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

JOINT REPLY BRIEF OF PACIFIC GAS AND ELECTRIC COMPANY (U 39-E), SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E), AND SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)

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I. INTRODUCTION

Pursuant to Rule 13.12 of the California Public Utilities Commission ("Commission" or "CPUC") Rules of Practice and Procedure, Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and San Diego Gas & Electric Company ("SDG&E") (collectively "Joint IOUs") submit this Reply Brief.[1]

California Community Choice Association's ("CalCCA") Opening Brief argues that the answer to the ultimate question in this Track 2 is simple and straightforward and supports its proposals to grant Later Departing Customers a right to an allocation or payment at the Renewables Portfolio Standard ("RPS") Market Price Benchmark ("MPB") value when the investor-owned electric utilities ("IOU") use the Pre-2019 Banked Renewable Energy Credits ("RECs") for RPS compliance purposes.[2] Yet, the simple truth is, the record reveals otherwise. CalCCA has not proven that Later Departing Customers are entitled to receive new and additional value when the IOUs use the Pre-2019 Banked RECs for RPS compliance. Rather, CalCCA's case misconstrues California law regarding customer indifference and relies on unsubstantiated facts:

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[1] Pursuant to Commission Rule 1.8(d), PG&E confirms that counsel for SCE and SDG&E authorized PG&E to file this Reply Brief on behalf of their respective organizations.

[2] *See* CalCCA's Opening Brief, pp. 1-2.

- California law on customer indifference has been implemented through years of Commission decisional law, which CalCCA ignores and therefore misconstrues what the law requires. The Commission's indifference methodology – the Power Charge Indifference Adjustment ("PCIA") methodology – does not determine indifference for subgroups of customers, as CalCCA claims; rather, it determines an indifference amount based on a total portfolio approach that allocates departing load customers an above market cost responsibility at the time those costs are incurred. The Commission's indifference methodology does not allocate a payment to departing load customers.[3]
- There is no proof that Later Departing Customers are experiencing current cost increases when the Pre-2019 Banked RECs are valued at zero dollars for IOUs' RPS compliance purposes. Rather, the evidence reveals that PCIA rates *do not* increase with a zero dollar valuation, but bundled service customers' rates *will increase* under CalCCA's proposals.[4] CalCCA suggests that the impact on bundled service customers will be "small" while conceding that the longer-term impact is uncertain. CalCCA disregards that small cost increases to bundled service customers as a result of departing load are still prohibited.
- Moreover, the record contains persuasive evidence that the market value of the Pre-2019 Banked RECs is zero dollars; therefore, valuing the Pre-2019 Banked RECs at zero dollars for PCIA ratesetting purposes remains entirely appropriate because the existing PCIA methodology determines the *market value* for each IOU's total portfolio of PCIA-eligible resources, not a compliance or avoided cost value as CalCCA claims.[5]

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[3] *See* Joint IOUs' Opening Brief, Sections II.A.1, II.D, and Joint IOUs' Reply Brief, Section II.B below.

[4] *See* Joint IOUs' Opening Brief, Sections II.A.2, II.C.1, and Joint IOUs' Reply Brief, Sections II.D and III below.

[5] *See id.*

- There is no proof that current bundled service customers and Later Departing Customers paid the same amounts for the Pre-2019 Banked RECs despite CalCCA's claims to the contrary.[6] Rather, based on the record evidence, it is more likely that departing load customers left substantial undercollections behind when they departed bundled service, shifting the costs of those Pre-2019 Banked RECs and other PCIA-eligible resources to remaining bundled service customers.[7]
- CalCCA's Opening Brief repeats its discredited claim that Later Departing Customers have received no benefit to date from the Pre-2019 Banked RECs,[8] ignoring the record evidence that those customers received in their bundled service generation rates the full market value of RPS resources that generated the Pre-2019 Banked RECs through the California Independent System Operator ("CAISO") market revenues earned by these RPS resources, which reflected the energy and embedded greenhouse gas ("GHG") emissions-free values of the resources. These market revenues offset the costs bundled service customers paid in their generation rates during the pre-2019 period.[9]
- CalCCA's Opening Brief offers no explanation as to why CalCCA and its members sat on their claimed right of Later Departing Customers in the Pre-2019 Banked RECs *for years*. Even if CalCCA had proved such an entitlement (it did not), its claim would be barred in law and equity for being untimely and unjustly prejudicial to the IOUs and bundled service customers.

For these and other reasons discussed herein and in the Joint IOUs' Opening Brief, the Commission should deny CalCCA's proposals with prejudice and maintain a zero-dollar valuation for Pre-2019 Banked RECs.

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6 *See* CalCCA's Opening Brief, pp. 2, 4, 68.
7 *See* Joint IOUs' Opening Brief, Sections II.A.3, II.A.4, II.A.5.
8 *See e.g.,* CalCCA's Opening Brief, pp. 18, 20, 21, 36, 70.
9 *See* Joint IOUs' Opening Brief, Sections II.A.5, II.A.6. and Joint IOUs' Reply Brief, Section II.E. below.

II. NEITHER LAW NOR EQUITY NOR COMMISSION PRECEDENT SUPPORTS CALCCA'S PROPOSALS

A. CalCCA's Opening Brief Fails to Explain Why it and its Members Sat on Their Claim of a Later Departing Customer Right to the Pre-2019 Banked RECs

CalCCA's Opening Brief fails to acknowledge, much less rebut, the record evidence that it and its members sat on their purported claim of a Later Departing Customer right to Pre-2019 Banked RECs *for years* – and even disclaimed that right in statements CalCCA made in 2019.

At no point in this proceeding has CalCCA offered any explanation for its or its members' failure to raise the matter during the former PCIA OIR's Working Group ("WG") 1 or WG 3 efforts, which it should have done *at least then*, if not sooner, to avoid prejudicing the IOUs and bundled service customers. CalCCA, as a co-chair in the WG 1 and WG 3 efforts, knew or should have known that no change in the disposition of the Pre-2019 Banked RECs was a consideration in the co-chairs' bargained-for outcomes in those two efforts. Indeed, the record demonstrates that it was an *express* consideration in both efforts.[10]

The unexplained failure of CalCCA and its members to timely advance their claim unjustly prejudices the IOUs and bundled service customers in several ways. First, it undermines the bargained-for outcomes in WG 1 and WG 3.[11] The WG 1 co-chairs agreed and proposed a change in the valuation of RPS attributes for PCIA ratesetting purposes – *i.e.*, to value RECs at the RPS MPB only when they are forecast to be or actually are sold or used for RPS compliance – to RECs generated on and after January 1, 2019. This agreement meant that Pre-2019 Banked RECs *would not be impacted* by the change. The belated claim of CalCCA and its members in the Pre-2019 Banked RECs directly contradicts the January 1, 2019 effective date for the RPS valuation change agreed to by the WG 1 co-chairs and adopted in D.19-10-001.

Further, when the WG 3 co-chairs agreed to and proposed a Voluntary Allocation and

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[10] *See* Joint IOUs' Opening Brief, Sections II.B, p. 24; II.F, pp. 40-41, fns. 161, 162; p. 45, fn. 172; p. 51, fn. 197.

[11] CalCCA's witness reluctantly admitted that he did not consider CalCCA's prior positions in WG 1 or WG 3 in advancing the belated claim of CalCCA and its members of Later Departing Customers' rights in the Pre-2019 Banked RECs. *See id.*, p. 41, fn. 162.

Market Offer ("VAMO") for excess RPS resources – a discretionary opportunity for Community Choice Aggregators ("CCA") and Electric Service Providers – but mandatory for the IOUs – the consideration did not include a change in the disposition of the Pre-2019 Banked RECs. Had CalCCA or its members raised the claim of Later Departing Customers to the Pre-2019 Banked RECs during WG 3, it would have changed the economics of VAMO for some or all of the IOUs. The WG 3 record shows that some IOUs were concerned that VAMO would cause them to become short on RPS compliance resources and have to purchase additional RPS resources at higher costs for bundled service customers – which ultimately did happen – and that the Commission was concerned with these kinds of unintended consequences of the WG 3 optimization proposals.[12] The belated claim of CalCCA and its members introduces a whole new set of potential costs and risks that the IOUs could not have foreseen and did not anticipate when negotiating and compromising for VAMO in WG 3.

VAMO shortened the IOUs' RPS compliance positions[13] and the belated claim of CalCCA and its members, if approved, would worsen those short positions. CalCCA's suggestion that this stems from the IOUs selling themselves "short" in the WG 1 and WG 3 efforts[14] is incredibly disingenuous given CalCCA's unexplained failure to timely raise its and its members' claim regarding the Pre-2019 Banked RECs during the WG efforts (and, in fact, expressly stating that Pre-2019 Banked RECs were owned by bundled service customers), which were expected to be conducted in good faith among the co-chairs.

Moreover, the belated claim of CalCCA and its members will cause bundled service customers to incur new costs for RPS power generated up to *15 years ago,* for which they have had no notice or opportunity to plan. Customers are entitled to have timely notice of their cost

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12 *See* Joint IOUs' Opening Brief, Section II.B, pp. 23-25.

13 CalCCA dismisses VAMO as "short-lived" but this is correct because the long-term allocations contracted under VAMO continue through 2042 for SCE and 2043 for PG&E.

14 *See* CalCCA's Opening Brief, p. 37, where CalCCA also claims that "[t]he uncertain *potential* for downstream consequences for one group of LSEs should not outweigh the *certainty* of an existing cost shift from one customer group to another" but fails to prove any cost shift to Later Departing Customers, much less a certain one, as discussed in Section II.D herein.

responsibilities as set forth in Commission -approved tariffs. This is the cornerstone of informed customer choice. In this case, the lack of notice is the direct result of CalCCA and its members failing to timely advance their claim, and their delay unjustly prejudices – at a minimum – those bundled service customers who chose to remain with the IOUs' bundled service based on the information they had regarding their cost responsibility at the time they made that choice.

CalCCA's attempt to downplay the impact on bundled service customers as "*de minimis*"[15] and "small . . . in the near term" is unavailing.[16] The impacts over the longer term are uncertain, as CalCCA concedes,[17] and nothing in the indifference mandate creates an exception for cost shifts even if they are small.

CalCCA's unproven allegations of a discriminatory result[18] in this Track 2 are not credible in light of the unjustified delay of it and its members in advancing their claim of a Later Departing Customer right in the Pre-2019 Banked RECs. As discussed in the Joint IOUs' Opening Brief,[19] law and equity[20] demand the denial with prejudice of the belated claim of a Later Departing Customer right in the Pre-2019 Banked RECs.

B. CalCCA's Opening Brief Misconstrues How the Commission Implements the Indifference Mandate

A fatal weakness in CalCCA's case is its construction of the applicable law governing indifference. It focuses on "three related [statutory] requirements" 1) no cost shifts to bundled

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15 *See id*., p. 3.

16 *See* CalCCA's Opening Brief, p. 49.

17 *See id*., p. 46.

18 *See e.g*., CalCCA's Opening Brief, pp. 2, 36.

19 *See* Joint IOUs' Opening Brief, Section II.F.

20 As the Commission has held, "[l]aches is not merely an affirmative defense but a *fundamental defect* in the cause of action." Decision ("D.") 85-03-053, 1985 Cal. PUC LEXIS 117, *32-33 (Commission sua sponte denied relief on the basis of laches).Consistent with that principle, the Commission has denied relief on that basis alone and should do so again here, where CalCCA's undue delay and the resulting prejudice are undeniable. D.97-12-117, 1997 Cal. PUC LEXIS 1145, *2-4 (Commission held that because claims were barred by laches, it "need not address…substantive arguments," and explained that the uncertainty caused by delayed challenges constitutes prejudice.); *see also* D.94-08-023, 1994 Cal. PUC LEXIS 486, *16-17 (Laches "prevents relief to the one who has stood idly by with knowledge of his right and allowed the situation to change so that it would be unjust to others to grant him relief.").

service customers; 2) no cost shifts to departing load customers;[21] and 3) unavoidable costs paid by departing load customers must be reduced by the value of the benefits that remain with bundled service customers unless those benefits are allocated to the departing load customers.[22] Through its narrow focus, CalCCA seeks to advance its position that Section 366.2(g) can be fairly implemented in isolation of other sections in 366.2 governing customer cost responsibilities. But this is not how the Commission has implemented statutory customer indifference. Rather, through years of decisional law, the Commission has constructed a PCIA methodology that uses a Total Portfolio approach to determine the above market costs of the IOUs' PCIA-eligible resource portfolios. The Commission then allocates the above market costs to bundled service and departing load customers.[23] Through its PCIA methodology, the Commission implements the requirements of no cost shifts and reducing departing load customers' cost responsibility by the value that remains with bundled service customers.[24]

The Commission's PCIA methodology has never allocated a payment of value from bundled service customers to departing load customers.[25] And yet, CalCCA would have this Commission accept that the law requires that outcome here. It does not. As explained in the Joint IOUs' Opening Brief,

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[21] Notably, these statutory requirements speak of indifference among bundled service and departing load customers, and not among CalCCA's created categories of "Later Departing Customers" and "Previously Departing Customers" and "Remaining Bundled Service Customers" which are not presently included in any Commission-approved tariff governing customer cost responsibility and/or notice of potential additional costs not currently included in rates. *See e.g.*, California Public Utilities ("Pub. Util.") Code Sections 365.2 and 366.3. All references to code sections shall be to the Pub.Util. Code unless otherwise stated.

[22] *See* CalCCA's Opening Brief, pp. 8-9 and Figure 1.

[23] *See* Joint IOUs' Opening Brief, Sections II.A.1 and II.D. As Section II.A.1 explains, "as a general matter the PCIA methodology has never, and does not today, determine an Indifference Amount for "Later Departing Customers," or "Previously Departed Customers," or even for bundled service customers. It determines an Indifference Amount on a Total Portfolio basis and then allocates that Indifference Amount across two customer groups: bundled service and departing load customers. CalCCA's proposal to allocate a separate credit to Later Departing Customers, paid for by current bundled service customers outside of the PCIA methodology, is not consistent with California law as it has long been implemented by the Commission."

[24] *See id.*

[25] *See id.*

> Section 366.2(g) does not require the Commission to reduce departing load customers' cost responsibility by the value of the RPS resources left behind when they depart bundled service *and also* allocate that value to departing load customers when the IOUs use their PCIA-eligible resources for RPS or RA compliance. The Commission has declined an allocation approach in favor of an above market cost responsibility approach for departing load that reduces departing load customers' share of the above market costs by the value of the resources that remain with bundled service customers, and that it is precisely what occurred under the pre-2019 PCIA methodology and what occurs today under the current methodology.[26]

In other words, the Commission's PCIA methodologies did not and do not implement Section 366.2(g)'s alternative of allocating value to departing load customers in whole or part, and the Commission should decline to do so now. Implementing any of CalCCA's proposals in isolation of (and additive to) the Commission's PCIA methodology will not achieve customer indifference among bundled service and departing load customers or a just and reasonable outcome. As discussed below, there is no cost shift to Later Departing Customers and so no cause in this Track 2 to revise how the Commission's PCIA methodology implements customer indifference as CalCCA's Opening Brief claims.

C. CalCCA's Opening Brief fails to prove a legal right for Later Departing Customers to the Pre-2019 Banked RECs

In its Opening Brief, CalCCA asserts that customers who were receiving bundled service at the time Pre-2019 Banked RECs were generated, but who later departed bundled service (Then Bundled/Later Departing Customers), maintain an ownership right to Pre-2019 Banked RECs and should receive the value of the RECs they "left behind" when they departed bundled service. CalCCA argues that the Commission is required to ensure that Then Bundled/Later Departing Customers "get what they pay for"[27] by requiring bundled service customers to, in effect, "buy back" Pre-2019 Banked RECs from Then Bundled/Later Departing Customers. CalCCA asserts that "[t]he indifference statutes require that *both* customer groups who paid for the RECs receive the associated benefits."[28] It points to Sections 365.2, 366.2, and 366.3

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[26] *See* Joint IOUs' Opening Brief, pp. 34-35.
[27] CalCCA's Opening Brief, p. 3.
[28] CalCCA's Opening Brief, p. 2 (emphasis added).

(together the statutory indifference provisions) to support this claim, as well as Section 451 and Section 453(a) and (c) Apart from its statutory arguments, CalCCA suggests that D.19-10-001 establishes the principle that RECs *must* be valued (or re-valued) at the time they are used for RPS compliance.[29] More generally, CalCCA suggests that Then Bundled/Later Departing Customers have a claim to the value of Pre-2019 Banked RECs based on general fairness principles. As discussed below, these claims are entirely lacking in merit and should be soundly rejected by the Commission.

The legal analysis presented by CalCCA in its Opening Brief is confused and fundamentally flawed. In some instances, CalCCA appears to argue that its proposal to require remaining bundled service customers to provide additional compensation to Then Bundled/Later Departing Customers for Pre-2019 Banked RECs is established through the rights afforded to departing load customers under the statutory indifference provisions. It mischaracterizes the nature of those rights, asserting that departing load customers have a right to be kept indifferent from costs related to load departure that is equivalent to that conferred upon bundled service customers. In other instances, CalCCA suggests that the rights afforded to departing load customers and remaining bundled service customers under the statutory indifference provisions, which are the basis for the Commission's pre-2019 and post-2018 PCIA framework, are not relevant to its proposal since "CalCCA's proposal has nothing to do with the way the Commission addressed indifference between bundled service customers and departed customers as they existed at the time the [Pre-2019 Banked] RECs were generated."[30] While it appears to implicitly acknowledge that the statutory indifference provisions do not apply to cost allocation between sub-groups of bundled service customers (the framework it proposes), CalCCA nevertheless argues that these provisions obligate the Commission to adopt CalCCA's proposal to require bundled service customers to compensate Then Bundled/Later Departing Customers for their "share" of Pre-2019 Banked RECs.

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[29] CalCCA's Opening Brief, p. 13.
[30] CalCCA's Opening Brief, p. 68.

The Joint IOUs respond below to CalCCA's faulty claims regarding the Commission's obligations under the statutory indifference provisions and Sections 451 and 453. The response also corrects CalCCA's misstatements regarding REC valuation under D.19-10-001 and addresses whether requiring bundled service customers to "pay back" Then Bundled/Later Departing Customers for Pre-2019 Banked RECs would be a "fair" outcome for bundled service customers.

1. What do the Statutory Indifference Provisions Require?

CalCCA argues in its Opening Brief that ". . . Sections 365.2, 366.2, and 366.3 require that no customer—either bundled or unbundled—should have additional costs shifted to them ***as a result of retail choice***."[31] CalCCA asserts that statutory indifference provisions create a "two-way street" of indifference,[32] and that "[t]he indifference statutes require that *both* customer groups who paid for the RECs receive the associated benefits."[33] This framing of the indifference requirement established under statutory indifference provisions is completely erroneous. CalCCA improperly conflates the indifference mandate that protects bundled service customers from incurring *any* cost due to load departure with the more general cost shift protections afforded to both bundled service customers and departing load customers under Sections 365.2, 366.2, and 366.3. Indeed, CalCCA's misunderstanding of the nature of the protection afforded to departing load customers under the statutory indifference provisions – and its incorrect assumption that departing load customers have a right equal to that of bundled service customers to be kept indifferent and avoid cost increases due to load departure – lies at the heart of its misguided proposals in Track 2.

While the statutory indifference provisions offer a degree of cost protection to customers who voluntarily choose to leave bundled service, these provisions do *not* require that departing

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31 CalCCA's Opening Brief, p. 5 (emphasis added).
32 CalCCA's Opening Brief, pp. 32-33.
33 CalCCA's Opening Brief, p. 2 (emphasis added); *see also* CalCCA's Opening Brief, p. 22 (arguing that the Commission must "ensure that all customers that paid for the RECs receive their share of the benefit.") (emphasis omitted).

load customers be kept indifferent or "made whole" when they choose to depart bundled service. Rather, taken together, statutory indifference provisions establish a discrete set of principles that includes indifference protection *only* for bundled service customers:

- Bundled service customers must not experience *any* cost increase as a result of load departure (*i.e.*, must remain "indifferent" to load departure);[34]
- Departing load customers must not be allocated costs that are not incurred on their behalf;[35]
- Recoverable costs must not be shifted between CCA customers and bundled service customers;[36]
- When PCIA resource costs are allocated to departing load customers, those costs must be reduced by the value of the associated benefits that remain with bundled service customers. Alternatively, departing load customers may receive an equitable allocation of the associated benefits.[37]

The statutory indifference provisions establish that remaining bundled service customers must be kept indifferent and experience *no* cost increase due to load departure, but impose no similar indifference requirement for departing load customers. In other words, there is no requirement under the statutory indifference provisions that departing load customers be kept indifferent and be protected from any cost increase resulting from their own decision to depart bundled service. Nor is there a requirement that remaining bundled service customers "pay back" customers who choose to leave bundled service for benefits they "leave behind" when they depart – indeed, such a provision would be directly at odds with the statutory requirement that bundled service customers experience *no* cost increase as the result of load departure. Rather, the statutory indifference provisions establish only that once departing load customers have left bundled service, they cannot be required to pay costs that were not incurred on their behalf (*e.g.*,

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[34] Sections 365.2, 366.3.
[35] Sections 365.2, 366.3.
[36] Section 366.2(a)(4) and (d)(1).
[37] Section 366.2(g).

costs incurred after their departure from bundled service) or that should rightfully be paid by bundled service customers. Departing load customers have no right to receive the value of bundled service customer benefits (including banked RECs) generated *prior* to their departure, but when the above-market cost of a PCIA-eligible resource is allocated to them *after* they depart (*e.g.*, through the annual Energy Resource Recovery Account ("ERRA") process), they receive the value of the corresponding resource benefits that remain with bundled service customers.[38]

Thus, CalCCA's claim that the statutory indifference provisions operate to ensure that "no customer—either bundled or unbundled—should have additional costs shifted to them *as a result of retail choice*" is manifestly false.[39] While departing load customers are protected from having bundled service costs improperly shifted to them *after* they leave bundled service, they do not have a statutory right to be kept indifferent or "made whole" for costs that result from their own decision to depart bundled service. It is only bundled service customers who must be kept indifferent and protected from incurring *any* cost due to load departure. CalCCA improperly fails to distinguish the indifference requirement that protects bundled service customers from the protection from cost shift in the *going-forward* allocation of PCIA portfolio costs established under the statutory indifference provisions; it assumes a compensatory right for Later Departing Customers that does not exist under statute or Commission decision.

2. CalCCA Fails to Demonstrate that Then Bundled/Later Departing Customers Have a Right Under Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3 to Compensation for Pre-2019 Banked RECs

CalCCA's discussion of the indifference principle reflects a basic misunderstanding of how indifference is applied and who it is designed to protect. CalCCA incorrectly asserts in its Opening Brief that indifference requires that "all customers should get what they pay for," and that the Commission's task in this Track 2 is merely to determine how to measure the benefit that remaining bundled service customers "owe" to Then Bundled/Later Departing Customers for

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[38] Alternatively, "a fair and equitable share of those benefits" may be allocated to departing load customers. Section 366.2(g)

[39] *See* CalCCA's Opening Brief, p. 5 (emphasis added).

Pre-2019 Banked RECs.[40] Not so. As discussed above, Sections 365.2 and 366.3 mandate indifference *only* for bundled service customers. Departing load customers have no statutory right to be kept indifferent; rather Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3 protect departing load customers from cost shifts on a going-forward basis, once they have departed from bundled service, but do not operate as a compensatory mechanism designed to ensure that customers who elect to depart bundled service receive their "share" of the benefits that have accrued to bundled service customers at the time of departure.

The statutory indifference provisions operate to establish appropriate cost allocation between customers who have already departed bundled service and remaining bundled service customers. The provisions do not explicitly recognize the two new sub-groups of bundled service customers described by CalCCA:

- Current Bundled Service Customers (*i.e.*, remaining bundled service customers); and
- Then Bundled/Later Departing Customers (*i.e.*, customers who were receiving bundled service when the Pre-2019 Banked RECs were generated and left bundled service thereafter)

While Sections 365.2 and 366.3 do not explicitly recognize these two sub-groups of bundled service customers, the provisions do clearly establish the principle that remaining bundled service customers (*i.e.*, Current Bundled Service Customers) cannot experience *any* cost increase as the result of the decision by Then Bundled/Later Departing Customers to depart bundled service. This means that Current Bundled Service Customers cannot be required to "reimburse" Then Bundled/Later Departing Customers for benefits that remain with bundled service since requiring them to do so would cause them to incur a cost they would not otherwise have incurred absent the decision by Then Bundled/Later Departing Customers to depart bundled service; this would be a clear violation of the statutory indifference mandate. Thus, Sections

[40] CalCCA's Opening Brief, p. 3.

365.2 and 366.3 indirectly, but conclusively, answer the question of whether Current Bundled Service Customers can be required to "pay back" Then Bundled/Later Departing Customers for "their share" of Pre-2019 Banked RECs – the answer is no, because the cost indifference mandate prohibits this outcome.

In addition to misstating the requirements of Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3, CalCCA does not clearly explain how these provisions relate to its proposal in Track 2. CalCCA notes that the pre-2019 PCIA framework was designed to allocate costs between customers who had already departed bundled service and remaining bundled service customers, and did not seek to address purported cost shifts between CalCCAs' two new sub-groups of bundled service customers (Current Bundled Service Customers and Then Bundled/Later Departing Customers).[41] CalCCA stops short of explicitly acknowledging the obvious point that the indifference provisions of Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3, which form the underpinnings of the prior PCIA methodology, *also* focus solely on allocation of costs between customers who have already departed bundled service and remaining bundled service customers. However, this fact is evident from the plain language of the provisions. CalCCA attests that the "two groups of customers [it] seeks to address with its proposal" are Then Bundled/Later Departing Customers and Current Bundled Customers.[42] It further explains that its proposal "has nothing to do with the way the Commission addressed indifference between bundled service customers and departed customers as they existed at the time the [Pre-2019 Banked RECs] were generated."[43] Given that this latter scenario is precisely what the statutory indifference principles are meant to address – and that cost allocation between Current Bundled Service Customers and Then Bundled/Later Departing Customer is *not* explicitly addressed by these provisions – it is not clear how Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3 relate to

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41 CalCCA's Opening Brief, p. 67 ("The prior indifference methodology addressed the allocation of above-market costs between Previously Departed Customers [*i.e.*, customers who had already departed] and Then-Bundled Customers, which in 2015, for example, were departed and bundled customers.") (internal citations omitted).

42 CalCCA's Opening Brief, p. 68.

43 CalCCA's Opening Brief, p. 68.

CalCCA's proposal.

CalCCA's claim that the Commission must apply Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3 to ensure that Then Bundled/Later Departing Customers are kept indifferent and experience no cost shift as the result of *their own* decision to depart bundled service ignores the fact that none of these provisions contemplate any such cost allocation arrangement. In addition, CalCCA fails to consider that enacting such a requirement (*i.e.*, directing bundled service customers to "reimburse" Then Bundled/Now Departing Load Customers by providing a PCIA ratemaking credit based on a non-zero dollar valuation for Pre-2019 Banked RECs) would violate the explicit prohibition under both Sections 365.2 and 366.3 on imposing a cost increase on bundled service customers as a result of load departure. In effect, CalCCA asks the Commission to order compensation for Then Bundled/Later Departing Customers based upon a statutory right that does not exist in a manner that would violate the plain language of Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3.

The California Supreme Court has made clear that where there is no ambiguity in the language of a statute, "then the Legislature is presumed to have meant what it said, and the plain meaning of the language governs. Where the statute is clear, courts will not 'interpret away clear language in favor of an ambiguity that does not exist.'"[44] It is a rule of statutory construction that "[e]very word, phrase or provision is presumed to have been intended to have a meaning and perform a useful function."[45] Thus, if a particular construction would render a statutory provision ineffective and meaningless, that construction must be rejected. The analysis offered by CalCCA improperly reads non-existent obligations into Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3 and would render the statutory indifference requirement established under these two provisions ineffective and meaningless. Accordingly, CalCCA's claim that Then Bundled/Later Departing Customers must be kept indifferent and experience no cost shift as the result of their own decision to depart bundled service must be soundly rejected.

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[44] *Lennane v. Franchise Tax Board*, 9 Cal. 4th 263, 268 (1994) (internal citations omitted).

[45] *Rosenfield v. Superior Court,* 143 Cal.App.3d 198, 202 (1983) (internal citations omitted).

CalCCA's contention that a non-zero dollar valuation of Pre-2019 Banked RECs will result in a cost shift to Then Bundled/Later Departing Customers is equally unavailing. CalCCA failed to prove that there is *any* cost increase to Then Bundled/Later Departing Customers "as a result of the allocation of costs that were not incurred on behalf of the departing load."[46] Rather, the costs of the RPS resources that generated the Pre-2019 Banked RECs were incurred and allocated years ago under the pre-2019 PCIA methodology when Then Bundled/Later Departing Customers were still bundled service customers. Thus, CalCCA cannot (and does not) show that the Later Departing Customers are *currently* experiencing any allocation of costs related to Pre-2019 Banked RECs.[47]

3. Section 366.2(g) Does Not Support CalCCA's Proposal for a Non-Zero Dollar Valuation or Allocation of Pre-2019 Banked RECs

CalCCA asserts that Section 366.2(g) requires the Commission to ensure that departing load customers "receive the benefits of the resources they pay for,"[48] and that when Current Bundled Service Customers use Pre-2019 Banked RECs for RPS compliance, Then Bundled/Later Departing Customers must receive compensation that reflects their "share" of Pre-2019 Banked RECs.[49] However, CalCCA misstates the nature of the protection afforded to departing load customers and Then Bundled/Later Departing Customers under Section 366.2(g).

Section 366.2(g) requires that the "[e]stimated 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."[50] Contrary to CalCCA's suggestion, Section 366.2(g) does not require that departing load customers' rates are reduced to account for the value of the benefits that remain with bundled service customers *and also*

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46 *See* Section 366.3; *see also* Section 365.2.

47 *See* Exhibit ("Exh.") JIOU-02, p. 9:3-:5, stating "CalCCA's alleged cost shift from Current Bundled Customers to Later Departing Load customers is a fallacy because costs recovered in the PCIA do not increase with a zero-dollar valuation of the Pre-2019 Banked RECs."

48 CalCCA's Opening Brief, p. 54.

49 CalCCA's Opening Brief, p. 2.

50 Section 366.2(g) (emphasis added).

"receive [an allocation of] the benefits of the resources they pay for."[51] The provision does not require that departing load customers receive the benefits of PCIA-eligible resources; rather, it requires that PCIA rates account for the value of the benefits they leave behind. This accounting occurred in pre-2019 ratesetting.

Likewise, the provision does not seek to protect bundled service customers who "pay for" the benefits conveyed to CCA customers, in accordance with the requirements of Section 366.2(g), and then later depart bundled service. The provision is designed to protect CCA customers and to ensure that when they pay the net unavoidable costs of electricity generated in a given year, they receive the corresponding benefits of such generation. Given this fact, CalCCA's argument that Section 366.2(g) operates to protect Then Bundled/Now Departing Customers and requires that they be compensated for Pre-2019 Banked RECs they "paid for" before they departed bunded service is inapposite. Then Bundled/Now Departing Customers were bundled service customers, *not CCA customers*, at the time the net unavoidable electricity costs paid by departing load customers (*i.e.*, the PCIA rates) were reduced by the value of benefits that included Pre-2019 Banked RECs. CalCCA admits this fact: "[t]he two groups of customers CalCCA seeks to address with its proposal—[Then Bundled]/Later Departing Customers and Current Bundled Customers—*were both bundled customers when the RECs were generated*."[52] Since Then Bundled/Later Departing Customers were not departing load customers at the time the Pre-2019 Banked RECs were generated and banked and addressed in the Commission's ratesetting process, they cannot claim the protection afforded to CCA customers under Section 366.2(g) and, likewise, cannot claim that their costs be reduced for Pre-2019 Banked RECs.

For example, CalCCA's illustrative analysis of RECs generated in 2015 and banked by bundled service customers assumes that Then Bundled/Now Departing Customers were still

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[51] *See* CalCCA's Opening Brief, p. 54.
[52] CalCCA's Opening Brief, p. 68 (emphasis added).

bundled service customers in 2015.[53] Since Then Bundled/Now Departing Customers were not customers of a CCA at the time the 2015 RECs were generated and remained with bundled service customers, CalCCA cannot claim that Section 366.2(g) now requires that Then Bundled/Now Departing Customers receive the value of 2015 banked RECs that remained with bundled service customers. In other words, in applying Section 366.2(g), Then Bundled/Now Departing Customers cannot be *both:* (i) bundled service customers who "paid for" a portion of RECs in 2015 and must now "get what they paid for;" *and* (ii) CCA customers whose estimated net unavoidable electricity must be reduced by the value of 2015 REC benefits that remained with bundled service customers. Yet this is precisely what CalCCA appears to suggest. Thus, CalCCA's claims regarding Section 366.2(g) suffer from the same deficiencies as its arguments regarding the statutory indifference provisions: it is clear that Section 366.2(g) does not apply to purported cost shifts between sub-groups of bundled service customers, which is the scenario CalCCA's Track 2 proposals are intended to address.

CalCCA offers an interpretation of the requirements of Section 366.2(g) that lacks a rational basis and cannot be squared with rules of statutory construction. In essence, CalCCA argues that even though Then Bundled/Later Departing Customers were bundled service customers at the time Pre-2019 Banked RECs were generated and banked – and it is undisputed that under the pre-2019 PCIA methodology, the estimated net unavoidable electricity costs paid by departing load customers *were* decreased by the value of the RPS resource benefits that remained with bundled service customers, as is required by Section 366.2(g)[54] – – they can claim a right under Section 366.2(g) to receive compensation for such Pre-2019 Banked RECs retroactively because they are *now* departing load customers. In other words, CalCCA suggests that Then Bundled/Later Departing Customers can take off their "bundled service customer hat" in favor of a "CCA hat" and reach back pursuant to Section 366.2(g) to claim a right to the value of the Pre-2019 Banked RECs.

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[53] *See* CalCCA's Opening Brief, pp. 23-25.

[54] Exh. JIOU-01, pp. 25:19-26:2.

If this nonsensical reading of Section 366.2(g) were to be adopted, the result would be that when CCA customers pay the estimated net unavoidable electricity costs associated with PCIA resources in a given year, and receive a cost reduction that reflects the value of any corresponding benefits that remain with bundled service customers, those CCA customers (*and* customers who begin receiving CCA service at any later point) could come back *years later*, after value has *already* been provided under Section 366.2(g), and demand additional value from bundled service customers. Under this construct, CCA customers would pay the estimated net unavoidable electricity costs associated with PCIA resources in a given year <u>*one*</u> time, but could demand to receive the value of any corresponding benefits that remain with bundled service customers over and over again.

For example, again using CalCCA's illustrative scenario of RECs generated in 2015, estimated net unavoidable electricity costs associated with the PCIA portfolio in 2015 were paid by CCA customers in 2015 through their PCIA rates, and those costs were reduced by the value of the benefits, including RECs forecast to be generated in 2015, that remained with bundled service customers. Even though the netting process contemplated in Section 366.2(g) for 2015 resource costs and 2015 benefits that remained with bundled service customers has *already* happened, CalCCA argues that Section 366.2(g) would allow the value of 2015 benefits that remained with bundled service customers to be netted *again* in a future year (*e.g.*, the value of 2015 benefits that remained with bundled service customers could be netted against 2027 PCIA portfolio costs) even though the cost of the PCIA portfolio in 2015 would not be recovered again.

CalCCA's contention that Section 366.2(g) establishes that CCA customers may pay the costs of estimated net unavoidable electricity costs associated with PCIA resources in a given year one time but potentially receive the value of benefits generated in that year *multiple* times is clearly illogical and unreasonable. It is also an egregious violation of the statutory indifference mandate. The Commission has observed that in construing statutory requirements, "[w]e look to the well-organized principles of statutory construction. The California Supreme Court has stated:

'To interpret statutory language, the courts must ascertain the intent of the legislature so as to effectuate the purpose of the law.' In determining the legislature's intent, they are to 'scrutinize the actual words of the statute giving them a plain and common sense meaning.' 'In construing a statute, a court may consider the consequences that would follow from a particular construction and will not readily imply an unreasonable legislative purpose. Therefore, a practical construction is preferred.' 'In analyzing statutory language, we seek to give meaning to every word and phrase in the statute to accomplish a result consistent with the legislative purpose. ...'"[55]

As discussed above, statute clearly conveys the legislature's intent that bundled service customers "*shall not*" experience *any* cost increases as a result of departing load.[56] Case law holds that "[t]he words 'shall not' are as unambiguous as any two contiguous words in the English language can be and they cannot rationally be misunderstood."[57] Given the unambiguous indifference mandate established in Sections 365.2, and 366.3, it is plain that CalCCA's unreasonable interpretation of the requirements of Section 366.2(g) must be rejected. Nothing in Section 366.2(g) establishes CCA customers' right, or an obligation on the part of the Commission, to re-value benefits that were already fully valued in bundled service customers' Commission-approved generation rates, years after valuation occurred, and years after the corresponding costs of those RPS resources were incurred and recovered.

4. CalCCA's Track 2 Proposals Violate Sections 451 and 453

CalCCA asserts that adherence to the Commission's existing non-zero dollar valuation for Pre-2019 Banked RECs would result in violation of the requirement under Section 451 that rates be "just and reasonable," as well as the requirement under Section 453(a) and (c) that require that public utilities avoid "any preference or advantage to any corporation or person" and "unreasonable difference as to rates, charges, service, facilities, or in any other respect, either as

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[55] D.07-09-016, pp. 12-13 (internal citations omitted).

[56] Section 366.3 (emphasis added).

[57] *Souvannarath v. Hadden,* 95 Cal.App.4th 1115, 1124 (2002).

between localities or as between classes of service."[58]

CalCCA offers little more than conclusory statements to support these claims; it is clear that they are meritless. CalCCA's claim that Then Bundled/Later Departing Customers are "owed" additional compensation for Pre-2019 Banked RECs is without statutory support, as discussed above, and would violate the statutory indifference mandate and unlawfully shift costs to bundled service customers. Accordingly, it is CalCCA's re-valuation proposal that would violate Section 451. Similarly, CalCCA's proposals in Track 2 are designed to benefit a narrow sub-set of customers (*i.e.,* Then Bundled/Later Departing Customers) at the expense of existing bundled service customers. Adoption of CalCCA's re-valuation or allocation proposal would confer "a preference or advantage" on Then Bundled/Later Departing Customers and thus violate Section 453. Accordingly, CalCCA's reference to Section 451, and Section 453 to support its Track 2 proposals is misguided. Indeed, these statutory provisions operate to prohibit CalCCA's unreasonable and unlawful proposals.

5. The Commission's Direction in D.19-10-001 Does Not Support CalCCA's Claim that Pre-2019 Banked RECs Must be Re-Valued When They are Used for Bundled Service Customers' RPS Compliance

In D.19-10-001, the Commission adopted PG&E's proposal to assign a zero dollar value for "unsold" RPS attributes.[59] There, the Commission reasoned that doing so was necessary, in part, to protect bundled service customers: "If the IOUs use RECs in the future based on their approved procurement plans, the value in the year of generation may be different from the value at the time of the future transaction," and valuing all RECs in the year of generation, "effectively shifts market risks and opportunities associated with changing REC prices to bundled customers even though the resources generating those RECs were not procured solely on their behalf."[60]

CalCCA suggests, however, that the Commission's motivation in D.19-10-001 was at least in part to benefit departing load customers by "deferring compensation to departing load for

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[58] CalCCA's Opening Brief, p. 2.
[59] D.19-10-001, p. 35.
[60] D.19-10-001, p. 35.

those RECs until they are used for RPS compliance," which, it claims, recognizes "that customers do not realize the value of the IOUs' REC banks until those RECs are used for bundled customer RPS compliance (or sold)."[61] In its discussion of D.19-10-001 set forth in its Opening Brief, CalCCA does not distinguish between treatment of Post-2019 RECs, which are valued at zero dollars under the Post-2018 PCIA methodology and Pre-2019 Banked RECs, which of course were valued and credited to departing load in the year of generation. It offers the puzzling observation that the change in REC valuation methodology adopted in D.19-10-001 "did not upset the original accounting for RECs generated before 2019 . . . [and] merely created a more granular accounting for such RECs. . .."[62] CalCCA's assertion that the Commission intended the new valuation methodology adopted in D.19-10-001 to apply to Pre-2019 Banked RECs lacks credibility given that the Commission was very clear in D.19-10-001 that the methodology adopted in the decision does *not* apply to Pre-2019 Banked RECs: "The methods adopted in this Decision apply to RECs generated commencing January 1, 2019 and going forward."[63]

CalCCA entirely ignores this clear expression of Commission intent. It also disregards the fact that Pre-2019 Banked RECs were *already* valued at the time they were generated and therefore cannot be valued under a methodology that assumes a zero valuation prior to use for bundled service customers' RPS compliance. The Commission's intent in D.19-10-001 was to *protect* bundled service customers (rather than to impose duplicative cost in violation of indifference principles to benefit departing load customers).[64] Hence, the suggestion by CalCCA that the Commission endorsed an approach in D.19-10-001 that would value RECs at the time they were generated (under the pre-2019 methodology) and then a *second* time at the time they are used for RPS compliance makes no sense. Such an approach, which would require bundled service customers to provide compensation *twice* to two separate groups of departing load

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61 CalCCA's Opening Brief, pp. 12-13.
62 CalCCA's Opening Brief, p. 13.
63 D.19-10-001, p. 47, Finding of Fact (FOF) 8.
64 *See* D.19-10-001, p. 35.

customers, is entirely at odds with the Commission's rationale described in D.19-10-001, and would violate the statutory indifference mandate. It is clear from the Commission's discussion in D.19-10-001 that it was not suggesting that RPS attributes that had *already* been valued at a non-zero dollar amount in the year of generation (i.e., Pre-2019 Banked RECs) must be re-valued and additional compensation provided in the year they are used for bundled service customers' RPS compliance. CalCCA's claims to the contrary, and its position regarding re-valuation of Pre-2019 Banked RECs, is illogical, unreasonable, and inconsistent with the explicit guidance provided in D.19-10-001.

6. General Notions of "Fairness" Do Not Overcome the Statutory Impediments to Adoption of CalCCA's Track 2 Proposals

CalCCA suggests that its claim of an ownership interest on the part of Later Departing Customers to Pre-2019 Banked RECs is justified by the "unique characteristic" of RECs – *i.e.*, that they can be banked and stored for later use.[65] It implies that because these attributes are still "on the shelf" and available for use to comply with RPS program requirements, it is not too late to require bundled service customers to, in effect, "buy back" Pre-2019 Banked RECs from Then Bundled/Later Departing Customers.[66] It points to the discussion in the Staff Report to bolster the notion that fairness dictates that Then Bundled/Later Departing Customers receive some value for or allocation of Pre-2019 Banked RECs.[67]

As a threshold matter, the fact that it may theoretically be possible to provide Then Bundled/Later Departing Customers value for a portion of Pre-2019 Banked RECs is not a reasonable basis for a decision to do so. Particularly where imposition of such a requirement on bundled service customers would be unlawful for the reasons discussed above. The notion that it is "fair" for Then Bundled/Later Departing Customers to receive compensation for Pre-2019 Banked RECs ignores the fact that bundled service customers *already* provided credit for the RPS attributes that included these RECs through the pre-2019 crediting mechanism. In addition,

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[65] CalCCA's Opening Brief, p. 12.
[66] CalCCA's Opening Brief, p. 22.
[67] CalCCA's Opening Brief, pp. 2-3.

by choosing to depart bundled service during the pre-2019 period, Later Departing Customers avoided the significant cost shift that bundled service customers experienced under the pre-2019 methodology.[68] Finally, as discussed in detail in the Joint IOUs' Opening Brief, it would be inconsistent with applicable law and Commission precedent to conclude that Then Bundled/Later Departing Customers retain an individual right or claim to Pre-2019 Banked RECs.[69]

Put simply, the Commission must direct one of two outcomes in this Track 2: either bundled service customers incur *additional* cost to "pay back" Later Departing Customers for "their share" of Pre-2019 Banked RECs, or Then Bundled Customers/Later Departing Customers do not receive further value for Pre-2019 Banked RECs and, thus, remaining bundled service customers incur *no additional cost* due to load departure. Under either scenario, Then Bundled Customers/Later Departing Customers bear *no cost* for Pre-2019 Banked RECs (since the cost of RPS attributes associated with the Pre-2019 Banked RECs was incurred and recovered years ago). The Commission is statutorily obligated to choose the latter outcome. Imposing a new cost on bundled service customers for Pre-2019 Banked RECs would violate the statutory indifference requirement and is unlawful, whereas Then Bundled/Later Departing Customers are not currently experiencing a cost associated with Pre-2019 Banked RECs and thus are not experiencing a cost shift. Accordingly, the Commission should reject CalCCA's Track 2 proposals with prejudice and maintain a zero dollar valuation for Pre-2019 Banked RECs.

D. CalCCA's Opening Brief Fails to Prove a Current Cost Shift to Any Departing Load Customer

A critical element of CalCCA's case is its allegation that Later Departing Customers are experiencing a *current* cost shift when the IOUs use their Pre-2019 Banked RECs at a zero dollar valuation for PCIA ratemaking purposes. But, CalCCA has failed to prove this allegation, which undermines its entire case. Absent a current cost shift to Later Departing Customers, there is no cause for relief for those customers.

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[68] Exh. JIOU-02, p. 38:18-19 (referencing "customers that benefitted from the historic cost shifts under the pre-2019 PCIA methodology after their departure from IOU service.).

[69] Joint IOU's Opening Brief, pp. 32-35.

CalCCA's Opening Brief mentions a current or "existing" cost shift to Later Departing Customers twice – and in each instance, it makes no offer of proof.[25] Rather, CalCCA's Opening Brief – like CalCCA's testimony – advances unsubstantiated claims of a current cost shift to Later Departing Customers. CalCCA's witness explained his theory of a current cost shift – and why past cost shifts are irrelevant to his theory – as follows:

> [I]t would likely not even be possible at this point to definitively resolve whether there was a previous cost shift due to the fundamentally different PCIA methodologies pre-2019 and post-2018. Instead, CalCCA is concerned with the cost shift that is occurring today resulting from the IOUs' use (i.e., benefit from) Pre-2019 Banked RECs on behalf of Current Bundled Customers. The use of Pre-2019 Banked RECs exclusively for Current Bundled Customer RPS compliance results in a cost shift today because Later Departing Customers *paid for a portion of those Pre-2019 Banked RECs when the RECs were generated*. Today, . . . those Later Departing Customers receive *no benefit* from the use of the RECs because they have left bundled service and the RECs are only being used for the remaining Current Bundled Customers. . . . since it is the use of those RECs that results in a cost shift, that cost shift has only begun to occur in the past few years.[70]

This testimony proves *the opposite* of what CalCCA claims it means. It proves that customers paid the costs of the Pre-2019 Banked RECs *when those RECs were generated – i.e.,* during the pre-2019 years. Those costs are not being incurred nor recovered in rates today. Therefore, Later Departing Customers do not experience any increase in their PCIA rates today as a result of the pre-2019 allocation of the Pre-2019 Banked REC costs. If there was a cost shift, it would have occurred pre-2019, and CalCCA asks the Commission to ignore all those costs shifts "because CalCCA is not seeking to address a past cost shift."[27]

The Commission should decline to conflate Later Departing Customers receiving no benefit from the IOUs' use of the Pre-2019 Banked RECs with a current cost shift to Later Departing Customers. As the Joint IOUs' Opening Brief explains:

> The indifference statutes do not define (as CalCCA would have it) a cost shift to departing load customers as a future avoided cost realized by bundled service customers from past costs incurred on behalf of bundled service customers. To prove a current cost shift

[70] Exh. CCA-02, p. 11:1-14.

> to Later Departing Customers on account of the zero valuation of Pre-2019 Banked RECs, CalCCA would need to show that Later Departing Customers are experiencing current cost increases from the past allocation of the costs from those RPS resources that generated the Pre-2019 Banked RECs. CalCCA has not, and could not, demonstrate a current cost shift.[71]

Simply put, there is no current cost shift to Later Departing Customers and no cause for relief for them.

E. CalCCA's Opening Brief Misrepresents the Record Evidence on the Benefits Later Departing Customers Received

Throughout its Opening Brief, CalCCA wrongly asserts that Later Departing Customers "never benefitted" from Pre-2019 Banked RECs while they were bundled service customers.[72] CalCCA's argument is not credible given the record evidence that under the historical methodology, energy and GHG-free benefits were also associated with the underlying generation that produced those RECs.[73] CalCCA wrongly seeks to recast the pre-2019 PCIA methodology as a framework that should value RECs when used by the IOUs on behalf of bundled service customer compliance. The Commission must reject CalCCA's attempt to rewrite history using the later-adopted PCIA ratemaking framework articulated in D.18-10-019 and D.19-10-001 for RECs generated on and after January 1, 2019.[74]

1. Later Departing Customers Received Benefits Under the Historical Methodology While They Were Bundled Service Customers

Under the pre-2019 ratesetting framework, Later Departing Customers indisputably received benefits associated with RPS generation while they were bundled service customers. The generation rates that Later Departing Customers paid reflected the value of the IOUs' entire procurement portfolio that served their load, including:

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[71] Joint IOUs' Opening Brief, p. 11.

[72] CalCCA's Opening Brief, pp. p. 20-21 (arguing Later Departing Customers "never benefitted from those RECs" and "they were not used for compliance on Later Departing Customers' behalf when they were still bundled customers" and "did not receive a reduction in their generation rates for the value of [a REC] through a credit or other mechanism"); pp. 25 -29 (arguing that its proposals provide the value of the benefits from generation payments); p. 36 (arguing that the Joint IOUs' Proposal leaves a group of customers who paid for a resource without a reasonable benefit from that resource).

[73] Transcript, pp. 141:23-142:7; p. 162:15-19, CalCCA/Dickman.

[74] D.18-10-019, p. 3; D.19-10-001, p. 47, FOF 8.

- The energy value of IOU-procured resources;
- The GHG-free and renewable attributes associated with those resources; and
- The capacity value embedded in the portfolio.[75]

Thus, when Later Departing Customers were bundled service customers, they received the benefits associated with the PCIA-eligible resources, including the RPS generation that contributed to the Pre-2019 Banked RECs.[76] This methodology included fully valuing the forecast renewable energy.[77] CalCCA's failure to recognize that Later Departing Customers received benefits under the historical framework undermines the credibility of its Opening Brief.

2. The Pre-2019 Methodology Addressed RECs at the Time of Forecast Generation

Importantly, the pre-2019 indifference framework did not, by design, condition a customer's "benefit" or payments on an after-the-fact determination of whether a particular REC was used for compliance. Instead, it recognized that bundled service customers received the value of the portfolio at the time of forecast generation, and the Commission's ratesetting mechanisms allocated costs consistently with that reality.

CalCCA's framing isolates RECs from the historical ratesetting methodology and evaluates them through a post-2018 lens, but the historical PCIA framework did not operate in that manner. For example, CalCCA relies on a select excerpt from Exhibit CalCCA-025, a PG&E 2026 ERRA Forecast transcript, to argue that a key fact "underlying the need for the Commission to act" is that Later Departing Customers never had Pre-2019 Banked RECs retired on their behalf.[78] However, CalCCA's excerpt of Exhibit CalCCA-025 cuts off PG&E's witness' response at line 21, leaving a key point out of its Opening Brief, which is reproduced in full below.

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[75] *See*, Exh. JIOU-01, pp. A-6 to A-8 for a step-by-step explanation and graphical depiction of the development of the historical revenue requirement that informed pre-2019 ratesetting.
[76] *See* Exh. JIOU-02, p. 20:4-8; JIOU-02, p. 12:15-21.
[77] Exh. JIOU-02, p. 20:5-8.
[78] CalCCA's Opening Brief, p. 20.

Q Okay. So, Ms. Berry, let's now consider the customer who was bundled in 205 and has now departed since then.

That customer would have paid for excess RECs in 2015, but would never have received a credit for that REC at the RPS benchmark; correct?

A That is correct.

Q And that customer -- the same customer -- would never have had that same REC retired on her behalf; is that correct?

A That is correct. And that was also consistent with the ratemaking rules established at the time that the generation rates were paid. There's no provision to provide a REC credit when the customer departed generation rates. And the PCIA rates -- the market

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As PG&E's 2026 ERRA Forecast witness explained, the historical ratemaking rules did not contain the feature to provide a REC credit when the customer departed bundled services, a feature that CalCCA now insists the Commission's ratemaking should contain. Under the pre-2019 methodology, there was absolutely no accounting based on how and when a REC was used.[79] The robust accounting structures that CalCCA would rely on to effectuate compensation were developed for rates effective January 1, 2019 and thereafter.[80] In contrast, the historical ratemaking framework valued all portfolio attributes collectively, with market price benchmarks reflecting the value of energy, renewable attributes, and capacity to reduce the net unavoidable costs the IOUs recovered through the PCIA. This is precisely how Section 366.2(g) was satisfied under the former methodology: by crediting departing load customers at the time with the total portfolio forecast value of forecast energy, RECs, and RA capacity using MPBs at the

[79] Exh. JIOU-02, p. 20:10-14.
[80] *Id*., pp. 20:15 to 21:21.

time.[81]

CalCCA wrongly seeks to remake the pre-2019 historical indifference methodology as one that should have valued RECs when used by the IOUs for bundled customer compliance. The Commission must reject CalCCA's attempt to apply the later-adopted PCIA ratemaking framework articulated in D.18-10-019 and D.19-10-001 for RECs generated on and after January 1, 2019, onto an entirely different historical ratemaking framework.

3. The Commission Should Not Selectively Modify the Pre-2019 Framework

CalCCA's proposals depend on revaluing, or reallocating, products of ratemaking years after the fact, under a new framework. Yet, elsewhere, to challenge the Commission's Track 1 decisions in this proceeding, the organization insists that the Commission cannot revise rates once adopted or reallocate value for policy reasons.[82] But that is precisely what CalCCA's proposal would do: revisit adopted historical generation and PCIA rates for the benefit of a subset of CalCCA's constituency. It is inconsistent for CalCCA to invoke rate finality when addressing a methodology applied to the 2025 RA true-up, yet argue here that "providing Previously Departed Customers a credit to their PCIA rates does not require the reconsideration of decades-old ratemaking"[83] when seeking a compensation for an artifact of pre-2019 ratemaking, approximately a decade after-the-fact.

As the following Figure illustrates, the impact of CalCCA's proposal is a partial refund for components of generation rates that IOUs charged over a decade ago at the expense of

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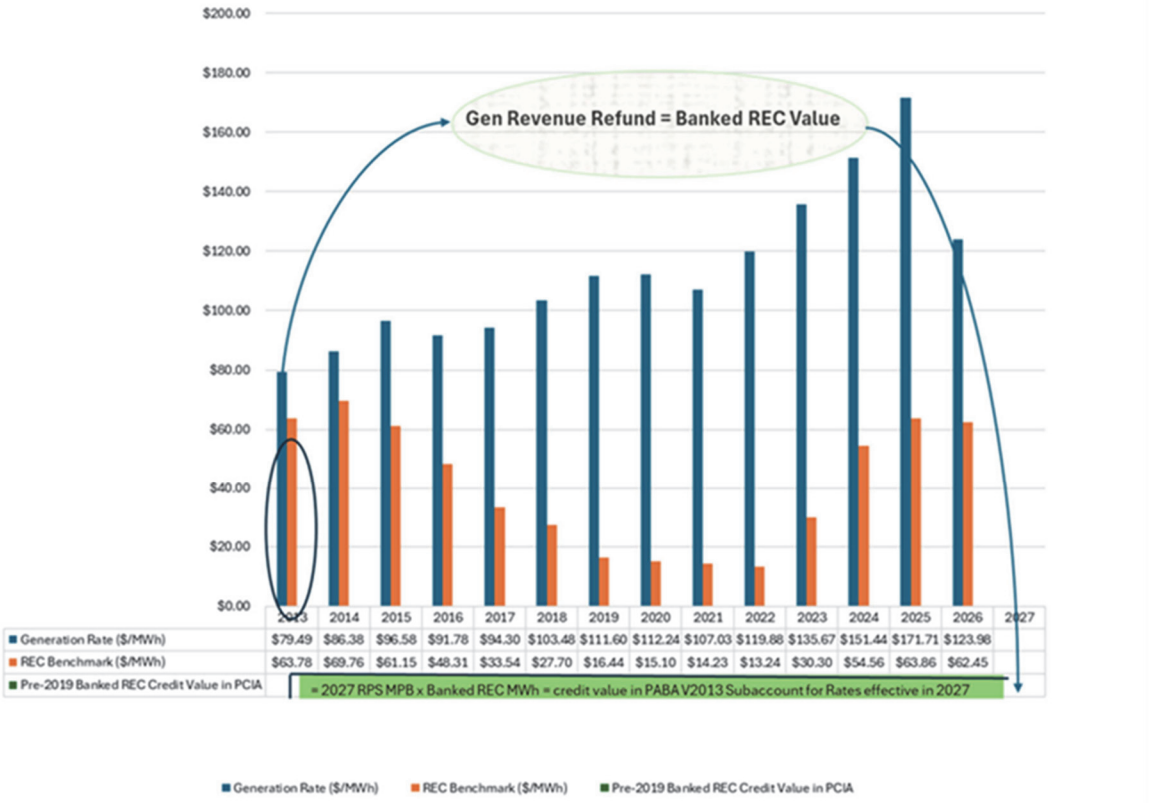
[81] *See* Joint IOU's Opening Brief, pp. 20-21 for a further discussion of the application of Section 366.2(g) to the Commission's pre-2019 ratesetting framework.

[82] CalCCA, CalCCA Files Petition at Court of Appeal Challenging CPUC Decision That Retroactively Raises Energy Bills for Millions of Californians, available at: https://cal-cca.org/calcca-files-petition-at-court-of-appeal-challenging-cpuc-decision-that-retroactively-raises-energy-bills-for-millions-of-californians/ (accessed June 24, 2026), (stating "Retroactive ratemaking undermines one of the most fundamental protections for California ratepayers: the certainty that once a rate is approved, it cannot later be changed for policy reasons or to favor one group of customers over another" and "State law bars the CPUC from revising rates after they take effect.").

[83] CalCCA's Opening Brief, p. 72. CalCCA's refence to Previously Departed Customers is likely erroneous. In fact, CalCCA seeks to shield that subset of their constituency from the rate refund the organization now demands. *See* Joint IOU Opening Brief, p. 19.

current bundled service customers.[84]

Figure I-1
Illustrative Accounting Impacts of CalCCA's Proposal
PG&E's System Average Generation Rate and RPS MPB Trends ($/MWh)



As the Joint IOUs explain, the Commission's pre-2019 ratemaking framework and the IOUs' approved tariffs did not have provisions to true up MPBs or PCIA rates or refund generation rates collected over a decade ago.[85] The Commission should decline to modify the outcomes of the historical ratemaking framework and the Commission's settled rates to do so now.

Finally, CalCCA accuses the Joint IOUs as "misleading the Commission" concerning the impacts of CalCCA's proposal, criticizing the Joint IOUs' for failing to include Later Departing

[84] Exh. JIOU-02, p. 19.
[85] *Id.*, lines 1:10.

Customers in their testimony and *ex parte* meetings.[86] The Joint IOUs disagree and maintain the accuracy of their descriptions of the mechanics of the historical ratesetting methodology: the historical methodology valued all RECs at the time of forecast generation. The Joint IOUs' characterizations of pre-2019 generation and PCIA ratemaking correctly describe the consequences of the historical methodology for bundled service customers and departing load customers at the time.

CalCCA's proposals would wrongly create new customer groups and allocate "value" in a manner that the Commission's pre-2019 ratemaking framework did not. Unlike CalCCA, the Joint IOUs do not endorse the creation of "Later Departing Customers" to modify the outcomes of the pre-2019 ratemaking. To do so would wrongly compensate a subset of CalCCA's constituency at the sole expense of today's bundled service customers. The Commission should disregard CalCCA's demand that the Joint IOUs accept CalCCA's attempt to substitute a historical framework with a different one for the sole benefit of Later Departing Customers.

F. CalCCA's Opening Brief Fails to Refute the Record Evidence on Potential Downstream Consequences and Affordability

In this proceeding, CalCCA carries the burden of producing evidence that its proposal is just and reasonable, and such an assessment necessitates confronting the full scope of its downstream consequences.[87] Indeed, the Assigned Commissioner's Amended Scoping Memo and Ruling expressly asks for an evaluation of these impacts.[88] CalCCA does not refute the Joint IOUs' concerns that its proposal would increase costs for bundled service and departing load customers,[89] distort IOU procurement incentives,[90] and undermine Commission-approved affordability strategies.[91] Instead, CalCCA's Opening Brief offers statements that its proposal is

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86 CalCCA's Opening Brief, pp. 70-71.
87 Joint IOUs' Opening Brief, pp. 4-6, pp. 22.
88 Assigned Commissioner's Amended Scoping Memo and Ruling (Feb. 3, 2026), Issue 1(b).
89 *See* Exh. JIOU-01, pp. 40:16-43:8 (addressing market consequences and upward pressure on the MPB); Exh. JIOU-02, pp. 23:10-24:18) (addressing broader market impacts).
90 CalCCA Opening Brief, pp. 3, 36-49.
91 *See* Exh. JIOU-01, pp. 35:16-40:15 (describing negative cost impacts of RPS sales); Exh. JIOU-02, pp. 23:20 to p. 24:18.

just and reasonable, citing as cursory support only its myopic indifference vision and its reinvention of the Commission's pre-2019 ratemaking methodology as one that should treat specific RECs as allocable assets years after the fact.[92]

Rather than substantively engage with the Joint IOUs' evidence of downstream impacts, CalCCA derides the Joint IOUs concerns as exaggerating or "crying wolf."[93] CalCCA wrongly confines its analysis of the impact of its proposal to a single-year estimate of 2027 generation rate impacts for each IOU.[94] But CalCCA's dismissal of the record and speculation that there will be limited downstream impacts from its proposal does not satisfy its evidentiary burden. CalCCA's proposal must be rejected.

1. CalCCA's Assessment of 2027 Impacts Is Incomplete and Cannot Establish the Reasonableness of its Proposal

The record demonstrates that CalCCA's proposals have impacts far beyond the immediate bundled service customer bill increases that it presents.[95] However, in an apparent attempt to argue that its proposal has "*de minimis*" impacts to bundled service customer affordability, CalCCA reduces its analysis to a simplified, one-year illustration of potential 2027 ERRA Forecast rate outcomes, relying on a simplified math equation with variables including each IOU's forecasted RPS position in 2027, potential (but currently unknown) RPS MPBs, and estimated bundled service customer load to calculate assumed rate and bill impacts.[96]

Even assuming, *arguendo*, CalCCA's apparent premise that the Commission should only focus on 2027 direct rate impacts (it should not) to evaluate the reasonableness of its proposal, CalCCA's narrow analysis cannot stand as proof that its proposal is just and reasonable because the conditions supporting CalCCA's calculations are not static. Moreover, the result of

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92 CalCCA's Opening Brief, p. 36 (stating that its proposal "meets the just and reasonable standard because it fits within the statutory indifference framework" and claiming that any alternative leaving Later Departed Customers without benefits is "a clear unjust and unreasonably discriminatory result.")

93 CalCCA's Opening Brief, pp. 3, 36-41.

94 CalCCA's Opening Brief, pp. 37-40.

95 *See*, e.g,, Exh. JIOU-01, p. 39:14:17, p. 42:1-14.

96 CalCCA's Opening Brief, pp. 37-40.

CalCCA's valuation proposal is a cost increase to bundled service customers – a cost increase that never would have arisen in the absence of departing load, which necessarily violates the principle and statutory mandate of bundled service customer indifference to departing load.

Further, there is no reason to assume its bundled service customer rate impacts are "maximums" as CalCCA argues.[97] The Joint IOUs' RPS annual positions are dynamic and are subject to change both within the 2027 ERRA Forecast proceedings and in subsequent years. For example, CalCCA asserts no impact on SDG&E based on its current forecast.[98] However, as SDG&E's witness explained during hearings, SDG&E's RPS position may change within 2027 and thereafter, potentially requiring the use of Pre-2019 Banked RECs.[99]

Similarly, the RPS MPB is not fixed and has been incredibly volatile in recent years. It changes year-over-year, including between forecast and final values. Further, the Joint IOUs presented evidence of increasing RPS prices as RPS compliance deadlines approach,[100] as well as diminished market activity and volatility in transactions that inform the RPS MPB, and factors influencing the MPB beyond simple compliance fundamentals.[101] Thus, the 2027 RPS MPB – and subsequent RPS MPBs -- may materially differ from CalCCA's forecasted ranges. CalCCA presents no evidence that the RPS MPB has been or will remain stable, and changing MPB levels and IOU compliance positions, in addition to other downstream market consequences, directly affect rate outcomes. Accordingly, CalCCA's static assumptions rooted in the Joint IOUs' initial 2027 ERRA Forecast testimony render its analysis unreliable for 2027 and beyond.

CalCCA's "*de minimis*" characterization is also contradicted by its own testimony, which values the IOUs' Pre-2019 Banked RECs at approximately $1.5 billion.[102] And critically, CalCCA does not meaningfully dispute the Joint IOUs' underlying analysis of downstream

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97 CalCCA's Opening Brief, p. 39.
98 CalCCA's Opening Brief, p. 38.
99 *See* Transcript, pp. 70:12-71:22, SDG&E/Morien.
100 Exh. JIOU-01, pp. 55:13-58:6; Exh JIOU-04, p. 11:1-21.
101 *Id.*
102 Exh. CCA-01, p. 16:8-11.

impacts, it merely seeks to cast it aside as exaggerated and insignificant.[103] CalCCA's attempt to downplay the potential impacts to bundled service customers and to ignore or downplay broader RPS market impacts leaves unrebutted record evidence of substantial downstream harm.

2. CalCCA's Speculation is Not Evidence

Of course, the Commission's evaluation of CalCCA's Pre-2019 Banked REC valuation proposal cannot be limited to CalCCA's rough assessment of 2027 rate impacts. Where CalCCA does address downstream effects raised by the Joint IOUs, it merely speculates that certain downstream harms of concern to the Joint IOUs may be avoided or mitigated.[104] CalCCA's speculation is not evidence that its proposals are just and reasonable.

The Joint IOUs introduced testimony demonstrating how CalCCA's proposal will increase overall costs, incentivize incremental procurement, and undermine affordability.[105] CalCCA offers no competing evidence to support its claims that the impacts of its proposal can be "muted."[106] It simply opines that adverse outcomes *might not* occur, depending on IOU procurement activities and future market behavior.[107] Even CalCCA acknowledges that the impacts of its proposal are uncertain and dependent on future conditions[108] undercutting both its speculation of minimal market impacts and its rudimentary 2027 forecast rate impacts. CalCCA's conjecture is necessarily uncertain and cannot overcome the Joint IOUs' record evidence of downstream harm. Nor can it carry CalCCA's burden in this proceeding.

3. Valuation of the Pre-2019 RPS Bank Creates an Incentive to Strand the Bank, if Lower Cost Procurement is Available

While the Diablo Canyon Power Plant ("Diablo Canyon") cost recovery proceeding is not part of this proceeding's record, CalCCA offers a new and misplaced argument that the Joint IOUs' concerns with stranding Pre-2019 Banked RECs is unrealistic and conflicts with PG&E's

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103 CalCCA's Opening Brief, pp. 3, 37-39.
104 CalCCA's Opening Brief, pp. 41, 51.
105 Exh.JIOU-01, pp. 35:16-43:8. Exh. JIOU-02, pp. 23:10–26:10 and pp. 37:1-39:13.✈
106 CalCCA's Opening Brief, p. 46.
107 CalCCA's Opening Brief, pp. 41-42.
108 CalCCA's Opening Brief, p. 46 (recognizing changes over time would affect the impacts of CalCCA's proposal).

position in the DCPP rulemaking.[109] CalCCA's argument reflects a fundamental misunderstanding of both proceedings. Here, CalCCA seeks to impose a *new cost* on bundled service customers when the IOUs seek to use Pre-2019 Banked RECs.[110] The new cost that CalCCA advocates for would *increase* the total revenue requirement attributable to bundled service customers (charged to bundled service customers through ERRA).[111] And the cost that is the RPS MPB, which would grossly overvalue the Pre-2019 Banked RECs.[112]

Faced with a new cost and corresponding cost increase from the use of Pre-2019 Banked RECs, the Joint IOUs, like any rational Load Serving Entity ("LSE"), would seek lower-cost compliance alternatives.[113] If Pre-2019 Banked RECs are valued at the RPS MPB, incremental procurement alternatives, such as Portfolio Content Category ("PCC")-2, PCC-3, or new generation resources (which include energy, RECs, and capacity) may be obtained as lower cost alternatives than the PCC-1 based RPS MPB.[114] In circumstances where lower cost RPS compliance options are available, stranding the Pre-2019 Banked RECs is appropriate as a least-cost compliance solution.

As CalCCA's excerpt shows, in the Diablo Canyon ratesetting proceeding, PG&E opposed a proposal that would require PG&E to take on *new and incremental* costs by purchasing *incremental* capacity to meet its RA compliance obligations where there was already sufficient capacity in its portfolio. PG&E's opposition was due to the fact that PG&E incurs and recovers the cost of its PCIA-eligible portfolio's capacity attributes through its ongoing revenue requirements, whether or not the capacity is used for Diablo Canyon's substitution capacity

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109 CalCCA's Opening Brief pp. 42-43.

110 CalCCA's Opening Brief, p. 5 (primarily recommending valuation with a credit to vintages associated with the generation year).

111 Exh. CCA-01, p. 20, Figure 8.

112 Exh. JIOU-02, pp. 26:11-29:15.

113 Exh. JIOU-01, p. 39-40. *See also* Transcript, p. 65:13-20, PG&E/Brown; 151:7-10 and 152:1:17, CalCCA/Dickman (wherein CalCCA's witness admits that cost for compliance are relevant when selecting among available RPS products).

114 *See,* e.g., Exh. JIOU-01, p. 40.

obligations.[115] As such, if PG&E were to procure *incremental* capacity on top of the existing capacity available for Diablo Canyon substitution and included in its existing revenue requirements, the total revenue requirements that PG&E would seek to recover from customers would increase. As a result, PG&E's use of existing capacity in its PCIA-eligible portfolio is the least cost solution in that situation. Had it not been the least cost solution, it would be reasonable to conclude that CalCCA, whose members pay for the costs of Diablo Canyon and the above market costs of the PCIA-eligible portfolio, would have supported the proposal that PG&E opposed.

In both cases, PG&E supports reductions to the total revenue requirement to be recovered from its customers. Here, it is CalCCA that is pursuing increases in bundled service customer revenue requirements through a policy to impose *new* and *incremental* costs on the IOUs' bundled service customers for the use of Pre 2019 Banked RECs.

4. CalCCA's Revised Allocation Proposal Conflicts with the RPS Program.

In its Opening Brief, CalCCA reframes its allocation proposal, from the use of Renewable Net Short templates to RPS compliance templates.[116] Regardless of format, CalCCA's allocation proposal still conflicts with statute and the Commission's RPS compliance rules. As the Joint IOUs Opening Brief explains, under the RPS program, excess procurement is accumulated by the retail seller that procured resources for that retail seller's later application to compliance requirements; banked RECs is not a transferable customer asset available to transfer to LSEs that serve Now Departing Customers.[117] Accordingly, CalCCA's revamped allocation proposal remains inconsistent with the RPS program and should be rejected. Accordingly, CalCCA's revamped allocation proposal remains inconsistent with the RPS program and should be rejected.

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115 *See* Transcript, pp. 29:24-30:14, SCE/Pulgar (explaining how capacity differs from RECs insofar that capacity cannot be banked).

116 In its Opening Brief, p. 50 CalCCA cites to Exh. CCA-03, addressing the Energy Division Staff Report, as its proposal.

117 *See* Joint IOU's Opening Brief, pp. 36-37.

III. ZERO VALUATION FOR PRE-2019 BANKED RECS FOR PCIA RATEMAKING PURPOSES REMAINS APPROPRIATE

A. CalCCA's Opening Brief Conflates Valuation for PCIA Ratemaking with Valuation for RPS Compliance Purposes

In its Opening Brief, CalCCA argues that "Pre-2019 and Post-2018 Banked RECs are identical as it relates to the RPS." It reasons that "[t]he IOUs are able to use Pre-2019 Banked RECs as direct replacement for PCC-1 RECs they may generate or purchase on the market," and further that "Pre-2019 Banked RECs retain their PCC-1 status when they are placed in the bank, meaning they can be used for an unlimited proportion of the IOUs' RPS compliance obligation (unlike PCC-3 RECs, which are capped at 10 percent)."[118] CalCCA improperly conflates market valuation for PCIA ratemaking with valuation for RPS compliance purposes. Its proposal to set the value of Pre-2019 Banked RECs at the RPS MPB is unreasonable and would result in gross overvaluation of Pre-2019 Banked RECs and an impermissible cost shift to bundled service customers. Its rationale for proposing this valuation approach – that the value of Pre-2019 Banked RECs can be calculated on an avoided cost basis[119] – directly contradicts its position in Track 1 of the instant proceeding, where it declared that the cornerstone of D.18-10-019 is to "value an attribute at the price at which it can be *bought and sold*" today.[120]

The RPS MPB applied under the current PCIA methodology to value RECs generated on or after January 1, 2019 ("Post-2019 RECs") is based on PCC-1 "index-plus" transactions undertaken in the relevant year, which convey both bundled energy and RECs.[121] In effect, the current PCIA methodology assumes that all Post-2019 RECs reflect the value of a PCC-1 REC. However, as discussed in detail in the Joint IOUs' Opening Brief, this assumption cannot be applied to Pre-2019 Banked RECs, which lack several attributes that are valued as part of PCC-1 transactions.[122] While from an RPS compliance perspective Pre-2019 Banked RECs are

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118 CalCCA's Opening Brief, p. 51 (internal citations omitted).
119 CalCCA's Opening Brief, p. 23.
120 Exh. JIOU-06, p. 8:9-17 (emphasis in original). CalCCA's Opening Comments (Mar. 18, 2025), in Track 1 of this proceeding, p. 27 (emphasis in original).
121 *See* D.19-10-001, p. 51, Conclusion of Law 2.
122 Joint IOU's Opening Brief, pp. 26-35; *see also* Exh. JIOU-01, pp. 43:9-45:15.

identical to retired Post-2019 Banked RECs (but not PCC-1 RECs), from a PCIA ratemaking perspective, the characteristics of Pre-2019 Banked RECs are categorically different from those assumed for Post-2019 RECs.

Despite this fact, CalCCA urges the Commission to draw no distinction between the value of Pre-2019 Banked RECs for PCIA valuation purposes (which is based on market value) and their value for RPS compliance purposes. CalCCA's outlier position is not shared by Energy Division, the California Public Advocates Office, or the Joint IOUs, who generally agree that Pre-2019 Banked RECs differ from PCC-1 RECs and thus should not be valued at the RPS MPB (although Energy Division and Cal Advocates suggest that a different non-zero dollar valuation may be appropriate).[123] Given the significant differences between the characteristics of Pre-2019 Banked RECs and those assumed for Post-2019 RECs, valuing Pre-2019 Banked RECs at the annual RPS MPB established under the current PCIA methodology would be manifestly unreasonable and would result in unlawful cost shifting to bundled service customers.[124]

Accordingly, the Commission should reject CalCCA's unreasonable valuation proposal. If the Commission determines that a non-zero dollar valuation of Pre-2019 Banked RECs is reasonable and consistent with the statutory indifference mandate (it is not), it should adopt the Staff Report's Proposal 4 with (i) a PCC-3 RPS benchmark used to value what would become known as the unbundled portion of Pre-2019 Banked RECs; and (ii) the other critical modifications described in the Joint IOUs' Opening Brief.[125]

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[123] Staff Report, p. 8; Exh. CalAdv-01, p. 7:2-4; Joint IOU's Opening Brief, pp. 25-32.

[124] Moreover, as explained in the Joint IOUs' Opening Testimony, market changes now require reconsideration of the methodology applied under the current PCIA framework to calculate the RPS MPB, which makes CalCCA's proposed application of the RPS MPBs to Pre-2019 Banked RECs all the more problematic. Exh. JIOU-01, pp. 54:6-59:9.

[125] Joint IOU's Opening Brief, pp. 54-60.

IV. CONCLUSION

The Joint IOUs appreciate the opportunity to submit this Reply Brief.

Respectfully submitted on behalf of the Joint IOUs,

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