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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

ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING

The scoping memo and ruling issued on April 8, 2025, (Initial Scoping Memo) set forth the issues, need for a hearing, schedule, category and other matters necessary to scope this proceeding pursuant to Public Utilities Code section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules). This assigned Commissioner's amended scoping memo and ruling (Amended Scoping Memo) supersedes it, amends the scope of the Initial Scoping Memo, and updates the procedural schedule as set forth below. Unless stated otherwise in this Amended Scoping Memo, all rulings in the Initial Scoping Memo remain unchanged.

1. Procedural Background

The Commission initiated Rulemaking (R.) 25-02-005 in February 2025, to address issues related to the Energy Resource Recovery Account (ERRA) and the Power Charge Indifference Adjustment (PCIA) policies and processes. The Order Instituting Rulemaking (OIR) adopted a preliminary scope of 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 resource adequacy Market Price Benchmark (RA MPB) element of the PCIA. The OIR directed the parties to file opening comments on the OIR within 20 days and reply comments within 35 days of issuance of the OIR. The OIR delegated to the assigned Commissioner authority to issue a scoping memo and ruling adopting the schedule for Track One. Track One issues were resolved via Decision (D.) 25-06-049.

The issues preliminarily scoped for Track Two in the OIR are broad. However, in the 2026 ERRR Forecast proceedings, the narrower issue of the appropriate valuation of renewable energy certificates (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.

On December 26, 2025, the assigned Administrative Law Judge (ALJ) issued a ruling setting a prehearing conference (PHC) for a Track Two in this Rulemaking, and listing preliminary issues related to the appropriate valuation of Pre-2019 Banked RECs and related use of the Renewables Portfolio Standard (RPS) MPB when calculating a utility's PCIA. This ruling directed parties to prepare a joint PHC statement and to appear for a PHC.

On January 16, 2026, Southern California Edison Company (SCE) filed a joint PHC statement on behalf of itself and other parties to this proceeding that participated in a January 12, 2026, meet-and-confer.¹

¹ Representatives from the following parties attended the January 12, 2026, meet-and-confer: Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E); 3 Phases Renewables, Inc. (3 Phases); Alliance for Retail Energy Markets (AReM); BP Energy Retail Company California LLC (BP Energy); California Community Choice Association (CalCCA); California Large Energy Consumers Association (CLECA); the Coalition of California Utility Employees (CUE); California Choice Energy Authority (Cal Choice); Direct Access Customer Coalition (DACC); Pioneer Community Energy (Pioneer) the Public Advocates Office at the California Public Utilities Commission (Cal

Footnote continued on next page.

A PHC was held on January 23, 2026, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving Track Two, and address other matters as necessary. After considering the joint PHC statement and discussion at the PHC, I have determined the issues and initial schedule of Track Two of the proceeding to be set forth in this amended scoping memo. I have also determined that no environmental and social justice issues have been raised at this time.

2. Issues

Under a previous PCIA methodology, bundled service customers credited departing load customers for Pre-2019 Banked RECs in the year in which they were forecast to be generated. Some of those bundled customers have since departed bundled service (“Later Departing Customers”). The previous PCIA methodology did not require credits to the PCIA when bundled service customers used banked RECs in later years for RPS compliance. The Commission changed its methodology for valuing RECs when calculating a utility’s PCIA in D.18-10-019 and D.19-10-001.

The issues to be determined or otherwise considered are:

1. Is the proposal to value Pre-2019 Banked RECs at a value other than zero dollars consistent with applicable law and Commission precedent? This question includes but is not limited to the following sub-questions:
 - a. Do the indifference principles and mandate to prevent cost shifts contained in Public Utilities Code Sections 365.2, 366.2, and 366.3 and prior Commission Decisions require that when an Investor Owned Utility (IOU) uses Pre-2019 Banked RECs for compliance on behalf of its bundled service customers, Later Departing Customers

Advocates); Shell Energy North America US, L.P. (Shell); and The Utility Reform Network (TURN).

must receive a credit from bundled service customers for the use of the Pre-2019 Banked REC?

- b. Are there potential “downstream” consequences or other policy considerations stemming from the proposal to value Pre-2019 Banked RECs at a value other than zero dollars that would render the proposal unreasonable pursuant to Public Utilities Code section 451, or any other statute or Commission decision?
 - c. Are there characteristics of RECs generated prior to January 1, 2019, that make them categorically different from RECs generated after January 1, 2019, impacting whether it is reasonable for the Commission to adopt a valuation methodology for Pre-2019 Banked RECs that assigns them other than a zero-dollar valuation?
 - d. Did bundled service customers who paid the cost of RECs at the time they were generated and banked under the methodology in effect prior to adoption of the methodology adopted in D.19-10-001 permanently give up their claim to those RECs if they departed from bundled service while those RECs were still retained by an IOU?
2. If the answer to Issue 1 is determined to be yes, should the Commission direct IOUs to apply a value other than zero dollars when Pre-2019 Banked RECs are valued for ratemaking in the 2026 and later ERRRA Forecast proceedings? If so, how should such value be determined and allocated while adhering to indifference principles for all customers? This question includes but is not limited to the following sub-questions:
- a. Is it reasonable for RECs generated prior to January 1, 2019, to be valued using MPBs developed using data from later years? If not, is there another value that would be appropriate?
 - b. Does the methodology used to allocate the value of RECs, expenses, or revenues from RPS-eligible resources prior to 2019 impact the manner or extent to

which the Commission should allocate the value of Pre-2019 Banked RECs to bundled and unbundled customers, and, if so, how?

- c. If the Commission is to establish a valuation for Pre-2019 Banked RECs other than zero dollars, how should the Commission modify the PCIA ratemaking, balancing accounts, and/or tariffs to effectuate the valuation?

Other issues will be addressed in Track Three of this proceeding, the scope of which will be determined at a later date.

3. Need for Evidentiary Hearing

Parties have indicated that there may be contested material issues of fact related to the issues scoped into this proceeding. Accordingly, evidentiary hearings may be needed. At this time, I determine that evidentiary hearing is not needed, unless, following the service of testimony and the Rule 13.9 Joint Case Management Statement, an assigned ALJ determines that an evidentiary hearing shall be held. The need for evidentiary hearing will be determined by an assigned ALJ and further instructions provided following receipt of the Joint Case Management Statement.

4. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the rulemaking:

Event	Date
Opening Testimony Served	March 2, 2026
Reply Testimony Served	March 23, 2026
Potential Staff Proposal Issued	Not later than March 27, 2026
Rule 13.9 Joint Case Management Statement	April 21, 2026

Evidentiary Hearing, if Needed	April 28, 2026
Deadline to Present Settlement	May 15, 2026
Opening Briefs/Concurrent Opening Comments on Staff Proposal	May 22, 2026
Reply Briefs/Concurrent Reply Comments on Staff Proposal	June 5, 2026
Proposed Decision Issues	By July 31, 2026
Commission Decision	September 3, 2026

To ensure efficient use of Commission and parties' time, parties must prepare a Joint Case Management Statement, summarizing the results of the Rule 13.9 duty to meet and confer. The purpose of the April 21, 2026, Joint Case Management Statement requirement is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, to ascertain the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated witnesses and exhibits.

As noted at the PHC, there may be Commission resources available to issue a staff proposal that is informed by opening and reply testimony. If so, parties are to present comments on the staff proposal concurrently with briefs, per the schedule above.

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.²

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

In the OIR, the Commission preliminarily determined that this proceeding should be categorized as ratesetting.³ The Initial Scoping Memo confirmed the ratesetting categorization for Track One of this proceeding.

This ruling confirms for Track Two the Commission's preliminary determination that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

² <https://www.cpuc.ca.gov/PUC/adr/>

³ Order Instituting Rulemaking at 26.

7. Service of Amended Scoping Memo

Given the overlap of issues in the Amended Scoping Memo and D.18-10-019 and D.19-10-001 and the potential for the need to modify one or both of these decisions, this Amended Scoping Memo will be served on the service list for R.17-06-026, in which these decisions were adopted. Service of the Amended Scoping Memo does not confer party status or place any person who has received such service on the official service list for this proceeding.

The OIR has previously been served on the service list for R.17-06-026. Instructions related to participation in this proceeding may be found in Section 11, below, and in the OIR.

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by February 22, 2026, 30 days after the PHC.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an email to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.⁴

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Parties are exempted from the Rule 1.10 requirement to serve both an electronic and a paper copy of filed or served documents on the ALJs. Only electronic copies should be served on the ALJs.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an

⁴ The form to request additions and changes to the Service list may be found at <https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Eileen Odell and Maria Sotero are the assigned ALJs and presiding officers for the proceeding.

IT IS RULED that:

1. The scope of Track Two of this proceeding is described above and is adopted.
2. The schedule of Track Two of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is not needed; however, this determination is modified to “an evidentiary hearing is needed” if ultimately one is scheduled to resolve factual issues in dispute that pertain to Track Two of this proceeding.
4. The presiding officers are Administrative Law Judges Eileen Odell and Maria Sotero.
5. The category of Track Two of the proceeding is ratesetting.

6. This Amended Scoping Memo shall be served on the service list in Rulemaking 17-06-026.

Dated February 3, 2026, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner