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TO PARTIES OF RECORD IN APPLICATION 26-05-009:

This is the proposed decision of Administrative Law Judge Rafael Lirag. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 3, 2026, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC: asf
Attachment

Decision **PROPOSED DECISION OF ALJ LIRAG (Mailed 11/10/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902-E) for Approval of its 2027 Electric Procurement Revenue Requirement Forecasts, 2027 Electric Sales Forecast, and GHG-Related Forecasts.	Application 26-05-009

DECISION APPROVING SAN DIEGO GAS & ELECTRIC COMPANY'S 2027 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS, 2027 ELECTRIC SALES FORECAST, AND GREENHOUSE GAS RELATED FORECASTS

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DECISION APPROVING SAN DIEGO GAS & ELECTRIC COMPANY'S 2027 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS, 2027 ELECTRIC SALES FORECAST, AND GREENHOUSE GAS RELATED FORECASTS

Summary

This decision approves San Diego Gas & Electric Company's (SDG&E) 2027 Electric Procurement Revenue Requirement Forecasts, 2027 Electric Sales Forecast, and Greenhouse Gas (GHG) Related Forecasts for inclusion in its retail rates effective January 1, 2027.

The decision adopts SDG&E's updated 2027 revenue requirement forecast of $1,440.7[1] million which is $560.6 million higher than its currently effective revenue requirement of $880.1 million. One of the primary drivers for the increase is the higher above-market costs for power charge indifference adjustment-eligible resources and a decrease in renewable energy credit sales revenues.

SDG&E's 2027 Energy Resource Recovery Account (ERRA) forecast includes the revenue requirements for ERRA, the Portfolio Allocation Balancing Account, Competition Transition Charge, Local Generation, Modified Cost Allocation Methodology (MCAM) revenue requirement, San Diego Community Power's Disadvantaged Communities revenue requirement, Tree Mortality Non-Bypassable Charge, BioMat Nonbypassable Charge, and GHG allowance revenues and return allocations.

The ERRA process allows SDG&E to recover its procurement costs, including expenses for fuel and purchased power, utility owned generation, California Independent System Operator related costs, and the costs of the

[1] This total excludes franchise fees and uncollectibles.

residual net short procurement requirements necessary to serve bundled customers.

In total, the adopted revenue requirement together with the 2027 sales forecast is projected to result in a decrease to the current system average bundled rate by approximately $0.9 cents per kilowatt hour (kWh), or negative 2.3 percent.

Based on these numbers, and reflective of the ERRA-related portion of costs only, it is projected that a typical bundled non-California Alternate Rates for Energy (CARE) residential customer using 400 kWh per month can expect to see a monthly bill increase of approximately $4 or a 2.3 percent increase (from $183 to $187.). On the other hand, a typical bundled CARE residential customer using 400 kWh per month can expect to see a monthly bill increase of approximately $3 or a 3.0 percent increase (from $101 to $104).

For unbundled customers, a typical non-CARE residential customer using 400 kWh can expect to see a monthly bill increase of approximately $27 or a 22.1 percent increase (from $123 to $150) while a typical unbundled residential CARE customer using 400 kWh can expect to see a monthly bill increase of around $18 or 28.4 percent (from $64 to $82).[2]

The decision also adopts SDG&E's Electric Sales Forecast for 2027, GHG Allowance Return Amounts, Power Charge Indifference Adjustment (PCIA) rates, rate components for the Green Tariff Shared Renewables Program, and MCAM rates.

This proceeding is closed.

[2] Illustrative bill impact figures for both bundled and unbundled customers include the California Climate Credit.

1. Background

On May 15, 2026, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 26-05-009 for approval of its 2027 forecasts of:

1. The Energy Resource Recovery Account (ERRA) revenue requirement, which includes greenhouse gas (GHG) costs;
2. The Portfolio Allocation Balancing Account (PABA) revenue requirement;
3. The Competition Transition Charge (CTC) revenue requirement tracked in the Transition Cost Balancing Account (TCBA);
4. The Local Generation (LG) revenue requirement tracked in the Local Generating Balancing Account (LGBA);
5. The Modified Cost Allocation Methodology (MCAM) revenue requirement;
6. San Diego Community Power's (SDCP) Disadvantaged Communities – Green Tariff (DAC-GT);
7. The Tree Mortality Non-Bypassable Charge (TMNBC) revenue requirement;
8. The BioMat Non-Bypassable Charge Balancing Account (BNBCBA) revenue requirement; and
9. The GHG allowance revenues and return allocations.

SDG&E also seeks Commission approval of its proposed 2027 GHG Allowance Return rates, Vintage Power Charge Indifference Adjustment (PCIA) rates, and MCAM rates.

Also on May 15, 2026, SDG&E filed a Motion for Confidentiality of certain limited GHG-related information and energy sales forecasts appearing in Attachment G of the Application. The motion was granted on July 22, 2026.

Protests to the Application were filed on June 19, 2026, by the Public Advocates Office at the California Public Utilities Commission (Cal Advocates),

and jointly by SDCP and Clean Energy Alliance (CEA). Direct Access Customer Coalition (DACC) filed a Response also on June 19, 2026.

SDG&E filed a Reply to the protests and response on June 29, 2026.

A prehearing conference (PHC) was held on July 13, 2026. At the PHC, the issues, category, need for hearings, procedural schedule, and others procedural matters relating to the proceeding were discussed.

On July 22, 2026, the assigned Commissioner issued a Scoping Memorandum and Ruling (Scoping Memo) setting forth the scope and procedural schedule for the proceeding.

SDCP and CEA (collectively, Joint CCAs) filed a Motion to Compel Discovery on August 25, 2026. SDG&E filed a Response on September 1, 2026. The Joint CCAs filed a Reply on September 4, 2026. The motion was granted on September 18, 2026.

On September 18, 2026, a Joint Report was filed by all the active parties in the proceeding.

On September 22, 2026, a ruling was issued by the assigned ALJ cancelling the evidentiary hearing scheduled for September 25, 2026, pursuant to a request from parties.

On September 25, 2026, a joint motion to enter testimony and exhibits into the evidentiary record was filed by DACC, Cal Advocates, SDG&E, and the Joint CCAs. The motion was granted in the October 20, 2026 ALJ ruling.

Also on September 25, 2026, separate motions to seal the evidentiary record regarding testimony were filed by SDG&E, and the Joint CCAs. Both motions were granted in the ALJ ruling issued on October 20, 2026.

Opening Briefs were filed by SDG&E, and the Joint CCAs on October 2, 2026. The Joint CCAs also filed a motion to seal their Opening Brief. The motion was granted on October 21, 2026.

Reply Briefs were filed by SDG&E and the Joint CCAs on October 14, 2026. Both parties also filed motions to seal their respective Reply Briefs. The two motions to file under seal were granted on October 21, 2026.

On October 15, 2025, SDG&E filed an update to the application. SDG&E also filed a motion for leave to file specified information in Attachment G of the update as confidential. The motion for leave to file confidential materials was granted in the ALJ ruling issued on October 20, 2026.

On October 29, 2026, SDG&E and the Joint CCAs filed a joint motion to enter additional testimony into the record. SDG&E and the Joint CCAs also filed separate motions to seal evidentiary record respective to the testimonies they are seeking admission into the record.[3] The joint motion and motions to seal evidentiary record were granted on November 2, 2026.

Opening Comments to the October update were filed on October 30, 2026, by the Joint CCAs. The Joint CCAs also filed a motion to file a confidential version of its Opening Comments. The motion was granted in the ALJ ruling on November 2, 2026.

On November 6, 2026, SDG&E filed Reply Comments concerning the October update. Sur-reply comments were filed by the Joint CCAs on November 9, 2026.

[3] The Commission's Docket office directed SDG&E to reformat an attachment and the revised motion was accepted for filing on November 4, 2026.

SDG&E also filed a motion to file a confidential version of its Reply Comments concerning the October update. This motion was granted in the ALJ ruling on November 9, 2026.

The proceeding is deemed submitted on November 9, 2026, upon the filing of The Joint CCAs' Sur-reply Comments concerning the October update to the application.

2. SDG&E's Energy Resource Recovery Account (ERRA)

SDG&E's ERRA was first authorized in Decision (D.) 02-10-062 pursuant to Public Utilities (Pub. Util.) Code Section 454.5. The ERRA regulatory process consists of: (a) an annual forecast proceeding to adopt a forecast of the utility's electric procurement cost revenue requirement and electricity sales for the upcoming year; and (b) an annual compliance proceeding to review the utility's compliance in the preceding year regarding energy resource contract administration, least cost dispatch, fuel procurement, and the ERRA balancing account. There is also an update process for new information which is discussed in Section 3.1 of the decision.

The ERRA process allows SDG&E to recover its procurement costs, including expenses for fuel and purchased power, utility retained generation, California Independent System Operator (CAISO) related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers.

This proceeding concerns SDG&E's current annual ERRA forecast proceeding which allows the utility to adopt a forecast of the utility's electric procurement cost revenue requirement and electric sales for 2027. This

proceeding also includes SDG&E's sales forecast for 2027 as required by D.22-03-003.[4]

SDG&E's 2027 ERRA forecast includes the following components:

1. ERRA revenue requirement and projected 2026 ERRA year-end balance;
2. Portfolio Allocation Balancing Account (PABA) revenue requirement and projected 2026 PABA year-end balance;
3. Competition Transition Charge (CTC) revenue requirement tracked in the Transition Cost Balancing Account (TCBA);
4. Local Generation (LG) revenue requirement tracked in the LG Balancing Account (LGBA) and projected 2026 year-end balance recorded in the LGBA;
5. Modified Cost Allocation Mechanism (MCAM) revenue requirement;
6. SDCP Disadvantaged Communities - Green Tariff (DAC-GT) revenue requirement;
7. Tree Mortality Non Bypassable Charge (TMNBC) revenue requirement;
8. Bioenergy Market Adjusting Tariff (BioMAT) Nonbypassable Charge Balancing Account (BNBCBA) revenue requirement; and
9. GHG allowance revenue return allocations.[5]

PABA

SDG&E's PABA was authorized by D.18-10-019 to record costs and revenues associated with all generation resources that are eligible for cost recovery through Power Charge Indifference Adjustment (PCIA) rates.

[4] D.22-03-003 directed SDG&E to file subsequent annual electric sales forecasts in its ERRA forecast applications.

[5] Application at 2 to 3.

D.19-10-001 authorized any over/under collection in PABA subaccounts in a given year to be rolled into the next year's ERRA Forecast filing.

CTC

The CTC is from The Electric Utility Industry Restructuring Act found in Assembly Bill (AB) 1890[6] which made generation of electricity a competitive market in California. CTC is a ratemaking device to recover investments in electric generation facilities that would otherwise be stranded as excess capacity by the transition to a competitive market. The TCBA is designed to accrue all ongoing CTC revenues and recover all ongoing eligible CTC generation-related costs.

In A.24-05-010, SDG&E updated the cost recovery methodology to discontinue the market benchmark proxy for SDG&E's CTC-eligible resources. The change involved using actual CAISO revenues as the market value of SDG&E's two remaining CTC contracts for calculating the amount of contract costs to be recovered in ERRA.

LG

SDG&E's LG was authorized in D.13-03-029 which allows it to recover new generation costs for local reliability that are deemed to be subject to the Cost Allocation Mechanism (CAM) policy adopted in D.06-07-029 and D.11-05-005. The LG is a per-kilowatt-hour non-bypassable charge to all benefiting customers including all bundled customers, Direct Access customers, and Community Choice Aggregation (CCA) customers. The LGBA is designed to record costs and revenues of LG where the Commission has determined that the generation resource is subject to CAM.

[6] AB 1890 became effective September 23, 1996.

MCAM

The MCAM balancing account records the net costs related with SDG&E's procurement of energy resources incurred on behalf of certain load-serving entities (LSE) in the following circumstances: (a) opt-out procurement-related costs for LSE customers that have opted out of self-procurement; (b) backstop procurement-related costs for LSE customers that fail to provide the required capacity required by D.19-11-016 and D.21-06-035; and (c) opt-out LSEs that have left the market and no longer serve customers. Resolution E-5241 issued on January 12, 2023, approved SDG&E's cost recovery to implement MCAM.[7]

SDCP DAC-GT

Resolution E-5246 approved SDCP's Advice Letter 10-E to implement the DAC-GT.[8] The DAC-GT is a solar program offering discounts to qualified customers that are unable to install solar on their roof.

TMNBC

Recovery of the TMNBC was authorized in D.18-12-003. This is for recovery of net costs of tree mortality-related biomass energy procurement which is intended to address the state's tree mortality crisis.

BNBCBA

The BNBCBA is a two-way balancing account that records the net costs of SDG&E's BioMat procurement costs for the BioMat program. Pursuant to D.20-08-043, a non-bypassable charge is imposed on all customers in each investor-owned utility's service territory and the revenues from this charge and the net costs of the BioMat contracts are recorded in the BNBCBA.

[7] *See* Resolution E-5241, Ordering Paragraph (OP) 1.

[8] *See* Resolution E-5246 issued on March 16, 2023.

GHG Allowance Revenues and Return Allocations

GHG allowance revenues and return allocations were authorized in D.14-10-033. Investor-owned utilities (IOU) are required by the Commission to distribute GHG allowance revenues eligible for return to customers.[9] This includes the California Climate Credit (CCC) for small business and residential customers and the CA Industry Assistance for customers who qualify as Emission-Intensive and Trade-Exposed (EITE).

Other Components

The ERRA forecast also includes a Power Charge Indifference Adjustment (PCIA) undercollection balancing account trigger, Investment Tax Credits, and the 2027 Electric Sales Forecast.

PCIA

PCIA is a rate component intended to preserve bundled customer indifference to customers that migrate from bundled load by ensuring that departing load customers pay their share of cost responsibility associated with above-market-costs of the utilities' total procurement portfolio. The PCIA rates are based on applicable costs from SDG&E's total portfolio of resources, including its ERRA, PABA, and CTC revenue requirements, as well as its authorized Non-Fuel Generation Balancing Account (NGBA).

Investment Tax Credits

The Inflation Reduction Act included Investment Tax Credits for renewable energy infrastructure, including standalone energy storage technology. SDG&E has two energy storage and microgrid projects that came

[9] *See* D.12-12-033, OP 1; D.20-10-002, OP 1; and D.21-08-026, OP 6.

online in 2025, and one energy storage unit expected to come online in 2026, that are eligible for these tax credits.

Sales Forecast

D.22-03-003 directed SDG&E to file subsequent sales forecasts in its ERRA forecast proceedings. The overall system forecast is based on internal methodologies and models developed by SDG&E using a combination of economic and statistically adjusted end-use models.

3. Request

SDG&E's initial 2027 ERRA forecast is a total revenue requirement of $893.0 million.[10] This amount is approximately $12.9 million greater than its currently effective ERRA-revenue requirement of $880.1 million. As will be discussed in Section 3.2, the above amount is subject to adjustment from the October update which SDG&E filed on October 15, 2026.

As stated in Section 2, the 2027 ERRA forecast includes the revenue requirement forecasts for ERRA, PABA, CTC, LG, MCAM, the SDCP DAC-GT, BNBCBA and GHG allowance revenues, set-asides, and returns.[11]

SDG&E also seeks Commission approval of its proposed vintage PCIA rates, MCAM rates, and its 2027 Electric Sales Forecast.

3.1. October 2026 Update

The ERRA process allows SDG&E to update its application later during the year and so SDG&E filed an October update to the application. The October update has traditionally served to update testimony regarding the CTC Market Price Benchmark (MPB) and PCIA benchmarks. This information is provided to

[10] Application at 4.

[11] The stated ERRA forecast does not include the TMNBC revenue requirement and franchise fees and uncollectibles due to confidentiality concerns regarding these amounts.

SDG&E by the Commission's Energy Division, which compiles and provides updated Market Price Benchmarks (MPBs) in October.

SDG&E also updated other information since approximately five months have passed since the filing of the May Application, and according to SDG&E, various input assumptions have changed. Changes include updates to projected 2026 ERRA and PABA year-end account balances which have been revised to reflect actuals through August, 2026. SDG&E also made changes based on Commission decisions that require certain updates be included in the October update.

SDG&E's updated total forecast is a $1,440.7 million revenue requirement compared to $893.0 million in its initial application (an increase of $547.7 million). Table 1 below shows the updated revenue requirements for the various ERRA forecast components as well as the original amounts set forth in the initial application, and the currently effective revenue requirements.

Table 1. 2027 ERRA Forecast Revenue Requirements[12] (values are in $000,000s)

Account	Currently Effective Revenue Req.	2026 Revenue Req. Application	2026 Revenue Req. October Update
ERRA	$392.4	$379.3	$282.0
2026 ERRA Balance	($2.2)	($45.0)	($92.1)
PABA	$176.4	$301.4	$623.0
2026 PABA Balance	$296.7	$144.8	$425.6
CTC	$0.5	$0.1	$0.1
LG	$247.1	$285.4	$306.0
2026 LGBA Balance	($78.4)	($34.0)	$0.7

[12] The 2027 ERRA Forecast Revenue Requirements exclude franchise fees and uncollectibles (except for GHG Revenues for Return) and the TMNBC revenue requirement due to confidentiality. Totals may differ slightly due to rounding.

Account	Currently Effective Revenue Req.	2026 Revenue Req. Application	2026 Revenue Req. October Update
MCAM	$0.3	$0.4	$0.5
SDCP DAC-GT	$0	$1.1	$1.6
BioMAT	$0	$0.1	$0.1
GHG Revenues for Return[13]	($152.7)	($140.6)	($106.7)
Total	**$880.1**	**$893.0**	**$1,440.7**

As shown in the above table, the increase in the total revenue requirement forecast is largely due to increases in the forecasts for the 2027 PABA and the 2026 PABA year-end balance as well as some increases in. These two components account for approximately $575.5 or more than the entirety of the forecast increase from the May application. There were also significant increases to the LG and 2026 LGBA year-end balance forecast but decreases to the ERRA and 2026 ERRA year-end balance forecasts.

4. Issues Before the Commission

As set forth in the assigned Commissioner's Scoping Memo, the issues in this proceeding are as follows:

1. Whether the Commission should approve SDG&E's total 2027 forecast revenue requirement and the amount of the 2027 Tree Mortality Non-Bypassable Charge forecast revenue requirement, to become effective in rates on January 1, 2027.
2. Whether the Commission should approve SDG&E's revenue requirement forecasts for the following:
    a. 2027 ERRA revenue requirement and projected 2026 ERRA year-end balance;
    b. 2027 PABA revenue requirement and the projected 2026 PABA year-end balance;

[13] The GHG Revenues for Return figures include franchise fees and uncollectibles.

c. 2027 CTC revenue requirement;

d. 2027 LG revenue requirement and projected 2026 LGBA year-end balance;

e. 2027 MCAM revenue requirement;

f. 2027 TMNBC revenue requirement; and

g. 2026 BioMat balancing account projected year-end balance.

3. Whether the Commission should approve SDG&E to recover SDCP's 2027 DAC-GT revenue requirement.

4. Whether the Commission should approve SDG&E's 2027 forecasts of GHG revenues, revenue set-asides and returns and administrative expenses, which include:

   a. Forecast GHG allowance revenues;

   b. Forecast set asides for programmatic use;

   c. Forecast revenue returns to emissions intensive trade-exposed retail customers;

   d. GHG administration, customer education, and outreach plan costs; and

   e. Forecast revenue returns to residential and small business customers via the California Climate Credit.

5. Whether the Commission should approve SDG&E's proposed vintage PCIA in rates.

6. Whether the Commission should approve SDG&E's proposed 2027 MCAM rates.

7. Whether the Commission should approve SDG&E's 2027 Electric Sales Forecast.

8. Other related matters.

5. Comments from Intervenors

5.1. Joint CCAs

The Joint CCAs argue that SDG&E's forecasts for sold RA and Retained RA are understated which overstates unsold RA which in turn leads to an

increase in PCIA rates.[14] The Joint CCAs suggest that SDG&E be required to forecast sold RA by applying a percentage of excess RA sold in the most recent 12-month period and to include anticipated RA "buffer" quantities in its forecast for retained RA.

The Joint CCAs also clarify that it is no longer contesting SDG&E's proposed allocation of PCIA revenue requirement among customer classes, MCAM rates, and the projected GRCMA balance.

In comments to the October update, the Joint CCAs reiterate its arguments concerning applying a percentage of excess RA sold to SDG&E's forecast for sold RA and treatment of "buffer" RA as retained RA. In addition, the Joint CCAs identify an inconsistency between the 2027 forecast of RA sales revenues and the RA sales revenues applied in the calculation of the 2027 indifference amount. Finally, the Joint CCAs recommend that SDG&E be directed to first utilize post-2018 banked RECs before pre-2019 banked RECs to fulfill any RPS compliance shortfall. In the event that SDG&E uses any pre-2019 banked RECs, SDG&E should be required to track the quantities of pre-2019 banked RECs used for RPS compliance and their associated treatment in its PCIA calculations.

6. Discussion

6.1. ERRA Costs and 2026 Balance

SDG&E's updated forecast for its 2027 ERRA revenue requirement is $282.0 million. By comparison, its current 2026 ERRA revenue requirement is $392.4 million. The ERRA provides full recovery of SDG&E's procurement costs, as well as GHG costs, associated with serving its bundled customers. These include expenses associated with California Independent System Operator

[14] Joint CCAs Opening Brief at 1 to 3.

(CAISO) such as energy and ancillary services load charges, CAISO revenues from utility generation and supply contracts, contract costs, generation fuel costs, and hedging costs.[15]

SDG&E explains its updated ERRA forecast in Exhibit SDGE 12C. The 2027 ERRA forecast is based on SDG&E's sales forecast and the projected amount of energy that SDG&E's bundled load customers will require in 2027. SDG&E then calculates the amount of energy it can generate and then determines the various energy contracts it must enter into to meet its energy requirements.

SDG&E's updated ERRA revenue requirement forecast decreased by approximately $97.3 or from $379.3 million in its May Application to $282.0 in its October Update. According to SDG&E, the decrease is largely due to lower compliance costs resulting from the lower 2027 forecast Resource Adequacy (RA) and Renewable Portfolio Standards (RPS) MPBs compared to the 2026 Forecast MPBs used in the May Application.

Meanwhile, ERRA's projected 2026 year-end balance overcollection increased by $47.1 million from the initial Application as a result of the true-up of Renewable Energy Credits (REC) and RA market values to the 2026 final MPBs.

Parties do not oppose SDG&E's 2027 ERRA forecast component as well as the forecast for the 2026 ERRA year-end balance. We find that the evidence presented supports the forecasts and that SDG&E's forecasts are reasonable and should be authorized given the lower MPB values released on October 1, 2026.

[15] Exhibit SDGE-3 at LF-2.

6.2. PABA Costs and 2026 Balance

SDG&E's updated forecast for PABA is $623.0 million compared to $301.4 million forecast in its May Application. It is currently authorized revenue requirement is $176.4 million.

According to SDG&E, the forecast for the 2027 PABA revenue requirement increased by approximately $321.5 million from its initial forecast because of higher above-market costs for PCIA-eligible resources due to the lower 2027 MPBs. The updated MPBs resulted in a notable decrease in forecasted REC sales revenues as well as lower California Independent System Operator (CAISO) supply revenues resulting from the lower Energy Index MPBs.

The PABA records costs and revenues associated with all of SDG&E's generation resources that are eligible for cost recovery through PCIA rates. The PCIA charge is intended to ensure that any above-market costs of electric resources procured by SDG&E on behalf of its customers that later switch to another provider are not transferred to its remaining electric supply customers.

Costs recorded in each vintage subaccount typically include fuel, GHG costs, third party power purchase contract costs and the revenue requirement for generation assets owned by SDG&E including its generation power plants, and eligible costs recoverable through PCIA rates.

SDG&E also forecasts a 2026 year-end undercollection of $425.6 million in the PABA. This forecast also increased significantly from the May application (by approximately $280.8 million) as a result of: (a) decreased credits in PABA for the market value of SDG&E's retained RECs and RA as a result of the true-up to the decreased 2026 Final MPBs; (b) decreased RPS voluntary allocation and MCAM RA sales revenues as a result of the true-up to the decreased 2026 Final MPBs and (c) lower than authorized customer revenues in 2026.

Exhibit SDGE-12C provides the updated breakdown of the PABA revenue requirement forecast for 2027.[16] A summary of the 2027 PCIA forecast[17] and the process of forecasting PCIA costs is provided in Exhibit SDGE-14C. Meanwhile, the updated breakdown of costs in the PABA 2026 year-end balance is shown in Attachment C of Exhibit SDGE-14C.

Overall, we find that the evidence SDG&E presented supports the PABA forecast and PABA year-end balance. The record supports that increases to the 2027 PABA and 2026 PABA year-end balance forecasts are in large part due to the lower Final 2026 MPBs and a true-up to said lower 2026 Final MPBs.

The Joint CCAs dispute the forecasting method proposed for sold RA and argue that RA held for contingency purposes should be considered as retained RA. The forecast for RA affects the PABA revenue requirement and is discussed in the next section of the decision.

6.3. RA Forecast

6.3.1. Sold RA Forecast

SDG&E's forecast for sold RA is based on actual sales for the past 12 months. The Joint CCAs argue that because SDG&E has more excess RA available for sale in this ERRA, the forecast for sold RA should include a percentage of excess RA sold in the most recent 12-month period. The Joint CCAs add that this was the method used during the 2025 and 2026 ERRA forecast applications.

SDG&E argues that in the 2025 and 2026 ERRA forecasts, the implementation of the slice-of-day framework created uncertainty leading to more purchases of excess capacity. However, this period of uncertainty has since

[16] Exhibit SDGE-12C, Table 8, at LF-15.

[17] Exhibit SDGE-14C, Table 6 at SM-16.

stabilized and that overall, sales have declined from October 2024 to July 2026, following the slice-of-day implementation and adjustment period.

Based on our review, we find that the record of the proceeding supports SDG&E's assertion that RA sales have been declining in recent times. As shown in SDG&E's testimony, RA sales revenues have been below forecast in 22 out of the last 25 preceding months (October 2024 to July 2026).[18] Thus, in the present case, we find that using recent actual RA sales as the basis for the forecast is more appropriate and a better measurement of projected RA sales as opposed to the larger amount of excess RA available for sale. SDG&E also increased its sold RA forecast in the October update which further supports not requiring the addition of a percentage of RA recently sold.

While this was not the method adopted for the 2025 and 2026 ERRA forecasts, special consideration was made during those prior years to account for new implementation of the slice-of-day program which caused market uncertainty. On average, recent market trends show less demand for RA which does not support the Joint CCAs' proposed forecast method. Finally, although the adopted forecast is a pass-thru that gets trued-up, we find that the forecast should strive to be as accurate as possible, based on information available, in order to avoid rate volatility. We note the Joint CCAs' concern that SDG&E may not be utilizing its best efforts to sell excess RA given the amount available for sale and recent prior years where sales could have been higher. We find that the Joint CCAs should raise this issue in an appropriate proceeding. In this regard, the Commission expects SDG&E to maximize value for ratepayers by making full efforts to sell its excess RA.

[18] Exhibit SDGE-8 at SM/JC-3.

In comments to the October update, the Joint CCAs also noted a discrepancy between the forecast of RA sales revenues for 2027 and the RA sales revenues utilized in the calculation of the 2027 indifference amount. The Joint CCAs state that a lower amount was applied to the calculation leading to an overstatement of the indifference amount.[19] In its Reply Comments to the October update, SDG&E clarifies that the MCAM sales shown in witness Elliot's workpapers represent gross sales while the MCAM sales that appear in witness Miller's workpapers show the portion of MCAM sales allocated to PABA which is why this figure is lower and that there is no discrepancy.[20]

6.3.2. Retained RA Forecast

As stated in Section 5 of this decision, the Joint CCAs argue that "buffer" RA or RA retained by SDG&E for risk management purposes, should be considered as retained RA. On the other hand, SDG&E argues that this type of RA is only being held temporarily for risk-management purposes and that the intent is for said RA to be sold eventually. SDG&E adds that holding capacity out of one solicitation does not mean it will not be offered for sale later on through other market opportunities such as other solicitations, bilateral negotiations, and broker-facilitated transactions.

In D.19-10-001, it was described that RA retained for the utility's use[21] is the amount of RA not offered for sale or forecasted to be offered for sale.[22] In other words, retained RA is that which is: (a) not offered for sale and (b) not forecasted to be offered for sale.

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[19] The difference is shown in Exhibit CCA-03C at 7 and 8.

[20] See SDG&E Reply Comments to October update at 7.

[21] RA retained by the utility for compliance purposes.

[22] See D.19-10-001 Attachment B, footnote 33.

Applying this to the current situation, we agree that the "buffer" RA as described by the parties in this proceeding is RA that is not being offered for sale initially. However, the evidence shows that said quantity of RA is forecasted to be offered for sale, which does not fit into the second qualification made in D.19-10-001. The Joint CCAs did not contest SDG&E's assertion that SDG&E eventually plans to offer the "buffer" RA for sale later on. SDG&E goes on to state that in 2026, "buffer" RA temporarily held during that year was later made available for sale through broker and bilateral market offerings during the 3rd quarter of 2026.[23] The Commission does not have a definition and applicable treatment of what the Joint CCAs refer to as "buffer" RA but under D.19-10-001, retained RA includes that which is not forecasted to be offered for sale. And in this case, the "buffer" RA as described by parties, is RA that is forecasted to be sold in 2027 although not initially.

6.4. CTC Costs

SDG&E's updated forecast for CTC costs remains unchanged at $0.1 million. Its currently effective CTC revenue requirement is $0.5 million.

As discussed in Exhibit SDGE-2, CTC costs are based on dispatchable capacity or firm capacity contracts which include both energy and capacity payments.[24] Energy payments for contracts are derived using SDG&E's "short-run avoided cost" formula. According to SDG&E, ERRA expenses for CTC contracts are based on delivered energy multiplied by the MPB. Any costs greater than the MPB are recorded in the TCBA. Parties do not object to SDG&E's forecast for CTC costs.

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[23] See SDG&E's Reply Brief at 12 citing Exhibit CCA-02C SDG&E Supplemental Response to SD CCA DR 3.19.

[24] Exhibit SDGE-2 at JE-12.

We find SDG&E's methodology for forecasting CTC costs reasonable and find that the updated forecast of $0.5 million should be adopted. The forecast for CTC energy supply for 2025 is shown in Exhibit SDGE-10C (Elias) and the forecasted generation of plants is shown in Attachment B of said exhibit.

6.5. LG Costs and LGBA Balance

SDG&E's updated request for LG costs is $306.0 million, which is higher than its initial request of $285.4 million. By comparison, its currently effective LG revenue requirement is $247.1 million.

As stated earlier in the decision, LG costs are for the recovery of net costs associated with new generation resources that provide local RA for SDG&E's system and which are deemed to be subject to the CAM policy adopted in D.06-07-029 and D.11-05-005. SDG&E has power plants and energy storage centers but also enters into contracts for generation resources. Attachment A of Exhibit SDGE-11A provides the updated breakdown of LG expenses and contract costs.

Parties do not challenge or object to the requested LG costs and we find that the LG forecast is adequately supported by the evidence submitted which presents a monthly breakdown of the different expenses.

SDG&E also forecasts a year-end overcollection balance of $0.7 million in the 2026 LGBA. The LGBA records the LG costs and revenues received from SDG&E's LG rate and uses a sub-account for each generation resource. Resolution E-5217 requires SDG&E to update year-end balances for each of its regulatory accounts.

The LGBA compares the LG costs with revenues received on a monthly basis and SDG&E's projected year-end balance utilizes the most recent recorded

costs and updated forecast for the remaining months in 2026 that do not yet have recorded costs.

There were no objections to the projected 2026 LGBA year-end balance and we find that the amounts are properly documented by the testimony submitted by SDG&E.

6.5.1. Recovery of LG Increase

In Reply Comments to the October update, SDG&E raises a new proposal of amortizing the increase in LG costs over a span of two years instead of one. The proposed revenue requirement of $306.0 million will be retained but the increase of approximately $58.8 million from its current revenue requirement of $247.1 million is to be recovered in the next two years instead of just 2027. SDG&E states that this will help alleviate the year over year increase in LG revenue requirement. In comments to the new proposal, the Joint CCAs generally support the new proposal as it projects to reduce average customer bills by approximately $0.68 per month but raise concerns about new proposals being introduced late in the proceeding as well as the overall increase in PCIA rates for unbundled customers.

We reviewed the request but find it reasonable to reject the new LG-related proposal for several reasons. The new proposal is being introduced for the first time in the proceeding beyond the procedural schedule for serving testimony, conducting evidentiary hearings, and filing of all other briefs. Substantive revisions to testimony also raise due process concerns. Parties would generally be allowed to comment or submit counter-testimony and factual questions may also be subject to hearings. For example, there may be questions regarding the impact of the new proposal during the second year of amortization. Second, the proposed change is substantive and impacts not only the LG revenue

requirement and testimony, but the revenue requirement calculations of all the other ERRA components as well. Finally, while the new proposal provides slight reductions to the 2027 revenue requirement(s) attributed to ERRA, the same amount of reductions will be added in 2028, so the costs are only avoided temporarily.

6.6. MCAM Costs

D.22-05-015 authorized the recovery of MCAM rates to ensure that net costs of electric resource procurement obligations mandated in D.19-11-016 and D.21-06-035 are recovered in a fair and economical manner. Resolution E-5241 approved SDG&E's implementation plan for cost recovery but required certain modifications which are addressed in advice letters 4151-E and 4151-E-A.

SDG&E's proposed MCAM rates are specified in Table 10 of Exhibit SDGE-10.[25] We find the updated forecast amount for 2027 of $0.5 million reasonable and should be authorized. The updated forecast is slightly higher than the currently effective revenue requirement of $0.3 million.

6.7. SDCP DAC-GT Costs

As stated previously, the DAC-GT is a solar program offering discounts to qualified customers that are unable to install solar on their roof. SDG&E adopted the program revenue requirement of $1.6 million for DAC-GT requested by SDCP in Advice Letter 41-E dated April 1, 2026.[26] Parties do not oppose the forecast which we find reasonable and is based on SDCP's requested amount.

6.8. BioMAT

Pursuant to D.20-08-043, the purpose of the BNBCBA is to provide full recovery of net costs of BioMAT procurement costs. D.20-08-043 imposes a non-

[25] See Exhibit SDGE-10 at MG-29.

[26] See Exhibit SDGE-10 at MG-6 which specifies the advice letter filing.

bypassable charge on all customers in each utility's service territory. The revenues from this non-bypassable charge and net costs of BioMAT contracts are recorded in the BNBCBA. The forecasted 2026 year-end balance for the BNBCBA is 0.085 million.[27]

6.9. TMNBC Costs

The TMNBC Balancing Account records tree mortality related procurement costs. SDG&E's updated TMNBC costs are presented in Table 5 of Exhibit SDGE-12C. These costs have been granted confidential treatment following past Commission practice. We find the forecast costs reasonable and supported by the evidence. Parties did not raise any issues with SDG&E's TMNBC forecast. We find that SDG&E's TMNBC forecast as set forth in the testimony of SDG&E's witness is reasonable and should be adopted.

Pursuant to D.18-12-003, these costs are to be recovered through the public purpose programs.

6.10. GHG Allowance Returns

SDG&E's updated forecast for GHG Allowance Returns is ($106.7) million. Its initial forecast in its May application was ($140.6) million. By comparison, its current revenue allowance return is ($152.7) million. The reduction in the Climate Credit was primarily driven by a large reduction in the number of allocated allowances from the California Air Resources Board.

Utilities are required by the Commission to distribute GHG allowance revenues eligible for return to customers. The returns are to be made to emission intensive and trade-exposed (EITE) entities who will receive an annual fixed on-bill credit based on Commission calculations. The EITE distribution will follow

[27] Exhibit SDGE-12 at LF-19. Costs are rounded to $0.1 million in Table 1 (Section 3.1 of this decision).

the manner prescribed in D.20-10-002 (modified by D.21-08-026). The remaining allowance distributions shall be made equally to all qualifying Small Business and Residential customers via the California Climate Credit (CCC) of $34.02.[28] The projected CCC is lower than the currently authorized CCC of $49.36.

Parties do not contest SDG&E's calculations and we find that the updated proposed GHG Allowance Returns are supported by Table 7 of Exhibit SDGE-10 which shows the breakdown of allowable returns. We find the proposed GHG Allowance Returns for 2027 supported by the evidence such as Table 6 of Exhibit SDGE-9 which shows the total allowance revenues eligible for returns.

6.11. Electric Sales Forecast

D.22-03-003 directed SDG&E to include its 2027 Electric Sales Forecast in this application. The table below shows SDG&E's 2027 forecast and by comparison the approved forecast in SDG&E's 2026 ERRA (D.25-12-008).

Table 2. Annual Electric Net Sales[29] (gigawatt hours)

Sector	Proposed 2027	Current Authorized 2026	Difference
Residential	5,702	5,529	173
Small Commercial	1,716	2,442[30]	(726)
Medium Com.	2994	8,987[31]	662
Large Com./Industrial	6655		
Agricultural	375	391	(16)
Lighting	78	82	(4)

[28] *See* Exhibit SDGE-10 Table 7 at MG-15.

[29] Totals may vary slightly due to rounding.

[30] In prior ERRA applications, some Small Commercial was combined with Medium Commercial.

[31] In prior ERRA applications, Medium Commercial was combined with Large Commercial and Industrial.

Sector	Proposed 2027	Current Authorized 2026	Difference
Total	**17,519**	**17,432**	**87**

According to SDG&E, the 2027 Electric Sales Forecast uses a combination of econometric and statistically adjusted end-use models to develop the forecast of electric customers and sales. In general, the forecasting models incorporate assumptions related to demographic and macroeconomic concepts, weather, energy prices, building and appliance standards and saturations, energy efficiency programs, building electrification, along with other drivers of electricity consumption.[32]

SDG&E held an all-party sales forecast workshop on March 10, 2026. The agenda included SDG&E's proposed 2027 sales forecast, a description of SDG&E's forecast methodology, and how the sales forecast is used to establish the rate schedule level forecast. SDG&E considered input from attending stakeholders.

We reviewed SDG&E's forecast as well as the process for which SDG&E developed its forecast as described in Exhibit SDGE-6. We find SDG&E's 2027 Electric Sales Forecast reasonable and adequately supported by the evidence presented in this proceeding. Parties do not oppose SDG&E's forecast.

6.12. PCIA Rates

PCIA rates are based on applicable costs from SDG&E's total portfolio of resources. Pursuant to D.22-01-023, the Commission's Energy Division issues updated PCIA benchmarks in the beginning of October[33] which SDG&E utilizes

[32] Exhibit SDGE-6 at JS-2 to JS-3.

[33] The final 2026 benchmarks were issued by the Commission's Energy Division on October 1, 2026.

in order to calculate its updated proposed vintage PCIA rates. The MPB calculates the market value of the three revenue streams in the IOU portfolio: the Energy Index; RPS Adder; and RA Adder.

The methodology for calculating PCIA rates as well as the 2027 forecast benchmarks are shown and explained in Exhibit SDGE-14C. According to both SDG&E and the Joint CCAs, the Joint CCAs' initial opposition to SDG&E's proposed methodology has been resolved and so parties do not object to SDG&E's proposed vintage PCIA in rates. Overall, we find that the evidence submitted supports SDG&E's PCIA forecasts for 2027.

The Joint CCAs recommended that SDG&E apply a vintage-specific normalizing adjustment to align each vintage's allocation factors with its corresponding sales mix while preserving each vintage's total PCIA revenue requirement. SDG&E has applied the above in its October update and so this is no longer a contested issue.

6.13. Use of Banked RECs

SDG&E's updated forecasts in October show that it will need to use banked RECs to meet its RPS compliance requirements. In comments to the October update, the Joint CCAs recommend that SDG&E be directed to first utilize post-2018 banked RECs before pre-2019 banked RECs to fulfill any RPS compliance shortfall.

One of the reasons offered is the Joint CCAs' pending rehearing application to D.26-09-047. Said decision resolves Track 2 issues in Rulemaking 25-02-005 (PCIA Rulemaking proceeding) and ordered that pre-2019 banked RECs shall be valued at $0 for purposes of calculating SDG&E's PCIA

indifference amounts.[34] The Joint CCAs argue that limiting use of pre-2019 banked RECs would limit corrective action if the rehearing is successful and D.26-09-047 is modified.

Upon review, we do not find the pending rehearing application to D.26-09-047 as compelling ground to prohibit or limit use of pre-2019 banked RECs. Ordering Paragraph 2 of D.26-09-047 states that the methodology adopted in the decision is effective immediately and that impacted utilities can incorporate the decision in their respective 2027 ERRA forecasts and 2026 true-ups.[35] To prohibit use of pre-2019 banked RECs by reason of a pending rehearing would in effect negate what was directed in Ordering Paragraph 2 regarding immediate effectivity of the decision. However, we find it reasonable to adopt the Joint CCAs' recommendation of directing SDG&E to track quantities of pre-2019 banked RECs used for compliance in 2027 and their associated treatment in its PCIA calculations. Tracking can be done by SDG&E internally.

The Joint CCAs also argue that since post-2018 banked RECs are valued at $0 when banked but valued at the forecast RPS adder MPB when used for bundled customer compliance, delaying their use delays recognition of their value. On the other hand, pre-2019 banked RECs are valued at $0 whether banked or utilized for compliance. However, earlier recognition of the value of post-2018 banked RECs is not a compelling argument either. The post-2018 banked RECs are valued at the forecast RPS adder MPB no matter when they are used for bundled customer compliance and the Joint CCAs fail to show that earlier recognition is an immediate concern.

[34] D.26-09-027 Ordering Paragraph 1 at 50.

[35] D.26-09-027 Ordering Paragraph 2 at 50.

7. Comments on Proposed Decision

The proposed decision in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. In developing the schedule for the proceeding, parties stipulated to reduce the 30-day public review and comment period required by Pub. Util. Code Section 311 to seven (7) days for Opening Comments and five (5) days for Reply Comments.[36]

Comments were filed by _____ on _____. Reply comments were filed by _____ on _____.

8. Assignment of Proceeding

Commissioner Matthew Baker is the assigned Commissioner and Rafael Lirag is the assigned ALJ in this proceeding.

Findings of Fact

1. SDG&E's 2027 ERRA forecast is supported by the evidence presented.
2. The 2026 year-end forecast for the ERRA balancing account is supported by the evidence presented.
3. The 2027 ERRA revenue requirement and 2026 year-end balance forecasts changed due to the 2027 forecast RA and RPS MPBs released in October 2026 compared to the RA and RPS MPB values used in the May application.
4. The 2027 revenue requirement forecasts for PABA and the 2026 PABA year-end balance increased significantly in large part due to a true-up to the lower 2026 Final MPBs.
5. The evidence SDG&E presented supports the 2027 PABA forecast and 2026 PABA year-end balance.

[36] The reduced comment period on the proposed decision is incorporated in the schedule adopted in the Scoping Memo.

6. In accordance with D.19-10-001, retained RA is RA that is not sold or not forecast to be sold.

7. RA temporarily held by SDG&E for risk-management purposes are forecast to be sold later on.

8. The record shows that there is less demand for RA and sales revenues have been below forecast in recent times.

9. New implementation of the slice-of-day RA program caused market uncertainty.

10. SDG&E's forecast for CTC costs in 2027 is supported by the evidence.

11. The LG forecast is adequately supported by the evidence submitted which presents a monthly breakdown of the different costs.

12. The projected 2026 LGBA year-end balance and the amounts are properly documented by the testimony submitted.

13. The updated forecast for MCAM costs is reasonable.

14. SDG&E's updated revenue requirement for DAC-GT is based on SDCP's requested funding.

15. The forecast costs for BioMAT is recorded in the BNBCBA.

16. SDG&E's forecast for TMNBC costs as set forth in Exhibit SDGE-12C is reasonable and supported by the evidence.

17. GHG returns are to be made to qualifying EITE entities via CA Industry Assistance with the remaining allowance distributions to be made to all qualifying Small Business and Residential customers via a twice annual CCC.

18. SDG&E's proposed GHG Allowance Returns is supported by the evidence presented such as Table 6 of Exhibit SDGE-10 which shows the breakdown of allowable returns.

19. The 2027 Electric Sales Forecast uses a combination of econometric and statistically adjusted end-use models to develop the forecast of electric customers and sales.

20. The evidence submitted supports SDG&E's PCIA forecasts for 2027.

21. The pending rehearing application of D.26-09-047 and earlier recognition of the value of post-2018 banked RECs are not compelling grounds to prohibit or limit use of pre-2019 banked RECs.

22. It is reasonable to direct SDG&E to track quantities of pre-2019 banked RECs used for compliance in 2027 and their associated treatment in its PCIA calculations.

Conclusions of Law

1. SDG&E's 2027 ERRA forecasts for ERRA and 2026 year-end balance in the ERRA balancing account are reasonable and should be authorized.

2. SDG&E's 2027 forecasts for the PABA and PABA 2026 year-end balance are reasonable and should be authorized.

3. The RA temporarily held by SDG&E for risk-management purposes should not be classified as retained RA pursuant to D.19-10-001.

4. In the present case, using recent actual RA sales as the basis for the forecast is more appropriate.

5. SDG&E's forecast amount for 2027 CTC costs is reasonable and should be authorized.

6. The LG forecast for 2027 and projected 2026 LGBA year-end balance are reasonable and should be authorized.

7. The forecast for 2027 MCAM costs is reasonable and should be authorized.

8. The 2027 forecast for SDCP's DAC-GT program is reasonable and should be authorized.

9. The 2027 forecast for BioMAT should be adopted.

10. SDG&E's 2027 forecast for TMNBC costs as set forth in Exhibit SDGE-12C is reasonable and should be adopted.

11. SDG&E's proposed GHG Allowance Returns for 2027 are reasonable and should be authorized.

12. SDG&E's 2027 Electric Sales Forecast is reasonable and should be adopted.

13. SDG&E's PCIA forecasts for 2027 are reasonable and should be approved.

14. SDG&E should not be prohibited from using pre-2019 banked RECs in this proceeding.

15. SDG&E should be directed to track quantities of pre-2019 banked RECs used for compliance in 2027 and their associated treatment in its PCIA calculations.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized a revenue requirement of $1,440.7 million for its 2027 Energy Resource Recovery Account (ERRA) Forecast effective January 1, 2027. Specifically, this decision adopts the following (negative balances are in parenthesis):

   a. 2027 ERRA revenue requirement of $282.0 million;
   b. 2026 ERRA year-end balance of ($92.1) million;
   c. Portfolio Allocation Balancing Account (PABA) revenue requirement of $623.0 million;
   d. 2026 PABA year-end balance of $425.6 million;
   e. Competition Transition Charge revenue requirement of $0.1 million;
   f. Local Generation (LG) revenue requirement of $306.0 million;

g. 2026 LG Balancing Account balance of $0.7 million;

h. Modified Cost Allocation Mechanism revenue requirement of $0.5 million;

i. San Diego Community Power Disadvantaged Communities - Green Tariff revenue requirement of $1.6 million;

j. Bioenergy Market Adjusting Tariff Nonbypassable Charge revenue requirement of $0.1 million;

k. Confidential Tree Mortality Non Bypassable Charge revenue requirement as specified in Exhibit SDGE-12C; and

l. Green House Gas Revenues for Return of ($106.7) million composed of Small Business and Residential California Climate Credit Returns of $103.804 million and Emissions-Intensive and Trade-Exposed costs of $2.856 million.

2. Within 30 days of the effective date of this decision, San Diego Gas & Electric Company shall file a Tier 1 Advice Letter with tariffs to implement the rates authorized by this decision. The tariffs shall become effective on or after the filing of the advice letter subject to review by the Commission's Energy Division.

3. San Diego Gas & Electric Company's 2027 Greenhouse Gas Amounts as provided in Exhibit SDGE-10 are adopted.

4. San Diego Gas & Electric Company's Power Charge Indifference Adjustment rates as provided in Exhibit SDGE-14C are adopted.

5. San Diego Gas & Electric Company's 2027 Electric Sales Forecast as described in Exhibit SDGE-6 is adopted.

6. Pursuant to Resolution E-5217, San Diego Gas and Electric Company is authorized to update its regulatory account balances and Power Charge Indifference Adjustment rates to reflect November 2026 actuals and December

2026 forecasts as part of the Tier 1 Advice Letter specified on Ordering Paragraph 2.

7. San Diego Gas and Electric Company shall internally track the quantities of pre-2019 banked renewable energy credits used for compliance in 2027 and their associated treatment in its Power Charge Indifference Adjustment calculations.

Application 26-05-009 is closed.

This order is effective today.

Dated ____, at Sacramento, California.