

Decision 20-03-019 March 26, 2020

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

Order Instituting Rulemaking to  
Review, Revise, and Consider  
Alternatives to the Power Charge  
Indifference Adjustment.

Rulemaking 17-06-026

**DECISION CONSIDERING WORKING GROUP PROPOSALS ON  
DEPARTING LOAD FORECAST AND PRESENTATION OF POWER CHARGE  
INDIFFERENCE ADJUSTMENT RATE ON BILLS AND TARIFFS**

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**DECISION CONSIDERING WORKING GROUP PROPOSALS ON DEPARTING LOAD FORECAST AND PRESENTATION OF POWER CHARGE INDIFFERENCE ADJUSTMENT RATE ON BILLS AND TARIFFS**

**Summary**

This decision concludes the following with respect to the issues related to departing load forecast and presentation of the power charge indifference adjustment (PCIA) rate on tariffs and bills:

- We consider Working Group One's assignments listed in the February 1, 2019 Scoping Memo and Ruling of Assigned Commissioner complete. We decline to adopt any technical modifications to departing load forecasting at this time.
- Investor-owned utilities must report their meet-and-confer activities with the community choice aggregators in their respective Energy Resource Recovery Account Forecast Application via testimony and in their respective initial annual Resource Adequacy load forecasting filing via verification.
- Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must collaborate to submit a joint proposal for bill and tariff changes to show a PCIA line item in their tariffs and bill summary table on all customer bills. Each utility shall submit a Tier 3 Advice Letter by August 31, 2020, to implement the joint proposal by the last business day of 2021.
- Investor-owned utilities may file a petition to modify to correct the mathematical errors claimed to exist in the PCIA template.
- The Protect Our Communities' August 2, 2019 motion for evidentiary hearings is denied.

This proceeding remains open.

## 1. Procedural Background

The Power Charge Indifference Adjustment (PCIA) is a mechanism adopted by the Commission as part of a ratemaking methodology developed to ensure that when electric customers of an investor-owned utility (IOU) depart from IOU service and receive their electricity from a non-IOU provider, those customers remain responsible for costs previously incurred on their behalf by the IOUs. The Commission initiated Order Instituting Rulemaking (R.) 17-06-026 on June 26, 2017 to review the PCIA methodology.

Track 1 of R.17-06-026 examined issues regarding exemptions from the PCIA for the IOUs' California Alternate Rates for Energy (CARE) and Medical Baseline customers. The Commission resolved these issues in Decision (D.) 18-07-009 and D.18-09-013. Track 2 examined the then-current PCIA methodology and considered alternatives to that mechanism. The Commission resolved those issues in D.18-10-019, thus concluding Phase 1. D.18-10-019 also determined that a second phase of this proceeding would be opened in order to establish a working group process to enable parties to further develop proposals for future consideration by the Commission.<sup>1</sup>

On December 19, 2018, a prehearing conference was held to discuss the scope and schedule of Phase 2. Subsequently, the February 1, 2019 Scoping Memo and Ruling of Assigned Commissioner (Scoping Memo) set forth the scope and schedule of the proceeding. The Scoping Memo also established a working group process in the proceeding whereby resolution of the issues of the proceeding would be proposed by three working groups, Working Groups One through Three.

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<sup>1</sup> D.18-10-019 at 117.

The Scoping Memo designated Pacific Gas and Electric Company (PG&E) and California Community Choice Association<sup>2</sup> (CalCCA) as co-chairs of Working Group One and listed the tasks the co-chairs are responsible for. Pursuant to the schedule set forth by the Scoping Memo, Working Group One started meeting in March 2019. The co-chairs of Working Group One served progress reports on March 20, 2019 and April 22, 2019. The co-chairs filed and served Working Group One Report on Brown Power, RPS and RA True-Up (Issues 1 through 7) on May 31, 2019. The Commission resolved these issues in D.19-10-001.

On July 1, 2019, the co-chairs of Working Group One filed and served Working Group One Report on Issues 8 through 12 (July Report). The July Report includes informal comments from the parties on the Working Group One proposal.<sup>3</sup> The comments attached to the July Report were served by Alliance for Retail Energy Markets and the Direct Access Customer Coalition (AReM/DACC); California Large Energy Consumers Association (CLECA); CalCCA; jointly by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E) (collectively, the IOUs); Protect Our Communities Foundation (POC), and

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<sup>2</sup> California Community Choice Association represents the interests of 18 community choice electricity providers in California: Apple Valley Choice Energy, Clean Power SF, Clean Power Alliance, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, and Valley Clean Energy.

<sup>3</sup> The issue of attaching to the final report comments served by the parties, as opposed to filing comments on the final report, was discussed at the prehearing conference held on December 19, 2018 and parties present at the prehearing conference did not object to it. (See Reporter's Transcript at 173.)

UCAN. The July 9, 2019 Administrative Law Judge's Ruling Modifying Proceeding Schedule allowed for additional comments and reply comments on the July Report. AReM/DACC, CalCCA, CLECA, the Joint IOUs, POC, and UCAN filed comments on July 19, 2019. Reply comments were filed on July 26, 2019 by CalCCA, CLECA, the Joint IOUs, POC, and UCAN.

R.17-06-026 remains open to address the issues assigned to Working Group Two and Working Group Three.

## **2. Plan of this Decision**

This decision is the second in a planned series of decisions in Phase 2 of R.17-06-026. It considers proposals covered in the July Report and resolves Scoping Memo Issues 8 through 10 and Issue 12 assigned to Working Group One. Other topics listed in the Scoping Ruling will be the subject of later decisions.

The determinations we make today will be in accordance with the statutory framework, the overall goal of the proceeding, and the final guiding principles articulated in D.18-10-019.

## **3. Issues Before the Commission**

Below are the issues addressed in the July Report. The numbering below corresponds to the numbering of the issues in the Scoping Memo.

8. Which methodologies, probabilistic or scenario-based, should the Commission adopt to forecast departing load?
9. What are the barriers for the IOUs to obtain the information they need to adequately forecast future CCA departing load and mitigate future forecasting inaccuracies, and how can they overcome those barriers?
10. What mechanisms would help minimize future deviations between announced and actual load departure dates, thereby improving the fidelity of departing load forecasts?

11. Should the Commission clarify the definition of billing determinants and their proper usage for calculating the PCIA, and if so, how?
12. Should the Commission require any changes in the presentation of the PCIA in tariffs and on customer bills, and if so, what should those changes be?

We note that Issue 11 was resolved by D.19-10-001.

#### **4. Discussion**

For each of the four issues listed in Section 3, this decision states the resolution to the issue; describes the proposals; describes party positions briefly; and then explains how the Commission determines the issue.

##### **4.1. Departing Load Forecast (Scoping Memo Issue 8)**

Scoping Memo Issue 8 asks which methodologies, probabilistic or scenario-based, the Commission should adopt to forecast departing load. The Commission finds that the recommendations made by the co-chairs are generally reasonable, but the July Report does not provide sufficient details to adopt a single method to forecast departing load. It is also unclear how the recommended forecasting approaches are different from the current utility practices. As a result, we do not make any methodological changes to load forecasting at this time. We conclude that if technical concerns about load forecasting related to load migration arise, they should be raised and considered in the various CPUC proceedings in which those forecasts are used, or possibly in the Demand Analysis Working Group (DAWG) of the California Energy Commission (CEC). The utility practice of forecasting departing load will continue to be reviewed in respective proceedings.

##### **4.1.1. Scoping Memo Issue 8: Recommendations**

The July Report provides a summary of the background information shared with the Working Group participants, including an explanation of

departing load forecasting methods based on end-uses and uncertainty level. As part of this foundational information, PG&E defines a departing load forecast as a forecast of load in gigawatt hours (GWh) and of capacity in megawatts (MW) previously served by an IOU that will receive generation services from a Community Choice Aggregator (CCA) or Electric Service Provider (ESP) in the future.<sup>4</sup> PG&E identifies IOUs, CCAs, ESPs, and CEC as entities that create departing load forecasts to ensure that energy and capacity planning needs are identified, allocated and met in an equitable, timely and efficient manner.<sup>5</sup>

PG&E notes that because departing load forecasts attempt to predict local political decision-making and execution, they encompass significant uncertainty that increases over the forecast time horizon.<sup>6</sup>

In the July Report, the co-chairs characterize departing load forecasts with respect to the degree of uncertainty:

1. year-ahead, low uncertainty;
2. mid-term (2-3 years), moderate uncertainty; and
3. long-term (4-10 years), significant uncertainty.

The July Report Exhibit E also provides a summary table showing the use of load forecasts by scope, horizon, use case, forecaster, and regulatory proceeding, as shown in Table I.

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<sup>4</sup> July Report at A-3.

<sup>5</sup> July Report at A-3.

<sup>6</sup> July Report at A-4.



**Table I: IOU Use of Load Forecasts<sup>7</sup>**

Scope	Horizon (Year)	Use Case	Forecaster	Regulatory Proceeding/ Authorizing Plan
Intra-Year	< 1	Intra-Year Resource Adequacy (RA) Adjustments	IOU	RA Proceeding
Year-Ahead	1	RA Year-Ahead Requirements	CEC/IOU	RA Proceeding
		Rate Setting	IOU	Energy Resource Recovery Account (ERRA)
		Renewables Portfolio Standard (RPS) Transactions (excluding mandates)	IOU	RPS Plan
Mid-Term	2-3	RA Position Management	IOU	Bundled Procurement Plan
		Local RA Requirements	CEC/CPUC/CAISO	RA Proceeding
		RPS Transactions (excluding mandates)	IOU	RPS Plan
Long-Term	4-10	Integrated Resource Planning (IRP)	CEC/IOU	IRP
		Integrated Energy Policy Report (IEPR)	CEC	IEPR
		RPS Transactions (excluding mandates)	IOU	RPS Plan

Based on the characterization of departing load forecast with respect to uncertainty level and an overview of different forecasting approaches, the co-chairs recommend the following:<sup>8</sup>

1. A probability-based model supplemented with a scenario-based approach is best suited for mid-to long-term planning, where there is considerable uncertainty about the load that will be met by load serving entities (LSEs).
2. A deterministic forecast method is appropriate where there is greater certainty based on binding commitments to serve

<sup>7</sup> Based on July Report at E-33.

<sup>8</sup> July Report at A-6 and A-7.

- load by LSEs (e.g., E-4907 filings,<sup>9</sup> binding notice of intent (BNI)),<sup>10</sup> such as the year-ahead forecast. In such cases, IOUs could include in their departing load forecast the load of CCAs and ESPs that have filed either a BNI or implementation plan, net of customers projected to opt out.
3. The Commission and CEC should consider adopting a probabilistic forecasting approach that reflects prospective departing load in its forecast, because the State's departing load forecast (as reflected in the California Energy Demand forecast) is central to long-term planning decisions, and it does not currently account for prospective departing load.
  4. The general forecasting approach should align across entities, but details may vary given the unique circumstances related to departing load in each territory.

The co-chairs disagree on whether Working Group One should continue to refine its proposals on departing load forecasts with modeling inputs and assumptions. CalCCA proposes that the Working Group further define mid- to long-term departing load forecast methodologies by developing a consensus-based set of inputs and the probability weightings assigned to the inputs based on the timing of load departure. From CalCCA's point of view, defining a methodology as probabilistic supplemented with scenarios does not end the inquiry. In contrast, PG&E contends that Scoping Issue 8 directs a recommendation on the general methodology (scenario-based versus probability-based) and does not direct a recommendation regarding modeling details such as inputs, assumptions, and parameters.

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<sup>9</sup> Resolution E-4907, adopted on February 9, 2019, published and implemented a registration process for Community Choice Aggregators.

<sup>10</sup> A Binding Notice of Intent (BNI) shows that a CCA will serve specified customer classes on a specific date. Utility can then rely upon the BNI in making procurement decisions to meet its load and resource adequacy requirements and enable the coordination of resource planning activities of the utility and the CCA submitting the BNI.

#### **4.1.2. Scoping Memo Issue 8: Comments**

While CalCCA contends that the issue of departing load forecast needs further work, it is PG&E's position that modeling approaches can be addressed in a forum outside this proceeding, such as DAWG.<sup>11</sup> POC shares CalCCA's concerns about forecasting and supports further work on forecasting issues. POC is specifically interested in how SDG&E performs its mid-term and long-term departing load forecast.

#### **4.1.3. Resolving Scoping Memo Issue 8**

The Commission finds Working Group One's effort to explore the departing load forecast methods productive, to the extent this effort has provided basic information on various approaches to forecasting, challenges to more accurate departing load forecasts, and entities that create or use departing load forecast. However, based on the level of party engagement as reflected in the July Report and comments filed, we conclude that a more practical approach is to direct parties to raise technical concerns about modeling approaches to departing load forecasting in the CPUC proceeding in which those forecasts are used. We also agree with PG&E that DAWG has a subgroup dedicated to demand forecasting (the Demand Forecasting Subgroup) and provides a forum to share and discuss methodology, input data assumptions, and policy assumptions related to electricity and natural gas demand forecasts in California. According to California Energy Commission, "the forum is meant to be a catalyst for improving the quality, comprehensiveness, and transparency of demand forecasts and related data inputs, particularly those forecasts presented and/or discussed during the California Energy Commission's Integrated Energy Policy

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<sup>11</sup> July Report at A-8.

Report process, and to better integrate these forecasts into resource planning decisions.”<sup>12</sup> The Commission intends to continue to monitor DAWG efforts and collaborate with the CEC to ensure that load forecasting is aligned in Commission proceedings with the CEC’s biennial Integrated Energy Policy Report (IEPR), as appropriate. This point was already made by the Independent Energy Producers and noted by the Commission in D.18-10-019.<sup>13</sup>

The July Report explains the methods the IOUs use for year-ahead and mid- and long-term forecasting.<sup>14</sup> PG&E’s forecast is a probability-based point forecast; SCE uses a hybrid approach incorporating scenarios; and SDG&E has used deterministic approaches for mid- and long-term forecasting, but it is transitioning to a probabilistic mid- and long-term model.<sup>15</sup> Given this information, it is not clear whether or how the recommendations provided in the July Report will improve the current forecasting practices. The current utility practices of load forecasting should continue to be subject to review in respective proceedings (*e.g.*, ERRRA, RPS, RA).

Specifically, with respect to the four recommendations the co-chairs provide in the July Report, the Commission concludes the following:

1) *Probabilistic and deterministic forecasts*: The co-chairs recommend a probabilistic forecast supplemented with scenarios for the mid- and long-term

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<sup>12</sup> <http://dawg.energy.ca.gov/subgroups>

<sup>13</sup> “IEP describes the CEC’s biennial Integrated Energy Policy Report (IEPR) and the Commission’s Integrated Resource Planning (IRP) proceeding and suggests that given this “rigorous planning and modeling” the Commission should question the added value of and necessity for an additional forum for assessing forecast demand and departing load.” (D.18-10-019 at 104).

<sup>14</sup> July Report at A-5.

<sup>15</sup> July Report at A-5.

horizon. The co-chairs also recommend a deterministic forecast method for cases where there is greater certainty based on binding commitments to serve load by LSEs (*e.g.*, E-4907 filings, BNI), such as the year-ahead forecast. These recommendations are based on the anticipated level of uncertainty and therefore are reasonable, but they are not actionable. That is, they appear to describe PG&E and SCE's current forecasting practices. The July Report also notes that SDG&E is taking action to align its forecasting practices with the other IOUs. Therefore, we do not see the need to provide further direction in this area and conclude that this Working Group should not invest more time and resources to determine common inputs and assumptions for forecasting departing load.

According to CalCCA, there are many critical variables such as government action on forming or joining a CCA, government statements or agreements with IOU on timing of launch, and probabilities and parameters around each qualitative variable in forecasting departing load.<sup>16</sup> Identification of these qualitative variables and assigning probabilities to those variables as part of a modeling approach is a complex task that requires highly technical expertise. In addition, given the uniqueness of each IOU territory in terms of level of CCA formation density, local government decision-making process, we are not convinced that it would be feasible to select uniform parameters for qualitative variables such as specific probabilities for load migration subsequent to certain local government actions. Even if there is consensus on the set of variables that should be included and the set of assigned probabilities, the outcome may provide little to improve the current forecasts and reduce the discrepancy between forecasted and actual load. The presentations that provided the basis

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<sup>16</sup> CalCCA Comments, July 19, 2019, at 4.

for the July Report note that “there is no clear best practice for forecasting local government or state decision making.”<sup>17</sup>

2) *CPUC/CEC forecast*: With respect to the recommendation that the State (CPUC/CEC) should consider adopting a probabilistic forecasting approach that reflects prospective departing load in its forecast, we find it premature to make any changes at this time. We remind parties that Public Resources Code Section 25301(a) requires CEC to “conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices.” And to the extent that technical concerns over departing load forecasts arise within CPUC proceedings, those concerns should be considered within the context of the proceeding that uses those forecasts.

3) *Alignment across utilities*: The co-chairs recommend that the general forecasting approach should align across entities, but details may vary given the unique circumstances related to departing load in each territory. The IOUs’ current practice of departing load forecast is already aligned to a certain extent, as demonstrated in the July Report: Both PG&E and SCE use probability-based approaches. However, as discussed earlier, the recommendations provided in the July Report do not include sufficient details to act on this recommendation. The actual showing and review of the utility forecasting practices will continue to occur in individual proceedings, such as integrated resource planning, ERRRA, or resource adequacy, taking into account utility and service territory-specific differences.

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<sup>17</sup> July Report at C-16.

## **4.2. Overcoming Barriers for Information (Scoping Memo Issues 9 and 10)**

Scoping Memo Issue 9 asks what barriers the IOUs face to obtain the information they need to adequately forecast future CCA departing load and mitigate future forecasting inaccuracies, and how they can overcome those barriers. Scoping Memo Issue 10 asks what mechanisms would help minimize future deviations between announced and actual load departure dates, thereby improving the accuracy of departing load forecasts.

To monitor the level of communication and information sharing among LSEs, we direct each IOU to report in their respective ERRA Forecast Application and initial annual RA load forecasting filing the level of coordination and information sharing between the IOU and CCAs in their service territory.

We also find the use of a publicly available central repository capturing CCA action taken by local communities reasonable, as this may be a key input into any probabilistic forecast. While the Clean Power Exchange may be one of the databases that can be used by the IOUs, we decline to order use of this database at this time without further scrutiny of the sources and reliability of the data in this database.

### **4.2.1. Scoping Memo Issues 9 and 10: Recommendations**

The co-chairs recognize that the major barrier to adequately forecast future departing load lies in the difficulty of predicting local government action in establishing CCAs as well as timing uncertainty around eventual CCA implementation, and in predicting other government action affecting the volume of departing load.<sup>18</sup>

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<sup>18</sup> July Report at A-9.

The co-chairs offer the following consensus recommendations to remove the existing barriers and improve accuracy of departing load forecasts:

1. With respect to year ahead forecasting, the Commission should adopt a Resolution E-4907-type requirement for new tranches of direct access.
2. With respect to mid-term 2-3 years forecasting, the IOUs should continue to refine estimation of probability of formation given state of CCA activity for a given community.
3. With respect to the long-term (4-10 years) forecasting timeframe, the Commission should recommend the CEC adopt a probabilistic approach supplemented with scenarios and account for prospective departing load. The CEC's DAWG should be used as a forum for coordinating and improving departing load forecasting assumptions and data sources.
4. Also with respect to the long-term forecasting timeframe, the Commission should require increased coordination between IOUs, CalCCA and CEC regarding identification of key drivers of load departure as the market continues to evolve, as warranted based on model type. (For instance, a strict time series model would not require this input.)
5. Also with respect to the long-term forecasting timeframe, the IOUs should continue to evaluate, and update proposed methods/inputs with the goal of systematically improving quality of forecasts.

The IOUs have additionally proposed the following recommendations:

6. With respect to year ahead forecasting, the Commission should require a mechanism that increases certainty in year-ahead forecast from ESPs and CCAs.
7. With respect to mid-term forecasting, the Commission should require a mechanism that increases certainty in 2-3-year forecast from ESPs and CCAs. The IOUs have proposed requiring a binding notification of departure to improve the accuracy of mid-term (2-3 year) forecasts and



reduce deviations between planned and actual launch dates, noting that the existing mechanism – the BNI,<sup>19</sup> has only been used by one CCA.

8. Also with respect to the mid-term, the Commission should establish a central repository capturing CCA action taken by local communities as this is likely a key input into any probabilistic forecast.

#### **4.2.2. Scoping Memo Issues 9 and 10: Party Comments**

CalCCA opposes imposition of a mandatory BNI, or similar mechanism, on prospective departing load. CalCCA considers imposition of penalties for an entity's failure to depart by a previously specified date, applied regardless of the reason for the delay, to be (1) unreasonable; (2) unlikely to materially improve forecast accuracy; and (3) punitive. In addition, CalCCA argues that this proceeding is not the correct venue for considering the IOUs' proposal.

Similarly, AReM/DACC, CLECA, and POC oppose the IOUs' recommendation to require ESPs and CCAs to submit additional reporting requirements in order to improve forecast accuracy for the following reasons: 1) Resolution E-4907 already requires CCAs to provide information a year before a new CCA begins service; and, 2) A binding notification more than one year in advance would be burdensome to CCAs.

With respect to the use of a central depository to track CCA formation activities, POC recommends utilizing the database maintained by Clean Power Exchange.<sup>20</sup> According to POC, the database currently includes information on 58 counties and 482 incorporated cities in the state. However, CalCCA finds

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<sup>19</sup> See PG&E Rule Electric Rule 23.2.

<sup>20</sup> POC Informal Comments at 4-6.

POC's identification of the Clean Power Exchange as a source of CCA formation information insufficient. CalCCA argues that because the database is maintained voluntarily by a third party, it may not reflect the most up-to-date information or decisions by communities considering CCA formation. CalCCA asserts that the information tracked on this website does not provide binding or actionable community commitment to CCA formation and the resulting load departure. CalCCA does not believe that evaluation of community action by forecasters can or should be formally outsourced, or that a new third-party repository would be materially better than existing resources. The IOUs support POC's recommendation to rely on the existing data repository provided by the Clean Power Exchange to the extent possible.

Pointing to the meet-and-confer process implemented by PG&E and SCE, POC claims that SDG&E does not engage in such a meet-and-confer process. POC recommends that the Commission direct SDG&E to implement a similar process to provide CCAs and utilities to exchange information regarding the load to be served by each entity.

#### **4.2.3. Resolving Scoping Memo Issues 9 and 10**

With respect to the specific recommendations made by the July Report, the Commission concludes the following:

The co-leads recommendation to adopt a Resolution E-4907-type requirement for new DA customers is not adopted. All load-serving entities are already required to comply with requirements for resource adequacy, including timelines for demonstrating compliance, as set forth in D.19-06-026. These resource adequacy requirements render the need for a Resolution E-4907 process for entities intending to serve new DA customers moot.

Recommendations 2 and 5 are generally reasonable, but they are not actionable. The IOUs should continue to refine estimating the probability of CCA formation, based on the state of CCA activity for a given community. The IOUs should also continue to evaluate, and update proposed methods/inputs with the goal of systematically improving quality of forecasts. However, the recommendations do not provide sufficient details for the Commission to take any action. We will continue to monitor the utility forecasting practices in respective proceedings.

Recommendations 3 and 4 are similar to the recommendations made for Scoping Issue 8, which we resolved in Section 4.1. Therefore, no further determination is necessary.

With respect to the additional recommendations made by the IOUs, we conclude the following:

*Requiring a BNI for near-term forecasts:* IOUs consider lack of a mandatory binding notice of intent to serve customer to be a major barrier to accurate load forecasting. However, we agree with CalCCA that the imposition of a BNI should be addressed in a broader context and requires a detailed scope of work. The record provided by the July Report does not contain sufficient details for the Commission to adopt and implement a BNI process. However, we encourage IOUs, CCAs, and ESPs to continue to work outside this proceeding on a mutually agreed process that will reduce uncertainty in load forecasting.

The Commission has already recognized the expanding role of CCAs and found that a collaborative process between IOUs and CCAs may lead to more accurate forecasts of departing load, result in better resource management, and

mitigate risk forecast.<sup>21</sup> In D.16-12-038, the Commission directed PG&E and CCAs in its territory to exchange their respective load forecast before the filing of Energy Resource Recovery Account forecast applications and the November Updates, starting with the 2018 forecast cycle.<sup>22</sup>

In absence of a mandatory binding notice of intent, as the number of CCAs increase, continuing with the collaborative process between IOUs and CCAs in determining the departing load forecast is even more important. Therefore, the Commission will continue to monitor the IOUs forecasting practices, including not just the technical details of the forecasting method, but the details of the collaborative process as well.

POC recommends that the Commission direct SDG&E to implement a meet-and-confer process to inform its departing load forecast. PG&E and SCE already have a process in place. POC argues that such a process would provide utilities and CCAs a chance to exchange information. We find POC's request reasonable and direct SDG&E to establish a meet-and-confer process similar to PG&E's and SCE's.

With respect to the use of public databases showing CCA formation activity, we agree with POC that it would be imprudent and unreasonable to use ratepayer funding to start a new database rather than utilize a readily available database. The Clean Power Exchange may be one database that can be used by the IOUs. However, we do not order use of this database at this time without further scrutiny of the sources and reliability of the data in this database. The

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<sup>21</sup> See D.16-12-038 at Finding of Fact 7; D.05-12-041 at Finding of Fact 19 and at Conclusion of Law 24.

<sup>22</sup> D.16-12-038 at Ordering Paragraph 3.

utilities should identify and use publicly available datasets regarding CCA formation, as long as the database is sufficiently reliable.

#### **4.3. Presentation of PCIA Rate on Bills and Tariffs (Scoping Memo Issue 12)**

Scoping Memo issue 12 asks whether the Commission should require any changes in the presentation of the PCIA in tariffs and on customer bills, and if so, what those changes should be. We find that Working Group One should not continue its efforts to refine the current proposals in a working group platform. The IOUs should collaborate with the goal of submitting a joint proposal on presentation of PCIA rate on bills and tariffs in a Tier 3 Advice Letter by August 31, 2020 to be implemented by the last business day of December 2021.

##### **4.3.1. Scoping Memo Issue 12: Recommendations and Comments**

There are no consensus recommendations on Scoping Item 12. CalCCA recommends the Commission require a line item showing the PCIA charge as part of the summary of charges on the first page of all customers' bills, as contemplated by D.18-10-019. CalCCA recommends this change be implemented by the end of 2021, and that the Commission establish an ongoing forum and process for parties to continue to discuss and implement additional bill presentation improvements. An example of how the PCIA might be presented on all customer bills was presented at the Working Group meeting on June 7, 2019 on slide 60.

The July Report notes that although the Joint IOUs presented a proposal to modify the DA-CRS (DA Customer Responsibility Surcharge) and CCA-CRS tariffs based on recommendations by AReM/DACC in Phase 1 of the PCIA OIR, there has not been enough time to fully determine whether these tariff changes

are endorsed by all parties and whether these changes would adequately address the transparency issue with respect to the PCIA.

The IOUs argue that there are several outstanding Commission-required changes to bills that are currently in process. Therefore, in their assessment, it is infeasible to implement any recommended change prior to 2021 due to system freezes and/or ongoing implementation of Commission directives.<sup>23</sup>

#### **4.3.2. Resolving Scoping Memo Issue 12**

In D.18-10-019, the Commission has found merit in the tariff revision and bill presentation proposals put forth by AReM/DACC and CalCCA.<sup>24</sup> Furthermore, in D.18-10-0019, the Commission contemplated that the “workshop process proposed by the Joint Utilities and endorsed by CalCCA is a reasonable means of working out the details regarding how and when to introduce the changes to the bills, and to the tariffs...”<sup>25</sup> Given the July Report and comments, we are not convinced that continuation with the working group process will provide us with a timely resolution to this issue. Therefore, we direct PG&E, SCE, and SDG&E to collaborate and file a joint proposal for bill and tariff changes to show a PCIA line item in the bill summary table on all customer bills in a Tier 3 Advice Letter by August 31, 2020, to be implemented by the last business day of 2021. We authorize Energy Division to hold workshops, if necessary, after the filing of the advice letters. The proposals should make a showing that the proposed bill and tariff changes are complete and reasonable.

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<sup>23</sup> July Report at A-15, B-26, and B-27.

<sup>24</sup> D.18-10-019 at 119.

<sup>25</sup> D.18-10-019 at 119.

## **5. Line Loss Factor**

We deny the Joint IOU proposal to remove the line loss factor from the calculations underlying the Power Charge Indifference Adjustment without prejudice. The IOUs may file a petition to modify the relevant decision.

### **5.1. Background**

In D.17-08-026, modifying D.06-07-030 to add a workpaper template, the Commission directed the Joint Utilities to utilize the attached workpapers template in their respective annual Energy Resource Recovery Account Forecast proceedings. The consensus common workpapers template was developed through the Power Charge Indifference Adjustment Working Group and was used to provide more transparency for the calculations underlying the Power Charge Indifference Adjustment. The template for PCIA calculations includes a line loss factor.

#### **5.1.1. The Joint IOU Proposal to Drop the Line Loss Factor**

In the July Report, the Joint IOUs state that the “Joint IOU PCIA Common Template” originally approved in D.17-08-026 contains two mathematical errors in its application of line losses, and assert that these two mathematical errors can be corrected and the template can be simplified by dropping the application of the line loss factor from the template’s indifference calculation and reflecting generation volumes at the generator meter, rather than at the customer meter.

CalCCA proposes that the Commission either: (a) open a separate phase of this proceeding to address the line loss questions the Joint IOUs raise, or, (b) that the Commission invite PG&E to file a petition for modification of any relevant decisions bearing on the inclusion of line losses in the PCIA calculation. Arguing that the parties have not had sufficient time to analyze the

recommended corrections, POC opposes the suggested approach to correct these errors.

### **5.1.2. Discussion**

We agree that the parties need more time and opportunity to review the correction proposed by the Joint IOUs. Furthermore, a petition to modify the decision approving the template is the proper vehicle to have these errors corrected. Therefore, we deny the IOUs' request to eliminate the line loss factor from the PCIA calculation, without prejudice. The IOUs may file a petition to modify the relevant decision.

## **6. Addressing Concerns on the Working Group Process**

In D.18-10-019, the Commission established a working group process for Phase 2 of this proceeding. The Assigned Commissioner's Scoping Memo laid out the responsibilities of the designated co-chairs but left to the working groups the details for how the participants will approach their responsibilities.

POC and UCAN raise governance-related concerns regarding the working group process. These concerns include the transparency of the working group process and the role of co-chairs. POC argues that the majority of the meetings and discussions occur in private between the co-chairs. POC alleges that other parties are neither invited to participate in these discussions, provided timely descriptions of their contents, nor given the opportunity for input on the development of the agendas for Working Group meetings. POC adds that infrequently, the co-chairs will schedule meetings that are open to all parties in the proceeding. POC argues that because the co-chairs develop the proposals, which have been discussed among themselves for some time, other parties are not as well informed as the co-chairs. UCAN proposes a governance structure.



CalCCA, one of the co-chairs, oppose UCAN's governance proposal, arguing that UCAN's governance proposal would impose considerable formality upon a structure that has benefited largely from its informality. CalCCA also states that the Working Group One "is attended by experienced professionals representing longstanding players in Commission proceedings."<sup>26</sup> In CalCCA's view, absent a clearer need for greater governance rules, the Commission should defer action on UCAN's proposal. The Joint IOUs agree with CalCCA that the Working Group One process has benefited from its current structure.

As of today, there are 74 parties, excluding information-only parties, on the service list of this proceeding. It will be neither feasible nor efficient to develop proposals with concurrent participation of all parties. That is why the Commission designated co-chairs and provided opportunity for comments attached to the reports; and allowed for additional comments in response to co-chairs' requests. We find that working group framework is the proper structure to tackle technical issues such as the ones being considered in this proceeding. All participants should use this framework productively.

## **7. Motion for Evidentiary Hearings**

The Commission denies the motion of POC, filed on August 2, 2019, requesting evidentiary hearings on Working Group One's report on departing load forecasts, bill presentation, and line losses.

### **7.1. Background**

On August 2, 2019, POC filed a motion requesting evidentiary hearings on Working Group One's report on Issues 8 through 12. A response in opposition to

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<sup>26</sup> CalCCA Comments, July 19, 2019, at 11.

the POC motion was filed on August 19, 2019, by the Joint Utilities. No other party requested evidentiary hearings.

In its motion, POC argues that hearings are necessary to resolve disputed facts concerning four issues: Departing load forecasts, billing determinants, bill presentation, and line losses. The September 3, 2019 Administrative Law Judge (ALJ) Ruling addressed POC's request for evidentiary hearings for billing determinants only and denied POC's motion. The Commission resolved the billing determinants issue in D.19-10-001. We resolve POC's request for evidentiary hearings for the remaining issues in this decision.

## **7.2. Discussion**

Claiming that the IOUs did not share relevant modeling information, POC argues that the issue of departing load forecast is not ripe for a Commission decision. POC adds that if their request is granted, POC would submit evidence documenting best practices in departing load forecasting and how to apply those practices to the service territory of the California IOUs. Yet, POC fails to articulate what facts are contested. As prescribed by Rule 12.2, if a contesting party asserts that a hearing is required by law, the party must provide appropriate citation and specify the materially contested facts. The current process does not prevent POC from documenting best practices in departing load forecast. In fact, one goal of the working group process was to educate parties and provide a common basis of information. If POC had expertise, it could and should have shared with the interested parties. All interested parties had the opportunity to provide informal comments as well as to file comments on the July Report. Therefore, POC's request for evidentiary hearings on departing load forecast is denied.

Given the determinations we make today, POC's request for evidentiary hearings on presentation of PCIA on customer bills and line losses is also denied. With respect to the presentation of PCIA on customer bills, POC points to the disagreements on the timing of the implementation but does not provide any disputed fact. The Commission does not need to rely on evidentiary hearing record to determine a feasible and reasonable implementation date. With respect to the line losses issue, we resolve the issue only procedurally in this decision and direct the IOUs to file a petition to modify the relevant decision. Therefore, no evidentiary hearings are needed.

### **8. Comments on Proposed Decision**

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by CalCCA, IOUs, POC, and UCAN. Reply comments were filed by CalCCA, DACC, IOUs, POC, and UCAN. All comments and reply comments have been carefully considered. The proposed decision has been revised to clarify the meet-and-confer reporting requirements. Minor editorial changes have also been made.

### **9. Assignment of Proceeding**

Martha Guzman Aceves is the assigned Commissioner and Nilgun Atamturk is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. Working Group One efforts on exploring the departing load forecast methods have created a common knowledge base.
2. The July Report and party comments show limited party engagement in technical matters.

3. The July Report does not provide sufficiently detailed record to adopt a method applicable to all IOUs.

4. Given the level of detail in the July Report, it is not clear whether or how the recommendations provided in the July Report differ from or will improve the current forecasting practices.

5. Public Resources Code Section 25301(a) requires the California Energy Commission to “conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices.”

6. If technical concerns about load forecasting related to load migration arise, they should be raised and considered in the CPUC proceedings in which those forecasts are used.

7. All load-serving entities are required to comply with requirements for resource adequacy, including timelines for demonstrating compliance, as set forth in D.19-06-026. These resource adequacy requirements render the need for a Resolution E-4907 process for entities intending to serve new DA customers moot.

8. The record provided by the July Report does not contain sufficient details for the Commission to adopt and implement a BNI process.

9. PG&E and SCE already have processes in place to meet-and-confer to inform their departing load forecast, but SDG&E does not.

10. The Clean Power Exchange is a publicly available database that provides information on CCA formation.

11. Working Group One could not reach a consensus recommendation on tariff revision and bill presentation proposals.

12. The July Report indicates that per the IOUs' assessment it is infeasible to implement any recommended change with respect to tariff revision and bill presentation proposals prior to 2021.

13. In the Commission's June 10, 2019 approval of PG&E's Advice 5527-E and 5527 E-B implementing PG&E's 2019 Energy Resource Recovery Account Forecast revenue requirement in compliance with D.19-02-023, the Energy Division encouraged PG&E and CCAs to address a line loss issue in the PCIA template in Phase 2 of the PCIA OIR.

14. Parties need more time and opportunity to review the corrections proposed by the Joint IOUs.

15. The Joint IOU PCIA Common Template was originally approved in D.17-08-026. A petition to modify the decision approving the template is the proper vehicle to have these errors corrected.

16. POC fails to articulate what facts are contested in its motion requesting evidentiary hearings.

17. The Commission does not need to rely on evidentiary hearing record to determine a feasible and reasonable implementation date.

### **Conclusions of Law**

1. This Working Group should not invest more time and resources to address in detail methodologies and assumptions for forecasting departing load.

2. The current utility practices of load forecasting should continue to be subject to review in respective proceedings (*e.g.*, ERRA, RPS, RA).

3. Technical concerns regarding modeling approaches to departing load forecasting should be addressed in the CPUC proceedings in which the forecasts are used or at a more technical forum outside this proceeding, such as CEC's Demand Analysis Working Group.

4. IOUs should report in their respective ERRA Forecast Application and initial annual RA load forecasting filing the level of coordination and information sharing between the IOU and CCAs in their service territory.

5. The imposition of a BNI should be addressed in a broader context and requires a detailed scope of work.

6. SDG&E should establish a meet-and-confer process similar to PG&E's and SCE's to inform its departing load forecast.

7. The utilities should identify and use publicly and readily available datasets regarding CCA formation, if the database is sufficiently reliable.

8. The IOUs should collaborate to submit a joint proposal on presentation of PCIA rate on bills and tariffs in a Tier 3 Advice Letter by August 31, 2020 to be implemented by the last business day of December 2021.

9. The Joint IOU proposal to remove the line loss factor from the calculations underlying the Power Charge Indifference Adjustment should not be adopted. The IOUs may file a petition to modify the relevant decision.

10. POC's August 2, 2019 motion requesting evidentiary hearings on the issues of departing load forecast, presentation of PCIA rate on tariffs and bills, and the line loss factor should be denied.

## **O R D E R**

### **IT IS ORDERED** that:

1. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall report their meet-and-confer activities and information exchange with Community Choice Aggregators in their service territories in their respective Energy Resource Recovery Account Forecast Application via testimony and in their respective initial annual Resource Adequacy load forecasting filing via verification.

2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall collaborate to submit a joint proposal for bill and tariff changes to show a power charge indifference adjustment line item in their tariffs and bill summary tables on all customer bills. Each utility shall submit a Tier 3 Advice Letter by August 31, 2020, to implement the joint proposal by the last business day of 2021. Energy Division is authorized to hold workshops after the filing of advice letters. The proposals must make a showing that the proposed bill and tariff changes are complete and reasonable.

3. The Protect Our Communities August 2, 2019 motion for evidentiary hearings is denied.

4. Rulemaking 17-06-026 remains open.

This order is effective today.

Dated March 26, 2020, at San Francisco, California

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