenue, San Francisco, Hearing Room E. The ruling further directs parties to meet and confer to file and serve a joint PHC statement by Friday, January 16, 2026.

1. Procedural Background

On February 20, 2025, the Commission issued an Order Instituting Rulemaking (OIR) to address issues related to the Energy Resource Recovery Account (ERRA) and Power Charge Indifference Adjustment (PCIA) policies and processes. The OIR was filed as Rulemaking (R.) 25-02-005. In the OIR, the Commission adopted a preliminary scoping memo identifying issues to be considered in the proceeding and a preliminary schedule. The OIR preliminarily determined that the rulemaking should proceed in multiple tracks, with an initial

track to consider reforms to the Market Price Benchmark (MPB) element of the PCIA. The OIR delegated to the Assigned Commissioner authority to issue a scoping memo and ruling adopting the schedule for Track 1. The Assigned Commissioner issued a Track 1 scoping memo on April 8, 2025. The issues in Track 1 were resolved by Decision (D.) 25-06-039.

The issues preliminarily scoped for Track 2 in the OIR are broad. However, in the 2026 ERRA Forecast proceedings, the narrower issue of the appropriate valuation of renewable energy credits (REC) generated prior to January 1, 2019, and used for bundled service customer compliance, for the purpose of calculating the PCIA (Pre-2019 Banked RECs) emerged as exigent.¹ The Assigned Commissioner is considering a Track 2 that focuses on this and related issues, pursuant to the proposed schedule below. The Commission will seek party comments on the appropriate issues to be addressed in a Track 3 later in 2026.

2. Preparation for Discussion at Prehearing Conference

On preliminary review of the records in the 2026 ERRA forecast proceedings, the issues presented for consideration in Track 2 of this proceeding may be as phrased below. However, parties are invited to present alternative phrasing of the issues of the valuation of Pre-2019 Banked RECs at the PHC. Parties are invited to present additional issues for consideration, if they relate to the appropriate valuation of Pre-2019 Banked RECs used for bundled customer compliance in 2026 or later. Unrelated issues will not be scoped in Track 2.

At the PHC, parties should be prepared to briefly discuss initial positions on the appropriate valuation of Pre-2019 Banked RECs. To the extent that party

¹ See Decision (D.) 25-12-028, Decision Resolving Southern California Edison Company's 2026 Energy Resource Recovery Account-Related Forecast at 105. See also the Proposed Decision in Application (A.) 25-05-011, Pacific Gas and Electric Company's 2026 Energy Resource Recovery Account Related Forecast Revenue Requirement and 2026 Electric Sales Forecast at 24.

positions can be consolidated for presentation, please do so. Parties should also come prepared to discuss procedural steps they may be willing to take to effectuate the possibility of settlement. Finally, parties should be prepared to offer comment on the proposed schedule for Track 2 of this proceeding, as outlined below.

Parties requiring changes or additions to the official service list must complete the required “Addition/Change of Official Service List” form and send to both process_office@cpuc.ca.gov and reporting@cpuc.ca.gov prior to the PHC. Parties desiring expedited or daily transcripts should advise the Chief Hearing Reporter via email at reporting@cpuc.ca.gov, no later than three days prior to the PHC.

3. Preliminary Statement of Issues

1. Bundled service customers credited departed load customers for Pre-2019 Banked RECs in the year in which they were generated and banked. Some of those customers have since departed bundled service (“later departed load customers”).

Assuming, without deciding, that (1) without additional credits, those later departed load customers are no longer indifferent when Pre-2019 Banked RECs are used in 2026 and later for bundled customer compliance and/or (2) that bundled service customers are no longer indifferent if they must pay additional credits that they would not have paid but for additional customers leaving bundled service:

- a. How should the Commission equitably distribute the costs and benefits here at issue to arrive at a just and reasonable outcome?
- b. Does Issue (1)(a) rest on a faulty premise?
- c. Does the Pre-2019 Banked RECs valuation methodology adopted in Section 6.11.5 of D.25-12-008, resolving San Diego Gas & Electric Company’s 2026 ERRR Forecast proceeding, equitably distribute the costs and benefits

here at issue such that it can be adopted on an industry-wide basis?

2. Are there characteristics of RECs generated prior to January 1, 2019, that make them categorically different from RECs generated after January 1, 2019, such that they should not be valued using MPBs developed using data from later years?

4. Prehearing Conference Statement

This ruling directs parties to meet and confer prior to the PHC to discuss and attempt to reach agreement regarding the matters identified below and to prepare a Joint PHC Statement. This ruling further directs parties to file with the Docket Office and serve to the official service list the Joint PHC Statement by 5:00 p.m. on Friday, January 16, 2026. The Joint PHC Statement must identify and provide the following, including, if the parties cannot reach agreement on a matter, a statement describing the positions of the parties:

- The name, phone number and email address of individuals intending to speak at the PHC, and, in the case of multiple representatives for the same party, indicate who is designated as the primary party representative;
- Comments on proposed scope of issues to be addressed in Track 2 of the proceeding;
- Comments on proposed proceeding schedule;
- Material facts in dispute;
- Material legal disputes;
- The need for evidentiary hearings;
- Whether parties believe there is the potential for settlement;
- Whether parties are willing to engage in alternative dispute resolution should the Commission have such resources available; and;

- Other issues relevant to this proceeding that a party wants to discuss at the PHC.

5. Preliminary Track 2 Schedule

Event	Date
Track 2 Scoping Memo	Early February 2026
Opening Testimony	March 2, 2026
Reply Testimony	March 30, 2026
Evidentiary Hearing	April 28, 2026
Deadline to Present Settlement	May 15, 2026
Opening Briefs	May 22, 2026
Reply Briefs	June 5, 2026
Proposed Decision Issues	July 31, 2026
Opening Comments on Proposed Decision	August 20, 2026
Reply Comments on Proposed Decision	August 25, 2026
Proposed Decision Voting Meeting	September 3, 2026

IT IS RULED that:

1. A prehearing conference will be held at the Commission's San Francisco Headquarters on January 23, 2026, at 1:00 p.m. in Hearing Room E.
2. The parties shall meet and confer regarding the issues set forth above.
3. The parties shall file with the Docket Office and serve to the Service List the Joint PHC Statement by 5:00 p.m. on January 16, 2026.

Dated December 26, 2025, at San Francisco, California.

/s/ EILEEN ODELL
Eileen Odell
Administrative Law Judge