



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

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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, 2025

Application No. A.26-02-____

(U 39 E)

APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) 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, 2025

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I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) submits this *Application 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, 2025* (2025 ERRA Compliance, or Application), pursuant to California Public Utilities Code Section 454.5(d), Rules 2.1 and 3.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), and relevant Commission decisions.

PG&E respectfully requests that the Commission find that during the record period PG&E complied with its Commission-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, resource adequacy sales, and least-cost dispatch of electric generation

resources. PG&E requests that the Commission find that during the record period PG&E managed its utility-owned generation (UOG) facilities reasonably. However, for the reasons discussed in Section VII below, PG&E specifically requests that the Commission expressly exclude review of Diablo Canyon Power Plant (DCPP) extended operations from the scope of this proceeding.

PG&E requests that the Commission find that the record period expenditures in the Green Tariff Shared Renewables Memorandum Account (GTSRMA) were reasonable and that the record period entries in the Portfolio Allocation Balancing Account (PABA), Energy Resources Recovery Account (ERRA), Green Tariff Shared Renewables Balancing Account (GTSRBA), DAC-SASH balancing account (DAC-SASHBA), and Disadvantaged Communities Green Tariff Balancing Account (DACGTBA) were consistent with applicable tariffs and Commission directives.

In accordance with PG&E's stipulation on the record in its 2024 ERRA Compliance case (A.25-02-013) to include in future cases review of its Modified Transition Cost Balancing Account, Bioenergy Market Adjustment Tariff Non-bypassable Charge Account, Tree Mortality Non-bypassable Charge Balancing Account, and New System Generation Balancing Account, PG&E presents for review its record period entries to those accounts. PG&E also requests that the Commission find that the entries to those accounts were consistent with applicable tariffs and Commission directives.

PG&E also presents for the Commission's review the Central Procurement Entity's administrative costs recorded to the Centralized Local Procurement Sub-Account (CLPSA) in the New System Generation Balancing Account (NSGBA), pursuant to D.20-06-022.

II. BACKGROUND

In 2002, the California Legislature and the Commission established the regulatory framework for PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (collectively, the utilities) to resume electricity procurement,

beginning January 1, 2003. Public Utilities Code Section 454.5(d)(2) provided for a procurement plan that would:

Eliminate the need for after-the-fact reasonableness reviews of an electrical corporation's actions in compliance with an approved procurement plan, including resulting electricity procurement contracts, practices, and related expenses. However, the commission may establish a regulatory process to verify and assure that each contract was administered in accordance with the terms of the contract, and contract disputes which may arise are reasonably resolved.

In Decision (D.) 02-10-062, the Commission implemented Section 454.5(d) by establishing ERRA balancing accounts for PG&E and the other utilities, requiring the utilities to track fuel and purchased power revenues against actual recorded costs,¹ and to establish an annual ERRA compliance review for the previous year. Since D.02-10-062 was issued, the Commission has addressed PG&E's ERRA compliance applications in a number of proceedings.² In 2018, the Commission significantly modified the ERRA balancing accounts and created a new balancing account to track the above-market costs and revenues associated with the utilities' electric portfolios, called the Portfolio Allocation Balancing Account (PABA) in D.18-10-019. Pursuant to that decision, PG&E also presents the PABA in this Application.³

In D.15-10-031, the Commission approved PG&E's 2014 BPP. PG&E updates the BPP to respond to market activity and seeks Commission approval via Advice Letter. The Conformed 2014 BPP is included as workpapers to the testimony.

^{1/} The ERRA records energy costs associated with serving bundled electric customers. The Ongoing Competition Transition Charge (CTC) consists of eligible contract arrangements entered into before December 20, 1995, and QF contract restructuring costs. Ongoing CTC costs are recorded in the Modified Transition Cost Balancing Account (MTCBA).

^{2/} See D.05-04-036 (January through May 2003); D.05-07-015 (June through December 2003); D.05-11-007 (2004); D.06-12-009 (2005); D.07-11-027 (2006); D.08-10-002 (2007); D.09-12-002 (2008); D.11-07-039 (2009); D.13-10-041 (2010); D.14-01-011 (2011); D.15-05-006 (addressing least-cost dispatch issues from the 2010 ERRA compliance proceeding); D.15-12-015 (modifying D.15-05-006); D.16-04-006 (2012); D.18-05-025 (2013); D.16-12-045 (2014); D.17-03-021 (2015); D.18-05-004 (2016); D.19-02-005 (2017); D.20-02-006 (2018), D.21-07-013 (2019, Phase I), and D.22-04-041 (2020, Phase 1).

^{3/} D.18-10-019, pp. 161-162, Ordering Paragraph (OP) 8 directs that PABA entries be reviewed in each utility's annual ERRA Compliance proceeding.

In D.20-06-002, the Commission ordered PG&E to serve as the Central Procurement Entity (CPE) in PG&E's distribution service territory. The CPE is responsible for procuring all required Local Resource Adequacy on behalf of Commission-jurisdictional load serving entities in its distribution service area. PG&E, as CPE, was also ordered to report certain CPE-related items in its ERRA Compliance applications, including the administrative costs incurred in a Centralized Local Procurement Balancing Account sub-account of the NSGBA (CLPSA). In D.20-12-006, the Commission specified that CPE-related confidential, market-sensitive information should be filed in separate chapters. While not confidential or market-sensitive information, the presentation of administrative costs recorded to CLPSA is provided in a separate chapter in testimony.

The ERRA regulatory process includes two annual proceedings. The first is an annual ERRA Compliance proceeding to review the utility's compliance with Commission-approved standards for generation-procurement and cost recovery activity occurring in the preceding year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries. The second is an annual "ERRA Forecast" proceeding, which sets generation rates for the coming year based on a forecast of the utility's electric procurement cost revenue requirement and electricity sales. PG&E's most recent ERRA Forecast proceeding, for forecast year 2026, was filed as Application (A.) 25-05-011.

III. STANDARD OF REVIEW AND COMMISSION REQUIREMENTS

The Commission has issued a number of decisions discussing the standards of review for specific aspects of the utilities' ERRA Compliance applications, as well as requirements for additional information that should be included in ERRA Compliance applications. In general, PG&E has the burden of proof in ERRA Compliance proceedings and satisfies that burden based on a preponderance of the evidence.⁴ In addition to this general principle regarding the burden of proof, the Commission has also adopted specific standards of review for various aspects of the

^{4/} D.16-04-006, p. 11.

ERRA Compliance application. Below, PG&E provides an overview of the standards of review for this Application, as well as Commission requirements for additional information and materials to be included in PG&E's ERRA Compliance application, testimony, and workpapers.

A. Least-Cost Dispatch

The standard of review for achieving least-cost dispatch under Standard of Conduct 4 (SOC 4) is compliance with the bundled procurement plan and applicable Commission Decisions.⁵ PG&E's 2014 Bundled Procurement Plan was approved in D.15-10-031 and was in effect during the 2025 record period.

PG&E's burden of proof to demonstrate compliance is established by various Commission Decisions and Settlement Agreements. In D.15-05-006, as modified by D.15-12-015, the Commission adopted, with minor modifications, the *Joint Utilities' Proposal for the Demonstration of Least-Cost Dispatch*⁶ and also required the utilities to include information identified in the *Metrics for Demand Response* proposed by the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), formerly the Office of Ratepayer Advocates.⁷ The Commission consolidated the joint utilities' proposal, with modifications, and Cal Advocates' demand response metrics in Attachment A to D.15-12-015.

In addition, PG&E and Cal Advocates entered into settlement agreements in the 2014 ERRA Compliance proceeding (2014 ERRA Settlement) and 2015 ERRA Compliance proceeding (2015 ERRA Settlement) that included agreements related to the least-cost dispatch and demand response showings in future ERRA Compliance proceedings.⁸ The Commission approved the 2014 ERRA Settlement in D.16-12-045 and the 2015 ERRA Settlement in

⁵/ See D.03-06-076, p. 25; D.05-01-054, p. 13; and D.11-10-002, p. 5.

⁶/ D.15-05-006, p. 16, OP 1 and p. 17, OP 3.

⁷/ The Office of Ratepayer Advocates was renamed the Public Advocates Office of the California Public Utilities Commission pursuant to Senate Bill No. 854, which was enacted on June 27, 2018 (Chapter 51, Statutes of 2018).

⁸/ See *Pacific Gas and Electric Company's and the Office of Ratepayer Advocates' Motion for Approval of Proposed Settlement*, A.15-02-023, filed September 10, 2015 and *Joint Motion of Pacific Gas and Electric Company (U 39 E) and the Office of Ratepayer Advocates for Approval of Proposed Settlement*, A.16-02-019, filed November 16, 2016.

D.17-03-021. PG&E's showing in this Application is consistent with the Commission's requirements in D.15-05-006 and D.15-12-015 and incorporates the least-cost dispatch and demand response requirements from the 2014 and 2015 ERRA Settlements. The least-cost dispatch and demand response showing for the record period is included in Chapter 1 of PG&E's Prepared Testimony and the detailed workpapers associated with Chapter 1.

B. Utility-Owned Generation Operation

With regard to the operation of UOG resources, the Commission has applied a reasonable manager standard.⁹ Under the reasonable manager standard,

utilities are held to a standard of reasonableness based upon the facts that are known or should have been known at the time. The act of the utility should 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.¹⁰

The utility has the burden of proof to show that the reasonable manager standard has been met. For purposes of this Application, Chapters 2 through 4 of PG&E's Prepared Testimony and corresponding workpapers satisfy PG&E's burden of proof that it operated its UOG facilities in compliance with the Commission's reasonable manager standard. PG&E recommends that the Commission defer review of outages at the following facilities, which remain on outage as of the end of the 2025 record period: Bucks Creek, Unit 2; Cresta Powerhouse, Unit 2; and Elkhorn Battery Energy Storage System. This approach is consistent with previous ERRA Compliance applications, where a complete record of the UOG outage is still in development at the end of the record period.¹¹

⁹/ D.11-10-002, p. 11; D.16-04-006, pp. 11-12.

¹⁰/ D.11-10-002, p. 11, fn. 2 (quoting D.90-09-088, 37 CPUC 2d 488, 499 (1990)); D.16-04-006, p. 12.

¹¹/ See *Assigned Commissioner's Scoping Memo and Ruling*, A.21-03-008 (PG&E's 2020 ERRA Compliance Application) (June 21, 2022), pp. 5-6, that authorized review of the Diablo Canyon Unit 2 outages to occur in a future ERRA Compliance application when root cause evaluations would be completed; and *Assigned Commissioner's Scoping Memo and Ruling*, A.18-02-015 (PG&E's 2017 ERRA Compliance Application) (May 14, 2018) p. 2, that authorized review of the Humboldt Bay Generating Station Unit 3 and the Pit 5 Unit 4 Hydro Station outages to occur in a future ERRA Compliance application when a complete record could be developed.

Out of an abundance of caution, PG&E has included testimony regarding DCPD extended operations, however review of DCPD extended operations should be excluded from the scope of this proceeding as discussed in Section VII, below.

C. Contract Administration, Fuel Costs, and Hedging

With regard to contract administration, the Commission reviews whether procurement contracts have been administered prudently and in compliance with the contract provisions.¹² In Chapter 9 of the Prepared Testimony and the corresponding workpapers, PG&E demonstrates that it prudently administered its contracts.

PG&E recovers fuel costs associated with its UOG facilities and certain third-party contracts and hedging costs through PABA or ERRA. PG&E demonstrates compliance specifically with its BPP hedging plan through its discussion of electric portfolio hedging activities that occurred during 2025 and describing its internal procedures and controls.¹³ These fuel cost and hedging compliance showings are in Chapter 6 of the Prepared Testimony.

D. GHG Compliance Instrument Procurement

In D.12-04-046, the Commission authorized PG&E to procure allowances and offsets necessary to meet its Greenhouse Gas (GHG) compliance obligations. The Commission reviews whether PG&E's GHG compliance instrument procurement complies with its GHG Procurement Plan, as set forth in its BPP.¹⁴ In addition to demonstrating compliance for GHG instrument procurement, PG&E provides an analysis on its contract management decision to financially settle or physically settle tolling agreements, pursuant to its 2017 ERRA Settlement Agreement approved by the Commission in D.19-02-005. Contract management decisions are assessed using the reasonable manager standard, as described in Section III.C. PG&E's GHG procurement compliance showings are in Chapter 7 of the Prepared Testimony.

^{12/} D.11-07-039, p. 9; see also D.16-04-006, p. 12 (“‘prudent’ management is the same as the ‘reasonable’ manager standard”).

^{13/} D.11-07-039, OP 3.

^{14/} D.18-05-025, p. 48.

E. Resource Adequacy Sales

In Resolution E-4998, the Commission approved PG&E’s BPP Appendix S, which established a framework for resource adequacy sales conduct. Consistent with the “compliance review” standard used for assessing PG&E’s conduct on other BPP activities, PG&E requests that this standard of review extend to Appendix S. PG&E’s compliance with Appendix S is demonstrated in Chapter 8.

F. Energy Resource Recovery Account

The ERRA Balancing Account is audited by the Commission to ensure that recorded entries are reasonable, accurate, and consistent with Commission decisions. PG&E requests the Commission find its recorded entries to ERRA are appropriate, correctly stated, and in compliance with Commission decisions, as demonstrated in Chapter 13 and related workpapers.

G. Portfolio Allocation Balancing Account

The Commission established the PABA in D.18-10-019. The PABA is a two-way cost balancing account that trues up the above-market forecast of generation resources recovered through the Power Charge Indifference Adjustment (PCIA) with actual recorded costs and revenues. D.18-10-019 directed that “the accuracy of the entries into the vintage subaccounts” be reviewed in each utility’s ERRA compliance proceeding. PG&E requests that the Commission find its recorded entries to PABA are accurate, as demonstrated in Chapter 12.

H. Other Balancing Accounts and Memorandum Accounts

1. Green Tariff Shared Renewables Memorandum Account

In D.15-01-051, the Commission approved the Green Tariff Shared Renewables (GTSR) Programs for PG&E, SCE, and SDG&E. The Commission established a GTSRMA for each utility to cover administrative and marketing costs associated with the utility’s GTSR program.¹⁵ The reasonableness of costs recorded in a utility’s GTSRMA is subject to review in the utility’s

¹⁵/ D.15-01-051, pp. 112-115.

ERRA compliance proceedings.¹⁶ Chapter 11 of the Prepared Testimony describes the amounts incurred and recorded in PG&E's GTSRMA during the record period.

2. Green Tariff Shared Renewables Balancing Account

In D.15-01-051, the Commission also established the GTSRBA.¹⁷ Chapter 11 also describes the amounts incurred and recorded in the GTSRBA during the record period, demonstrating that they complied with applicable tariffs and Commission directives.

3. Disadvantaged Community – Single Family Solar Affordable Homes Balancing Account

In D.18-06-027, the Commission also directed PG&E to establish the two-way DACSASHBA to track the DAC SASH program budget. Chapter 15 also describes the amounts incurred and recorded in the DACSASHBA during the record period, demonstrating that they complied with Commission directives.

4. Disadvantaged Community – Green Tariff Balancing Account

In D.18-06-027, the Commission directed PG&E to establish the two-way DACGTBA to track costs related to the implementation and operation of the Disadvantaged Community - Green Tariff (DAC-GT) program. Chapter 5 describes the amounts recorded in the DACGTBA for expenses incurred during 2025, demonstrating that they complied with Commission directives.

5. Centralized Local Procurement Sub-Account

In D.20-06-002, the Commission ordered PG&E to serve as the CPE for PG&E's distribution service area for the multi-year Local RA program. The Commission further directed PG&E to establish the CLPSA as a sub-account of the New Generation Services Balancing Account and submit its administrative costs associated with central procurement for review in ERRA Compliance. Chapter 16 describes the amounts incurred and recorded to the CLPSA during the 2025 record period.

^{16/} D.15-01-051, p. 113.

^{17/} D.15-01-051, pp. 172-173, Finding of Fact 136 and 145.

6. Modified Transition Cost Balancing Account

The MTCBA records ongoing transition costs associated with procurement, and other costs authorized by the Commission, as defined by Public Utilities Code Section 367(a)(1)-(6). Chapter 18 describes the authorized activity in this balancing account during the 2025 record period.

7. Bioenergy Market Adjustment Tariff Non-Bypassable Charge Account

PG&E Advice Letter 5966-E, submitted October 1, 2020, established the BNBCBA. The purpose of the BNBCBA is to record and recover net costs of PG&E's Bioenergy Market Adjusting Tariff (BioMAT) contracts in compliance with Senate Bill (SB) 1122 and D.20-08-043 revising the BioMAT program. Chapter 18 describes the authorized activity in this balancing account during the 2025 record period.

8. Tree Mortality Non-Bypassable Charge Balancing Account

D.18-12-003 established a non-bypassable charge associated with tree mortality procurement. The TMNBCBA recovers electric procurement costs of Power Purchase Agreements related to tree mortality in compliance with Senate Bill 859 and Resolutions E-4770 and E-4805, defined in D.18-12-003. Chapter 18 describes the authorized activity in this balancing account during the 2025 record period.

9. New System Generation Balancing Account

The Commission authorized the NSGBA in D.10-12-035, which PG&E implemented via Advice Letter 3922-E, approved December 2011. The NSGBA is used to record the benefits and costs of Power Purchase Agreements associated with generation resources that the Commission has determined should be allocated to all benefiting customers, including bundled service, Direct Access, and Community Choice Aggregation customers. The NSGBA has subaccounts for each eligible PPA or category of generation resources where net capacity costs are recoverable on a non-bypassable basis. Chapter 19 describes the authorized activity recorded to this balancing account during the 2025 record period.

IV. ADDITIONAL ERRA COMPLIANCE APPLICATION REQUIREMENTS

In recent years, a number of Commission decisions and/or settlements in earlier ERRA Compliance proceedings have required specific items to be included in ERRA Compliance applications. In addition to the items described above, PG&E is providing in its Prepared Testimony and/or workpapers information consistent with Commission directives and/or earlier settlements. The following table summarizes additional ERRA Compliance Application requirements adopted by the Commission in decisions or when it approved settlements, including the subject area, a brief description, source of the requirement, and the location in PG&E’s testimony or workpapers.¹⁸ The requirements are organized chronologically to reflect when they were adopted by the Commission:

Subject Area	Description	Source of Requirement	Location in Prepared Testimony or Workpapers
Hedging	Include a “high level discussion of [PG&E’s] internal procedures and controls for ensuring compliance with Commission-approved hedging plans.”	D.11-07-039, OP 3	Chapter 6
STARs Alliance Costs	STARs Alliance activities and operating costs.	D.12-05-010, OP 3	Chapter 6 and associated workpapers
Audit Plan	Provision of a draft audit plan to Cal Advocates in November and meetings to review the draft audit plan.	D.14-01-011, Attachment A, §2.4.1 (2011 ERRA Settlement)	Provided to Cal Advocates on December 2, 2024
Least-Cost Dispatch	Review and document material changes to LCD business processes.	D.14-01-011, Attachment A, §2.4.2 (2011 ERRA Settlement)	Chapter 1 and associated workpapers

^{18/} In addition to the items listed in the table, PG&E previously reported FuelCo activities in its ERRA Compliance applications pursuant to D.05-09-006, Attachment A (Settlement Agreement, 4). However, as stated in PG&E’s ERRA Compliance Application for 2022 and supporting testimony (A.23-02-18), FuelCo formally dissolved in December 2021. Accordingly, there are no FuelCo activities to report.

Subject Area	Description	Source of Requirement	Location in Prepared Testimony or Workpapers
Least-Cost Dispatch	Document review and justify changes to LCD models.	D.14-01-011, Attachment A, §2.4.2 (2011 ERRA Settlement)	Chapter 1 and associated workpapers
ERRA Balancing Account	Audit of ERRA balancing account.	D.14-01-011, Attachment A, §2.4.3 (2011 ERRA Settlement)	Chapter 13 ¹⁹
UOG Outages	PG&E will address UOG outages and associated fuel costs, if applicable, in future ERRA Compliance proceedings.	D.14-01-011, Attachment A, §2.4.4 (2011 ERRA Settlement)	Chapters 2-4, 6 and associated workpapers
Least-Cost Dispatch	Include LCD showing and metrics for economically-triggered demand response programs.	D.15-05-006 and D.15-12-015	Chapter 1 and associated workpapers
Green Tariff Shared Renewables	Review GTSR Program administration and marketing costs for the record period in memorandum account.	D.15-01-051 at p. 113	Chapter 11 and associated workpapers
Green Tariff Shared Renewables	Review GTSR balancing account entries, including true-up of costs and revenues.	D.15-01-051, Conclusion of Law 59	Chapter 11
Least-Cost Dispatch	Specified Demand Response Program Metrics included in least- cost dispatch chapter.	D.16-12-045, Attachment A, Settlement § 2.1 (2014 ERRA Settlement)	Chapter 1
Least-Cost Dispatch	Evaluation of price forecast accuracy for all days of record period.	D.16-12-045, Settlement § 2.3	Chapter 1 and associated workpapers
Least-Cost Dispatch	Description of decision-making process re use of proxy or registered costs for resources.	D.16-12-045, Settlement § 2.4	Chapter 1
Least-Cost Dispatch	Information regarding resources that did not have bids submitted.	D.16-12-045, Settlement § 2.5	Chapter 1 (non-specific, non-confidential); Workpapers (specific, confidential)

^{19/} D.14-01-011, p. 22, OP 6 and the 2011 ERRA Settlement § 2.4.3 require an ERRA balancing account audit every four (4) years, with the results included in the ERRA compliance application that immediately follows the completion of the audit. The last audit was performed in 2022 for the 2021 record period.

Subject Area	Description	Source of Requirement	Location in Prepared Testimony or Workpapers
Least-Cost Dispatch	PG&E and Cal Advocates to work informally to address hydro-self-scheduling documentation and information concerning dispatchable renewable resources to be included in future ERRA Compliance applications.	D.16-12-045, Settlement §§ 2.7-2.8	Chapter 1
Demand Response	Definition of “operational constraints” as a reason not to dispatch when DR program economic triggers are met.	D.16-12-045, Settlement § 3.2	Chapter 1
Demand Response	General set of guidelines for situations in which “customer fatigue” may occur in connection with DR programs.	D.16-12-045, Settlement § 3.2	Chapter 1
Demand Response	Definition of “opportunity cost” as a reason not to dispatch DR programs when economic triggers are met.	D.16-12-045, Settlement § 3.6	Chapter 1
Demand Response	Develop quantitative opportunity cost measure as a metric.	D.16-12-045, Settlement §§ 3.8-3.9	Chapter 1
Maximum Disallowance Amount	Standard of Conduct 4 maximum disallowance amount and associated workpapers.	D.16-12-045, Settlement § 5.3	Chapter 14
Incentive for Distributed Energy Resources	Review and recovery of incentive payments for certain distributed energy resources.	D.16-12-036, OP 22; D.18-02-004, OP 2.a.	Not applicable to this ERRA Compliance application
Least-Cost Dispatch	Provide analysis of renewable resource opportunity costs, curtailment decisions, and demand response opportunity cost metrics.	D.17-03-021, Attachment A, Settlement § 1.1 (2015 ERRA Settlement)	Chapter 1
PABA: GHG Accounting	Agreed-upon verification method for PG&E’s GHG and WAC.	D.17-03-021, OP 3	Chapter 12
UOG: Transformer Inspections	Report results of inspections under transformer inspection program and provide a report on national industry standards.	D.18-05-004, OP 4 and 5	Chapter 4
UOG: Nuclear	Provide summary list of all Nuclear Regulatory Commission findings and corrective actions.	D.18-05-004, OP 7	Chapter 4

Subject Area	Description	Source of Requirement	Location in Prepared Testimony or Workpapers
PABA: GHG Accounting	Include GHG information from D.14-10-033 Attachments C (Template C) and D (Template D-2).	D.18-05-004, OP 8	Chapter 12
DAC SASH Balancing Account	Review entries into the DAC SASH balancing account.	D.18-06-027, OP 8	Chapter 15
DAC-GT and CS-GT Balancing Account	Review entries into the DAC-GT and CS-GT balancing account.	D.18-06-027, OP 15	Chapter 5
PABA Review	Review accuracy of entries recorded to the Portfolio Allocation Balancing Account.	D.18-10-019, OP 8	Chapter 12
GHG Procurement	Include analysis on decision to financially settle or physically settle tolling agreements.	D.19-02-005, Attachment A, Settlement § 4.2 (2017 ERRA Settlement)	Chapter 7
CLPSA	Review administrative costs by the Central Procurement Entity recorded to the CLPSA.	D.20-06-002, OP 17	Chapter 16
GHG Procurement	Present all covered emissions calculations, including RPS adjustments and gross import emissions.	D.21-07-013, Attachment A, § 6.2 (2019 ERRA Settlement)	Chapter 12 Workpapers
CPE Costs	Present transactions and review balancing account entries associated with the CPE	D.22-04-041, Attachment A, Settlement § 3 (2020 ERRA Settlement)	Chapter 12

V. PUBLIC SAFETY POWER SHUTOFFS

In D.20-02-047, the Commission directed PG&E to include in its ERRA Compliance application for 2019 an accounting of the public safety power shut off events that occurred in its service area in that calendar year and how the PSPS events impacted its revenue collections.²⁰ Separately, the Commission issued D. 21-06-014 (PSPS OII Decision) on June 3, 2021. In that decision the Commission directed the utilities to:

- (1) agree on one methodology to rely upon in calculating these estimated unrealized volumetric sales and unrealized revenue,
- (2) include the amount of estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events in the Energy

^{20/} D.20-02-047, OP 5.

Resource Recovery Account (ERRA) proceedings addressing the years in which the PSPS events occurred, (3) detail the method of calculating the amounts of estimated unrealized sales and unrealized revenue in the ERRA proceedings, and (4) report these estimated amounts unrealized sales and unrealized revenue in an annual PSPS report, as directed by the Commission in Rulemaking (R.) 18-12-005. Regarding any submitting this information in any pending ERRA or future ERRA proceeding, the utility shall request via an email to the Administrative Law Judge (and the service list) whether additional testimony is required on this topic and establishes (sic) a procedure for submitting this information on an ongoing basis in the ERRA proceeding.²¹

Chapter 17 details the PSPS events that occurred during the record period and presents the estimated unrealized volumetric sales and unrealized revenue calculations associated with these events, along with supporting workpapers.

VI. OVERVIEW OF PREPARED TESTIMONY

PG&E's Prepared Testimony in support of this Application, which is being served concurrent with the Application, consists of one exhibit, which is identified as Exhibit PG&E-1, which is the public version of PG&E's Prepared Testimony, and Exhibit PG&E-1C, which is the confidential version of PG&E's Prepared Testimony. Exhibit PG&E-1 is organized into seventeen chapters, and an appendix, as follows:

Chapter 1	Least-Cost Dispatch and Economically-Triggered Demand Response
Chapter 2	Utility-Owned Generation: Hydroelectric
Chapter 3	Utility-Owned Generation: Fossil and Other Generation
Chapter 4	Utility-Owned Generation: Nuclear
Chapter 5	Review Entries Recorded in the Disadvantaged Community – Green Tariff Balancing Account
Chapter 6	Generation Fuel Costs and Electric Portfolio Hedging
Chapter 7	Greenhouse Gas Compliance Instrument Procurement
Chapter 8	Resource Adequacy
Chapter 9	Contract Administration
Chapter 10	CAISO Settlements and Monitoring
Chapter 11	Review Recorded in the Green Tariff Shared Renewables Memorandum Account and the Green Tariff Shared Renewables Balancing Account

^{21/} D.21-06-014, OP 1.

Chapter 12	Summary of PABA Entries for the Record Period
Chapter 13	Summary of ERRA Entries for the Record Period
Chapter 14	Maximum Potential Disallowance
Chapter 15	Review Entries Recorded in the Disadvantaged Community – Single-family Affordable Solar Homes Balancing Account
Chapter 16	Central Procurement Entity – Entries Recorded in the Centralized Local Procurement Sub-Account
Chapter 17	Unrealized Sales and Revenues Associated with 2025 Public Safety Power Shutoff Events
Chapter 18	Summary of Entries to the Modified Transition Cost Balancing Account (MTCBA), Bioenergy Market Adjustment Tariff Non-bypassable Charge Account (BNBC), and Tree Mortality Non-bypassable Charge Balancing (TMNBCBA) Account for the Record Period
Chapter 19	Summary of Entries to the New System Generation Balancing Account (NSGBA) for the Record Period
Appendix A	Statements of Qualifications

This testimony, and the corresponding workpapers, demonstrate that during the record period January 1 through December 31, 2025, PG&E complied with its BPP in the areas of least-cost dispatch, fuel procurement costs, hedging, resource adequacy sales, and GHG compliance instrument procurement. In addition, the testimony demonstrates that PG&E’s administrative and marketing costs for the GTSR and DAC-GT programs were reasonable, and that PG&E satisfied the reasonable manager standard for contract management and the operation of its UOG facilities. The testimony demonstrates that PG&E made appropriate entries to its PABA, ERRA, GTSRBA, GTSRMA, DACSASHBA, DACGTBA, CLPSA, MTCBA, BNBC, TMNBCBA, and NSGBA.

PG&E will provide a public (redacted) version of its Prepared Testimony to parties who request a copy and will also provide a confidential (unredacted) version to parties who request a copy and execute a Non-Disclosure Agreement.

VII. REVIEW OF DCPD EXTENDED OPERATIONS SHOULD BE EXCLUDED FROM THE PROCEEDING SCOPE

In connection with PG&E’s 2022 ERRA Compliance case (A.23-02-018), the Commission approved a settlement PG&E entered with the Public Advocates Office at the

California Public Utilities Commission in which PG&E agreed to provide in future ERRA Compliance testimony a listing of Licensee Event Reports (LERs) for DCP, and testimony regarding any LER events that result in generation outages at DCP.²² The settlement, however, did not consider the DCP extended operations ERRA-like review framework the Commission established in D.23-12-036 and further discussed in D.24-12-033 following the enactment of Public Utilities Code Section 712.8. Because DCP extended operations are subject to a separate review process, review of DCP extended operations, including LER events and related outages, should be expressly excluded from the scope of this proceeding.

Public Utilities Code Section 712.8 and the Commission’s implementation decisions—D.23-12-036 and D.24-12-033—are instructive. Sub-section (h)(1) of Section 712.8 states, in relevant part:

“The commission shall authorize the operator to recover all reasonable costs and expenses necessary to operate Diablo Canyon Units 1 and 2 beyond the current expiration dates...on a forecast basis in a new proceeding structured similarly to its annual Energy Resource Recovery Account forecast proceeding with a subsequent true-up to actual costs and market revenues for the prior calendar year via an expedited Tier 3 advice letter process, *provided that there shall be no further review of the reasonableness of costs incurred if actual costs are below 115 percent of the forecasted costs.*”²³

As reflected by the italicized text, the costs incurred for DCP extended operations are not subject to reasonableness review if actual costs are below 115 percent of forecasted costs. Stated differently, if actual costs do not exceed 115 percent of forecasted costs, PG&E is deemed a reasonable/prudent operator of the plant with “no further review.”

This cost assessment—whether actual costs are below 115 percent of forecasted costs—is to be made through the ERRA-like framework the Commission established for DCP extended operations in D.23-12-036 and D.24-12-033, and which the Commission has described as “similar to how ERRA Compliance reviews are presented.”²⁴ As the Commission explained in D.23-12-036:

^{22/} D.25-06-004, Ordering Paragraph 2, Appendix 1 at p. 3.

^{23/} Pub. Util. Code 712.8(h)(1) (emphasis added).

^{24/} D.24-12-033, p. 73.

This decision finds it is well within the Commission’s authority and in ratepayers’ best interest to continue to evaluate the *reasonableness and prudence of continued DCPD operations*, including ongoing evaluation of the cost-effectiveness of extended DCPD operations. In support of this continued evaluation, PG&E is directed to produce a complete and transparent forecast of DCPD operations through 2030 as part of its 2024 DCPD Extended Operations Cost Forecast application.²⁵

Indeed, in D.24-12-033, the Commission found it reasonable to direct PG&E to provide the same type of information and analysis it provided in ERRA Compliance reviews in its Tier 3 advice letter true-up filing.²⁶ The Commission further acknowledged in D.24-12-033 that the information provided through the review and true-up framework established for DCPD extended operations “is similar to how ERRA compliance reviews are presented.”²⁷

Considering that DCPD extended operations are to be reviewed through this separate ERRA-like framework, DCPD extended operations should not also be reviewed in this proceeding. Doing so risks a substantial waste of time and resources by duplicating work, and also risks inconsistent results. Moreover, Section 712.8 is clear regarding the review of PG&E’s management and operation of DCPD during extended operations. Had the legislature intended a further review in PG&E’s separate annual ERRA Compliance case, it would have stated so, and the Commission decisions implementing the statute would similarly reflect such review, but they do not. Accordingly, the scope of this proceeding should expressly exclude any review of DCPD extended operations.

VIII. INFORMATION REQUIRED BY THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE AND OTHER AUTHORITY (RULE 2.1)

PG&E files this Application pursuant to Sections 451, 454, 454.5, and 701 of the Public Utilities Code, the Commission’s Rules of Practice and Procedure, and prior decisions, orders and resolutions of the Commission, including, but not limited to, D.02-10-062, D.02-12-074, D.03-06-067, D.07-12-052, D.08-11-008, D.12-01-033, D.12-04-046, D.14-08-032, D.15-01-

²⁵/ D.23-12-036, pp. 56-57 (emphasis added).

²⁶/ D.24-12-033, pp. 73-74.

²⁷/ D.24-12-033, p. 73.

051, D.15-05-006, D.15-10-031, D.15-12-015, and Commission resolutions concerning approval of or modifications to PG&E's Conformed 2014 BPP.

A. Legal Name and Principal Place of Business (Rule 2.1(a))

The legal name of the Applicant is Pacific Gas and Electric Company. PG&E's principal place of business is 300 Lakeside Drive, Oakland, California, 94612.

B. Correspondence, Communications, and Service (Rule 2.1(b))

All correspondence, communications, and service of papers regarding this Application should be directed to:

Jeffrey K. Asay
Law Department
Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: (510) 225-8996
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E-Mail: Jeffrey.Asay@pge.com

George Zahariudakis
Regulatory Affairs
Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612
Telephone: (707) 953-0680
Facsimile: (415) 973-6520
E-mail: George.Zahariudakis@pge.com

C. Proposed Categorization (Rule 2.1(c))

PG&E proposes that this Application be categorized as a ratesetting proceeding.

D. Need for Hearings (Rule 2.1(c))

PG&E anticipates that evidentiary hearings may be requested by other parties to this proceeding, but the need for evidentiary hearings will depend on the degree to which and grounds on which other parties might contest the proposals contained in this Application. While PG&E hopes to resolve the issues raised in this Application without hearings, such as through more informal procedures including discovery, evidentiary hearings may be necessary.

E. Issues to be Considered (Rule 2.1(c))

PG&E proposes that the following issues be considered in this proceeding for the 2025 record period, consistent with the scoping items established for the 2024 ERRAs Compliance proceeding²⁸ and updated based on 2025 events:

^{28/} See Assigned Commissioner's Scoping Memo and Ruling, A.24-02-012 (PG&E's 2023 ERRAs Compliance Application) (June 12, 2024), pp. 2-3.

1. Whether PG&E, during the record period, prudently administered and managed the following, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to Standard of Conduct No. 4 (SOC 4):
 - a. Utility-Owned Generation Facilities, excluding extended operations at DCPD; and
 - b. Qualifying Facilities (QF) Contracts and Non-QF Contracts.

If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?

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 Energy Resource Recovery Account and the Portfolio Allocation Balancing Account are reasonable, appropriate, accurate, and in compliance with Commission decisions.
4. Whether PG&E's transactions with the CPE, and any related showings, in any record period in which there are transactions with the CPE affecting the PABA, NSGBA, or ERRRA balancing account are accurately reflected in these balancing accounts in compliance with Commission decisions.
5. Whether PG&E's greenhouse gas instrument procurement complied with its Bundled Procurement Plan.
6. Whether PG&E administered resource adequacy procurement and sales consistent with its Bundled Procurement Plan.
7. Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with the applicable tariffs and Commission directives:
 - a. Green Tariff Shared Renewables Memorandum Account;
 - b. Green Tariff Shared Renewables Balancing Account;
 - c. Disadvantaged Community - Single Family Solar Affordable Homes Balancing Account;
 - d. Disadvantaged Community - Green Tariff Balancing Account;
 - e. Centralized Local Procurement Sub-Account;
 - f. Modified Transition Cost Balancing Account;
 - g. Bioenergy Market Adjusting Tariff Non-bypassable Charge Account;
 - h. Tree Mortality Non-bypassable Charge Balancing Account; and

- i. New System Generation Balancing Account.
- 8. Whether there are any safety considerations raised by this Application.
- 9. Review of unrealized sales and revenues from PG&E’s 2025 PSPS events.

F. Relevant Safety Considerations (Rule 2.1(c))

In D.16-01-017, the Commission amended Rule 2.1(c) requiring an applicant to identify all relevant safety considerations implicated by an Application to which the assigned Commissioners and presiding officer could refer to during the proceeding. In order to ensure that safety considerations have received full consideration by parties and the Commission, PG&E’s Prepared Testimony includes specific discussions which detail PG&E’s efforts to promote public safety: Chapters 2 and 3 discuss PG&E’s commitment to safety at PG&E-owned generation facilities, and Chapter 9 discusses PG&E’s protocols and practices related to the administration of third-party power contracts. In addition, as the Commission explained in D.14-12-053, the “[s]afe and reliable provision of utilities at predictable rates promotes public safety.”²⁹ Chapters 5-7, 10-13, 15-16, and 18-19 of PG&E’s Prepared Testimony demonstrate that the costs incurred by PG&E during the record period were reasonable, that the entries to the PABA, ERRA, CLPSA, MTCBA, BNBC, TMNBCBA, and NSGBA accounts were appropriate, and that the program costs for GTSR, DAC-SASH, and DAC-GT incurred by PG&E are reasonable and result in predictable rates for customers.

G. Procedural Schedule (Rule 2.1(c))

PG&E proposes the following procedural schedule for this 2025 ERRA Compliance proceeding on a preliminary basis. After filing, PG&E will consult with Cal Advocates and any other intervening parties to determine whether a mutually acceptable schedule can be developed:

Event	Proposed Date
PG&E files Application	February 27, 2026
Notice of PG&E’s Application appears in Daily Calendar	
Protests and Responses filed and served	30 days after Daily Calendar Notice

^{29/} D.14-12-053, pp. 12-13.

Event	Proposed Date
Reply filed and served	10 days after Protests and Responses
Prehearing Conference	May 21, 2026
Cal Advocates and Intervenor Testimony	September 11, 2026
PG&E Rebuttal Testimony	October 23, 2026
Settlement Discussions	October/November 2026
Evidentiary Hearings	December 9-11, 2026
Concurrent Opening Briefs	January 8, 2027
Concurrent Reply Briefs	February 5, 2027

H. Articles of Incorporation (Rule 2.2)

PG&E is, and since October 10, 1905, has been, an operating public utility corporation organized under California law. It is engaged principally in the business of furnishing electric and gas services in California. A certified copy of PG&E's Amended and Restated Articles of Incorporation, effective June 22, 2020, was filed with the Commission on July 1, 2020, with PG&E's Application 20-07-002. These articles are incorporated herein by reference pursuant to Rule 2.2 of the Commission's Rules.

I. Authority to Increase Rates (Rule 3.2)

This application does not request an increase in rates so Rule 3.2 does not apply.

J. Service

This Application is being served on all parties listed on the official service lists for A.25-02-013, A.24-02-012, A.23-02-018, A.11-11-019, A.12-01-008, and R.14-07-002.

IX. CONCLUSION

WHEREFORE, PG&E respectfully requests that the Commission issue a decision in this proceeding that makes the following findings for the record period:

1. PG&E prudently administered and managed its UOG facilities in compliance with all applicable rules, regulations, and Commission decisions, and SOC 4;
2. PG&E achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4;
3. The entries recorded in the Energy Resource Recovery Account and the Portfolio Allocation Balancing Account are reasonable, appropriate, accurate, and in

VERIFICATION

I, the undersigned, declare:

I am an officer of Pacific Gas and Electric Company, a corporation, and am authorized, pursuant to Rule 2.1 and Rule 1.11 of the Rules of Practice and Procedure of the CPUC, to make this Verification for and on behalf of said Corporation, and I make this Verification for that reason. I have read the foregoing Application, and I am informed and believe that the matters therein concerning Pacific Gas and Electric Company are true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed on February 27, 2026 at Oakland, California.

By: 
Shilpa Ramaiya