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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 JUDGE'S RULING ISSUING STAFF REPORT

This ruling provides notice of a staff report that proposes valuation methods for Renewable Energy Credits (RECs) generated and banked prior to January 1, 2019, and used for bundled customer compliance (Pre-2019 Banked RECs), for the purpose of calculating an investor owned utility's (IOU) Power Charge Indifference Adjustment (PCIA, Staff Report). The Staff Report is offered by the California Public Utilities Commission's (Commission) Energy Division. Parties are directed to comment on the Staff Report concurrently with the filing of opening and reply briefs, as directed in the Assigned Commissioner's Amended Scoping Memo and Ruling (Amended Scoping Memo), issued on February 3, 2026.

1. Background

The Amended Scoping Memo, issued on February 3, 2026, amended the scope of Rulemaking (R.) 25-02-005 to initiate a Track Two that was narrowly focused on the issue of the appropriate valuation of Pre-2019 Banked RECs. The Amended Scoping Memo noted the potential availability of Commission resources for the production of a staff proposal that would be informed by

opening and reply testimony and that would be issued no later than March 27, 2026. The Amended Scoping Memo directs parties to provide opening and reply comments on the Staff Report concurrently with opening and reply briefs, due May 22, 2026, and June 5, 2026, respectively.

The Staff Report, included as Attachment A to this ruling, contains Energy Division staff's analysis of certain recommendations put forth in opening and reply testimonies. The Staff Report also proposes four valuation methodologies for Commission consideration.

2. Questions for Parties

The Staff Report, if a component thereof is adopted, would set a specific valuation methodology for use in calculating the value of Pre-2019 Banked RECs as a component of an IOU's annual PCIA. Parties are invited to comment on whether the Commission should adopt, revise or reject any component of the Staff Report. Parties may use the Track Two issues presented in the Amended Scoping Memo as a framework for comments. Additionally, parties are asked to respond to the questions listed below.

1. Does the Staff Report accurately characterize party positions, parties' proposals, Commission precedent, and applicable law?
2. Which, if any, of the proposals offered by ED Staff appropriately capture the value of Pre-2019 Banked RECs for the purpose of PCIA calculations? Why or why not?
3. Are there modifications that should be made to any of the methodologies proposed in the ED Staff Report that the Commission should consider when weighing the proposals for valuing Pre-2019 Banked RECs that are in the record of this proceeding?
4. Do any of the proposals offered in the Staff Report address, in whole or in part, concerns regarding the impacts of a non-zero valuation of Pre-2019 Banked RECs on

Renewables Portfolio Standard (RPS) compliance and load serving entities' (LSE) procurement strategies? Can LSEs request compliance deferrals that would further mitigate concerns about impacts on RPS compliance and procurement strategies?

IT IS RULED that:

1. Notice is given of the Staff Report contained in Attachment A.
2. Opening comments on the Staff Report in Attachment A are due concurrently with the filing of opening briefs on May 22, 2026. Reply comments concurrently with the filing of reply briefs on June 5, 2026.

Dated March 27, 2026, at San Francisco, California.

/s/ EILEEN ODELL
Eileen Odell
Administrative Law Judge

Attachment A