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Decision 20-01-005 January 16, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2020 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts.	Application 19-04-010

DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY'S 2020 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND 2020 FORECAST OF GREENHOUSE GAS RELATED COSTS

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DECISION ADOPTING SAN DIEGO GAS & ELECTRIC COMPANY'S 2020 ELECTRIC PROCUREMENT COST REVENUE REQUIREMENT FORECAST AND 2020 FORECAST OF GREENHOUSE GAS RELATED COSTS

Summary

Today's decision adopts the 2020 forecast revenue requirements for San Diego Gas & Electric Company's (SDG&E) Energy Resource Recovery Account (ERRA);[1] Portfolio Allocation Balancing Account (PABA) and associated 2019 undercollection; Competition Transition Charge (CTC); Local Generation (LG) revenue requirement recovered in the Local Generation Balancing Account (LGBA) and the undercollected balances recorded in the LGBA; the San Onofre Nuclear Generating Station (SONGS) Unit 1 offsite Spent Fuel Storage Cost revenue requirement; the Tree Mortality Non-Bypassable Charge (TMNBC); and the GHG allowance revenues and return allocations. This decision also approves the proposed 2020 GHG Allowance Return Rates, Vintage Power Charge Indifference Adjustment (PCIA) rates, and rate components for the Green Tariff Shared Renewables Program.

The total 2020 forecasted revenue requirement of $1,488.132 million[2] adopted herein consists of 1) $801.225 million for ERRA revenue requirement (includes 2020 forecast GHG costs); 2) PABA revenue requirement of $363.426 million; 3) $18.725 million for CTC; 4) $132.915 million for LG; 5) $1.073 million for the SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement; 6) $97.71 million for GHG allowance revenue return allocations; 7) $14.420 for the Local Generation Balancing Account (LGBA) undercollection;

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[1] Includes greenhouse gas (GHG) costs.

[2] Includes Franchise Fees and Uncollectibles.

and 8) $254.057 million for the PABA undercollection. In addition, the 2020 forecasted revenue requirement also includes $15.015 million for TMNBC.

In accordance with California Public Utilities Code Section 748.5, Assembly Bill 32,[3] Decision (D.) 12-12-033, D.13-12-041 and D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, this decision also authorizes SDG&E to incorporate forecast GHG cap-and-trade costs and allowance auction proceeds into 2020 customer rates. We authorize the forecast amounts of the California Climate Credit to be returned to residential customers beginning in 2020. All forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. In addition, outreach and administrative expenses are subject to further reasonableness review at the time of the reconciliation.

This decision authorizes the following GHG allowance proceeds return allocations: 1) $0.427 million for Emissions-Intensive and Trade-Exposed customers; 2) $2.902 million for small business; and 3) $94.381 million for residential California Climate Credit, resulting in a semi-annual residential climate credit of $32.31 per household. The total 2020 forecasted revenue requirement approved by this decision is $1,488.132 million, and in addition, the 2020 TMNBC revenue requirement of $15.015 million This decision also addresses the alleged Solar on Multifamily Affordable Housing (SOMAH) Program under-allocating issue, which was raised in this proceeding.

[3] Statutes of 2006, Chapter 488.

This proceeding is closed.

1. Background

1.1. Historical Information Concerning the Energy Resource Recovery Account

In Decision (D.) 02-10-062, the Commission established the Energy Resource Recovery Account (ERRA) balancing account – the power procurement balancing account required by Public Utilities (Pub. Util.) Code Section 454.5(d)(3). Pursuant to D.02-10-062 and D.02-12-074, the purpose of the ERRA is to provide recovery of energy procurement costs, including expenses associated with fuel and purchased power, utility retained generation, California Independent System Operator (CAISO) related costs, and costs associated with the residual net short procurement requirements to serve San Diego Gas & Electric Company's (SDG&E's) bundled electric service customers.

The ERRA regulatory process includes: (1) 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 (2) 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.

As set forth in Pub. Util. Code Section 454.5(d)(3), the balance of the ERRA is not to exceed five percent of the electric utility's actual recorded generation revenues for the prior calendar year, excluding revenues collected for the California Department of Water Resources (DWR).[4] D.02-10-062 also established a trigger calculation designed to avoid the five percent threshold point that requires SDG&E to file an expedited application for approval to adjust its rates

[4] *See* D.02-10-062 at 62.

60 days from when the ERRA balance reaches an under-collection or over-collection of four percent and is projected to exceed the five percent trigger.

The purpose of the Transition Cost Balancing Account (TCBA) is to accrue all ongoing Competition Transition Charge (CTC) revenues and recover all ongoing CTC-eligible generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying Facilities (QFs) that are above the market benchmark proxy are charged to the TCBA. Eligible ongoing CTC expenses reflect the difference between the market proxy and the costs associated with the Portland General Electric and QF contracts.

In D.06-07-030 (as modified by D.07-01-030), we adopted the total portfolio methodology and market benchmark for determining the above-market costs associated with the utility/DWR total portfolio for deferring departing load charges. We replaced the DWR Power Charge as an element of the Cost Responsibility Surcharge (CRS) with the Power Charge Indifference Adjustment (PCIA). The PCIA applies to departing load customers that are responsible for a share of the DWR power contracts or new generation resource commitments. The PCIA is intended to ensure that the departing load customers pay their share of the above-market portion of the DWR contract or new generation resource costs, and that bundled customers remain indifferent to customer departures.

The purpose of the total portfolio methodology is to reasonably ensure that bundled customers are indifferent with respect to departing load. Rather than focus on each individual resource cost, the total portfolio method recognizes that bundled customers are served from the entire portfolio of commodity resources and that when load departs the utility may, in general, offset a portion of the costs of departing load through additional market sales.

In D.19-10-001, the Commission directed utilities to use vintage-billing determinants for calculating PCIA rates, calculate true-ups based on the updated market price benchmarks (MPBs) provided by the Energy Division for Portfolio Allocation Balancing Account (PABA) costs, and include in the ERRA Forecast November Update any under or over-collected balance associated with PABA. In Advice Letter (AL)-3318-E, submitted on January 8, 2019, SDG&E requested approval of the PABA to record PCIA revenues and expenses. On May 30, 2019, by letter, Energy Division approved the request effective January 1, 2019.

1.2. Historical Information Concerning Greenhouse Gas Allowance Proceeds

Rulemaking (R.) 11-03-012 addresses greenhouse gas (GHG)-related costs and allowance proceeds for all investor-owned electric utilities, including SDG&E. In D.12-12-033, the Commission required utilities to file applications for approval of forecast GHG costs and allowance proceeds, including administrative and customer outreach expenses, sufficient to calculate the amount of GHG allowance proceeds that should be returned to the different customer classes in 2014.

Pursuant to D.12-12-033, five utilities[5] filed 2014 GHG Revenue Forecast Applications and the five applications were consolidated (Consolidated Proceeding, Application (A.) 13-08-002 et al.). The Phase 1 decision in the Consolidated Proceeding, D.13-12-041, was limited to information and approvals necessary to incorporate GHG costs and allowance proceeds into 2014 rates and

[5] The five utilities are Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), SDG&E, PacifiCorp, an Oregon Company, and Liberty Utilities (CalPeco Electric) LLC.

to issue the first California Climate Credit.[6] D.13-12-041 approved the forecasts with modifications for inclusion in 2014 rates, and concluded that the forecasts "should remain subject to true up against actual amounts in future GHG Revenue and Reconciliation Applications and actual administrative and customer outreach expenses remain subject to reasonableness review."[7]

The Commission adopted D.14-10-033 for Phase 2 of the Consolidated Proceeding on October 16, 2014, and its appendices were corrected by D.14-10-055 on October 30, 2014, and D.15-01-024 on January 21, 2015. D.14-10-033 describes methodologies and conventions to be used in GHG Revenue and Reconciliation Applications filed after 2013.[8] The decision further adopted Confidentiality Protocols for cap-and-trade related data and required the utilities to use a proxy price in their forecasts. Lastly, the decision required the utilities to file GHG Forecast Revenue and Reconciliation Applications annually as part of their ERRA forecast applications. We use the standards adopted in D.14-10-033 to review SDG&E's current application, A.17-04-016 to determine the reasonableness of both the recorded and forecasted variables discussed below.

The Commission has reviewed the 2017 and 2018 recorded GHG costs and allowance proceeds. We also review and approve SDG&E's 2018 GHG costs and allowance proceeds forecasts for inclusion in 2020 customer rates. In doing so,

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[6] The California Climate Credit received its official name in April 2014 by ruling in R.11-03-012. Prior to that time it was referred to as the "Climate Dividend."

[7] D.13-12-041, Conclusion of Law 3.

[8] A.13-08-002, *et al.*, Assigned Commissioner's and Administrative Law Judge's Phase 2 Scoping Memo and Ruling, February 19, 2014.

we examine the variables necessary to authorize rate changes and determine the proceeds return and California Climate Credits. These variables are:

1. **Recorded and Forecast Allowance Proceeds**. These are the proceeds received by a utility as a result of selling the allowances allocated to ratepayers by the state.
2. **Recorded and Forecast Administrative and Customer Outreach Expenses**. These are the costs incurred by a utility for administrative and customer outreach expenditures that relate to the allowance proceeds return program.
3. **Recorded and Forecast Expenses for Approved Incremental Energy Efficiency (EE) and Clean Energy Programs**. D.12-12-033 allows utilities to use a portion of allowance proceeds to fund EE and clean energy programs that have been approved by the Commission in other proceedings.
4. **Recorded and Forecast Emissions-Intensive and Energy-Intensive Trade-Exposed (EITE) Customer Return**. Using the methodology adopted in D.14-12-037, as modified by D.15-08-066 and D.16-07-007, a portion of allowance proceeds are returned to customers who qualify as EITE. The EITE customer return is based on formulas and made once per year.
5. **Recorded and Forecast Small Business Return**. Using the methodology adopted in D.14-12-037, as modified by D.15-08-006 and D.16-07-007, a portion of allowance proceeds are returned to customers who meet the definition of small business developed in R.11-03-012.[9] The Forecast Small Business Return is volumetric; it is calculated using the Forecast GHG Cost (*see* Item 7 below) and the volume of electricity used by the customer and is returned as a credit to the delivery component of the customer's monthly bill.

[9] D.12-12-033 sets forth an overview of the methodology sufficient for purposes of forecasting the small business customer return for 2014. D.13-12-002 adopted a specific methodology.

6. **Recorded and Forecast Residential California Climate Credit**. The Climate Credit is distributed to residential households after all the above expenses and customer returns have been made. It appears as a credit on the customer's bill twice per year. The Climate Credit is not related to the volume of electricity used by the household: each household within a utility's territory receives the same Climate Credit.

7. **Recorded and Forecast GHG Costs**. These are the GHG emissions costs incurred directly or indirectly by a utility as a result of the GHG cap-and-trade program. Direct costs include, generally, the costs incurred to purchase compliance instruments[10] for plants run by the utility or the cost of providing physical or financial settlement specifically for GHG emissions from plants not owned or operated by the utility. Indirect costs generally reflect GHG costs embedded in the price of power purchased on the market or through contracts that do not include GHG settlement terms.

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[10] A covered entity must surrender one compliance instrument for each metric ton (MT) of carbon dioxide equivalent of GHG emissions for its compliance obligations. Allowances and offsets are the two types of compliance instruments in the cap-and-trade program. (California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms, Title 17, CCR (Cap-and-Trade Regulations), section 95856.) The regulation also limits the use of offsets to no more than 8 percent of compliance instruments in a compliance period (Title 17 CCR section 95854).

2. Procedural History

On April 15, 2019, SDG&E filed A.19-04-010, its Application of San Diego Gas & Electric Company (U902E) for Approval of its 2020 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (Application) and served associated testimony, in which SDG&E requests that the Commission approve its 2020 forecasted revenue requirement.

On April 25, 2019, Resolution ALJ-176-3436 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On May 15, 2019, Solana Energy Alliance (SEA) filed a Response to the Application. On May 22, 2019, Direct Access Customer Coalition (DACC) filed a Response to the Application. A protest was filed by the Public Advocates of the Public Utilities Commission on May 22, 2019. On June 3, 2019, SDG&E filed a reply to the protest and Responses.

On June 17, 2019, a prehearing conference (PHC) took place in San Francisco to establish the service list for the proceeding, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding.[11] At the PHC, Sunrun Incorporated, (Sunrun) appeared and moved for party status.[12] On July 16, 2019, Commissioner Martha Guzman Aceves, the assigned Commissioner, issued her Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo).

On September 30, 2019, Sunrun filed a motion to revise the schedule to allow for the introduction of evidence on the need for recovery of alleged past under-allocation of GHG funds to the SOMAH Program. On October 2, 2019, the

[11] At the prehearing conference, the parties agreed to waive the normal 30-day comment period on the proposed decision and agreed to a shortened comment period.

[12] Sunrun's request for party status was granted at the PHC.

Administrative Law Judge (ALJ) issued a ruling directing SDG&E to serve supplemental testimony on the SOMAH Program issue. SDG&E complied with this ruling.

Prior to the date set for evidentiary hearings, the parties informed the ALJ that hearings would not be necessary in this proceeding.

On November 7, 2019, SDG&E filed its November Update. Additionally, in compliance with D.18-10-109 Ordering Paragraph 3, SDG&E filed its version of the uniform common spreadsheet template for calculation of the PCIA rates. Comments on the November Update were filed by DACC and SEA on November 15, 2019. SDG&E filed reply comments on November 19, 2019.

All rulings by the assigned Commissioner and ALJ are affirmed herein.

3. SDG&E'S ERRA, CTC, LG Forecasts, SONGS Unit 1 Offsite Spent Fuel Storage Requirement, LGBA Undercollection, PABA Undercollection, and Tree Mortality Non-Bypassable Charge

3.1. Overview

In its November Update, SDG&E requests a total 2020 forecast revenue requirement of $1,488.132 million,[13] which consists of: (1) $801.225 million for ERRA; (2) $18.725 million for CTC; (3) $132.915 million for LG; (4) $1.073 million for SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement; (5) $14.420 for LGBA undercollection; 6) $254.057 million for PABA undercollection; and 7) $363.426 for PABA; and 97.71 million for GHG allowance revenue return allocations, in addition to the 2020 TMNBC revenue requirement of $15.015 million.

[13] Includes franchise fees and uncollectibles (FF&U) as well as GHG costs and GHG allowance proceeds allocations.

Based on its November Update, SDG&E projects a combined total increase of $148 million (an increase of 0.704 cents per kilowatt-hour, or 2.86 percent to the current system average rate).[14] Based on those numbers, SDG&E projects that a typical non-CARE residential customer in the inland climate zone using 400 kilowatt (kW) hours could see a monthly winter bill increase of 3.3 percent or $3.53. The main cause of this increase is the 2019 PABA undercollection being included in rates.

For the first time in 2015, SDG&E requested to recover the San Onofre Generating Station (SONGS) Unit 1 Offsite Spent Fuel Storage Costs in the ERRA proceeding rather than in its General Rate Case (GRC).[15] D.15-12-032 authorized SDG&E to recover SONGS Unit 1 Offsite Spent Fuel Storage Costs in the ERRA proceeding rather than its GRC. Accordingly, SDG&E requests $1.073 million in SONGS Unit 1 Offsite Spent Fuel Storage Costs in this proceeding.

Additionally, in its November Update, SDG&E requests recovery of the undercollected balance of $14.420 recorded to the LGBA and $254.057 million undercollected balance in PABA.

SDG&E also requests authority to recover its tree mortality procurement costs of $15.015 million. Per Decision (D.) 18-12-003, Ordering Paragraph (OP) 9, TMNBCBA costs will be recovered through the Public Purpose Program (PPP). SDG&E filed Advice Letter (AL) 3343-E requesting to establish the TMNBCBA as directed by Resolutions E-4770 and E-4805. SDGE's AL was approved on May 31, 2019. SDG&E filed an additional AL 3343E-B to request review and approval

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[14] Current rates effective June 1, 2019, per Advice Letter (AL) 3377-E.

[15] SDG&E has a minority ownership in the SONGS facility. SDG&E wishes to mirror the approach used by SCE who owns a majority ownership interest in SONGS and includes the Offsite Spent Fuel Storage Costs in its ERRA proceedings.

of the 2019 year-end balances in BioMASSMA and BioRAMMA. The balances were transferred to the TMNBCBA per AL-3343-E-B, which was approved on July 19, 2019.

The Public Advocates Office did not criticize or provide alternatives to SDG&E's proposed forecast ERRA and CTC revenue requirements, LG, SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement, LGBA and PABA undercollections. The major issues in dispute in this proceeding include the SOMAH Program funding issue, DACC's concern about the PCIA calculations, and SEA's concern about SDG&E's forecasted volume of unsold Capacity, and the Green Tariff Shared Renewable (GTSR) calculations.

In its protest, the Public Advocates Office requested various issues be scoped into this proceeding. All the issues presented in the Public Advocates Office were included in the scope of this proceed. The Public Advocates Office reviewed SDG&E's Application and associated testimony. This includes, but is not limited to, the calculation of PCIA,[16] CTC and LG. Following its review, the Public Advocates Office did not file any rebuttal testimony in this proceeding. Solana Energy and DACC's primary interest was in the calculation and rate treatment of costs that are charged to Direct Access customers and Community Choice Aggregation (CCA) customers. Neither SEA nor DACC filed testimony in this proceeding. DACC and SEA filed a response to SDG&E's November Update, which will be discussed below in a separate section.

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[16] On October 19, 2018, the Commission issued D.18-10-019 modifying the PCIA methodology in Rulemaking (R.) 17-06-026. Prior to this, the PCIA was calculated pursuant to D.11-12-018. Effective with D.18-10-019, PCIA calculations will follow the process set forth in Appendix A of D.18-10-019.

Sunrun's primary concern in this proceeding is the need to address recovery of alleged past under allocation of funds to the SOMAH Program. Sunrun filed testimony on this issue.

3.2. Discussion and Conclusion Concerning ERRA, PABA, CTC, LG Forecasts, SONGS Unit 1 Offsite Spent Fuel Storage Requirement, LGBA Undercollection, PABA Undercollection and the Tree Mortality Non-Bypassable Charge

As no party served testimony on these issues, and all parties agreed that hearings were not necessary, we conclude that the issues presented by the interested parties in their protests have been resolved.

We adopt SDG&E's requested forecast 2020 ERRA, PABA, CTC, and LG revenue requirements and market benchmarks. Additionally, we approve the SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement that SDG&E requests in the amount of $1.073 million, the LGBA undercollection of $14.420, and the PABA undercollection of $254.057 million.

As it relates to the TMNBC, the 2020 forecasted tree mortality costs are $14.835 million.[17] We find the forecasted tree mortality costs to be reasonable.

All three large energy utilities experienced PSPS events in 2019. The question of whether and how each utility's revenue collections were impacted by any PSPS events has not previously been examined. In order for the Commission to consider any potential impact of PSPS events on revenue collections and whether sales forecast adjustments or other adjustments to revenue collections are appropriate, SDG&E is directed to include in its ERRA Compliance application for 2019 an accounting of the PSPS events that occurred in its service territory in that calendar year and how the PSPS impacted its

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[17] Ngo November Updated Testimony at 10, which is included as part of SDG&E-8.

revenue collections. The 2019 ERRA Compliance case scope may include the following questions:

1. Should sales forecasting methods for adjusting revenue requirement under current decoupling policy be adjusted to account for power not sold during a PSPS event?
    a. If so, describe how.
2. What methods could be used to account for sales lost during a PSPS distinct from sales reductions due to conservation?
3. If a utility does not collect its full revenue requirement due to lower volumetric sales during a PSPS, should it be prevented from adjusting future revenue requirements to make up for any undercollection?
    a. If so, describe how.

4. Discussion of Recorded and Forecast GHG Allowance Proceeds, Expenses, Credits, and Costs

SDG&E provided a fourth quarter update to its Application on November 7, 2019. The November Update was made to both forecast and recorded data. Specifically, SDG&E updated its 2019 allowance proceeds using actual data through September 2019 and estimates for October through December of 2019 and its 2019 recorded costs expenses using actual data through October 2019 with estimates for November through December 2019.

The information detailed below includes recorded data for 2018, partially recorded and partially forecast data for 2019, as well as forecasts for 2020. We find that SDG&E has appropriately followed the requirements of D.12-12-033, D.14-10-033 and D.13-12-002 in forecasting its 2019 revenues and costs, reconciling its 2018 and 2019 recorded costs, and showing the reasonableness of its 2018 and 2019 administrative and outreach costs.

Pursuant to D.12-12-033, SDG&E filed AL 2452-E-A to establish a sub-account within the ERRA to record GHG costs. While GHG costs were deferred from rates, SDG&E tracked these costs in a sub-balancing account of ERRA; once recovery in rates began, SDG&E transferred the costs to the main ERRA. The AL also created the GHG Customer Outreach and Education Memorandum Account (GHGCOEMA), the GHG Administrative Costs Memorandum Account (GHGACMA), and the GHG Revenue Balancing Account (GHGRBA). The GHG Revenue Balancing Account is a two-way balancing account that records GHG revenues, less revenue returns and any revenues approved to be set aside for outreach and administrative expenses. Any funds that were set aside for outreach and administrative activities but were unused roll over for use in subsequent years.

4.1. Recorded and Forecast GHG Allowance Proceeds

Each utility forecasts and records the total allowance proceeds it receives each year. To determine the amount of these proceeds that are available to return to customers in that year, the utility adjusts the forecast allowance proceeds to account for: (1) any variance between the forecast and recorded allowance proceeds in previous years that resulted in an over- or under-collection; (2) any applicable interest; (3) any applicable franchise fees and uncollectibles; (4) funding set-asides for Commission approved clean energy/energy efficiency projects; and (5) authorized outreach and administrative expenses. In accordance with the GHG allocation methodology adopted in D.12-12-033, SDG&E's GHG allowance proceeds returned will be allocated to ratepayers, including direct access and community choice aggregation customers.

4.1.1. Recorded Allowance Proceeds

Based on the November Update, SDG&E's recorded GHG allowance proceeds for 2018 and 2019 are $93,727,555 and $103,152,050 respectively (Template D-1 of the November Update). The recorded 2018 data includes actual recorded data for the 2018 year, while the recorded data for 2019 includes actuals from January to September 2019 plus forecasts for October to December 2019. SDG&E appropriately calculated the allowance proceeds recorded for 2018 and 2019 and correctly amortized its Net GHG Revenues.

4.1.2. Forecast Allowance Proceeds

SDG&E's 2020 forecast GHG allowance proceeds collection is $112.373 million. Including the proceeds from prior years to be returned in 2020 and adjusting for clean energy projects, expenses, and reconciliation, SDG&E forecasts $97.709 million in proceeds available for customer returns in 2020. These proceeds are forecast to be returned to EITE, small business, and residential customers in 2020 in the amounts shown in Template D-1 of SDG&E's November Update.

SDG&E provided sufficient information for evaluating forecast GHG allowance proceeds. As modified herein with respect to the funding set-aside for clean energy programs, the methodologies used for forecasting GHG costs and proceeds, expenses, and calculating the revenue returns and Climate Credit are consistent with D.14-10-033 (as corrected by D.14-10-055 and D.15-01-024) and the guidance provided in R.11-03-012 to date. Further, the assumptions used by SDG&E when making its calculations are reasonable and appropriate for purposes of calculating proceeds distribution.

4.2. Recorded and Forecast Administrative and Outreach Expenses

4.2.1. Recorded Administrative and Outreach Expenses

In 2013, the Commission directed the investor-owned utilities (IOUs) to hire a firm with marketing and public relations expertise to evaluate the feasibility and benefit of the use of a third-party administrator for customer outreach and education activities going forward. The IOUs retained Targetbase, to independently assess the Education and Outreach needs.

In 2013, SDG&E's Education and Outreach Effort included an estimated cost of $750,000. This amount was authorized by D.12-12-033. Resolution E-4611 required SDG&E to consign its 2013 outreach and education budget of $750,000 to the Center for Sustainable Energy (CSE) to develop and administer a competitively neutral, statewide outreach and education program. Due to delays in program implementation, CSE's outreach and education effort did not begin until 2014. In 2013, SDG&E did not record any outreach or administrative expenses.

For 2016, SDG&E recorded $56,424 in administrative and outreach expenses (Template D-3 of the November Update). The outreach activities include SDG&E's portion of the payments to CSE for statewide outreach and education, and Targetbase.

For 2017, SDG&E recorded $34,770 in administrative and outreach expenses. For 2018 SDG&E recorded $23,425 in administrative and outreach expenses and for 2019 recorded $18,873 in administrative and outreach expenses[18] (Template D-3 of the November Update). The recorded 2019 data includes actuals from January to September 2019, plus forecasts from October to December 2019.

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[18] Administrative activities include program management, e-mail and bill inserts.

4.2.2. Forecast Administrative and Outreach Expenses

SDG&E's 2020 forecast of GHG administrative expenses is $59,000 for customer e-mails and bill inserts and the direct labor costs associated with basic administrative activities (Template D-3 November Update). SDG&E plans to use the $59,000 for other administrative costs such as bill inserts, emails and IT related costs.[19]

We find SDG&E's 2018 recorded and 2019 partially recorded expenses to be reasonable. We hereby adopt SDG&E's 2020 administrative and customer outreach forecast.

4.3. Recorded and Forecast Expenses Approved for Incremental Energy Efficiency and Clean Energy Programs

The Air Resources board (ARB) allocates cap-and-trade allowances to SDG&E. SDG&E is required to place all these allowances for sale in ARB's 2020 quarterly auctions. As provided in Pub. Util. Code § 748.5(c), the Commission may allocate up to 15 percent of the utilities' resulting revenues for clean energy and energy efficiency projects. For SDG&E in forecast year 2020, the available funds for such projects are equal to $16.9 million.

[19] In 2015, 2016, 2017, and 2018 there was no statewide outreach effort. If there is no statewide outreach in 2019, SDG&E will use the funding outlined here to provide additional messaging about GHG allowance revenues in the local market, as directed by and coordinated with the Energy Division and other utilities.

4.4. 2016-17 Solar on Multifamily Affordable Housing (SOMAH) Program Budget True-Up

Assembly Bill (AB) 693 (Eggman), Stat. 2015 ch. 582, created the SOMAH Program, allocating up to $100 million in funding from PG&E, SDG&E, SCE, Liberty Utilities and PacifiCorp's share of greenhouse gas auction proceeds to install solar photovoltaic energy systems on multifamily affordable housing properties throughout California.[20] Senate Bill (SB) 92 clarified the amounts available as "one hundred million dollars ($100,000,000) or 66.67 percent of available funds, whichever is less, from the revenues described in subdivision (c) of Section 748.5 . . ."[21]

In D. 17-12-022, the Commission explained that:

> [t]he overall target of the SOMAH program is to install at least 300 megawatts of generating capacity on qualified properties by 2030. Tariff credits accrued by using the generation from SOMAH development will be used primarily to offset bills of tenants of qualifying properties. In addition, program service providers must produce economic benefits by providing job opportunities to residents of disadvantaged communities. Within these general guidelines, the Commission has discretion to determine program rules and implementation procedures.

[20] Pub. Util. Code § 2870.

[21] Pub. Util. Code § 2870(c).

On March 18, 2016, an ALJ Ruling directed the electric utilities to allocate a portion of their 2016 and 2017 GHG proceeds to fund AB 693. SDG&E set aside $630,910 in 2016 and $1.28 million in 2017, and these amounts were adopted in SDG&E's respective forecast proceedings.[22] D.17-12-022 also stated the Commission may revisit the funding amounts for 2016 and 2017 in a future ERRA true-up, if appropriate. Going forward, the Commission explained that "the IOUs must identify in their ERRA or ECAC filings an amount of money for funding the SOMAH Program that is based on the calculation requirements of SB 92 and is consistent with realistic expectations of available resources."[23]

4.4.1 Parties' Positions

In this proceeding, Sunrun requests the Commission "[adopt] measures to address and correct the under-allocation of funds to the [SOMAH] Program that occurred during the program's first two years, fiscal years (FYs) July 1, 2016 to June 30, 2018," as summarized on the table below.[24]

Fiscal Year	SDG&E GHG allowance proceeds	15 percent - Clean Energy and EE programs	Available for AB 693 per SB 92	Amounts Allocated by SDG&E	Under-Allocation amount
2016-2017	$117,041,991	$17,556,299	$10,160,000	$ -	$10,160,000
2017-2018	$100,457,430	$15,068,615	$10,045,743	$ -	$10,045,743
Totals	**$217,499,421**	**$32,624,913**	**$20,205,743**	**$0**	**$20,205,743**

Sunrun alleges that a statewide waitlist of 131 projects[25] serving 9,630 low income households[26] formed on the first day of SOMAH Program

[22] D.17-12-022 at 35.

[23] D.17-12-022 at 35.

[24] Exhibit Sunrun-01 at 2.

[25] Applications include projects at 36 properties, representing 3,227 affordable rental units.

[26] Sunrun estimates the 9,630 households potentially receiving SOMAH incentives comprises approximately 30,000 low-income Californians.

implementation (July 1, 2019) as a direct result of the SOMAH Program under-allocation which occurred in FYs 2016-2017.[27] Sunrun asserts that the SOMAH Program applications comprise a total request of $20,205,743 in SOMAH Program incentives.[28]

Sunrun argues the Commission could remedy the current oversubscription of the SOMAH Program by setting aside an additional $20.2 million in GHG allowance revenue in this 2020 ERRA forecast proceeding for the SDG&E service territory.[29] Accounting for the 10 percent administrative carve-out, Sunrun estimates a total of $18,185,169 in additional SOMAH Program funding could be made available for SOMAH participants in SDG&E territory in this proceeding by this set aside.[30]

Sunrun estimates their proposed set-aside would reduce the residential California Climate Credit by $14.92 per household, or $7.46 semiannually; this represents a 24 percent reduction in the residential California Climate Credit for all SDG&E bundled and departed load customers.[31]

SDG&E maintains that there was no under-allocation. In compliance with the directive of R.14-07-002, SDG&E allocated in 2016 $630,910, which was five percent of the forecasted 2016 available Cap-and-Trade GHG revenues for clean energy investments.[32] In 2017, SDG&E allocated $1.28 million which was 10 percent of the forecasted 2017 available Cap-and-Trade GHG revenue for

[27] Exhibit Sunrun-01 at 3.

[28] Exhibit Sunrun-01 at 15.

[29] Exhibit Sunrun-01 at 3, 6.

[30] Exhibit Sunrun-01 at 15.

[31] Exhibit Sunrun-01 at 16.

[32] A.16-04-018, Updated Prepared Testimony of Benjamin Montoya (November 7, 2016) at 23.

clean energy investments through its ERRA Forecast Application.[33] These amounts and their calculations were approved and adopted in the ERRA Forecast proceedings for years 2016-2017.[34]

D.17-12-022 also directed that, "Going forward, beginning with updates to their 2018 forecasts, the IOUs must identify in their ERRA … filings an amount of money for funding the SOMAH Program that is based on the calculation requirements of SB 92, and consistent with realistic expectations of available revenue.[35] Accordingly, SDG&E set aside a total of $10.3 million[36] for the SOMAH Program in its 2018 ERRA Forecast Application.

For years 2016 and 2017, SDG&E asserts it complied with D.17-12-022 by forecasting the required funds based on percentages that were approved at that time. For Years 2018 and 2019, SDG&E set aside funds for the SOMAH Program using the updated D.17-12-022 allocation percentages by forecasting and including the required funds for the SOMAH Program in ERRA forecast filings, which were approved by the Commission.[37] SDG&E contends it did not under-allocate to the SOMAH program, rather it forecasted the appropriate funds for the SOMAH Program.[38]

As required by D.17-12-022, SDG&E submitted an advice letter to establish a new balancing account, the SOMAH Balancing Account (SOMAHBA) as the

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[33] *Id.*

[34] *See,* D.15-12-032 and D.16-12-053.

[35] D.17-12-022 at 35.

[36] November Updated (A.17-04-016) Direct Testimony of Jennifer Montanez at 21, which was adopted in D.18-12-016.

[37] D.17-12-014 (Approving A.17-04-016) and D.18-12-016 (Approving A.18-04-004).

[38] Supplemental Testimony of Jennifer Montanez (October 22, 2019) at 3-4.

accounting vehicle from which the allocated funds would be directed to this program.[39] SDG&E contends that due to the timing issues associated with the absence of an accounting vehicle to hold the requested and approved funds, SDG&E had no authority to retain the 2016 Cap-and-Trade revenues of $630,910 and the 2017 Cap-and-Trade revenues of $1.28 million that SDG&E had set aside for SOMAH via its ERRA Forecast Applications.[40] Upon reconciliation of the 2016 forecast, the 2016 funds became available and were returned to residential customers as GHG climate credit as approved by D.17-12-014. Similarly, the reconciliation of the 2017 forecasted funds became available and were returned to residential customers as a GHG climate credit, as approved in D.18-12-016.

SDG&E asserts it complied with all statutory and Commission directives and did not under-allocate the SOMAH Program.[41] SDG&E asserts it forecasted the required funds for the SOMAH Program and followed the Commission's directives to return those funds to residential ratepayers.[42] For 2018 and 2019, SDG&E had a balancing account in which to store 2018 and 2019 SOMAH Program funds. As such, SDG&E was able to transfer $10.3 million and $10.1 million respectively for 2018 and 2019 to the SOMAHBA.[43]

SDG&E maintains that it complied with all of its statutory and Commission directed obligations by funding SOMAH, and it objects to Sunrun's

[39] AL-3181-E approved on June 25, 2018 and effective February 5, 2018, see also, AL 3181-E-A approved on June 25, 2018 and effective February 5, 2018.

[40] Supplemental Testimony of Jennifer Montanez (October 22, 2019) at 4.

[41] *Id.* at 5.

[42] *Id.*

[43] *Id.* at 6.

request that SDG&E retroactively augment the set-aside for the SOMAH Program for 2016 and 2017.[44]

4.4.2 Discussion

A summary of historical SOMAH Program GHG Revenue allocation is provided in the table below.

Calendar Year ERRA Forecast	SB 92 Set-Aside Based On 10% Of Recorded GHG Allowance Revenue	SDG&E Actual SOMAH Set-Aside	SOMAH Funding Shortfall
2016	$4,077,916[45]	$0[46]	$4,077,916
2017	$9,253,968	$0[47]	$9,253,968
2018	$9,372,756	$10,300,000	$(927,245)
2019	$10,315,205	$10,115,640	$199,565
Total	**$37,097,761**	**$20,415,640**	**$12,604,205**

As stated in D.17-12-022, the Commission may address the prior funding for the SOMAH Program for FYs 2016/17 and 2017/18 in this ERRA forecast as appropriate. The Assigned Commissioner's Scoping Memo found the issue of whether the SOMAH Program was under-allocated was appropriately within the scope of issues in this proceeding. Therefore, we must evaluate whether it is appropriate to set aside funding from FYs 2016-2017 in this decision.

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[44] *Id.*

[45] SDG&E's 2016 allocation was determined by dividing the total GHG Revenues for the year in half and then performing the 10 percent set-aside calculation. The SOMAH Program began in 2016 on a fiscal year basis.

[46] The funds that were set aside for SOMAH Program funding in 2016 were returned to residential customers as a Climate Credit because SDG&E did not have a balancing account to hold such funds.

[47] As noted above, the funds that were set aside for SOMAH Program funding in 2017 were returned to residential customers as a Climate Credit because SDG&E did not have a balancing account to hold such funds.

SB 92 expressly sought to clarify an existing law, AB 693, and therefore we can infer that SB 92 could act retroactively to true-up FYs 2016-2017 SOMAH Program funding, as long as it does not impair a vested right. In this case, we confirm that the correct allocation of SOMAH funding for each year is 10 percent of the utility's total allowance revenue for that year, as clarified by SB 92. We also confirm that SDG&E did not set aside the correct amounts in prior years, and the amount it did set aside it subsequently returned via the Climate Credit instead of holding those funds for SOMAH. However, Sunrun used fiscal year data from ARB auction figures, rather than the GHG Revenues reported by the utility. The under-allocation calculated in the table above utilizes data provided by SDG&E in template D-1 in this proceeding. We are committed to ensuring that this amount is properly set aside, in compliance with the law and our directions.

In cases where a law's retroactive application may impair a vested right without due process of law, the courts consider a two-factor test. In the first factor, courts consider the significance of the state interest served by the law and the importance of the retroactive application of the law to the effectuation of the interest.[48]

In this case, the interest of the state in supporting the SOMAH Program is strong, as the SOMAH Program helps achieve the State's goals of promoting GHG reduction goals and supporting disadvantaged communities' transition to a clean energy. Additional funding will result in additional projects delivering benefits to ratepayers and contributing to the program's megawatt target.

The second factor courts look at when considering the retroactive application of a law that impairs a vested right is "the extent of the reliance upon the former law, the legitimacy of that reliance, the extent of actions taken on the basis of that reliance, and the extent to which the retroactive application of the new law would disrupt those actions."[49] Pub. Util. Code § 2870(c) authorizes the Commission to collect funding for the SOMAH Program for four fiscal years (from 2016-2020 fiscal years), with an option for continued allocation of funds through 2026 upon a Commission determination that there is adequate interest and participation in the program. Pub. Util. Code § 2870(f) also allows the Commission to operate the program until December 31, 2030, with a program target of achieving at least 300 MW of combined generating capacity on qualified properties.

The Proposed Decision applied a partial true-up of the under-allocated amount out of concern that reducing the 2020 Climate Credit by the entire amount would represent a disproportionate burden for SDG&E's 2020 customers. Upon reviewing comments by Sunrun to the Proposed Decision, and a reconsideration of the record, we find that a full true up in 2020 is the most equitable way to address the SOMAH under-allocation for SDG&E, and would not represent a disproportionate burden to SDG&E's 2020 customers SDG&E returned its 2016 and 2017 SOMAH allocations to its 2019 customers as part of the 2019 Climate Credit. A true-up of the under-allocation in the 2020 ERRA forecast will result in a Climate Credit of $30.23 which is in line with the historical average amount SDG&E's customers have received.

We are directing SDG&E to set aside the entire past under-allocation of $12,604,205 from 2020 GHG revenues to correct the under-allocation, and bring its SOMAH Program funding amounts into compliance with the law. § 2870(c) directs setting SOMAH funding on a fiscal year basis, from July 1, 2016 to June 30, 2020, which results in the set asides we authorize in this proceeding. If the Commission determines that revenues are available after 2020, and that there is adequate interest, we may continue authorization of funding through June 30, 2026.

4.5. Clean Energy and Energy Efficiency Project Allocation

In accordance with Section 748.5, the Commission may allocate up to 15 percent of the revenues received by an electric corporation from its sales of allocated GHG allowances to specific Clean Energy and/or Energy Efficiency (EE) Projects that are not funded by another source.

The funding for approved Clean Energy and EE programs for SDG&E in 2020 is summarized in the table below.

2019 GHG Revenue Program Forecast Set-asides.

2020 SOMAH	$5,618,639
2020 DAC-SASH	$1,030,000
2020 DAC-GT and CSGT	$2,108,545
Total	**$8,757,184**

D.17-12-022 adopted SDG&E's set-aside amount for the SOMAH Program as SDG&E's share of total GHG auction sale proceeds over four quarterly auctions. SDG&E's 2020 ERRA forecast set aside for the SOMAH Program is $5,618,639. Upon review, the Commission finds SDG&E shall true-up the difference between forecast GHG allowance revenues and actual GHG revenues collected in future ERRA Forecast proceedings. In other words, if actual GHG revenues do not match forecast GHG revenues, SDG&E shall true-up the difference in its annual ERRA Forecast proceeding. SDG&E shall set aside the entire past under-allocated amount of $12,604,205 for SOMAH as described above. Other than this, SDG&E set aside for the SOMAH Program in 2020 is reasonable and complies with D.17-12-022.

4.6. Recorded and Forecast Emissions-Intensive and Trade-Exposed Customer Return

Facilities identified as EITE customers are more formally referred to as Industrial Covered Entities that qualify for Industry Assistance in the ARB Cap-and-Trade regulation. However, the EITEs may be expanded for purposes of revenue return. In 2019, EITE customers received EITE returns in the amount of $0.427 million. The forecasted amount of revenue return set aside for EITE customers in 2020 is $0.427 million. (November Update D-1.)

4.7. Recorded and Forecast Volumetric Small Business Return

In accordance with D.12-12-033, SDG&E distributes its Small Business Return through monthly volumetric credits. The volumetric returns are designed to partially offset the GHG costs that are embedded in rates. Small businesses are defined as non-residential customers on a general service or agricultural tariff with monthly demand not exceeding 20 kW for more than three months in a 12-month period. Bundled, Direct Access (DA), and Community Choice Aggregator (CCA) small business customers will be given a volumetric return in dollars per kilowatt hour (kWh). This credit is volumetrically-calculated based on the amount of GHG-related costs that are allocated to the defined bundled small business customers, differentiated by customer class (Montanez November Updated Testimony at 9[50]).

4.8.1. Recorded and Forecast Small Business California Climate Credit

SDG&E's 2019 recorded Small Business California Volumetric Return is $2.931 million and 2020 forecast for its Small Business Volumetric Return is $2.902 million (Template D-1 November Update). This forecast is reasonable for the purpose of calculating the proceeds available to other customers.

The exact credit per customer will be determined by multiplying the cap-and-trade unit cost for the customer's rate schedule by the customer's monthly usage and then adjusting by the Industry Assistance Factors determined in D.13-12-002.[51] For 2020, the Industry Assistance Factor is 50 percent.

4.8.2. Recorded and Forecast Volumetric Residential Return

On July 3, 2015, the Commission issued D.15-07-001 on Residential Rate Design Reform. In this decision, the Commission determined that the residential volumetric GHG rate offset would end and instead residential customers would receive their revenue return only through the residential semi-annual California Climate Credit.

4.9. Recorded and Forecast California Climate Credit

SDG&E distributed a semi-annual, residential Climate Credit in 2019 of $31.32. As stated in D.13-12-003, all residential households will receive a California Climate Credit distributed as a separate on-bill line item credit twice a year. To calculate the amount of each climate credit payment, SDG&E will

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[50] *See*, SDG&E Exhibit 8.

[51] *See* D.13-12-002, Table 2 of Appendix 2.

divide the total proceeds remaining among all eligible residential households based on service accounts, including master meter subaccounts. The credit is rounded to the nearest cent and applied to the distribution portion of the bill, but not necessarily applied exclusively to distribution charges. This location on the bill ensures that DA and CCA customers receive their fair portion of allowance proceeds, as is required by D.12-12-003. Upon further consideration, the Commission adjusts the California Climate Credit to $32.31.[52]

[52] The original climate credit prior to any reduction was $34.89.

4.10. Summary of GHG Allowance Proceeds

The Table below summarizes the approved calculation of the allowance proceeds for Forecast Year 2020.

Allowance Proceeds Balance from Prior Years	$1,310,790
Allowance Proceeds Received in 2019	($112,372,776)
Interest	$136,079
Franchise Fees and Uncollectibles	($1,188,148)
Outreach and Administrative Expenses	$29,021
Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs	$8,757,184
One-time SOMAH Program Under-allocation Correction	$12,604,205
Net GHG Proceeds Available for Customers in Forecast Year	($90,723,646)
EITE Customer Return	$426,782
Small Business Volumetric Return	$2,901,607
Proceeds Available for Climate Credit	$887,395,257
Number of Households Eligible for the California Climate Credit	1,352,478
Per-Household Semi-Annual Climate Credit	$32.31

5. Recorded and Forecast GHG Costs

SDG&E's total ERRA revenue requirement includes GHG costs. SDG&E has two categories of GHG costs, direct costs and indirect costs. Direct costs reflect SDG&E's GHG costs from utility-owned generation plants in California, California generators with whom SDG&E has contracts where SDG&E is responsible for GHG costs, and electricity imports. Indirect costs are embedded in market electricity prices or charged to SDG&E by third parties under contract with SDG&E for energy supply.

SDG&E's authorized GHG costs are collected from bundled customers through the generation component of rates. While SDG&E does have some unbundled customers, it does not pass any of its GHG costs onto these customers; rather, the electricity provider of the unbundled customer will collect GHG costs via the generation component of the customer's bill.

5.1. Recorded GHG Costs

For the purpose of reporting recorded direct GHG costs, D.14-10-033 requires each utility to multiply recorded direct GHG emissions by the weighted average cost of eligible compliance instruments that it holds in inventory. SDG&E provides the confidential calculations of its direct costs in Template D-2 and D-5 of Attachment G in its November Update.[53] To report recorded indirect GHG costs, D.14-10-033 required each utility to multiply the recorded indirect GHG emissions by the annual average of the daily CAISO GHG Allowance Price Index.

SDG&E's recorded GHG costs for 2018 (Template D-2 and D-5 November Update) were calculated appropriately.

[53] Confidentiality is discussed in detail in Section 8.3 of this decision.

A utility's direct GHG emissions are confidential. Because SDG&E is reporting its total emissions publicly, it must also keep its indirect GHG emissions confidential to avoid revealing its direct GHG emissions.

5.2. Forecast GHG Costs

SDG&E seeks recovery of its forecast 2020 GHG costs in this application as part of the total ERRA revenue requirement. It provides a separate calculation of forecast GHG costs in order to calculate the small business volumetric return. The GHG cost forecast is equal to the expected emissions, both direct and indirect, multiplied by the forecasted proxy GHG price resulting in forecasted GHG costs for 2019 of $65.7 million for ERRA (Covic November Updated Testimony at 26). An updated proxy price for the 2020 GHG emissions price of $18.29 per MT was derived using an October 1, 2020 assessment of 2019 GHG market prices based on the average of forward prices on the Intercontinental Exchange over the previous 20-day period, consistent with the period used for forecasting natural gas and electricity prices associated with the forecast of emissions.

Any variance between the forecast of GHG costs incorporated into rates and actual GHG costs incurred will be captured as part of the larger ERRA true-up process. For the purpose of calculating the small business volumetric credit, SDG&E appropriately applies prior years' reconciliation to the 2020 forecast of GHG costs and applies the appropriate 50 percent assistance factor for 2020.[54] The total 2020 forecast GHG costs, including reconciliation (Template D-2 of the November Update), are reasonable for calculating the small business volumetric return.

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[54] The Industry Assistance Factors are set forth in D.13-12-002, Appendix 2, Table 2.

5.3. Comparison of 2018 Recorded VS Actual Year-End Balances in GHG Balancing Accounts

Pursuant to D.14-10-033, the IOUs must reconcile forecast amounts with recorded amounts until actuals are available for the forecast year.

In the November Update, SDG&E provided a comparison of the 2018 year-end recorded/forecasted balances with the 2018 year-end actual balances in the GHG balancing accounts. The GHGRBA is where GHG allowances proceeds are recorded. GHG expenses are recorded in the GHGCOEMA and GHGACMA.

Table four in the Updated November Testimony shows a 2018 year-end recorded balance of ($686,192) in the GHGRBA. The 2018 year-end recorded balance for the GHGCOEMA is ($142,550) and for the GHGACMA is ($40,266). The actual 2018 year-end balances are $3,734,063 for the GHGRBA, ($142,632) for the GHGCOEMA and ($40,178) for the GHGACMA.

5.4. Reconciliation of 2019 GHG Allowance Proceeds and Expenses

Pursuant to OP 11 of D.14-10-033, SDG&E provided a fourth quarter update by presenting its 2019 GHG Allowance Revenue and Expense Reconciliation. This process consists of updating the 2019 recorded amounts to determine the December 31, 2019 true-up balances for the GHGRBA, GHGCOEMA and GHGACMA.

Template D-1: Annual Allowance Revenue Receipts and Customer Returns in Attachment G of the November Update shows a December 31, 2019 recorded balance of 1.311 million in the GHGRBA. This reflects activity recorded through September 30, 2019 and forecasted for the last three months of 2019.

In Template D-3: Detail of Outreach and Administrative Expenses, SDG&E presents $0.0189 million for total 2019 outreach and administrative expenses. This reflects activity recorded through September 30, 2019 and forecasted for the last three months of 2019 for GHGCOEMA and GHGACMA.

The December 31, 2019 GHGRBA true-up balance is $1.311 million as shown in Template D-1 and the combined December 31, 2018 GHGCOEMA and GHGACMA expense true-up balance is ($0.030) million as presented in Table 5 of Ngo Updated November Testimony. The total prior year true-up for the revenue and expense reconciliation is $1.281 million.

Table 2 below, provides the GHGCOEMA and GHGACMA recorded under/(over) collection and expense true-up for 2019.

Line	Description	2098 Recorded ($)
1	Beginning 1/1/2019 GHGCOEMA Balance	(1,412,632)
2	Transfer from GHGRBA	142,550
3	Expenses	-
4	Interest	(268)
5	Ending 12/31/2019 GHGCOEMA Balance (Line 1 + Line 2 + Line 3 + Line 4)	(350)
6	Beginning 1/1/2019 GHGACMA Balance	(40,178)
7	Transfer from GHGRBA	(7,234)
8	Expenses	18,873
9	Interest	(1,090)
10	Ending 12/31/2019 GHGACMA Balance (Line 6 + Line 7 + Line 8 + Line 9)	(29,629)
11	12/31/2019 Expense True-Up (Line 5 + Line 10)	(29,979)

We find the reconciliation of 2019 allowance proceeds and expenses to be reasonable and in compliance with applicable decisions.

5.5. Green Tariff Shared Renewables Program and Enhanced Community Renewables Program

In 2013, California enacted the Green Tariff Shared Renewables (GTSR) Program established in SB 43. On January 29, 2015, the Commission issued D.15-01-051, which implements SB 43, by adopting program requirements for the IOUs' GTSR programs. This program has two features administered by the utility and tracked in separate subaccounts within the GTSRBA: (1) a Green

Tariff component, which allows customers to purchase energy with a greater share of renewables; and (2) an Enhanced Community Renewables (ECR) component. SDG&E's GTSR program began in 2016 and recorded minimal activity during the year as described in SDG&E's Annual GTSR Program Report filed on March 15, 2017. (Ngo November Updated Testimony at 9.) As of the time of the November Update, SDG&E's ECR Program has not yet begun. Therefore, SDG&E is not requesting recovery in this Application. (Ngo November Updated Testimony at 9-10.)

6. 2020 Power Charge Indifference Adjustment Rates

In D.06-07-030, modified by D.07-01-030 the Commission established authority for the PCIA component of the Cost Responsibility Surcharge (CRS) to preserve bundled customer indifference by ensuring departing load customers pay their share of the cost responsibility associated with above-market costs based on an administrative benchmark, also known as the "indifference amount" of the utilities total procurement resource portfolio.[55]

In D.08-09-012, the Commission continued to refine the indifference methodology to better project bundled customer indifference by introducing the requirement to "vintage" departing load customers, based on their departure date, when determining the customers' cost responsibility for the "total portfolio" of resources.[56]

In D.11-12-018, the Commission adopted further refinements to the indifference amount methodology. In accordance with D.16-09-004 the Joint

[55] In D.07-01-02t025 the Commission adopted the PCIA methodology for CCA customers.

[56] D.08-09-012 OP 10.

Utilities and CCAs[57] developed a uniform workpaper template through the PCIA Working Group to facilitate comparisons and analysis of the PCIA across utilities.[58] Pursuant to OP 1 and consistent with SDG&E's 2019 ERRA Forecast, SDG&E reflected the uniform workpaper template as attached to Appendix 7 of D.06-07-030 as part of this Application filing. The Commission further ordered SCE, PG&E, and SDG&E to develop a uniform common template for the calculations of each of their PCIA rates reflecting the changes ordered in D.18-10-019.[59] SDG&E submitted its common template to the service list for its ERRA proceeding.

D.18-10-019 modified the PCIA methodology by revising inputs to the MPB that is used to calculate the PCIA. The revised methodology affects PCIA rates that were effective January 1, 2019. In addition to the revised MPB inputs the decision also adopted an annual true-up mechanism, as well as a cap that will limit the change of the PCIA from one year to the next. Starting in forecast year 2020, the cap level of PCIA rate is set at 0.5/kWh more than the prior years' PCIA, differentiated by the system average vintage rate. In AL-3318-E, PABA was established to record the "above-market" costs and revenues associated with all PCIA eligible resources by vintage subaccounts. This balancing account became effective January 1, 2019.

In D.19-10-001, the Commission further modified the PCIA methodology by revising inputs to the billing determinants (sales) that are used to calculate the

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[57] Southern California Edison (SCE), Pacific Gas and Electric (PG&E), SDG&E (collectively the Joint Utilities), CCAs, certain Electric Service Providers and other representatives of Direct Access interests and consumers, labor and environmental groups participated in the PCIA working group.

[58] D.17-08-026 at 2.

[59] D.18-10-019 OP 3.

PCIA rates. Additionally, D.19-10-001 authorized any over/under collection in the PABA vintage subaccounts in a given year to be rolled into the next ERRA Forecast filing. On September 30, 2019, SDG&E filed AL-3436-E requesting the establishment of the PCIA under-collection balancing account (CAPBA).[60] CAPBA will be an interest-bearing balance account that will be used in the event that the PCIA capacity is reached, in order to track any obligation that accrues for departing load customers by vintage subaccounts.

We approve SDG&E's request to update the currently effective vintage PCIA rates and to include new vintage 2020 PCIA rates to accounts for customers departing in the second half of 2019. With respect to this 2020 ERRA proceeding, SDG&E's portfolio of resources used to calculate the vintage 2020 indifference amounts and the resulting 2020 PCIA amount rates will include applicable costs from SDG&E's forecasted 2020 PABA and CTC revenue requirements; 2019 PABA year-end balance; authorized Department of Water Resources (DWR) charge costs allocated to SDG&E; and SDG&E's authorized 2020 Non-Fuel Generation Balancing Account (NGBA) revenue requirements.

7. November Update Comments

7.1 Comments of DACC

DACC filed comments on the November Update on November 15, 2019. DACC raised two concerns in its comments. First, DACC contends that a "PABA undercollection associated with Utility-Owned Generation [(UOG)] is being charged inappropriately to pre-2009 Direct Access Customers [(DA

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[60] This AL has subsequently been approved.

Customers)].[61] Second, DACC states that "the billing determinate methodology use by SDG&E does not comply with Commission D.18-10-019."[62]

7.2 Comments of SEA

In its comments dated November 15, 2019, SEA raises two issues.

First, SEA asserts that "the amount of unsold resource adequacy [(RA)] valued at zero for the purposes of the [PCIA] is substantial and raises questions about the rate impacts."[63] In comments, SEA agrees that "under current law and regulations, SDG&E is permitted to value unsold RA at zero or a de minimis value, the amount of unsold RA is substantial and raise a number of issues that are worth further examination."[64] SEA further states that "related issues worth further exploration include the cost efficiency of SDG&E's portfolio and whether there are impediments in the capacity market that prevent SDG&E from selling such resources."[65]

Second, SEA asserts that by using Renewable Energy Credits (RECs) from resources that pre-date SB 43, SDG&E is not fulfilling the purpose of the GTSR program.

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[61] DACC's Comments on the November Update at 2.

[62] *Id*. At 3.

[63] SEA's Comments on the November Update at 2.

[64] *Id.*

[65] *Id.*

7.3. SDG&E's Reply to DACC's and SEA's Comments

As it relates to DACC's comments, SDG&E states that upon further review it agrees with DACC's comments and has updated its PCIA model to properly reflect the resource vintage PABA undercollection year-end balance.[66] Prior to this update, SDG&E incorrectly placed all pre-2009 resources' year-end PABA balance of $78.671 million in the Legacy UOG vintage. SDG&E has now properly allocated the $78.671 million amongst 2002-2008 vintages, which is reflected in the updated *SDG&E 2020 PCIA Model* Workpaper (*See*, Attachment A of SDG&E's Reply Comments on the November Update.)

As it relates to the DACC's second concern, SDG&E notes that the Updated Testimony of Jennifer Montanez, accompanying its November Updated Application, updated the vintage determinants for vintage years 2002-2008 and 2019.[67] The changes are reflected in the updated *SDG&E 2020 PCIA Model* Workpaper. SDG&E contends it properly reflected the vintage billing determinants for vintage years 2009-2018 as referenced in the Updated Testimony of Montanez and used in the updated *SDG&E 2020 PCIA Model* Workpaper.

We conclude that the updates and corrections made by SDG&E appropriately address the concerns raised by DACC in this proceeding.

Regarding SEA's concern about the "cost efficiency of SDG&E's portfolio," SDG&E contends in its comments that its resource adequacy (RA) portfolio is procured for the entire year and sized to meet the peak capacity of the year.[68]

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[66] SDG&E's Reply Comments to the November Update at 2.

[67] *Id.*

[68] *Id.* at 4.

The requirements for the peak of the year exceed the need in the remaining months of the year. SDG&E states that "if there is enough capacity to meet the peak requirement, then by definition, there will be excess in the other non-peak months of the year."[69] This is the "excess" SDG&E identified for system capacity sales. In comments SDG&E clarified that a portion of the excess system capacity SDG&E has identified also has "flex" capacity.

Regarding the possibility that there will be impediments to SDG&E's sale of excess, SDG&E state that it "makes no judgement at this time about the market conditions that will occur in 2020."[70] SDG&E states that it is simply valuing that resource at zero, as SEA notes is appropriate, since SDG&E currently does not have a pending agreement to transact these sales.[71] When 2020 recorded transactions are trued up, the actual volumes and transaction prices will be incorporated, and SEA's customers will receive the true value of these transactions, if they occur, in their PCIA rates.[72] SDG&E also notes that the PCIA Phase 2 proceeding incorporates a working group specifically tasked with portfolio optimization and cost reduction that could potentially facilitate the future sales capacity and suggests that SEA raise its concerns there.

Regarding SEA's concerns over the GTSR program, SDG&E asserts that SEA's concerns are misplaced, because SEA appears to be confused regarding certain important aspects of the program related to the usage of SDG&E's approved interim pool. Pursuant to D.15-01-051, an interim pool of resources may be used to supply capacity needed for the GTSR program until sufficient

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[69] *Id.*

[70] *Id.*

[71] *Id.* At 4-5.

[72] *Id.* At 5.

GTSR projects are operational. The interim pool also provides associated Renewable Energy Credits or RECs while GTSR projects are still under development.[73]

The Commission approved the interim pool in D.15-01-051 because it found that "GTSR will be significantly delayed if IOUs wait for GTSR specific projects to come online before enrolling customers"[74] and the "customers enrolling in the GTSR Program prior to development of GTSR resources should be supplied by existing RPS resources."[75] D.15-01-051 allows SDG&E to use a pool of its existing renewable resources to form an "interim pool" which the Commission has approved. The resources in the interim pool predate the passage of SB 43 because the existing renewable resources were not specifically procured for GTSR but were allowed to be used consistent with D.15-01-051.

Currently, SDG&E has one 20 megawatts (MW) GTSR project online and a second GTSR project, also 20 MW, under development.[76]

We conclude that SDG&E's use of interim pool resources is consistent with D.15-01-051 and find that the concerns of SEA have been appropriately addressed by SDG&E in its Reply Comments to the November Update.

8. Safety

The health and safety impacts of GHGs are among the many reasons that the Legislature enacted AB 32. Specifically, the Legislature found and declared that global warming caused by GHG "poses a serious threat to the economic well-being, public health, natural resources, and the environment of California.

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[73] *Id.*

[74] *See,* D.15-01-051 Findings of Facts 14 at 161.

[75] *Id.* Conclusion of Law 10 at 174).

[76] *Id.*

The potential adverse impacts of global warming include the exacerbation of air quality problems, a reduction in the quality and supply of water to the state from the Sierra snowpack, a rise in sea levels resulting in the displacement of thousands of coastal businesses and residences, damage to marine ecosystems and the natural environment, and an increase in the incidences of infectious diseases, asthma, and other human health-related problems."[77]

This decision implements a key part of the GHG reduction program envisioned by AB 32 and Public Utilities Code Section 748.5 and, as a result, will improve the health and safety of California residents.

9. Implementation of Rates

In order to implement the authority granted herein, SDG&E must file a Tier 1 AL within 30 days of the issuance date of this decision.

10. Other Procedural Matters

10.1. Change in Determination of Need for Hearings

In Resolution ALJ 176-3416, dated May 10, 2019 the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner stated that evidentiary hearings would be held if necessary. Given that no hearings were held in the current proceeding, we change our preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

10.2. Admittance of Testimony and Exhibits into Record

77 AB 32 Section 38501(a).

Since evidentiary hearings were not held in A.19-04-010, there was no opportunity to enter prepared testimony and exhibits into the record. In order to fairly assess the record, it is necessary to include all testimony and exhibits served by SDG&E and Sunrun. In its motion of November 20, 2019, SDG&E requested, pursuant to Rule 13.8 of the Commission's Rules of Practice and Procedure,[78] that the Commission receive the public and confidential version of its Exhibits into the record of A.19-04-010. Therefore, we identify the public and confidential versions of SDG&E's supporting testimony as Exhibits SDG&E-1, -2, -3, -4, -5, 6; 7; and 8[79] and Exhibits SDG&E-1C, -2C, -3C, -4C, -5C.[80] Given the necessity of SDG&E's testimony to our assessment of the proposals put forth, we admit into evidence the public and confidential versions of SDG&E's Exhibits mentioned above.[81]

In its motion dated November 19, 2019, Sunrun requested, pursuant to Rule 13.8 of the Commission's Rules of Practice and Procedure,[82] that the

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[78] For the remainder of this decision all reference to Rules refer to the Commission's Rules of Practice and Procedure.

[79] Exhibit SDG&E-1 – Direct Testimony of Monica Chihwaro; Exhibit SDG&E-2 – Direct Testimony of Ana Garza-Beutz; Exhibit SDG&E-3 – Direct Testimony of Khoang Ngo; Exhibit SDG&E-4 – Direct Testimony of Jeff Deturi; Exhibit SDG&E-5 – Direct Testimony of Jennifer Montanez; Exhibit SDG&E-6 – Direct Testimony of April Bernhardt; Exhibit SDG&E 7 Supplemental Testimony of Jennifer Montanez (dated October 22, 2019); and Exhibit SDG&E-8 – SDG&E 2018 ERRA/GHG Updated Prepared Direct Testimony (Chihwaro, Garza-Beutz, Ngo, Stefan Covic (the Updated Testimony of Stefan Covic incorporates the original testimony of Jeff Deturi), and Montanez). Witness Covic adopts the testimony of Deturi.

[80] Exhibit SDG&E-1C – Direct Testimony of Monica V. Chihwaro - Confidential; Exhibit SDG&E-2C – Direct Testimony of Anna Garza-Beutz – Confidential; Exhibit SDG&E 3C Khoang Ngo - Confidential; and Exhibit SDG&E-4C – Direct Testimony of Jeff Deturi – Confidential; and Exhibit SDG&E-5C – SDG&E 2018 ERRA/GHG Updated Prepared Testimony – Confidential (Chihwaro, Garza-Beutz, Ngo, and Covic).

[82] For the remainder of this decision all reference to Rules refer to the Commission's Rules of Practice and Procedure.

Commission receive its Exhibits into the record of A.19-04-010. Therefore, we identify Sunrun's testimony as Sunrun Exhibit 1[83] and admit Sunrun Exhibit 1 into evidence.

10.3. Motion to Seal

ARB's cap-and-trade regulations prohibit disclosure of auction-related information in most circumstances.[84] ARB's goal is to prevent market collusion. The Commission is interested in ensuring that the public has access to information related to utility rates, but also has its own rules to protect the confidentiality of market sensitive information. D.14-10-033 established Confidentiality Protocols to maximize the amount of information that utilities can make publicly available, while ensuring they do not disclose market sensitive information.

SDG&E has submitted public and confidential versions of its testimony. Pursuant to Rule 11.5, D.06-06-066 and D.08-04-023, and the ARB's rules and regulations, SDG&E filed a motion requesting that the confidential supplemental information be filed under seal. Pursuant to Rule 11.5, portions of the record of a proceeding (such as served testimony) may be sealed.

The information referenced in the motion to file under seal and the information contained in the testimony filed under seal constitute commercially sensitive material and include information that falls under the "ARB Confidential" and "Confidential" categories in the Confidentiality Matrix.

We grant confidential treatment of and seal (as detailed in the ordering paragraphs herein) Exhibits SDG&E-1C, -2C, -3C, -4C, -5C, and the confidential

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[83] Exhibit Sunrun-1 (Testimony of Kelly Knutsen, dated November 6, 2019.)

[84] 17 CCR § 95914(c).

portions in Templates D-2 and D-5 contained in Attachment G (GHG Revenue and Reconciliation Form) submitted with SDG&E's Application on April 13, 2018 and updated on November 7, 2017. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in D.14-10-033.

10.4. Compliance with the Authority Granted Herein

Within 30 days of the effective date of this decision, SDG&E shall submit the necessary AL with the Energy Division under Tier 1 to implement the rate changes authorized by this decision.

11. Reduction of Comment Period

Pursuant to Rule 14.6(b), all parties stipulated to reduce the 30-day public review and comment period required by Section 311 of the Pub. Util. Code to (5) five days. SDG&E and Sunrun filed opening comments on December 6, 2019. We have considered their comments and addressed any issues raised in this decision. Both SDG&E and Sunrun filed reply comments on December 10, 2019. As appropriate, we have addressed issues raised in the reply comments..

12. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Gerald F. Kelly is the assigned ALJ in this proceeding.

Findings of Fact

1. SDG&E's updated 2020 forecast ERRA revenue requirement is $1,488.132 million, which will be included in 2020 rates.
2. SDG&E's 2020 ERRA Revenue Requirement is $801.225 million
3. SDG&E's 2020 PABA Revenue Requirement is $363.426 million.
4. SDG&E's updated 2020 forecast CTC revenue requirement is $18.725 million, which will be included in 2020 rates.

5. SDG&E's updated LG is $132.915 million, which will be included in 2020 rates.

6. SDG&E's SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.073 million will be included in 2020 rates.

7. SDG&E's undercollected balance in the LGBA is $14.420 million.

8. SDG&E's undercollected balance in the PABA is $254.057 million.

9. All three large energy utilities experienced PSPS events in 2019. The question of whether and how each utility's revenue collections were impacted by any PSPS events has not previously been examined.

10. The proposed forecast GHG cost and allowance proceeds distribution to customers, including the residential California Climate Credit, for SDG&E are set forth in SDG&E's November Update.

11. Pursuant to D.12-12-033, SDG&E has been tracking GHG costs and allowance proceeds in two-way balancing accounts and tracking administrative and outreach expenditures associated with the program in memorandum accounts.

12. D.12-12-033 allows for a portion of GHG allowance proceeds to be used for energy efficiency and clean energy programs approved in relevant proceedings.

13. SDG&E filed Rule 3.2 Proof of Compliance for rate changes that may result from this proceeding.

14. The 2020 forecast GHG allowance proceeds, GHG costs, returns to Emissions-Intensive and Trade-Exposed customers, and volumetric returns are set forth in Templates D-1 and D-2 of SDG&E's Updated GHG Revenue and Reconciliation Application Form in its November Update.

15. The 2019 recorded GHG administrative and outreach expenses are $18,873.

16. The net forecast GHG administrative and outreach expenses to be set aside for 2020 are $59,000.

17. The proposed 2020 SOMAH funding to be set aside is $5,618,639.

18. If the entire under-allocated amount of Cap-and-Trade funds that could have been set aside for SOMAH during 2016-2019 ($12,604,205 million) are instead set aside in 2020, the program funding levels to date will be compliant with the law.

19. Sunrun's request to recover "undercollected" amounts of SOMAH funding from 2016-2017 is reasonable.

20. Requiring SDG&E to perform an annual true-up of actual GHG Revenues allocated to the SOMAH Program will provide accuracy and fairness for recipients of the California Climate Credit and the SOMAH Program.

21. The 2020 forecast semi-annual residential California Climate Credit is $32.31per household.

22. In Resolution ALJ 176-3436, dated April 25, 2019, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner stated that evidentiary hearings would be held if necessary. No hearings were held.

23. SDG&E and Sunrun each requested the admittance of its exhibits into evidence pursuant to Rule 13.8.

24. Pursuant to D.06-06-066 and D.08-04-023, as well as Rule 11.5, SDG&E requested the sealing of and confidential treatment of selected exhibits.

25. Rule 11.5 addresses sealing all or part of an evidentiary record; and D.06-06-066 addresses our practices regarding confidential information, such as

electric procurement data (that may be market sensitive) submitted to the Commission.

26. D.14-10-033 addresses, in part, the confidentiality of GHG documents and contains the Confidentiality Matrix.

Conclusions of Law

1. The Commission should adopt SDG&E's 2020 forecast as follows: ERRA revenue requirement of $801.225 million in 2020 rates; PABA revenue requirement of $363.426 million; CTC revenue requirement of $18.725 million in 2020 rates; SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.073 million; and LG is $132.915 million in 2020 rates. In sum, a $1,488.132 million total for 2020 forecasted revenue requirement.

2. The Commission should authorize SDG&E's request to recover the undercollected balance recorded to the LGBA in the amount of $14.420 million.

3. The Commission should authorize SDG&E's request to recover the undercollected balance recorded to the PABA in the amount of $254.057 million.

4. SDG&E appropriately forecasted GHG costs and allowance proceeds, and the corresponding returns to customers, consistent with D.12-12-033, D.14-10-033 (as corrected by D.14-10-055 and D.15-01-024), and the other decisions issued in R.11-03-012 to date.

5. The amounts and calculations in SDG&E's November Updated Testimony are appropriate and consistent with the instructions and templates provided in D.14-10-033 as corrected by D.14-10-055 and D.15-01-024.

6. The Commission should consider any potential impact of PSPS events on revenue collections and whether sales forecast adjustments or other adjustments to revenue collections are appropriate in ERRA compliance applications.

Section 2870(c) directs setting SOMAH funding on a fiscal year basis, from

July 1, 2016 to June 30, 2020. If SOMAH revenues are available after 2020, the Commission may continue authorization of funding through June 30, 2026.As modified and directed herein, the methodologies used to forecast GHG costs and allowance proceeds and reconcile prior forecasts with recorded amounts are reasonable.

7. The recorded and forecast GHG allowance proceeds are reasonable.

8. The recorded and forecast GHG administrative and outreach costs are reasonable.

9. The recorded and forecast GHG costs are reasonable.

10. SDG&E should be authorized to modify its tariffs to reflect (1) the forecast 2020 GHG allowance proceeds and the reconciled 2018 allowance proceeds and (2) 2019 GHG allowance proceeds specified in its November Update.

11. Advice Letters to implement changed tariff sheets in accordance with this Decision should be filed as Tier 1 Advice Letters.

12. SDG&E's request to treat selected versions of its testimony as confidential should be granted, as detailed herein.

13. SDG&E's request to receive testimony into the record, should be granted, as detailed herein.

14. Exhibits SDG&E-1C, -2C, -3C, -4C, -5C, and the confidential portions in Templates D-2 and D-5 contained in Attachment G (GHG Revenue and Reconciliation Form) submitted with SDG&E's Application on April 15, 2019, updated on November 7, 2019 should be sealed and treated confidentially. The documents placed under seal should remain under seal for the applicable period set forth in the Confidentiality Matrix in D.14-10-033.

15. All rulings issued by the assigned Commissioner and ALJ should be affirmed herein; all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, should be denied.

16. Given that no hearings were held in the current proceeding, we should change our preliminary and Scoping Memo determination regarding hearings, to no hearings necessary.

17. SDG&E complied with the mandates of D.19-10-010 by using revenue allocation factors that are consistent with its generation allocation factors for bundled service customers.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company's 2020 request for the following ratesetting inputs are adopted as follows: 1) an Energy Resource Recovery Account forecast revenue requirement of an estimated $801.225 million; 2) Portfolio Allocation Balancing Account forecast revenue requirement of $363.426 million 3) Ongoing Competition Transition Charge forecast revenue requirement of $18.725 million; 4) 2017 Local Generation Charge of $132.915 million; and 5) San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost revenue requirement of $1.073 million. In sum, a $1,488.132 million total for 2020 forecasted revenue requirement.

2. San Diego Gas & Electric Company's proposed 2020 Local Generation Charge rates are approved.

3. San Diego Gas & Electric Company's proposed 2020 Power Charge Indifference Adjustment Rates are approved.

4. San Diego Gas & Electric Company's request to recover the undercollected balance recorded to the Local Generating Balance Account in the amount of $14.420 million is approved.

5. San Diego Gas & Electric Company's request to recover the undercollected balance recorded to the Portfolio Allocation Balancing Account in the amount of $254.057 million is approved.

6. SDG&E shall include in its ERRA Compliance application for 2019 an accounting of the PSPS events that occurred in its service territory in that calendar year and how the PSPS impacted its revenue collections.

7. San Diego Gas & Electric Company shall allocate $5,618,639funding from greenhouse gas auction proceeds to the Solar on Multifamily Affordable Housing Program.

8. San Diego Gas & Electric Company shall correct the historic under-allocation to the Solar on Multifamily Affordable Housing Program by reallocating $12,604,205 of 2020 greenhouse gas auction proceeds to the Solar on Multifamily Affordable Housing Program.

9. San Diego Gas & Electric Company shall perform an annual true-up of greenhouse gas auction proceeds allocated to the Solar on Multifamily Affordable Housing Program based on actual greenhouse gas auction proceeds earned.

10. The semi-annual Residential Climate Credit amount for 2020 is $32.31.

11. San Diego Gas & Electric Company's (SDG&E) request to treat as confidential and seal portions of the evidentiary record, in particular, Exhibits SDG&E-1C, -2C, -3C, -4C, -5C, and the confidential portions in Templates D-2 and D-5 contained in Attachment G (Greenhouse Gas Revenue and Reconciliation Form) submitted with SDG&E's Application on

April 15, 2019, updated on November 7, 2019 is approved. The documents placed under seal shall remain under seal for the applicable period of time set forth in the Confidentiality Matrix in Decision 14-10-033. During this period, this information will remain under seal and confidential, and shall not be made accessible or disclosed to anyone other than the Commission staff or on the further order or ruling of the Commission, assigned Commissioner, the assigned Administrative Law Judge (ALJ), the Law and Motion ALJ, the Chief ALJ, or the Assistant Chief ALJ, or as ordered by a court of competent jurisdiction. If SDG&E believes that it is necessary for this information to remain under seal for longer than three years, SDG&E may file a new motion stating the justification of further withholding of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

12. Within 30 days of the effective date of this decision, San Diego Gas & Electric Company shall submit the necessary Advice Letters (ALs) with the Energy Division under Tier 1 to implement the authority and rate changes authorized by this decision. The ALs shall include changed tariff sheets and supporting documentation for:

   a. Residential rate schedules (including master-metered rate schedules) to include the authorized 2020 Climate Credit Amount;

   b. Small business rate schedules to include the volumetric dollars per kilowatt hour greenhouse gas rate offset for small business customers; and

   c. The amounts approved in Ordering Paragraph 1.

13. All rulings issued by the assigned Commissioner and Administrative Law Judge (ALJ) are affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.

14. The prepared testimony of San Diego Gas & Electric Company, consisting of the public and confidential versions of Exhibits SDG&E-1 through -8 is received into evidence.

15. The prepared testimony of Sunrun Incorporated, consisting of Exhibit-1 is received into evidence.

16. The determination made in the assigned Commissioner's Scoping Memo and Ruling that hearings were necessary is changed to no hearings necessary.

17. Today's decision is effective immediately.

18. Application 19-04-010 is closed.

This order is effective today.

Dated January 16, 2020, at San Francisco, California.

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA

APPENDIX A

Acronym List

Acronym	Term
AB	Assembly Bill
AL	Advice Letter
ALJ	Administrative Law Judge
ARB	Air Resources Board
BioMASSMA	Bio-MASS Memorandum Account
BioRAMMA	Bio-fuel Renewable Auction Mechanism Memorandum Account
CAISO	California Independent System Operator
CAPBA	Power Charge Indifference Adjustment Undercollection Balancing Account
CCA	Community Choice Aggregator
CRS	Cost Responsibility Surcharge
CSE	Center for Sustainable Energy
CSGT	Community Solar Green Tariff
CTC	Competition Transition Charge
DA	Direct Access
DACC	Direct Access Customer Coalition
DAC-GT	Disadvantaged Communities – Green Tariff
DAC-SASH	Disadvantaged Communities – Single-Family Solar Homes
DWR	California Department of Water Resources
ECAC	Energy Cost Adjustment Clause
ECR	Enhanced Community Renewables
EE	Energy Efficiency
EITE	Energy-Intensive Trade-Exposed
ERRA	Energy Resource Recovery Account
FF&U	Franchise Fees & Uncollectibles
FY	Fiscal Years
GHG	Greenhouse Gas
GHGACMA	Greenhouse Gas Administrative Costs Memorandum Account
GHGCOEMA	Greenhouse Gas Customer Outreach and Education Memorandum Account
GHGRBA	Greenhouse Gas Revenue Balancing Account
GRC	General Rate Case

GTSR	Green Tariff Shared Renewables
GTSRBA	Green Tariff Shared Renewables Balancing Account
LG	Local Generation
LGBA	Local Generating Balancing Account
MPB	Market Price Benchmark
MT	Metric Ton
MW	Megawatt
NGBA	Non-Fuel Generation Balancing Account
OP	Ordering Paragraph
OP	Ordering Paragraph
PABA	Portfolio Allocation Balancing Account
PCIA	Power Charge Indifference Adjustment
PG&E	Pacific Gas and Electric
PHC	Prehearing Conference
PPP	Public Purpose Program
QFs	Qualifying Facilities
RA	Resource Adequacy
RPS	Renewables Portfolio Standard
SB	Senate Bill
SCE	Southern California Edison
SDG&E	San Diego Gas & Electric Company
SEA	Solana Energy Alliance
SOMAH	Solar on Multifamily Affordable Housing
SOMAHBA	Solar on Multifamily Affordable Housing balancing Account
SONGS	San Onofre Nuclear Generating Station
TCBA	Transition Cost Balancing Account
TMNBC	The Tree Mortality Non-Bypassable Charge
UOG	Utility Owned Generation

(END OF APPENDIX A)

APPENDIX B

Exhibit List

Exhibit	Description
SDG&E-1	Direct Testimony of Monica Chihwaro
SDG&E-2	Direct Testimony of Ana Garza-Beutz
SDG&E-3	Direct Testimony of Khoang Ngo
SDG&E-4	Direct Testimony of Jeff Deturi
SDG&E-5	Direct Testimony of Jennifer Montanez
SDG&E-6	Direct Testimony of April Bernhardt
SDG&E-7	Supplemental Testimony of Jennifer Montanez (dated October 22, 2019)
SDG&E-8	SDG&E 2018 ERRA/GHG Updated Prepared Direct Testimony (Chihwaro, Garza-Beutz, Ngo, Stefan Covic (the Updated Testimony of Stefan Covic incorporates the original testimony of Jeff Deturi), and Montanez)
SDG&E-1C	Direct Testimony of Monica Chihwaro - Confidential
SDG&E-2C	Direct Testimony of Ana Garza-Beutz – Confidential
SDG&E-3C	Direct Testimony of Khoang Ngo – Confidential
SDG&E-4C	Direct Testimony of Jeff Deturi – Confidential
SDG&E-5C	SDG&E 2018 ERRA/GHG Updated Prepared Testimony – Confidential (Chiwaro, Garza-Beutz, Ngo, and Covic)
Sunrun-1	Testimony of Kelly Knutsen

(END OF APPENDIX B)