



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

FILED

03/10/26

04:59 PM

R2502005

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

R.25-02-005

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
NOTICE OF EX PARTE COMMUNICATION**

Leanne Bober,
Director of Regulatory Affairs and
Deputy General Counsel

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION
1121 L Street, Suite 400
Sacramento, CA 95814
Telephone: (510) 980-9459
E-mail: regulatory@cal-cca.org

March 10, 2026

**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.

R.25-02-005

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4(a) of the California Public Utilities Commission Rules of Practice and Procedure,¹ California Community Choice Association² (CalCCA) hereby gives notice of the ex parte communication in which the participants discussed Track 2 of Rulemaking (R.) 25-02-005, regarding valuation in the Power Charge Indifference Adjustment (PCIA) of Renewable Energy Credits (REC) banked by the investor-owned utilities (IOU) prior to 2019 (Pre-2019 Banked RECs).

DATE AND TIME: Thursday, March 5, 2026, 10:00 AM-10:30 AM.

LOCATION: Webex.

WHO INITIATED THE COMMUNICATION: Leanne Bober, CalCCA.

¹ *State of California Public Utilities Commission, Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1* (May 2021).

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 of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster 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.

NAMES AND TITLES OF NON-CPUC PERSONS PRESENT:

Leanne Bober, CalCCA - Director of Regulatory Affairs and Deputy General Counsel;
Willie Calvin, CalCCA - Regulatory Case Manager; Tim Lindl, Keyes & Fox LLP - Partner;
Yonatan Moskowitz, Keyes & Fox LLP - Associate; and Brian Dickman, Newgen Strategies and
Solutions - Partner.

NAMES AND TITLES OF CPUC PERSONS PRESENT:

Nick Dahlberg, Advisor to President Alice Reynolds.

DESCRIPTION OF COMMUNICATION:

CalCCA discussed its overall position in Track Two that unbundled customers that paid for Pre-2019 Banked RECs when they were bundled, but later departed (Later Departing Customers), should receive value for these RECs within the PCIA at the Renewables Portfolio Standard (RPS) market-price benchmark (MPB) at the time the IOUs use the RECs for RPS compliance on behalf of bundled customers. First, Leanne Bober provided an overview of R.25-02-005 and of Track 2. Ms. Bober then provided background on the PCIA, and how *both* the prevention of cost shifts to both bundled and unbundled customers *and* the provision of value or an allocation of benefits in exchange for the costs paid by CCA customers ensures indifference among bundled and unbundled customers. Ms. Bober described how indifference is calculated through the PCIA (*i.e.*, subtracting utility portfolio value from utility portfolio costs). Finally, Ms. Bober explained that RPS market value is reflected by RECs.

Tim Lindl then described how RECs are different than other PCIA attributes, because they can be “banked” (*i.e.*, placed on the shelf) for later use by the IOUs. Mr. Lindl described the Track Two problem statement – that Later Departing Customers currently fail to receive *any* value for those RECs when the bundled customers later receive value through the IOUs’ use of

the RECs for RPS compliance. The Track Two problem is therefore how to resolve this lack of indifference and cost shift to the Later Departing Customers.

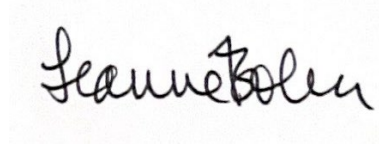
Brian Dickman then provided CalCCA's proposals to remedy the lack of indifference and cost shifts. Mr. Dickman described CalCCA's primary proposal – that unbundled customers receive the *value* of the Pre-2019 Banked RECs for which they paid as a credit to the PCIA at the current RPS MPB when the IOUs use the RECs for bundled customer RPS compliance. The PCIA would be credited in the customer vintage corresponding to the year the RECs were generated. Mr. Dickman stated that this value best measures the costs avoided by the IOU of purchasing the RECs in the market, which they would have to do if they couldn't use the Pre-2019 Banked RECs. Mr. Dickman also presented CalCCA's alternative proposal of an allocation of the Pre-2019 Banked RECs to the Later Departing Customers through the reduction of the net RPS procurement need for the LSE serving the Later Departing Customers when the Pre-2019 Banked RECs are used for compliance.

Mr. Lindl then described the “clouds” placed over this straightforward valuation issue by the IOUs through five primary arguments (that the pre-2019 accounting cannot be opened up, that the “collective rights” framework forecloses the claim by Later Departing Customers, that Pre-2019 Banked RECs are categorically different from Post-2018 Banked RECs, and that Commission precedent precludes Pre-2019 Banked REC valuation and the impermissible consequences that would result). Mr. Lindl described that all of these arguments fail to refute the fact that bundled customers only receive value when the Pre-2019 Banked RECs are *used*, and that Later Departing Customers should receive the equivalent *value* to ensure indifference and prevent the cost shifts to unbundled customers.

WRITTEN MATERIALS PROVIDED:

PCIA Track Two: Pre-2019 Banked REC Valuation, dated March 5, 2026.

Respectfully submitted,

A handwritten signature in black ink that reads "Leanne Bober". The signature is written in a cursive style with a large initial "L" and "B".

Leanne Bober,
Director of Regulatory Affairs and Deputy
General Counsel
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

March 10, 2026

**ATTACHMENT
TO
CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
NOTICE OF EX PARTE COMMUNICATION**

***PCIA TRACK TWO: PRE-2019 BANKED REC VALUATION
MARCH 5, 2026***

ATTACHMENT

PCIA Track Two: Pre-2019 Banked REC Valuation

R.25-02-005

Ex Parte Presentation

March 5, 2026

Introduction

- Overview – PCIA proceeding
- Background – PCIA and Community Choice Aggregators
- PCIA Track Two Problem Statement – Valuation of Pre-2019 Banked Renewable Energy Credits
- CalCCA Proposal
- IOU Rebuttal Arguments “Clouding” the Problem
- CalCCA Proposal Solves a Straightforward and Unlawful Cost Shift

PCIA Proceeding, R.25-02-005

Track	Scope	Event	Date
One	RA MPB Methodology Change	Complete – D.25-06-049	June 27, 2025
Two	Pre-2019 Banked REC Valuation	Scoping Memo	February 3, 2026
		Opening/Reply Testimony	March 2/23
		Potential Staff Proposal	By March 27
		Evidentiary Hearing	April 28
		Briefing	May-June
		Decision (PD by July 31)	September 3
Three	Broad review of PCIA methodology	Comments on Pre-Scoping Ruling	March 27

PCIA Background

PCIA Background: What is the Purpose of the PCIA?

IOU “Bundled” Service

- Electric customers historically received “bundled” service, with generation, transmission, and distribution services provided by IOU

Legislature Enabled Retail Competition Through “Unbundling” Generation Service

- Legislature enabled CCAs through AB 117 (2002) to encourage competition
- Customers become “unbundled” when they receive generation service from CCAs – unbundled customers still receive transmission and distribution service from IOU

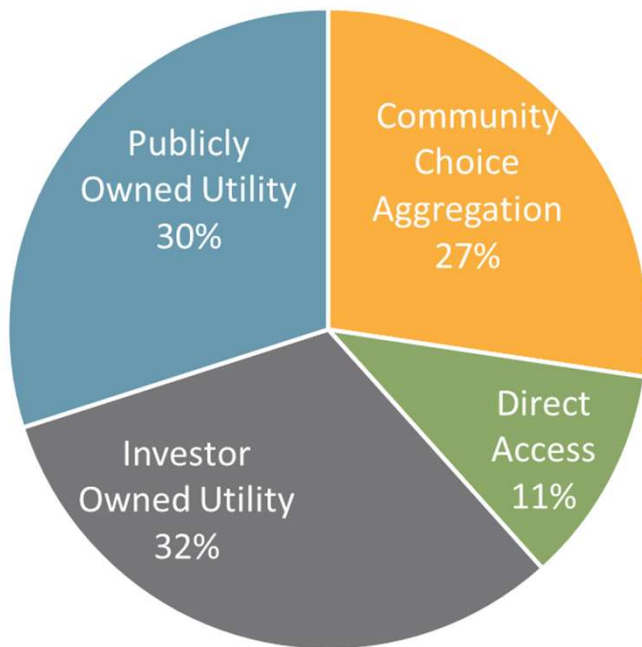
CCAs

- Non-profit entities providing generation to communities
- 25 CCAs currently in operation in California, providing generation service to more than 15 million customers.

PCIA Addresses IOU Stranded Above-Market Generation Costs

- The Commission established the PCIA to ensure customers departing from bundled service remain responsible for generation costs incurred for them by the IOU
- The PCIA is intended to ensure all customers remain “indifferent” to the existence of retail choice

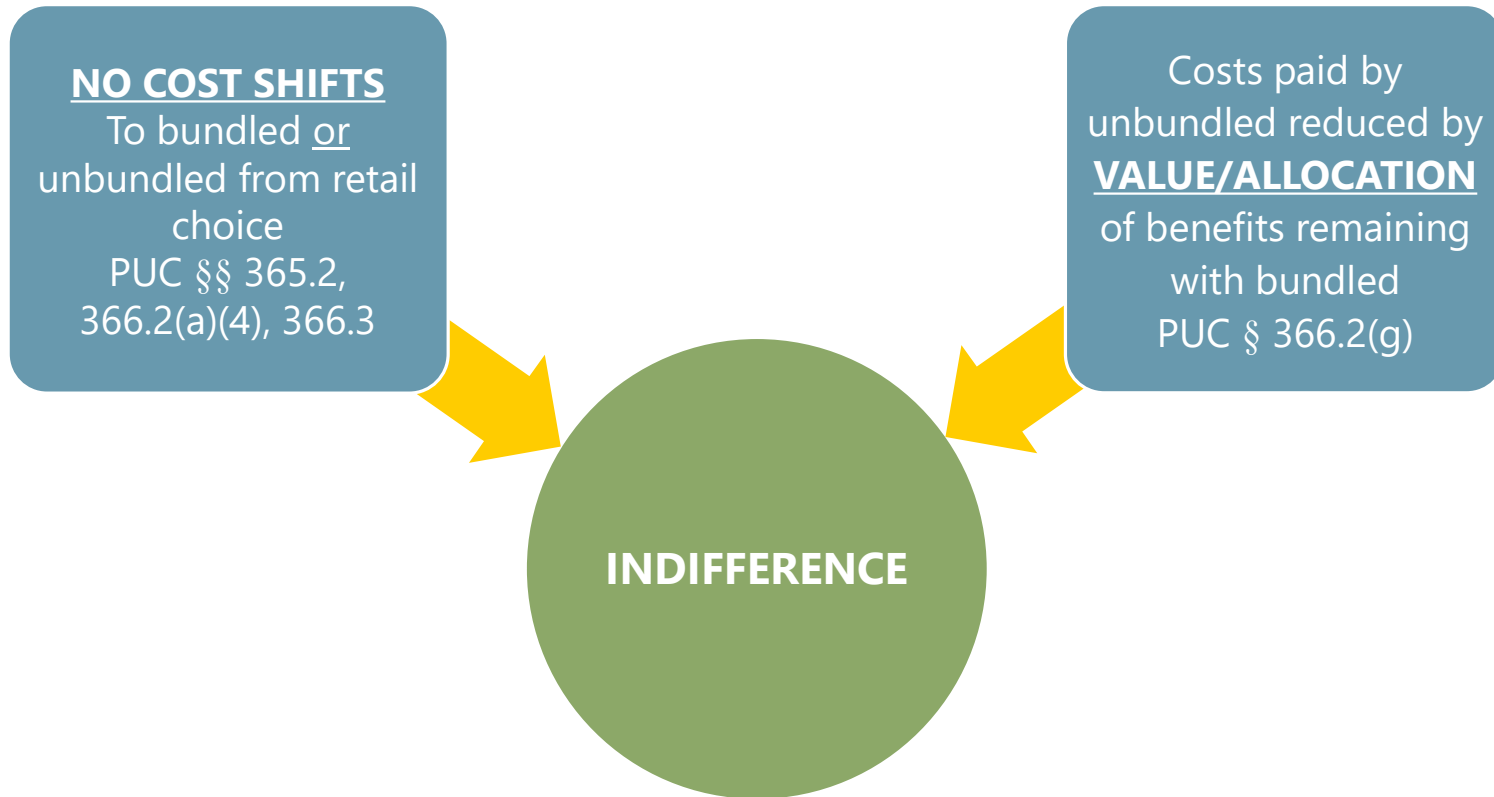
2026 Percentage of CA Retail Load by Energy Provider



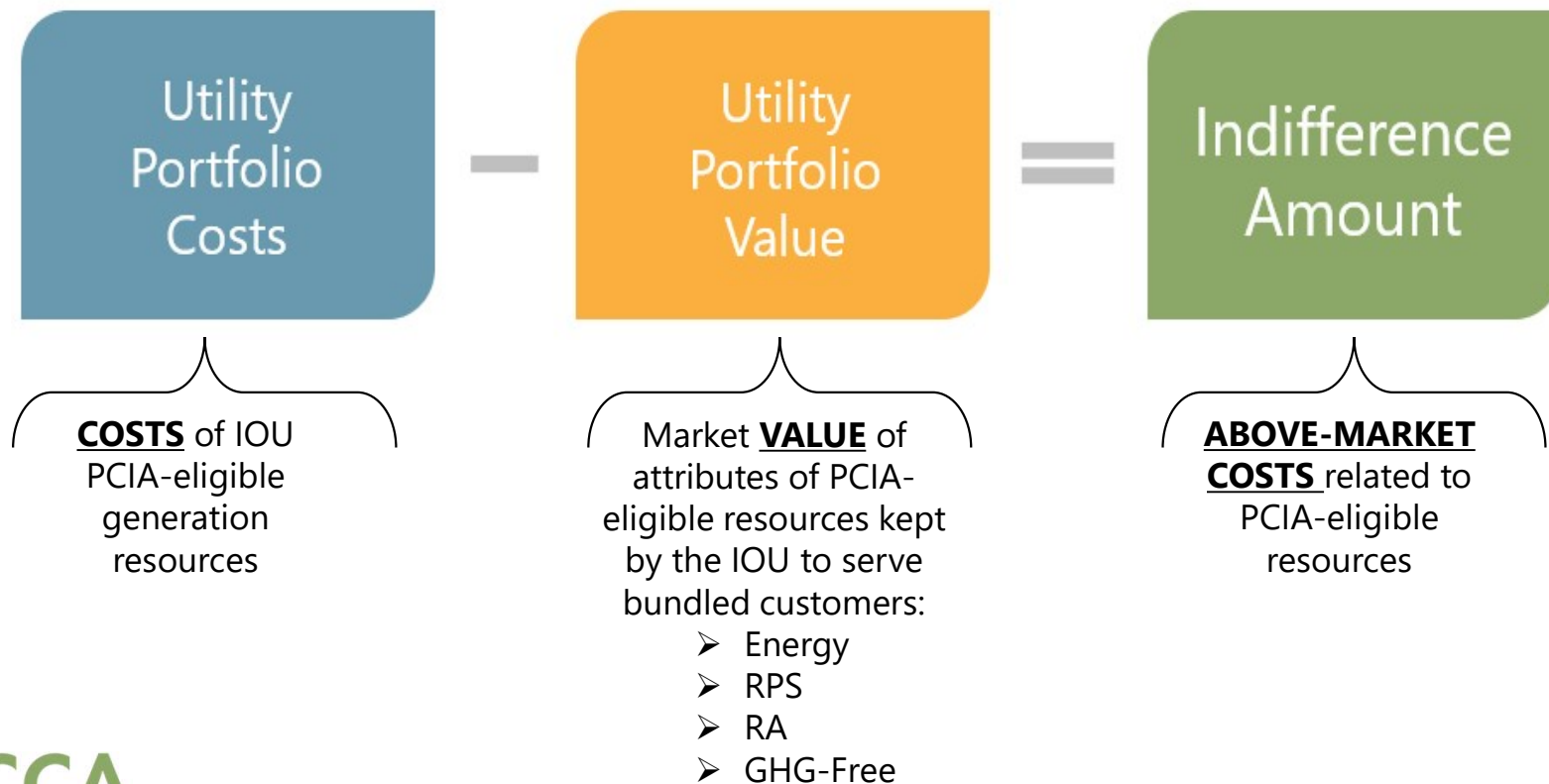
<u>Energy Provider</u>	<u>2026 Deliveries (GWh)</u>
Investor-Owned Utility	77,550
Community Choice Aggregator	66,945
Energy Service Provider (DA)	26,896
Publicly Owned Utility	73,250
Statewide Electricity Deliveries	247,105

Source: 2025 IEPR Forecast. California Energy Demand 2025-2050 Forecast - Planning Forecast

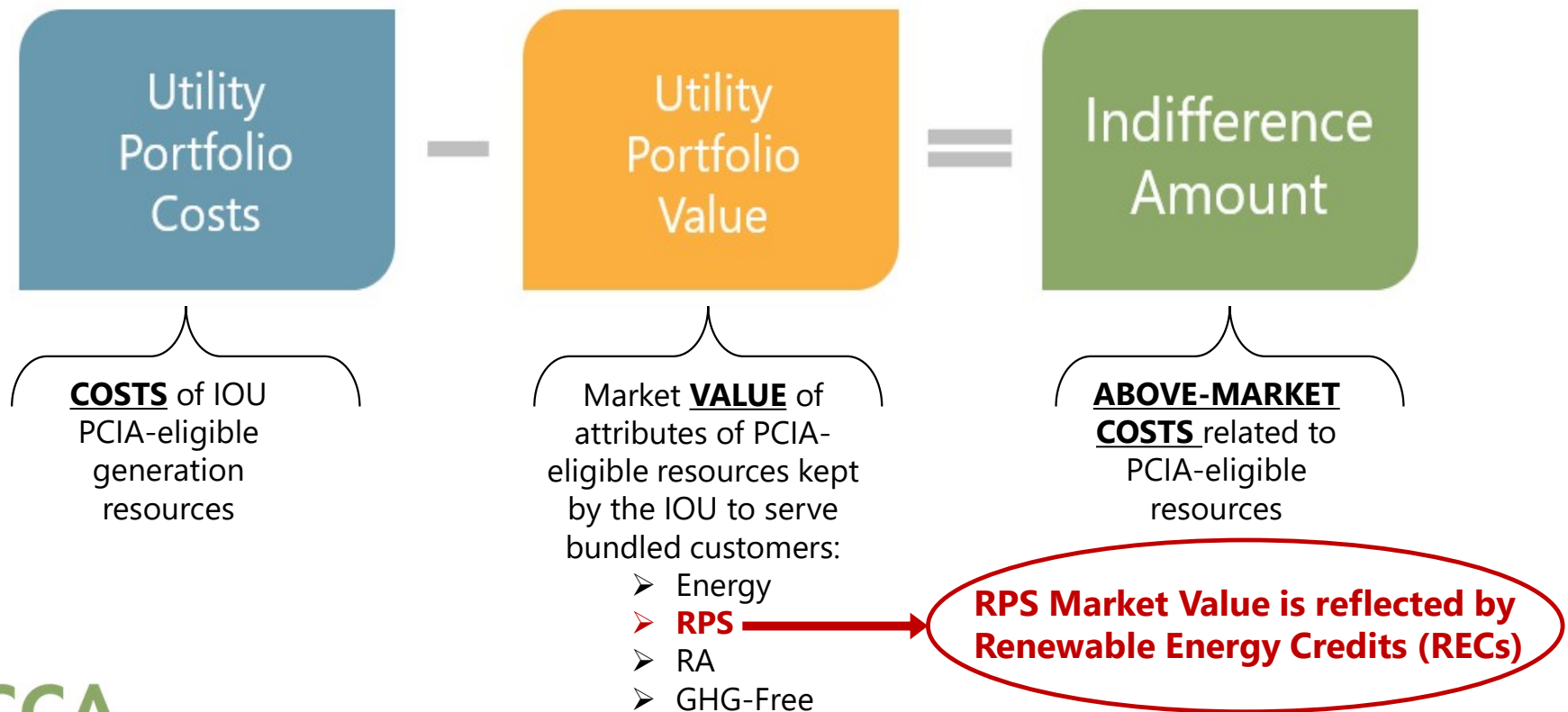
PCIA Background: How Does the PCIA Ensure Statutory Indifference?



PCIA Background: How is Indifference Calculated in the PCIA?



Track Two is Focused on RPS Value for Unbundled Customers

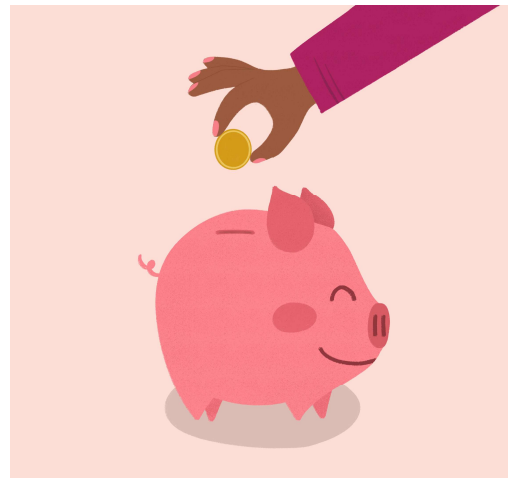
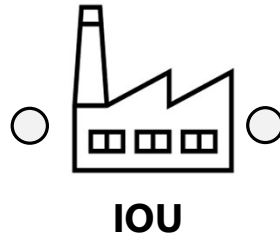


Track Two Issue: Valuation of Pre-2019 Banked RECs

Unique Feature of Renewable Energy Credits: They Can be “Banked” for Later Use

2015

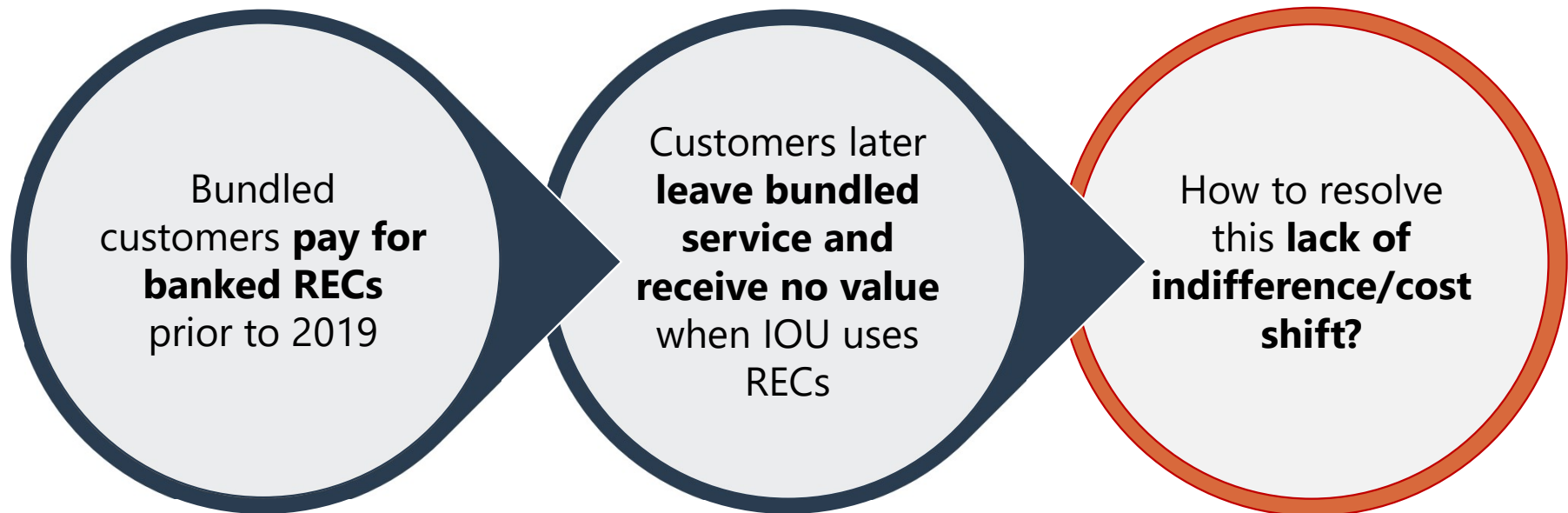
“I don’t need these RECs to serve my bundled customers now, so I will put them in the bank.”



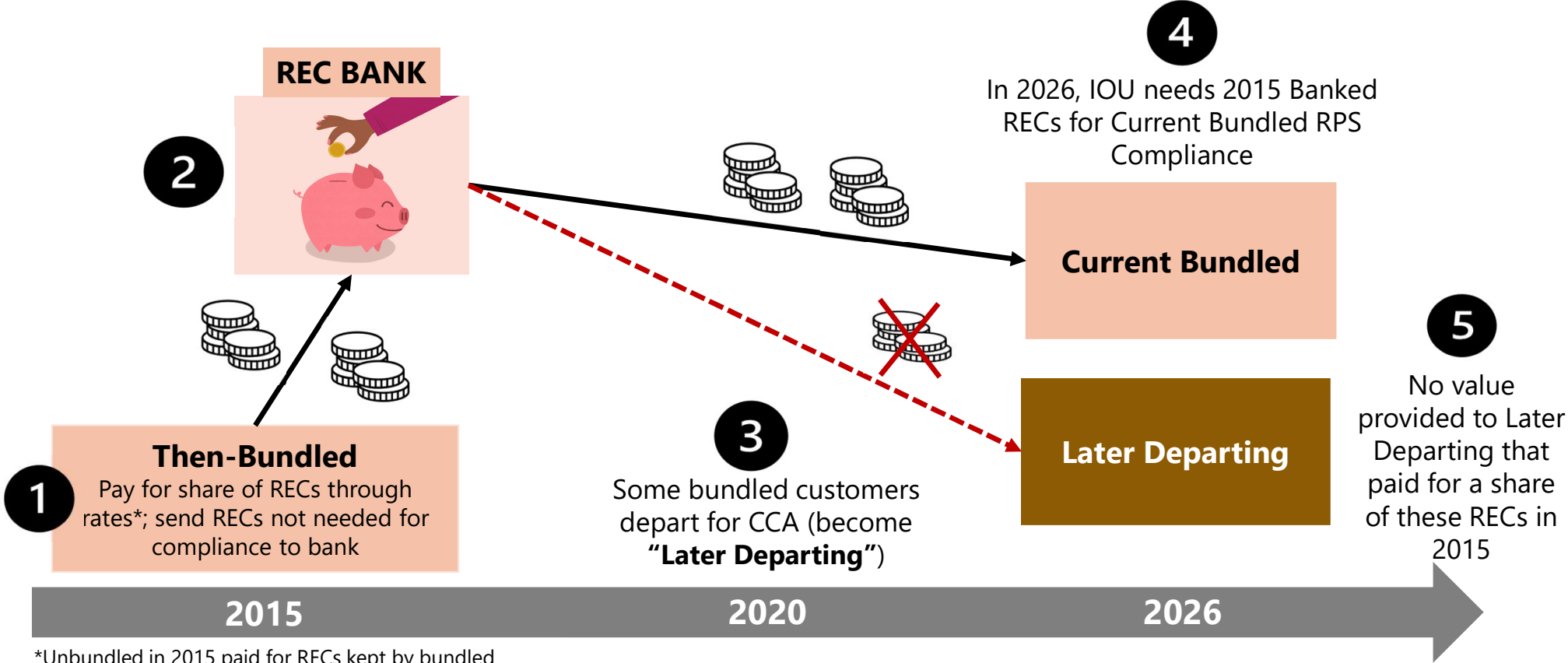
2026

“Now I need some RECs to serve my current bundled customers, so I will use those RECs I put into the bank in 2015.”

Track Two Problem Statement



Pre-2019 Banked REC Cost Shift to 2026 Bundled Customers



*Unbundled in 2015 paid for RECs kept by bundled through credit in PCIA

2026 – IOU Using Banked RECs for RPS Compliance



IOU needs 2015 Banked RECs paid by 2015 Then-Bundled Customers for Current Bundled Customer RPS Compliance



Later Departing Customers receive **no value** for their share of the 2015 Banked RECs for which they paid



Cost shift from Current Bundled Customers to Later Departing Customers

CalCCA Proposal

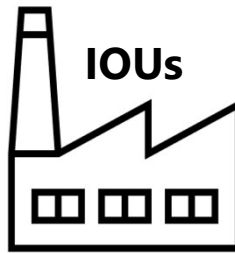
CalCCA Proposals to Remedy Cost Shifts

CalCCA Proposal	Mechanics	Can be implemented within existing PCIA framework?	Compliant with 365.1, 366.2(g), and 366.3 and Commission precedent?	Benefits
VALUE at Current RPS MPB When Used for Bundled Customer Compliance	Credit PCIA in customer vintage corresponding to year RECs were generated	Yes	Yes	Best measures costs avoided by IOU when bundled customers rely on banked RECs rather than procuring additional RECs in market
OR				
Provide ALLOCATION	Reduce Net RPS Procurement Need for LSE serving Later Departing Customers when Pre-2019 Banked RECs are used for compliance	Yes	Yes	Ensures Later Departing Customers receive equivalent value to RECs

IOU Responses

IOUs Clouding Over Straightforward Problem

"Pre-2019 banked RECs were already valued in the year of generation; the accounting is closed"



"Commission precedent precludes the valuation, which also produces impermissible consequences"

"Valuation of pre-2019 banked RECs opens up the pre-2019 PCIA methodology"

"PCIA collective-rights framework forecloses claim by Later Departing Customers to REC value 'left behind'"

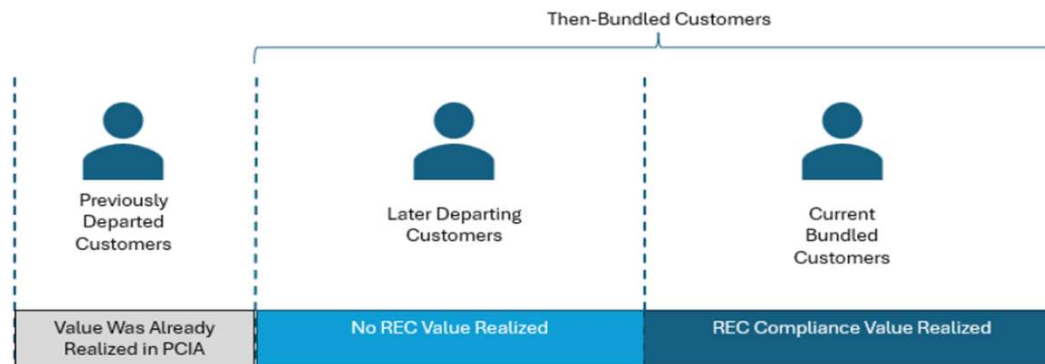
"Pre-2019 banked RECs categorically different from Post-2018 RECs; cannot be valued at current MPB"

Pre-2019 Banked REC Value was Previously Only Realized by Then-Departed Customers

Figure 4: Customer Groups When Pre-2019 Banked RECs Were Generated



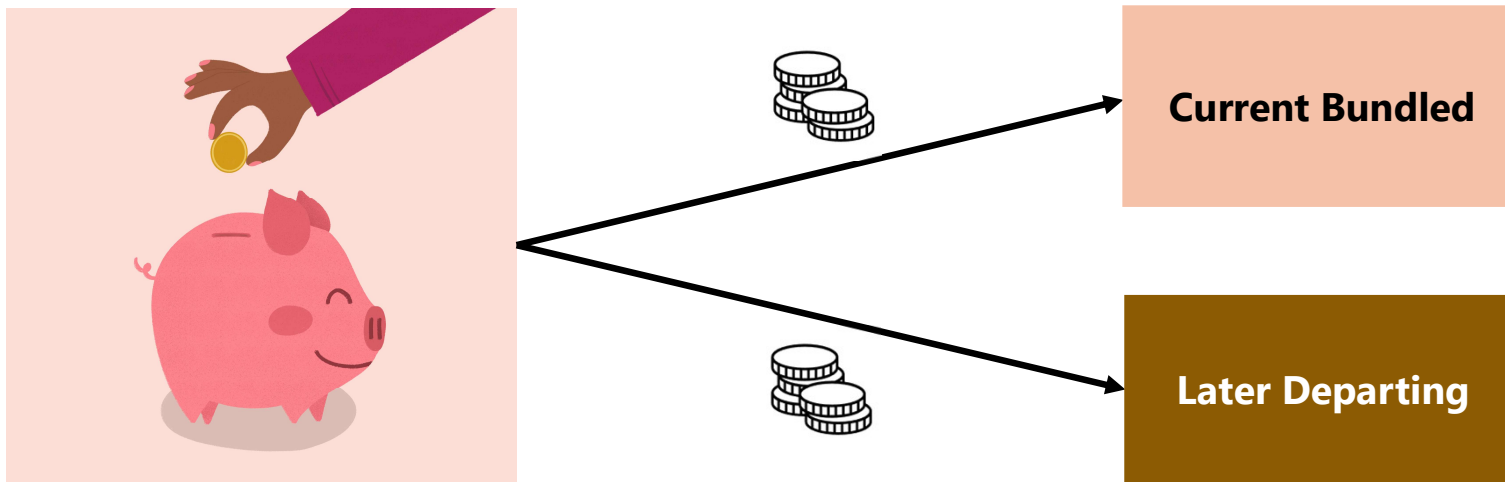
Figure 7: Customer Groups When Pre-2019 Banked RECs Are Later Used for Compliance



Conclusion

CalCCA Proposal – Directly Remedies a Straightforward and Unlawful Cost Shift

Providing the **same value** to Later Departing Customers received by Current Bundled Customers for use of Pre-2019 Banked RECs for current RPS compliance (i.e., the IOU avoided cost of procuring in the market (equal to the RPS MPB)) **ensures indifference and remedies a cost shift** to Later Departing Customers



Appendix

Track Two Scoping Ruling Questions

1. Is non-zero valuation of Pre-2019 Banked RECs consistent with applicable law and Commission precedent?

a. Statutory indifference principles, prevention of cost shifts, Commission precedent

b. Downstream consequences or other policy considerations

c. Pre-2019 Banked REC characteristics

d. Pre-2019 Banked RECs credit forfeiture by Later Departing Customers

If Yes

2. Should the CPUC direct the IOUs to apply the non-zero value, and how should that value be determined/allocated to ensure indifference?

a. Valuation of Pre-2019 Banked RECs with data from later years, or a different value

b. Impact of pre-2019 PCIA methodology

c. Implementation of valuation in PCIA ratemaking, balancing accounts, and/or tariffs

Statutory Indifference Requirements

- *“The commission shall ensure that bundled retail customers of an electrical corporation do not experience any cost increases as a result of retail customers of an electrical corporation electing to receive service from other providers. The commission shall also ensure that departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load.” Pub. Util. Code § 365.2.*
- *“The implementation of a community choice aggregation program shall not result in a shifting of costs between the customers of the community choice aggregator and the bundled service customers of an electrical corporation.” Pub. Util. Code § 366.2(a)(4).*
- *“Estimated net unavoidable electricity costs paid by the customers of a community choice aggregator shall be reduced by the value of any benefits that remain with bundled service customers, unless the customers of the community choice aggregator are allocated a fair and equitable share of those benefits.” Pub. Util. Code § 366.2(g).*
- *“Bundled retail customers of an electrical corporation shall not experience any cost increase as a result of the implementation of a community choice aggregator program. The commission shall also ensure that departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load.” Pub. Util. Code § 366.3.*

2019 PCIA Refinements Left Pre-2019 REC Accounting and Value Unchanged

RPS-Eligible Resource Payment/Value	D.11-12-018 PCIA Methodology	D.19-10-001 REC Accounting Revisions
Then-Bundled Customer Payment	Through generation rates	Through PCIA rates
Then-Bundled Customer Value	Later when banked REC used	
Then-Departed Customer Payment	Through PCIA rates	
Then-Departed Customer Value	Credit at time of payment through PCIA	Created "Unsold" Category valued at zero if REC not used; when Banked REC later used, value at RPS MPB