BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2023, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account, Local Generating Balancing Account, and Modified Cost Allocation Mechanism Balancing Account in 2023, and (iii) Costs Recorded in Related Regulatory Accounts in 2023.	A.24-06-001 (Filed June 3, 2024)

OPENING BRIEF OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

STATUTES AND LEGISLATION

PUBLIC UTILITIES COMMISSION DECISIONS

OTHER AUTHORITIES

SUMMARY OF RECOMMENDATIONS (RULE 13.12)

Pursuant to Commission Rule of Practice and Procedure 13.12, San Diego Gas & Electric Company (SDG&E) provides the following summary of the recommendations presented in its Opening Brief:

1. The Commission should find that SDG&E prudently managed its Green Tariff Shared Renewables (GTSR) program and should be authorized to recover all undercollected amounts in its GTSR-related balancing and memorandum accounts.
2. The Commission should authorize SDG&E to recover the undercollected amounts in its GTSR-related balancing and memorandum accounts from all customers via the Public Purpose Program rate.

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OPENING BRIEF OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)

I. INTRODUCTION

In accordance with Rule 13.12 of the Commission's Rules of Practice and Procedure and the *Assigned Commissioner's Amended Scoping Memo and Ruling* dated June 26, 2026 (Second Scoping Memo), San Diego Gas & Electric Company (SDG&E) hereby submits this Opening Brief regarding the recovery of undercollected amounts in its Green Tariff Shared Renewables (GTSR)-related balancing and memorandum accounts.

For the Commission's convenience, SDG&E formatted its Opening Brief in a manner that specifies which questions from the Second Scoping Memo are addressed in each section of the brief.

II. BACKGROUND

The question of whether the Commission should authorize SDG&E to recover undercollected amounts in its GTSR-related balancing and memorandum accounts was initially incorporated as a scoping issue in this proceeding in the September 19, 2024 *Assigned Commission's Scoping Memo and Ruling* (First Scoping Memo). The parties addressed this issue at length in intervenor testimony, rebuttal testimony, opening briefing, and reply briefing.

On February 13, 2026, a Proposed Decision was issued (Original PD) finding that SDG&E created and administered the GTSR program consistent with statute and Commission direction; that SDG&E did not mismanage the GTSR program; and that structural challenges inherent in the design of the program ultimately caused the stranded costs at issue.[1] The Original PD further determined that it would be unreasonable to recover the stranded costs from past program participants, as customers who previously participated in the GTSR program had no reason to expect that participation in the program carried the risk of a large bill nearly a decade after leaving the program.[2] The Original PD concluded that allowing SDG&E to recover the program's stranded costs from all ratepayers with the Public Purpose Program (PPP) rate was reasonable.[3]

On March 4, 2026, San Diego Community Power (SDCP) and Clean Energy Alliance (CEA) (collectively, the SD CCAs) held an ex parte meeting with an advisor to Commissioner John Reynolds highlighting their argument, also made in briefing, that Senate Bill (SB) 43 prohibits any cost shifting to nonparticipating customers.[4] On March 5, 2026, the SD CCAs submitted opening comments to the Original PD likewise making this argument, to which SDG&E responded in reply comments filed on March 10, 2026.

On April 22, 2026, a revised Proposed Decision was issued (Revised PD) that removed all of the Original PD's findings of fact, conclusions of law, and ordering paragraphs regarding SDG&E's stranded costs from the GTSR program and instead found that "there is insufficient record for the Commission to determine which source or sources should be responsible for the outstanding GTSR costs."[5] No party to the proceeding had argued that the record was insufficient

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1 Original PD, p. 23 at Findings of Fact (FOF) 2, 3, & 4.

2 *Id.*, pp. 13, and p. 23 at FOF 5.

3 *Id.*, pp. 14, and p. 23 at FOF 6 and Conclusion of Law 4.

4 SD CCAs Notice of Ex Parte Communication (March 9, 2026).

5 *See* Decision (D.) 26-04-029, p. 14. On May 5, 2026, the Revised PD was adopted as the final decision in the proceeding.

for the Commission to make a determination on recovery of GTSR costs, and the Revised PD did not explain how or why it now found the record to be "insufficient." On April 24, 2026, SDG&E submitted a written ex parte requesting reinstatement of the Original PD.[6]

On May 5, 2026, the Revised PD was adopted as the final decision in the proceeding, leaving the proceeding open for a future ruling establishing next steps on the GTSR cost recovery issue.[7]

On June 26, 2026, the Commission issued the Second Scoping Memo, directing SDG&E to submit supplemental testimony regarding GTSR customer information, options for collecting outstanding GTSR costs from former participants, and SDG&E's ability to implement an order allocating GTSR costs to former participants.[8] The Second Scoping Memo further provided a list of questions for the parties to address in their Opening Briefs.[9]

SDG&E submitted supplemental testimony on July 14, 2026. On July 20, 2026, Administrative Law Judge (ALJ) Dugowson issued an Email Ruling Ordering Elaboration on SDG&E Supplemental Testimony, and on July 24, 2026, SDG&E filed a Response to Administrative Law Judge Ruling Dated July 20, 2026. None of the intervening parties submitted supplemental rebuttal testimony, and the parties agreed evidentiary hearings were not necessary.

III. DISCUSSION OF QUESTIONS PRESENTED IN SCOPING MEMO

A. The Commission Should Authorize SDG&E to Recover All of its Outstanding GTSR Costs from All Ratepayers via the PPP (Question 3)

As argued in briefing earlier in this proceeding and as further detailed below, SDG&E submits that the Commission should authorize it to recover all of the undercollected amounts in its GTSR-related balancing and memorandum accounts (*i.e.*, Green Tariff Shared Renewables

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6 SDG&E Notice of Written Ex Parte Communication (April 24, 2026).

7 D.26-04-029, p. 14.

8 Second Scoping Memo, pp. 4-5.

9 *Id.* at pp. 5-7.

Balancing Account (GTSRBA), Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA),[10] Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA), and Enhanced Community Renewables Marketing, Education & Outreach Memorandum Account (ECRME&OMA)) via the Public Purpose Program (PPP) rate, which is paid by all customers. SDG&E recommends allocating the GTSR costs to each customer class either (A) on an equal cent per kWh basis or (B) based on the class's proportion of costs incurred.[11]

Senate Bill 43 required electric utilities with more than 100,000 customers in California, including SDG&E, to implement the GTSR program.[12] SDG&E followed all Commission guidance in creating and administering the GTSR program, and the circumstances leading to the suspension of the GTSR program before SDG&E had the ability to recover the undercollected amounts were beyond SDG&E's control.[13] The undercollected balances in these accounts reflect the actual costs incurred by SDG&E to implement and offer the GTSR program, which SDG&E was required by statute to offer to all customers. Moreover, SDG&E's incurred GTSR costs have already been reviewed *and approved* in prior Commission proceedings.[14]

SDG&E's proposal to recover the undercollected legacy GTSR costs from all customers via the PPP is a reasonable and equitable solution, given the statute's requirement that the program be made available to all customers and the broader policy objectives of the program. The GTSR

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[10] The GTME&OMA has a small overcollection, but the overall GTSR stranded costs, including this amount, net to an undercollection. *See* Ex. SDGE-12, *Prepared Rebuttal Testimony Regarding Undercollections in Green Tariff Shared Renewables Program Balancing Accounts on Behalf of San Diego Gas & Electric Company (Public Version)* (February 21, 2025) (Ex. SDGE-12), p. 3.

[11] Exhibit (Ex.) SDGE-13, *Prepared Supplemental Testimony Regarding Undercollections in GTSR Program Balancing and Memorandum Accounts on behalf of SDG&E* (July 14, 2026) (Ex. SDGE-13), at p. 3.

[12] SB 43 is codified at California Public Utilities Code (P.U. Code) Sections (§§) 2831-2833.

[13] *See* Opening Brief of SDG&E – Redacted Public Version (April 18, 2025), pp. 8-10 and 17-19 (detailing GTSR program history and circumstances leading to suspension of program).

[14] D.22-05-006 at pp. 5, 9; D.21-07-018 at p. 24, Order Paragraph (OP) 12 at p. 34; D.20-12-036 at pp. 14-16; D.19-06-009 at pp. 7-9, and D.18-10-006 at pp. 7-9.

program was offered for the benefit of all customers and was intended to "expand[ ] access to all eligible renewable energy resources to all ratepayers who are currently unable to access the benefits of onsite generation."[15] Because the statute required the program to be made available to all customers, all customers should be responsible for recovering undercollected costs. Moreover, PPP rates are applicable to all customers and encompass other program costs associated with broader policy objectives, which this program was designed to achieve.[16] SDG&E's proposal to recover these costs would mirror the rate design for SDCP's Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs, which are also recovered through SDG&E's PPP rate component through an equal cents per kWh rate from all customer classes.[17]

If recovered on an equal cents per kWh basis through the PPP, residential customers would pay an average of $1.24, small commercial customers an average of $3.32, and medium/large commercial and industrial an average of $106.50 over one year.[18] Alternatively, if allocated in the PPP in proportion to the customer classes' total electricity consumption while enrolled in GTSR, residential customers would pay an average of $0.30, small commercial customers an average of $1.46, and medium/large commercial and industrial an average of $183.18 over one year.[19] For a typical residential customer,[20] these allocations would equate to a bill increase of 0.05% for one year if recovered through PPP on an equal cents per kWh basis and 0.01% for one year if recovered through PPP by allocating costs in proportion to the customer classes' total electricity consumption

15 Ex. SDGE-12, p. 6 (citing to P.U. Code § 2831(b)).

16 *Id.*, p. 7.

17 *Id.*, pp. 7-8.

18 Ex. SDGE-13, p. 4. These bill impacts include recovery of GTSRBA, GTME&OMA and GTSRACMA.

19 *Id.*

20 A typical residential customer bill represents a bundled residential customer using 400 kWh per month on schedule TOU DR1, excluding the semi-annual climate credit.

while enrolled in GTSR.[21] These figures underscore the reasonableness of SDG&E's request to recover the undercollected amounts from all customers via PPP under either of these two allocation approaches.

While the SD CCAs did not submit supplemental rebuttal testimony addressing SDG&E's proposed allocation methodologies, they previously opposed SDG&E's proposal to collect from all customers via the PPP on the basis that P.U. Code § 2833(q) mandates that nonparticipants may not be charged for GTSR program costs and thus prohibits recovery of stranded GTSR costs from all ratepayers.[22] However, the requirement from P.U. Code § 2833(q) "that charges and credits associated with a participating utility's green tariff shared renewables program are set in a manner that ensures nonparticipant ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation customers and ensures that no costs are shifted from participating customers to nonparticipating ratepayers" cannot apply when there are no longer any participating customers in the program. The statutory language plainly addresses the *setting* of rates for an active GTSR program, not the recovery of stranded costs from a closed program.

As detailed in Section C below, SDG&E *did* set GTSR rates in a manner intended to ensure that all GTSR costs would be covered by GTSR customers. However, circumstances outside of SDG&E's control led to the suspension of the program prior to the anticipated end of the program cycle in which these costs would have been recovered. Specifically, the mass load departure in 2021-2022 to Community Choice Aggregators meant that SDG&E was left to recover the costs of the EcoChoice rate from fewer sales, resulting in an increased EcoChoice rate for the remaining customers that was exponentially more expensive than SDG&E's standard retail rate offerings.[23]

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21 These percentage increases are derived from SDG&E Advice Letter (AL) 4843-E (submitted May 29, 2026), Table 1, which provides that a typical non-CARE customer's monthly average bill is approximately $190.27 based on current effective rates as of 6/1/2026, or $2,283.24 per year.

22 Reply Brief of SD CCA (May 9, 2025), pp. 2-3.

23 Ex. SDGE-12, pp. 4, 12-14.

As a result, the remaining EcoChoice customers either dropped off the rate on their own or were manually switched to SDG&E's standard rate to avoid unacceptably high commodity rates through the offering.[24] As permitted by statute, and as authorized by the Commission, SDG&E suspended its Green Tariff effective August 25, 2022, and accordingly, has no enrolled customers.[25] Thus, while the statutory language regarding cost shifting made sense and applied to the setting of rates for an active program, it has no application now with respect to the recovery of stranded costs for a program with no participants. Accordingly, P.U. Code § 2833(q) does not prevent recovery of the stranded costs from all customers via the PPP rate.

B. SDG&E Cannot Collect Outstanding GTSR Costs from All Former GTSR Participants (Questions 1a, 1b, and 2c)

As detailed above, SDG&E continues to recommend that outstanding GTSR costs be recovered from all customers through the PPP rate component. Allocating outstanding GTSR costs to former program participants would lead to unreasonably high bill impacts, which these customers would not have anticipated when enrolling in the GTSR program.[26] Indeed, if costs were spread equally across former program participants, each participant would need to pay $884.85—a stark contrast from the $1.24 an average residential customer would owe if these costs were recovered on an equal cents per kWh basis through the PPP.[27] If costs were allocated in proportion to the participant's total electricity consumption while enrolled in the program, residential customers would each owe up to $1,424.17 (with an average of $95.66), small commercial customers would each owe up to $12,310.51 (with an average of $349.73) and medium/large commercial and industrial customers would each owe up to $1.4 million (with an average of $12,439.97).[28] Former

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24 *Id*., p. 4.

25 *Id*., p. 7.

26 Ex. SDGE-13, p. 3.

27 *Id.*, p. 2.

28 *Id.*, pp. 2-3.

participants could not have expected they would receive an additional bill for hundreds or thousands of dollars years down the road, nor were such bill impacts disclosed to or accepted by these customers when enrolling in the program.[29]

Moreover, these already high bill impacts assume that all former participants would pay to recover GTSR stranded costs, but SDG&E currently has no mechanism to collect outstanding GTSR costs from 35% of the former GTSR participants. These former customers, comprising 1,914 of 5,518 total meters previously enrolled in the GTSR program, no longer have any active account with SDG&E.[30] SDG&E does not maintain a manual process to locate and bill former customers who no longer have active accounts with SDG&E, so SDG&E would only be able to collect costs from these former participants if they subsequently open a new account with SDG&E.[31]

If the Commission were to order SDG&E to collect outstanding GTSR costs from former participants, for those participants without an active SDG&E account, SDG&E would manually post an adjustment to the inactive customer account, resulting in a final balance owed by the customer. If the customer opened a new account with SDG&E within the next three years, this outstanding balance would automatically be transferred to the new account. Otherwise, following SDG&E's usual designation practices, the balance would be deemed uncollectible and written off 145 days after this final balance was generated.[32] Thus, while SDG&E does not recommend the Commission order the collection of outstanding GTSR costs from former participants, if so ordered, following SDG&E's usual practices would result in the designation of the balances of up to 35% of

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29 Ex. SDGE-12, p. 7.

30 Ex. SDGE-13, p. 4.

31 *Id*., p. 5.

32 *Id*.

former participants as uncollectible.[33] Accordingly, to the extent the Commission does order the collection of outstanding GTSR costs from former participants, SDG&E should be permitted to follow this usual practice and designate as uncollectible any balances attributable to former GTSR customers without an active SDG&E account that do not open a new account within the prescribed time periods.[34]

C. The Commission Should Not Assign Any Outstanding GTSR Costs to SDG&E's Shareholders (Question 2)

Any suggestion that SDG&E shareholders pay for the undercollected GTSR balance is wholly unfounded. SDG&E incurred these costs to implement and offer a program to all customers mandated by the State, and these costs have already been reviewed and approved in prior Commission proceedings.[35] Contrary to the SD CCAs' claims that SDG&E mishandled the program, SDG&E followed all Commission guidance in creating and administering the GTSR program, and the circumstances leading to the suspension of the GTSR program before SDG&E had the ability to recover the undercollected amounts were beyond SDG&E's control. As detailed below, the SD CCAs' prior critiques of SDG&E's management of the program are both factually inaccurate and informed only by the benefit of hindsight, which cannot be used to evaluate whether SDG&E reasonably managed the program. SDG&E is not aware of any precedent that would allow—much less support—the Commission assigning costs to SDG&E shareholders under such circumstances.

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[33] SDG&E has not performed an analysis to estimate the cost associated with identifying and collecting amounts from former GTSR participants pursuant to the process described in this section but is not currently proposing to seek cost recovery of these amounts.

[34] SDG&E is not currently seeking cost recovery for administrative costs it would incur to effectuate the identification and billing of former GTSR participants described in this section. *See* Ex. SDGE-13, p. 5.

[35] D.22-05-006 at pp. 5, 9; D.21-07-018 at p. 24, OP 12 at p. 34; D.20-12-036 at pp. 14-16; D.19-06-009 at pp. 7-9 and D.18-10-006 at pp. 7-9.

Moreover, no party has submitted additional evidence regarding SDG&E's prudent management of the GTSR program since the parties previously briefed this issue and since the Original PD found that "SDG&E administered its EcoChoice and EcoShare programs consistent with statute and Commission direction" and that "the record does not support the conclusion that SDG&E mismanaged the programs."[36] Accordingly, the Commission should find, as it did in the Original PD, that "since SDG&E complied with statute and Commission direction in its creation and administration of its programs, it would be improper for the Commission to require SDG&E's shareholders to foot the bill."[37]

SDG&E thus should be permitted to recover the remaining uncollected balances associated with the GTSR-related balancing accounts as set forth in P.U. Code § 2833(r).

1. SDG&E Did Not Unreasonably Delay Recovery of Outstanding GTSR Costs (Question 2a)

The SD CCAs have claimed that SDG&E unnecessarily delayed recovery of the undercollection of GTSR-related accounts by waiting for approval of the recorded balances in the ERRA Compliance proceeding.[38] However, SDG&E properly followed the well-established ERRA review and approval process contemplated by the Commission,[39] which the SD CCAs only now critique with the benefit of hindsight—an impermissible basis on which to evaluate SDG&E's

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36 Original PD, p. 13.

37 *Id.*

38 Ex. CCA-01, *Prepared Direct Testimony of Carlo Bencomo-Jasso on behalf of SD CCAs in SDG&E's 2023 ERRA Compliance Proceeding* (December 20, 2024) (Ex. CCA-01), pp. 24-25.

39 D.15-01-051, FOF 136 at p. 172 (stating that "Each IOU's revenue requirements and associated forecasts of fuel and purchased power, and related balancing account balances, are currently reviewed and approved in the annual ERRA forecast proceeding, and the IOU's associated recorded activity in this and other IOU balancing accounts is reviewed in each IOU's annual ERRA compliance proceeding."), *Id.*, FOF 137 at p. 172 (stating that "Coordinating review of true-up of GTSR charges and credits with the ERRA process will provide greater certainty that entries to the GTSR accounts are correctly stated and are consistent with Commission decisions.").

actions.[40] The Commission-approved tariffs for the GTSR-related accounts recognized that GTSR-related activity would be reviewed/addressed in the ERRA proceedings prior to their inclusion into rates:

- **GTSRBA:** Disposition and Review: ***The balance in the GTSRBA will be addressed in SDG&E's annual Energy Resources Recovery Account (ERRA) Forecast proceeding or in a separate application deemed appropriate by the Commission***.
- **GTME&OMA:** Disposition: Disposition of the GTME&OMA balance shall be addressed via Tier 3 Advice Letter or a stand-alone application. The ***activity in the GTME&OMA will be subject to reasonableness review in SDG&E's annual Energy Resources Recovery Account (ERRA) Compliance proceeding*** or in a separate application.
- **GTSRACMA**: Disposition: Disposition of the GTSRACMA balance shall be addressed via Tier 3 Advice Letter or a stand-alone application. ***The activity in the GTSRACMA will be subject to reasonableness review in SDG&E's annual Energy Resources Recovery Account (ERRA) Compliance proceeding*** or in a separate application.
- **ECRME&OMA**: Disposition: Disposition of the ECRME&OMA balance shall be addressed via Tier 3 Advice Letter or a stand-alone application. ***The activity in the ECRME&OMA will be subject to reasonableness review in SDG&E's annual Energy Resources Recovery Account (ERRA) Compliance proceeding*** or in a separate application.[41]

SDG&E followed this established process in its annual ERRA filings and at no time did the Commission, Energy Division staff, or any intervening party claim that the process for reviewing and approving the GTSR-related balances was somehow improper.[42] The SD CCAs cannot now rely on hindsight to claim that SDG&E should have foreseen the rapid failure of the GTSR program and foregone the established ERRA review process. As detailed below, SDG&E properly sought Commission approval and authorization of GTSR activity, but circumstances that SDG&E could

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[40] Under the '"reasonable manager standard, utilities are held to a standard of reasonableness based on the facts that are known or should have been known at the time.'" D.14-05-023 at p. 15 (citation omitted). In other words, the utility's actions are evaluated on the basis of facts and circumstances the utility knew or should have known, in order to "avoid the application of hindsight in reviewing the reasonableness of a utility decision." D.90-09-088, *mimeo*., at p. 15.

[41] SDG&E Tariff Preliminary Statements available at https://tariffsprd.sdge.com/sdge/tariffs/?utilId=SDGE&bookId=ELEC&sectId=ELEC-PRELIM; Ex. SDGE-12, p. 11.

[42] Ex. SDGE-12, pp. 11-12.

neither anticipate nor control caused the failure of the program before SDG&E could fully recover the undercollected costs.

GTSRBA Balance

SDG&E requested review of GTSRBA activity and approval of the annual true-up amounts in the most expedited manner possible, given the time necessary to file both the ERRA Compliance and Forecast proceedings each year. Beginning in 2018, SDG&E properly sought review and approval of the undercollected balance in the GTSRBA in each year's ERRA Compliance proceeding.[43] Once this balance was approved, SDG&E included the balance in GTSR rates in the ERRA Forecast proceeding for the following year. Due to the structure of the ERRA filing process, however, a two-year delay is created between the time the undercollection in GTSRBA is incurred and the time at which it begins to be included in rates.[44]

The 2019 GTSRBA undercollection was reviewed in the 2019 ERRA Compliance proceeding and approved pursuant to D.21-07-018 on July 15, 2021.[45] The Commission authorized SDG&E to pursue adjustment of the undercollection in SDG&E's ERRA Forecast proceeding for 2022.[46] By the end of 2021, SDG&E had experienced load departure and a resulting sharp drop in customer enrollment in the GTSR program for 2022.[47] Accordingly, in SDG&E's 2022 ERRA Forecast Application 21-04-010, SDG&E notified the Commission of its concerns that the significant load departure occurring in 2021 and 2022 would make the 2022 GTSR program rates uneconomical for most customers. To help mitigate potential customer impacts, SDG&E proposed

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43 While the SD CCAs have complained that SDG&E did not begin seeking review of the GTSRBA undercollection until 2018, they have acknowledged that the total undercollection prior to 2018 was $5,972. *See* Ex. CCA-01, pp. 21, 24-25.

44 Ex. SDGE-12, p. 12.

45 D.21-07-018, OP 12 at p. 34.

46 *Id.*

47 Ex. SDGE-12, p. 14-Errata.

"two options for the Commission to consider: (1) amortization of the 2018 and 2019 GTSRBA through the Renewable Power Rate over 12 months; or (2) amortization of the 2018 and 2019 GTSRBA through the Renewable Power Rate over 21 months, with a delayed implementation date of April 1, 2022."[48] Ultimately, the Commission rejected SDG&E's proposal to amortize the GTSRBA undercollections over 21 months[49] and SDG&E included the full recovery of the 2018 and 2019 GTSRBA undercollections in 2022 GTSR rates.[50]

The 2020 GTSRBA undercollection was reviewed in SDG&E's 2020 ERRA Compliance proceeding and approved pursuant to D.22-05-006 on May 5, 2022.[51] The Commission authorized SDG&E to pursue adjustment of the undercollection in SDG&E's ERRA Forecast proceeding for 2023.[52] However, on August 25, 2022, SDG&E's Green Tariff program was suspended and SDG&E was directed to "quickly disenroll customers from its Green Tariff option who will remain on their otherwise applicable rate."[53] As a result, the Green Tariff program was suspended before the 2020 GTSRBA undercollection could be implemented in GTSR rates. In addition, because of the mass load departure in 2021-2022, as well as the customer unenrollment from the program resulting from uneconomical 2022 GTSR rates, SDG&E was unable to recover the full 2019 GTSRBA undercollection in 2022 GTSR rates.[54]

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48 Application (A.) 21-04-010, *Revised Updated Prepared Direct Testimony of Gwendolyn R. Morien on behalf of SDG&E* (November 15, 2021) at pp. GM-24 and GM-25 (citations omitted).

49 D.21-12-040, OP 8 at p. 27.

50 SDG&E AL 3928-E/E-A (approved and effective on January 28, 2022).

51 D.22-05-006 at p. 9, and OP 2 at p. 16.

52 *Id*.

53 A.22-05-022, Administrative Law Judge's Ruling Granting Request for Green Tariff Suspension (August 25, 2022), at OP 1(3) at p. 9.

54 Ex. SDGE-12, pp. 13 and 14-Errata.

GTSRACMA and GTME&OMA Balances

With respect to the marketing and administration costs related to the GTSR program, SDG&E intended to amortize these costs over the program cycle to achieve rate stability,[55] initially through 2018 and then, after the program was extended, through 2023.[56] Per AL 3168-E, any overcollection or undercollection recorded to the GTSRACMA and GTME&OMA at the end of the initial program cycle (December 31, 2018) was to be disposed of over the five-year extension period from 2019-2023.[57] The mass load departure in 2021-2022, however, led to uneconomical GTSR rates, customer unenrollment from the program, and the subsequent suspension of the program prior to the end of the anticipated program cycle. As a result of this drop in customer enrollment and early suspension of the program, SDG&E was unable to dispose of these account balances over the five-year amortization period as planned.

ECRME&OMA

No developers executed power purchase agreements with SDG&E to support EcoShare, and thus EcoShare never had any enrollees. The minimal costs in this account reflect initial labor costs from 2015-2016 and interest thereafter, which SDG&E never had the opportunity to recover from program customers since there were no enrollees in the program.

2. SDG&E Did Not Imprudently Manage the GTSR Program (Question 2b)

Contrary to the SD CCAs' suggestion, SDG&E did not imprudently manage the GTSR program by setting its GTSR program rates below cost in order to compete with the renewable energy rates offered by the SD CCAs. Rather, SDG&E prudently set the green tariff (GT) rates to

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55 D.15-01-051, p. 111 ("These [administrative and marketing] charges, especially marketing, are expected to be higher at the start of the program and to achieve rate stability should be amortized over the first years of the program.") (citation omitted).

56 AL 2745-E (approved November 13, 2015 and effective November 20, 2015), pp. 20-21; AL 3168-E (approved October 4, 2019 and effective September 26, 2019), p. 12.

57 Ex. SDGE-12, p. 15.

reflect the expected commodity expense, but, as detailed below, delays to the commercial operation date of SDG&E's second dedicated GTSR resource caused additional commodity expenses that were not anticipated at the time program rates were set.

SDG&E's first dedicated GTSR solar resource, Midway Solar, was expected to start operations in December 2017.[58] However, the Midway project experienced delays, and instead began providing energy for the program in September of 2018. The GTSR program proved to be well received by customers, and SDG&E's customer usage for the GTSR program far exceeded the generation provided by Midway. Accordingly, by mid-2018, SDG&E filed AL 3214-E to procure a second dedicated resource, Wister Solar, which was expected to start operations in 2019.[59] Unfortunately, Wister Solar experienced several delays, including COVID-19 delays and permitting delays with the Imperial Irrigation District and the California Independent System Operator (CAISO), and as a result did not begin generating until mid-2022.[60] Shortly afterward, the EcoChoice program was suspended, and thus the generation from Wister Solar was never included in GTSR.

The Commission anticipated the GTSR program would start before these new dedicated resources could be constructed, and in D.15-01-051 directed the investor-owned utilities (IOUs) to establish an Interim Pool of renewable resources that would support the GTSR program in the beginning. The Commission also approved the cost recovery mechanism to allocate the costs from the resources in the IOU's Interim GTSR Pool from Renewable Portfolio Standard (RPS) to the GTSR program.[61] SDG&E complied with these directives by establishing its Interim Pool in AL 2745-E, which was later updated in AL 2853-E. This Interim Pool had a final price per MWh over

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58 *Id*., p. 9.

59 *Id*.

60 *Id*.

61 *Id*., p. 9-10.

twice that of Wister Solar. SDG&E moved costs from RPS to GTSR for customer usage that was above the generation of the dedicated resources, as detailed in its Green Tariff Annual Reports, in accordance with Commission directives.[62]

The undercollections in GTSRBA for 2019 and 2020 questioned by the SD CCAs are largely the result of the multiple unexpected delays in the second dedicated resource, Wister Solar, coming online. When forecasting rates for 2019 and 2020, SDG&E anticipated that Wister Solar would be providing energy for the program.[63] When the commercial operation date of this resource was subsequently delayed multiple times, SDG&E unexpectedly had to use additional resources from the Interim Pool at the significantly higher rate to fulfill the customer usage demands.[64] Accordingly, it was the unanticipated delays in this resource—not any intentional below-cost rate-setting—that caused the undercollected balance in GTSRBA for these years.[65]

The SD CCAs have previously argued that SDG&E (1) should have expected the delays for Wister Solar based on the fact that SDG&E's ***other, unrelated*** GTSR dedicated resource, Midway Solar, experienced delays and (2) should have expected multiple, unrelated delays for Wister Solar based on the fact that it experienced one initial delay.[66] SDG&E forecasts rates based on the best available information it has at the time of forecasting. SDG&E would not assume delays in the operation date of a resource based on delays in the operation date of a ***separate, unrelated*** resource—nor would doing so constitute prudent management. Moreover, Wister Solar experienced multiple, unconnected delays to its operation date, including COVID-19 delays and

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[62] *Id*. p. 10.

[63] *Id*.

[64] *Id*.

[65] Nor do the SD CCAs' claims that SDG&E purposefully set these rates too low to compete with the CCA rates even make sense, as by their own admission, only the City of Solana Beach—representing a small fraction of SDG&E customers—had a CCA in service at the time SDG&E was setting GTSR rates in 2019 and 2020. *See* Ex. CCA-01, pp. 27-28.

[66] *Id*.

permitting delays with the Imperial Irrigation District and CAISO.[67] SDG&E would not assume that Wister Solar would experience additional delays from unrelated causes simply because it experienced one initial delay.

Under the reasonable manager standard, SDG&E's actions are evaluated on the basis of facts that are known or should have been known at the time.[68] When forecasting rates for both 2019 and 2020, SDG&E anticipated that Wister Solar would be providing energy for the GTSR program.[69] Accordingly, SDG&E appropriately incorporated the price of this resource into its forecasted rates for those years. The SD CCAs' attempts to question SDG&E's management of the program based on SDG&E's decision to forecast rates using the best available information it had at the time—instead of speculating about unforeseen delays to resources—cannot be credited.

3. SDG&E's Recorded GTSR Administrative and Outreach Costs Are Reasonable (Question 2d)

As detailed above, SDG&E's recorded GTSR administrative and outreach costs, *i.e.* the costs recorded in GTSRACMA and GTME&OMA, were already reviewed and approved in prior Commission proceedings.[70] Pursuant to the Commission-approved tariffs for these accounts, they were subject to reasonableness review in SDG&E's annual ERRA Compliance proceedings.[71] Accordingly, in addition to the fact that no party has presented any evidence suggesting these costs were not reasonably incurred, these costs have already been found reasonable and approved by the

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67 Ex. SDGE-12, p. 9.

68 Under the '"reasonable manager standard, utilities are held to a standard of reasonableness based on the facts that are known or should have been known at the time.'" D.14-05-023 at p. 15 (citation omitted). In other words, the utility's actions are evaluated on the basis of facts and circumstances the utility knew or should have known, in order to "avoid the application of hindsight in reviewing the reasonableness of a utility decision." D.90-09-088, *mimeo.,* at p. 15.

69 Ex. SDGE-12, p. 10.

70 D.22-05-006 at pp. 5, 9; D.21-07-018 at 24, OP 12 at p. 34; D.20-12-036 at pp. 14-16; D.19-06-009 at pp. 7-9 and D.18-10-006 at pp. 7-9.

71 SDG&E Tariff Preliminary Statements available at https://tariffsprd.sdge.com/sdge/tariffs/?utilId=SDGE&bookId=ELEC&sectId=ELEC-PRELIM

Commission. Accordingly, these stranded costs should likewise be authorized for recovery from all customers via the PPP rate.[72]

IV. CONCLUSION

For the foregoing reasons, SDG&E respectfully requests that the Commission authorize SDG&E to recover the undercollected amounts in its GTSR-related balancing and memorandum accounts from all customers through the PPP rate component.

Respectfully submitted,

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72 As noted above, GTME&OMA has a small overcollection, but the overall GTSR administrative and outreach stranded costs, including this amount, net to an undercollection. *See* Ex. SDGE-12, p. 3.