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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.	R.25-02-005 (Filed February 20, 2025)

SAN DIEGO GAS AND ELECTRIC COMPANY (U 902 E). SOUTHERN CALIFORNIA EDISON COMPANY (U338-E). AND PACIFIC GAS AND ELECTRIC COMPANY'S (U 39-E) NOTICE OF EX PARTE COMMUNICATION.

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Dated: April 10, 2026

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OF THE STATE OF CALIFORNIA

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Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, **SAN DIEGO GAS AND ELECTRIC COMPANY ("SDG&E"), SOUTHERN CALIFORNIA EDISON COMPANY ("SCE"), AND PACIFIC GAS AND ELECTRIC COMPANY ("PG&E")** hereby gives notice of the ex parte communication in the above captioned proceeding.

DATE AND TIME OF THE ORAL COMMUNICATION:

Each meeting lasted approximately 30 minutes.

WHO INITATED COMMUNICATION:

- SDG&E

Date	Time/Location	Commissioner Office	CPUC Attendees	IOU Attendees
Tuesday, 4/7/26	9:30 am (Webex)	Commissioner Houck	**Victor Smith**, Deputy Chief of Staff **Erica Petrofsky**, Advisor	**Yvonne Peña**, SDGE, Manager, Regulatory Relations **Gwen Morien**, SDGE, Manager, Energy Policy & Planning **Nathaniel Moore**, SCE, Senior Advisor, Regulatory Relations **Erin Pulgar**, SCE, Director, Portfolio Planning and Analysis **Christine Park**, PG&E, Advocacy Manager, Regulatory Relations

				Erica Brown, PG&E, Senior Director, Energy Policy Analysis and Design
Thursday, 4/9/26	4:00 pm (Webex)	President Reynolds -------------------- Commissioner Baker	**Nick Dahlberg**, Energy Advisor ----------------------- **Kyle Navis**, Senior Advisor	**Yvonne Peña**, SDGE, Manager, Regulatory Relations **Gwen Morien**, SDGE, Manager, Energy Policy & Planning **Nathaniel Moore**, SCE, Senior Advisor, Regulatory Relations **Erin Pulgar**, SCE, Director, Portfolio Planning and Analysis **Christine Park**, PG&E, Advocacy Manager, Regulatory Relations **Erica Brown,** PG&E, Senior Director, Energy Policy Analysis and Design

BRIEF SUMMARY OF ORAL COMMUNICATION

SDG&E, PG&E and SCE, collectively the Joint Investor-Owned Utilities (Joint IOUs), initiated the discussions by providing an overview of the California Public Utilities Commission (CPUC) Ruling issued on March 27, 2026 whereby they issued 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 IOU's Power Charge Indifference Adjustment (PCIA). Overall, the Joint IOUs urge the Commission to maintain a zero-dollar valuation, which would avoid creating new costs while preserving indifference – this would protect customers from affordability concerns.

Further, the Joint IOUs expressed their concerns with the positions that the California Community Choice Association (CalCCA) has taken in Track 2 of this proceeding. CalCCA's proposal increases costs for bundled service customers in order to benefit a sub-set of departing load customers. The Joint IOUs also stated their concerns that CalCCA's proposal would change the economics of IOU Renewables Portfolio Standard (RPS) REC sales and create additional upward rate pressure.

Instead, the Joint IOUs propose that the Commission maintain a zero-dollar valuation for Pre-2019 Banked RECs, which would have no impact to bundled or departing load rates and would not result in cost shifting. This is the only option that fully supports affordability and fairness for all customers.

WRITTEN DOCUMENTS PROVIDED

Enclosed as Attachment A.

Respectfully submitted,

By: *<u>/s/ Yvonne Meija Peña</u>*
Yvonne Mejia Peña

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Dated: April 10, 2026

cc: President John Reynolds at PresidentJohnReynoldsExparte@cpuc.ca.gov
Commissioner Baker at Baker_Exparte@cpuc.ca.gov
Commissioner Houck at Houck.Exparte@cpuc.ca.gov
Eileen Odell, ALJ at eileen.odell@cpuc.ca.gov
Maria Sotero, ALJ at maria.sotero@cpuc.ca.gov
All Parties on Service List R.25-02-005

Attachment A

R.25-02-005

Rulemaking to Update and Reform Energy Resource Recovery Account and Power Charge Indifference Adjustment Policies and Processes (ERRA/PCIA)

Joint IOU Ex Parte

SCE, PG&E and SDG&E

April 2026

The Commission should reject CalCCA's proposals with prejudice and maintain a zero-dollar valuation for pre-2019 banked RECs

CalCCA's proposal would retroactively rewrite PCIA history, worsen known cost shifts, and raise costs for all customers.

1. CalCCA fails to meet its burden that its proposals would result in just and reasonable rates – they will not
2. Pre-2019 RECs were already valued in years 2012-2018 — satisfying the requirement that the costs borne by CCA customers are reduced by the value of benefits that remain with bundled service customers[1]
3. Pre-2019 PCIA methodology was adjusted prospectively without addressing known cost-shifts – CalCCA's proposal is retroactive and selective
4. Potential for serious downstream consequences – inconsistent with VAMO decision, discourages IOU RPS sales, risks upward price pressure for RPS → leads to negative affordability impacts for all customers

Maintaining zero valuation avoids new costs while preserving indifference.

[1]Public Utilities Code Section 366.2(g).

CalCCA’s Proposal Conflicts With Statutory Requirements

CalCCA's proposal increases costs for bundled service customers due to the implementation of CCA programs in order to benefit a sub-set of departing load customers.

PU Code	Statutory Requirement	CalCCA’s Proposal	Key Concerns
365.2	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.		Bundled service customers incur a new cost for the purpose of paying departing load customers for RECs valued in generation rates nearly a decade ago under a former methodology that could not ensure bundled customer indifference. Bundled customer cost shifts are exacerbated.
366.3	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.[1]		Departing load customers do not incur any cost for bundled customer use of pre-2019 banked RECs. However, CalCCA’s proposal would add news costs for bundled customers and disincentivize strategies that reduce PCIA costs for all customers.
366.2(g)	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.		Pre-2019 RECs were *already valued* under the pre-2019 PCIA methodology. The Commission is not obligated to retroactively and selectively adjust the PCIA calculation performed under a prior methodology.

[1]See also 366.2(a)(4) and 366.2(d)(1)

CalCCA is Attempting to “Cherry-Pick” and Make a Retroactive Change

It would be unreasonable to selectively retroactively address one aspect of the prior PCIA methodology without addressing all aspects of the methodology that violated cost indifference.

D.11-12-018

The CPUC adds an RPS MPB to the PCIA indifference amount calculation.

D.18-10-019/D.19-10-011

Acknowledges then-existing methodology did not meet indifference but adopts significant changes only ***prospectively***.

Today

CalCCA proposes to “cherry-pick” and retroactively change how RPS generation was valued prior to 2019.

• **No true-up to actuals**	• **True-up to actuals**
• RPS MPBs were **"proxy" values, applied only to forecast volumes**	• RPS MPBs are **based on observable market transactions applied to actual volumes**
• **No concept of retained or unsold** RA and RPS volumes	• Applies the **concept of retained or unsold** RA and RPS volumes

The Commission should not ignore the downstream impacts of now requiring an unanticipated non-zero valuation of Pre-2019 Banked RECs

CalCCA fails to address the downstream consequences of its proposal

1. CalCCA has taken the opposite position on the Pre-2019 REC Bank from what it agreed to in 2019 during the working group process
2. Unlikely VAMO would have been approved in 2021 (which reduced IOU post-2018 REC holdings)
3. Unanticipated change to IOU RPS portfolio optimization strategies around REC sales that could result in stranding the RPS bank
4. Upward pressure on REC prices puts upward pressure on RPS MPB (further harms bundled service customers)

CalCCA's "cherry-picking" proposal has negative downstream impacts for potentially all customers.

Valuing Pre-2019 RECs at the RPS MPB Is Fundamentally Wrong and Unreasonable

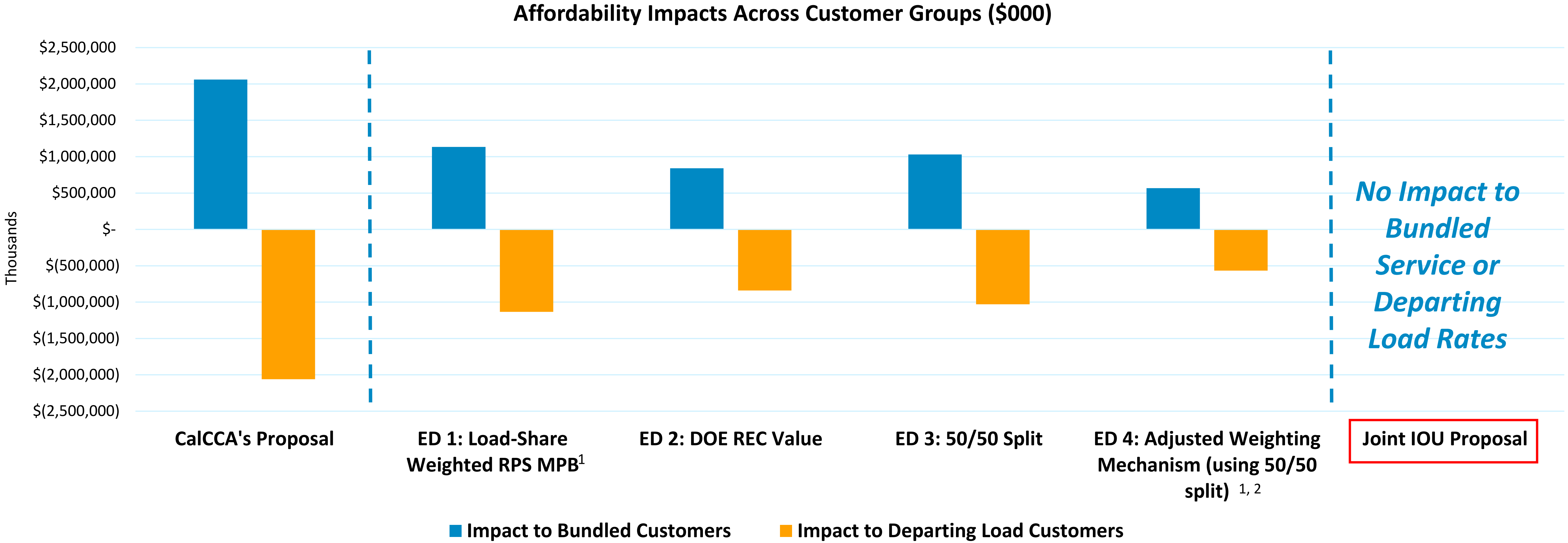
RPS MPB reflects current PCC-1 products, not legacy banked RECs

1. Pre-2019 Banked RECs:
   - Are non-tradable (have no market value because they cannot be bought or sold)
   - Lack energy attributes
   - Convey no power content label, marketing, or IRP value
   - Are therefore worth less than even PCC-3 RECs

2. No reason to assume that IOUs would use highest cost PCC-1 RECs when lower cost products are available, which could result in stranding the RPS bank

Applying a premium benchmark to legacy RECs overstates value and raises costs.

Current Zero-Dollar Valuation Has No Impact to Rates and Results in No Cost-Shifting: Supports Affordability and Fairness For ALL Customers



- Assumptions:
  - Assumes Pre-2019 REC Bank contains 60,000 GWh total across all three IOUs (illustrative amount given the IOUs don't know the size of each IOU's bank)
  - Bank is split evenly from 2011-2018 at 7,500 GWh/year for the purposes of Energy Division (ED) Proposal 2
  - Illustrative 2026 Load Share Split → Bundled Customers = 45%, Departing Load Customers = 55%

[1] ED Staff Proposal 1 and 4 should be corrected to split the Pre-2019 REC Bank based on the Current Bundled/Later Departing Load percentage for each REC bank year, 2011-2018, rather than having the percentage be based on the current year. However, the results shown here are based on how the Staff Report is currently drafted and current accounting practices.

[2] ED Staff Proposal 4 specifies the use of traditional PABA accounting, which is reflected here.

Appendix

CalCCA's 2019 Position on Pre-2019 Banked RECs

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED
05/31/19
04:59 PM

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment (U 39 E)	Rulemaking 17-06-026 (filed June 29, 2017)

PACIFIC GAS AND ELECTRIC COMPANY (U 39-E) AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION WORKING GROUP ONE REPORT ON BROWN POWER, RPS AND RA TRUE-UP (ISSUES 1 THROUGH 7)

E. Renewables Portfolio Standard (RPS) Adder

1. RPS: Principles

The general principles for how the RPS value should be assessed in the PCIA are as follows:

1. RPS product that is not offered for sale or is used for RPS compliance is valued at the applicable (forecast/final adder).
2. RPS product that is offered for sale and is sold is recorded to PABA at the transacted price.

The Co-Leads disagree on the valuation of unsold RPS:

3a. PG&E Proposal: No revenue is recorded to PABA for RPS product that is offered for sale consistent with the IOU's RPS plan and remains unsold. If previously unsold RPS is sold in a future year, it is valued at the actual transacted price. If previously unsold RPS is used by the IOU for compliance in a future year, it is valued at the applicable future year's RPS Adder.

3b. CalCCA Proposal: The volume of RPS retained by IOUs is under consideration in Working Group 3. Unsold RPS should be valued at the benchmark.

Co-Lead positions on the true-up of unsold RPS are further described in Section II.C. These principles apply to RPS generated commencing January 1, 2019 and going forward. Existing RECs that were generated in 2018 or before have already been bought and paid for by bundled customer at previous years' RPS Adders.