

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



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Application of Pacific Gas and Electric Company (U 39 E) for Review of the Disadvantaged Communities – Green Tariff, Community Solar Green Tariff and Green Tariff Shared Renewables Programs.

A.22-05-022  
(Filed May 31, 2022)

And Related Matters.

A.22-05-023  
A.22-05-024

**COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
ON PROPOSED DECISION**

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**COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
ON PROPOSED DECISION**

Pursuant to Commission Rules 14.3(a)-(c),<sup>1</sup> San Diego Gas & Electric Company (“SDG&E”) hereby submits its opening comments on the proposed *Decision Implementing California Shared Renewables Portfolio* issued April 7, 2026 (“PD”). SDG&E generally supports the PD and appreciates that the PD’s pricing for its Community Renewable Energy (“CRE”) program aims to avoid shifting costs to nonparticipating ratepayers. SDG&E’s comments request modifications of the PD’s CRE program to best serve the SDG&E region and avoid the potential for stranded costs.

**I. THE RECORD SUPPORTS EXEMPTING SDG&E FROM OFFERING CRE**

The PD commits legal error by apparently interpreting Pub. Util. Code § 769.3 to require uniform participation by all electrical corporations, rather than exercising the statute’s expressly granted discretion to make individual determinations of ratepayer benefit for each utility.

Pub. Util. Code § 769.3(b)(2)(A) Determine whether it would be beneficial to ratepayers to establish a new tariff or program for an electrical corporation, or modify an existing tariff or program administered by an electrical corporation, to establish a community renewable energy program consistent with the criteria described in subdivision (c). If the commission determines that it would be beneficial to ratepayers to establish the community renewable energy program, the commission shall, on or before July 1, 2024, establish the program as part of the same proceeding and require each electrical corporation to participate in the program.

Section 769.3(b)(2)(A) first requires the Commission to determine whether establishing a CRE program would be beneficial to ratepayers for an electrical corporation. Only if such a finding is made does the statute contemplate requiring program participation. The PD fails to make this requisite utility-specific determination for SDG&E.

The undisputed record supports exempting SDG&E from the CRE based on evidence demonstrating that a CRE program is unlikely to be viable in SDG&E's service territory. Siting constraints, coastal climate, and expensive land values significantly impair CRE project economics,<sup>1</sup> and the PD's requirement that CRE procurement rely on the Renewable Market Adjusting Tariff ("ReMAT") further compounds this infeasibility. Also, the small volume of bundled customers due to the migration of customers to Community Choice Aggregators ("CCAs") in the territory<sup>2</sup> may result in minimal program participation. Today, bundled customers represent 20% of SDG&E's electric load, and there may be further CCA expansion in the future which could also impact the viability of the program. While SDG&E agrees with the Commission that the ReMAT contract is the appropriate instrument, SDG&E has not executed a

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<sup>1</sup> The record on these points is robust and undisputed. See A.22-05-022, Ex. SDGE-01 (Bierman) at 34:6-14, *citing* Evergreen Economics, *Process Evaluation of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs, Final Report* (March 31, 2021) ("Evergreen Report") at 69-70, *available at*: [https://www.calmac.org/publications/DAC\\_GT\\_and\\_CSGT\\_Evaluation\\_Final\\_Report\\_033122.pdf](https://www.calmac.org/publications/DAC_GT_and_CSGT_Evaluation_Final_Report_033122.pdf). The Evergreen Report noted the challenge of solar developer participation within SDG&E's territory due to space constraints and less affordable land, especially in urban areas. See also SDG&E-01 (Bierman) at 28:12-13 and n.49 stating "... SDG&E's testimony shows that, based on discussions with developers in this and other contexts, San Diego's region coastal weather patterns, such as fog and overcast days (often called the "marine layer"), also adversely impact the performance of locally-sited solar generation projects.

<sup>2</sup> Decision ("D.") 24-05-065, Findings of Fact ("FOF") 85 at 163.

ReMAT contract in over ten years.<sup>3</sup> This is not a reflection on the ReMAT as such, but an accurate reflection of persistent prohibitive market conditions in SDG&E’s service territory that limit developer participation and project viability. Under these circumstances, it is unlikely that any CRE projects or subscribing customers would materialize in SDG&E’s territory. However, as recognized in the PD, CCAs are permitted to offer the CRE program and may therefore serve as a pathway for CRE participation within SDG&E’s service territory.

## **II. IF SDG&E MUST OFFER CRE, CLARIFICATIONS ARE REQUIRED FOR PROPER IMPLEMENTATION**

### **A. The Commission Should Create a Sunset Option for CRE**

D.24-05-065 established an avenue to sunset both Disadvantaged Green Tariff (“DAC-GT”) and Modified GT by submitting a Tier 1 AL to inform the Commission that the DAC-GT or Modified GT solicitations have been suspended.<sup>4</sup> The Commission should make a similar determination for CRE and allow a sunset option for the same reasons this is allowed for other programs. However, procurement under ReMAT does not occur within a traditional solicitation with a limited time window for bids like DAC-GT and Modified GT. Rather, developers would have an opportunity to execute a ReMAT contract with SDG&E at any time. Therefore, the sunset threshold must be structured differently. SDG&E recommends the Commission adopt a sunset option whereby if there are no CRE-ReMAT contracts signed within 12 months from the disposition of the required Tier 2 AL establishing the CRE tariff, the electrical corporation

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<sup>3</sup> D.12-05-035 requires utilities to report capacity subscribed, contracts executed, and product category. As the Commission’s records show, SDG&E has reported no ReMAT procurement. See SDG&E’s 10-Day Report on its ReMAT Site, which shows that it has only solar and BioMAT contracts, and those are 10 years old, *available at*: [https://sdgeremat.accionpower.com/\\_sdgeReMAT/documents.asp?strFolder=a.%20Re-MAT%20Tariff%20and%20Power%20Purchase%20Agreement/3.%2010-Day%20Report/&filedown=&HideFiles=True](https://sdgeremat.accionpower.com/_sdgeReMAT/documents.asp?strFolder=a.%20Re-MAT%20Tariff%20and%20Power%20Purchase%20Agreement/3.%2010-Day%20Report/&filedown=&HideFiles=True).

<sup>4</sup> D.24-05-065, Ordering Paragraph (“OP”) 3 and OP 5 at 171-172.

should submit a Tier 1 AL. This AL should include more than a notification that solicitations are suspended, and should also seek authorization to close the associated tariff and regulatory accounts.

**B. The Commission Should Order IOUs to Update their Respective CRE Preliminary Statements to Record Costs for Marketing, Education and Outreach, Ongoing Administration, and Other Implementation Efforts**

D.24-05-065 required electrical corporations to submit Tier 1 ALs to request approval of CRE balancing accounts.<sup>5</sup> SDG&E submitted its AL which was approved on July 29, 2024.

The PD fails to acknowledge the marketing, implementation and ongoing administrative costs that will be incurred if and when the utilities are required to administer the CRE programs. The utilities should be authorized to recover reasonable costs associated with program implementation. As written, the PD does not provide a mechanism to track or recover these costs. To correct this gap in the PD, the investor-owned utilities (“IOUs”) should be directed to file a Tier 1 AL within 30 days to update the CREP Balancing Account (“CREPBA”) Preliminary Statement to include recovery of marketing, implementation, and ongoing program administrative budget, and to file a Tier 2 AL annually in February of each year to seek approval of an administrative budget for the following year.

**III. THE COMMISSION SHOULD DIRECT IOUS TO ESTABLISH A MODIFIED GT BALANCING ACCOUNT FOR COST RECOVERY**

For Modified GT, SDG&E proposes the establishment of a new Modified GT balancing account to track marketing, implementation and administrative costs associated with program administration via Tier 1 AL within 30 days of issuance of this decision. SDG&E further recommends the Commission order IOUs to submit a Tier 2 AL in March of each year to seek

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<sup>5</sup> *Id.*, OP 11 at 174.

approval of the associated administrative budget. Absent these provisions, the PD leaves necessary program costs unaddressed and unrecoverable, resulting in an incomplete framework for implementation of Modified GT.

#### **IV. REPORTING FOR THE DGSTATS WEBSITE FUNDING ALLOCATIONS SHOULD BE BASED ON PROJECT ACTIVITY AND REVISITED PERIODICALLY**

SDG&E proposes that California Distributed Generation Statistics website (“DGStats”) reporting and DGStats integration costs be allocated in a manner that more accurately reflects program participation and usage, rather than being evenly divided among participating program administrators.<sup>6</sup> Given that the majority of SDG&E’s customers are served by CCAs and are largely unbundled, SDG&E does not anticipate meaningful participation in the modified GT, or CRE. As a result, SDG&E does not expect developer interest or project activity within its service territory under these programs. Allocating costs on a flat, per-Program Administrator basis would therefore result in SDG&E bearing a disproportionate share of administrative and reporting costs relative to actual program utilization and benefits. To ensure a more equitable and reasonable allocation of costs, SDG&E proposes that a co-funding agreement (“CFA”) be subject to annual revision and that cost allocation be based on objective participation metrics, such as the number of active projects, participating customers, or demonstrated program activity, rather than a simple division by the number of program administrators. This approach would better align cost recovery with actual program demand, administrative burden, and realized benefits. Without such an adjustment mechanism, SDG&E is concerned that the adopted framework may impose ongoing costs for programs in which there is little to no participation, no viable pipeline of developers, and no commensurate customer benefit within its service territory.

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<sup>6</sup> *Id.*, OP 4 at 171.

An activity-based cost allocation, reassessed annually, would provide flexibility to reflect evolving market conditions and help ensure that costs remain just and reasonable, consistent with Commission precedent and cost-causation principles.

**V. CONCLUSION**

SDG&E asks the Commission to adopt the PD with the changes suggested herein and in the Rule 14.3(b) Appendix hereto.

Respectfully submitted,

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## RULE 14.3(b) APPENDIX

### **Proposed Modifications to Section 6 at top of page 21:<sup>1</sup>**

The costs of DAC-GT, modified Green Tariff, and integrating community renewable energy program data into DGStats, or its successor domain, shall be allocated ~~evenly~~ among the participating program administrators ***based on level of program/project activity*** (i.e., total cost divided by the number of program administrators ***participants and/or projects***). Participating program administrators shall enter into co-funding agreements with SCE, the DGStats contract holder, within 180 days after the issue date of this decision, and document the details and completion of these agreements in their Tier 2 DAC-GT annual budget advice letters. For DAC-GT, these costs shall also be documented in the program administrators' regulatory compliance budgets, which are included in their Tier 2 annual budget advice letters.

### **Insert new Findings of Fact as follows:**

- SDG&E has not had a successful, executed ReMAT contract since July 20, 2015.
- Project siting constraints, coastal climate, expensive land values, and a small number of bundled customers significantly impair CRE project economics making CRE unlikely to be viable in SDG&E's service territory.
- SDG&E's relatively small bundled customer base may not be sufficient to support participation in Green Access procurement programs, potentially resulting in a disproportionate cost burden on the limited number of bundled customers.
- A sunset option for CRE, consistent with prior Commission actions regarding voluntary customer programs such as DAC-GT and Modified-GT, would reduce the risk of stranded investment and incurring unnecessary costs.
- California Distributed Generation Statistics website ("DGStats") reporting and DGStats integration costs should be allocated in a manner that accurately reflects program participation and usage among the utilities, rather than being evenly divided among participating program administrators.

### **New/Modified Conclusion of Law (COL):**

#### **1. Modification to COL 5:**

It is reasonable ***for each IOU to track marketing, implementation and ongoing administration costs of all Green Tariff programs in a balancing account and*** to consider each IOU's Green Tariff cost recovery ***proposal for these costs*** in its ERRA compliance proceeding.

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<sup>1</sup> Proposed insertions to the PD's text ***shown in red italics***.

## 2. New COLs:

- Pub. Util. Code § 769.3 (b)(2)(A) requires the Commission to examine each utility to determine whether it would be beneficial to ratepayers to establish a new CRE tariff for that utility. The Commission need not apply a uniform determination for all utilities.
- Consistent with options afforded CCAs and ESPs, it is reasonable for IOUs to end participation in the CRE program after 1 year if unsuccessful by notifying the Commission via a Tier 2 advice letter including closing related balancing accounts.
- Allocating DGStats costs based on program participation and usage would better align cost recovery with actual program demand, administrative burden, and realized benefits, consistent with cost causation principles.

## New/Modified Ordering Paragraphs

### **New and Modified OP if SDG&E is Exempt from CRE (showing strikeouts from PD):**

- Within 60 days after the issue date of this decision, Pacific Gas and Electric Company, ~~San Diego Gas & Electric Company~~, and Southern California Edison Company shall each submit a Tier 2 advice letter to propose a new customer Community Renewable Energy tariff in accordance with Decision 24-05-065 and this decision. This Tier 2 advice letter shall also include a program implementation and marketing plan as described in this decision
- **(New OP)** Within 60 days of the issuance of this Decision, SDG&E is authorized to close its CREPBA via Tier 1 Advice Letter.

### **New OPs if SDG&E is Not Exempt from CRE:**

- IOUs may sunset their CRE program if there has been no participation by developers in 12 months after the approval of the required Tier 2 CRE Implementation Advice Letter by submitting a Tier 1 Advice Letter informing the Commission including requesting permission to close the CRE tariff and associated balancing account(s).
- Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall file a Tier 2 Advice Letter within 60 days of the effective date of this Decision to update its Community Renewable Energy Program Balancing Account (CREPBA) Preliminary Statement to include authority to record costs associated with marketing, implementation and administrative of the program. Similarly to other Green Tariff programs, each utility shall file a Tier 2 Advice Letter annually by February to establish and seek Commission approval of its proposed CRE administrative budget for the following year.

### **New OP:**

Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each file a Tier 2 Advice Letter within 60 days of the effective date of this

Decision to establish a Modified Green Tariff (Modified GT) balancing account. The balancing account shall record all costs associated with implementation and administration of the Modified GT program. Similarly to other Green Tariff programs, each utility shall file a Tier 2 Advice Letter annually in February to establish and seek Commission approval of its proposed administrative budget for the Modified GT program for the following year.

**Revised OP 9:**

Within 180 days after the issue date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Program Administrators of tariffs in the California Renewable Energy Portfolio shall execute co-funding agreements (CFA) with Southern California Edison Company that are consistent with Section ~~5~~ 6 of this decision for the costs of Disadvantaged Communities-Green Tariff, Green Tariff, and community renewable energy program data integration into the California Distributed Generation Statistics (DGStats) website.

*The CFA shall allocate costs based on program participation and usage.*