Decision 20-10-002 October 8, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review Climate Credits for Current Compliance with Statute and for Potential Improvements.	Rulemaking 20-05-002

DECISION ADDRESSING THRESHOLD AND NEAR TERM ISSUES

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DECISION ADDRESSING THRESHOLD AND NEAR TERM ISSUES

Summary

This decision addresses two threshold issues and several near term issues with respect to the Commission's climate credits. First, it recognizes that while COVID-19 may have an impact on the distribution time and methods for the climate credits, the severity of the impact is unknown at this time. Therefore, as discussed herein, the Commission will continue to monitor the situation to determine if and when action in this proceeding is necessary. Second, the Commission will coordinate with California Air Resources Board (CARB) throughout the life of this proceeding to ensure that determinations on the climate credits made in this proceeding do not conflict with CARB policies and processes.

The near term issues we resolve here involve the Small Business Climate Credit, the California Industry Assistance Credit refinery formulas, and the distribution method for Bear Valley Electric Service, a Division of Golden State Water Company (Bear Valley). First, recognizing the challenge of implementing any changes to the Small Business Climate Credit, this decision maintains (on an interim basis) the current method for determining this credit, including an Industry Assistance Factor of 50 percent. This proceeding will continue to explore methods for a future decision and will review funding levels and the timing for the credit. With respect to the California Industry Assistance Credit for large emissions-intensive trade-exposed (EITE) entities, we extend the existing formulas until CARB begins the process of providing assistance or the Commission directs further changes. We underscore that large EITE entities will

continue to receive California Industry Assistance through the Commission process until providing assistance for emissions costs associated with electricity purchases is performed by CARB. With respect to Bear Valley, at this time, we maintain the current volumetric procedure used by Bear Valley to distribute proceeds. We also direct Bear Valley to file, in this proceeding, detailed administration and outreach expenses to substantiate the claim that these expenses are higher than anticipated in the Straw Proposal attached to the Order establishing this rulemaking.

This proceeding remains open to address the longer-term issues of the proceeding, including permanent methods for the Small Business climate credit and Bear Valley.

1. Background

On May 7, 2020, the Commission adopted the Order Instituting Rulemaking to Review Climate Credits for Current Compliance with Statute and for Potential Improvements (Order). The Commission initiated the rulemaking to review the three customer climate credits the State provides through the California Air Resources Board's (CARB) Cap-and-Trade Program: 1) Residential California Climate Credit; 2) Small Business Climate Credit, and 3) California Industry Assistance. The Order introduced a *Staff Straw Proposal on Electric Investor Owned Utility Cap-and-Trade Program Allowance Proceeds Use* (Straw Proposal) to consider six topic areas: 1) Small Business Climate Credit; 2) Bear Valley Electric Allowance Auction Proceeds; 3) Large Emissions-Intensive and Trade-Exposed (EITE) California Industry Assistance;[1] 4) Small and Medium EITE California Industry Assistance; 5) Residential California Climate Credit; and 6) Residential California Climate Credit Distribution to Submetered Customers.

In the Order, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison (SCE), PacifiCorp d.b.a. Pacific Power (PacifiCorp), Liberty Utilities (CalPeco Electric) LLC (Liberty CalPeco), and Bear Valley Electric Service, a Division of Golden State Water Company (Bear Valley) were named Respondents to the proceedings.

The assigned Administrative Law Judge presided over a telephonic prehearing conference on June 16, 2020. On July 3, 2020, the assigned Commissioner issued her Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo). Related to this decision, the Scoping Memo set forth threshold, short-term, and longer term issues to be addressed in this proceeding; established the preliminary schedule; and directed parties to file responses to the questions on the threshold issues contained in the Scoping Memo and the questions for the short-term topics contained in the Straw Proposal.

On July 24, 2020, the following parties filed responses, as directed: California Farm Bureau (Farm Bureau), California Large Energy Consumers Association/Direct Access Customer Coalition (CLECA/DACC), California

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[1] Large EITE entities are large emitters (greater than 25,000 metric tones of Carbon Dioxide per year) that are covered entities under the Cap-and-Trade Program and operate within one of the North American Industry Classification System codes in Table 8-1 of the Cap-and-Trade Regulation. *See* Sections 95800-96023 of Title 17 of the California Code of Regulations.

Association of Small Multi-jurisdictional Utilities (CASMU),[2] Green Power Institute, PG&E, Public Advocates Office of the Public Utilities Commission (Public Advocates Office), SDG&E, Small Business Utility Advocates (SBUA), SCE, and Utility Consumers' Action Network (UCAN). On August 3, 2020, the following parties filed reply responses, as directed: California Manufacturers & Technology Association (CMTA), PG&E, Public Advocates Office, SCE, SDG&E, and SBUA.

2. Issues Before the Commission

This decision solely addresses the threshold and short-term issues of this proceeding as listed below:

- COVID-19 Threshold Issue: Should the Commission consider, in this proceeding, any impacts of COVID-19 and the economic downturn on the climate credits?
- CARB Coordination Timing Threshold Issue: What should the timing be for coordinating, addressing, and implementing these issues?
- Small Business Climate Credit Near-Term Issue: How should the Commission convert the Small Business Climate Credit from a monthly volumetric return to comply with current regulations? Should the Commission consider distributing the credits similar to the distribution of the residential climate credits? What implementation steps should the Commission adopt? Should the Commission adopt an interim solution for the 2021 Industry Assistance Factor to enable continued use of the current crediting method for small business customers until a long-term solution is adopted?

[2] CASMU represents Bear Valley, Liberty CalPeco, and PacifiCorp.

- EITE Near-Term Issue: What changes, if any, should the Commission make to continue to distribute California Industry Assistance after 2020?
- Bear Valley Near-Term Issue: Since Bear Valley's allowance allocation from CARB will rise substantially beginning in 2021 and through 2030, should the Commission require Bear Valley to non-volumetrically return the proceeds of the consignment of these allowances at auction to Bear Valley customers, as required by CARB regulation, or should the Commission consider the size and costs for Bear Valley and allow Bear Valley to continue to return greenhouse gas allowance proceeds[3] volumetrically to its customers? What procedures and implementation steps should the Commission adopt?

We present party positions and the outcome for each of these issues separately below.

3. Determination of Threshold Issues

The following two sections describe two threshold issues for the proceedings: a) whether the Commission should consider the impact of the COVID-19 pandemic on the climate credits; and b) what should the timing be for coordinating with CARB in addressing and implementing the issues. Below, we present an overview of each of the two threshold issues and related party positions, and a discussion of the determinations.

[3] In the Scoping Memo, the term, "revenues" was used. We replace that term with the term, "proceeds," to align with CARB's preferred terminology.

3.1. The Commission Should Consider COVID-19 Impacts In its Review of the Climate Credits

As described below, while we agree with parties that the Commission should consider COVID-19 impacts in our review of the climate credits, we find that it is premature for the Commission to accurately estimate the impact of COVID-19 on any adjustments or improvements to the methods used to deliver these credits to the ratepayers. Instead, we will monitor the situation to determine if and when action in this proceeding is necessary.

On March 4, 2020, California Governor Gavin Newsom declared a state of emergency to address the global COVID-19 outbreak. On March 19, 2020, the Governor ordered all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors. In response to the Order establishing this Rulemaking, parties requested the Commission consider COVID-19 impacts in the review of the climate credits. The Scoping Memo included as the first threshold question, "[s]hould the Commission consider, in this proceeding, any impacts of COVID-19 and the economic downturn on the climate credits," and directed parties respond to this question in a formal filing.

Generally, parties agree that the Commission should consider COVID-19 economic impacts during its review of the climate credits. Public Advocates Office recommends the Commission require the utilities provide analysis showing potential economic impacts on residential customers and suggests the analysis include amounts available for all three credits and for Clean Energy and

Energy Efficiency funds.[4] However, CLECA/DACC underscores that the economic impacts are not limited to the residential customer class.[5] UCAN also agrees that the Commission should consider COVID-19 impacts and contends that the timing of issuing credits must be set against the backdrop of the crisis.[6] Also addressing the timing of residential credits, PG&E and SDG&E argue the timing should remain unchanged through 2020.[7] However, both SCE and the Farm Bureau urge caution with any changes, noting the unpredictability of auction markets.[8] Relatedly, CASMU anticipates that utilities will have less allowance proceeds available to distribute as a climate credit despite ratepayers continuing to experience greenhouse gas costs embedded in rates.[9] While agreeing that the Commission should consider COVID-19 impacts, Green Power Institute asserts the climate credits are not the right mechanisms to help customers who are having trouble paying their utility bills.[10]

We agree that disruptions from COVID-19 may require changes to the three climate credits to continue to meet the program goals described in Decision (D.) 12-12-033. However, we also agree that it is premature to estimate the full

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[4] Public Advocates Office Opening Comments, July 24, 2020 at 8.

[5] CLECA/DACC Opening Comments, July 24, 2020 at 3.

[6] UCAN Opening Comments, July 24, 2020 at 3-4.

[7] PG&E Opening Comments, July 24, 2020 at 1 and SDG&E Opening Comments, July 24, 2020 at 1-2.

[8] SCE Opening Comments, July 24, 2020 at 3 and Farm Bureau Opening Comments, July 24, 2020 at 1-2.

[9] CASMU Opening Comments, July 24, 2020 at 1-2.

[10] Green Power Institute Opening Comments, July 24, 2020 at 1-2.

impact of COVID-19 on any aspect of the credits. Because the overall credit value is driven by a combination of factors the Commission cannot accurately predict at this time (*e.g.*, production and energy usage date, consumer demand and CARB auction clearing prices) we agree with the Farm Bureau and SCE that the Commission should have an understanding of the complete impacts of COVID-19 on the program prior to taking any action. Relatedly, Public Advocates Office recommends analyzing the economic impacts due to COVID-19 on customers' rates. Once we have sufficient data to analyze the impact of COVID-19 on the climate credits, we can determine if further steps are necessary and direct the utilities accordingly.

3.2. The Commission Will Coordinate with CARB

As described below, the Commission will coordinate with CARB throughout the life of this proceeding to ensure that determinations we make do not conflict with policies or requirements for use of greenhouse gas allowance auction proceeds adopted by CARB.

In response to the Order establishing this proceeding, PG&E recommended that the issues in this proceeding include coordination with changes to the Climate Credits promulgated by CARB, including changes in allocation and magnitude of allowances.[11] Also commenting on the Order, SDG&E suggested that the hand-and-glove relationship between the Commission and CARB warrants CARB's involvement in this proceeding.[12]

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[11] PG&E Comments on the Order, June 4, 2020 at 1.

[12] SDG&E Comments on the Order, June 4, 2020 at 5.

Further, SCE noted that the Commission's approach should be informed by CARB's regulatory approach.[13] As a result of these comments, the Scoping Memo included, as a threshold issue, the question of what the timing should be for coordinating issues with CARB.

Only the utilities and CLECA/DACC responded to this threshold issue. All agree that the Commission should coordinate with CARB throughout the life of this proceeding but provided no additional detail. As stated in the Order establishing this rulemaking, the Commission will coordinate its efforts with CARB to ensure that agency policies on the use of greenhouse gas allowance auction proceeds do not conflict. We reaffirm that message here.

Relatedly, CLECA/DACC expressed concern regarding the process of crediting large EITE entities. We intend to ensure continuous assistance, without gaps or duplication, for large EITE entities exposed to indirect greenhouse gas costs through electric purchases. We discuss this in detail in Section 4.2 below.

4. Near Term Issues

The following three subsections address three issues that must be addressed now: a) small business climate credit; b) California Industry Assistance refinery formulas; and c) Bear Valley customer credits. Below, we provide an overview of the three issues and the related party position, and a discussion of the determinations.

[13] SCE Comments on the Order, June 4, 2020 at 3.

4.1. Small Business Climate Credit

We maintain the existing method for calculating the small business climate credit as described in D.13-12-002, including the 2020 industry assistance factor of 50 percent. As described below, we adopt this as an interim solution to provide certainty to utilities and small businesses and give the Commission and parties additional time to analyze and discuss alternate options for determining how to align the credit with CARB regulations.

Currently the Small Business Climate Credit is calculated by multiplying an assistance factor by the Cap-and-Trade related cost in the applicable tariff rate. As noted in the Straw Proposal, the Commission envisioned the Small Business Climate Credit as temporary assistance to help transition small businesses onto fully carbon priced electric rates.[14] Hence, the assistance factor, based on EITE assistance factors in CARB's Cap-and-Trade Regulation, declines at a 10 percent decrease each year from 2015 through 2020, the last year an assistance factor was specified.[15] The Commission did not identify an assistance factor after 2020.[16]

The Straw Proposal explains that D.13-12-002 directs the electric utilities to distribute small business climate credits volumetrically but that regulatory amendments adopted by CARB in July 2017 and effective October 1, 2017 prohibit volumetric returns of greenhouse gas allowance auction proceeds.

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[14] Straw Proposal at 20.

[15] D.13-12-002 at Appendix 2, Table II.

[16] Straw Proposal at 21 and Table 6 citing D.13-12-022 at Appendix 2, Table II.

Furthermore, the Straw Proposal contends the existing methodology would eventually conflict with Public Utilities Code Section 748.5, which requires greenhouse gas allowance auction proceeds to be returned to various ratepayers groups.[17] Under the current formula the assistance factor declines by ten percent a year, such that in 2025 the assistance factor would be zero and small business ratepayers would receive no returns.[18]

Most parties commented on this matter but provided varying recommendations on the distribution method for small business climate credits. PG&E, SDG&E and UCAN support a flat small business credit across the board. PG&E and SDG&E recommend maintaining current funding levels and oppose making the credit proportional to residential climate credits, arguing that residential credits are not cost-based. Public Advocates Office and SBUA take the opposite view, supporting a small business climate credit equal to the residential credit. Highlighting the current work on its customer billing system, SCE recommends maintaining the monthly volumetric return for one additional year and then changing to a semi-annual or annual distribution of climate credits.[19] SCE also notes that the Commission should not implement a meaningless flat credit of $20 a year but instead offer, for example, energy efficient lighting programs. Similarly, SDG&E maintains that upgrades to their billing system will delay their ability to implement changes in the crediting

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[17] Straw Proposal at 20.

[18] *Ibid*.

[19] SCE Opening Comments, July 24, 2020 at 4.

method.[20] While supporting a small business climate credit equal to the residential credit, Public Advocates Office also supports continuation of the current method for the year 2021 and addressing the issue more in depth during the upcoming workshops.

We maintain the current method for calculating the small business climate credit, on an interim basis, including the current Industry Assistance Factor of 50 percent. This will allow the Commission to continue to discuss and analyze other methods, including the flat rate credit, while also allowing SCE and SDG&E time to complete changes to their respective billing systems. We find that maintaining the current 50 percent Industry Assistance Factor is prudent, as utilities would not have sufficient time to implement changes prior to January 1, 2021. Parties will be given opportunities to comment on alternate approaches both through a workshop and subsequent comments on the workshop.

In response to these changes, utilities should examine any related filings (*e.g.,* open 2021 Forecast Energy Resource Recovery Account or Energy Cost Adjustment Clause applications) and submit updated estimates of the 2021 Small Business Climate Credit in the relevant proceeding, if necessary.

4.2. EITE Near Term Issue

There are near term issues related to the large EITE entities and the California Industry Assistance Credit. Here again, we maintain the current formulas for crediting EITE entities, including refineries. As previously noted,

[20] SDG&E Opening Comments, July 24, 2020 at 6.

the current formulas will be used until such time that CARB begins the process of providing assistance to large EITE entities for indirect emissions associated with electricity purchases. We discuss this further below.

The Straw Proposal explains that both CARB and the Commission provide assistance to large EITE entities required to participate in the Cap-and-Trade Program. Currently, CARB allocates allowances directly to these facilities to minimize leakage risk and the Commission directs utilities to provide California Industry Assistance for qualifying large EITE facility electricity purchases. The Straw Proposal recommends adopting a pathway in advance of action by CARB for consolidating the assistance for large EITE facilities into one allocation administered by CARB. The Straw Proposal notes that, to accomplish this, CARB must adopt amendments to its Cap-and-Trade Regulation through a formal public process to modify allowance allocation to EITE entities. At this time, the formal process has not begun but CARB has publicly signaled its intention to pursue this option.[21]

While the Straw Proposal recommends developing a process in advance of any CARB rulemaking to ensure a smooth transition and continuous assistance to large EITEs for indirect emissions associated with their electricity purchases, we do not opine on that process at this time. The need to ensure continuous but also non-duplicative coverage, as raised by PG&E in their comments on the

[21] *See* August 2017 Amendments To The California Cap On Greenhouse Gas Emissions And Market-based Compliance Mechanisms - Final Statement of Reasons at 73-75 which can be found at: www.arb.ca.gov/regact/2016/capandtrade16/ctfinsor.pdf.

proposed decision, will be addressed in a future decision.[22] Rather, there are two near term issues that the Commission must address in this decision. First, PG&E, SCE, and SDG&E highlight that pursuant to CARB regulations, allowance allocations to utilities will no longer include allowances for indirect emissions associated with the electricity purchases of large EITE customers beginning January 1, 2021.[23] The three utilities point to CARB's 2016 Cap-and-Trade Regulation (effective October 1, 2017) whereby CARB specifically reduced the number of allocated allowances to each utility by the utilities' EITE load.[24] Because of this, the utilities ask the Commission to exempt them from providing California Industry Assistance to large EITE entities post-2020, subject to CARB providing consideration of alternative proposals for support for large EITE entities through its regulations.[25] In response, CLECA/DACC asks the Commission to continue to distribute California Industry Assistance up to and until the contemplated transfer process for large EITE entities to direct provision of allowances by CARB is complete.[26]

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[22] PG&E Comments to the Proposed Decision, September 21, 2020 at 1-2.

[23] PG&E Opening Comments, July 24, 2020 at 3; SDG&E Opening Comments, July 24, 2020 at 4-5; and SCE Opening Comments, July 24, 2020 at 6-7.

[24] *Id*. citing CARB 2016 Cap-and-Trade Regulation (effective October 1, 2017), available at: https://ww3.arb.ca.gov/regact/2016/capandtrade16/capandtrade16.htm.

[25] PG&E Opening Comments, July 24, 2020 at 3; SDG&E Opening Comments, July 24, 2020 at 4-5; and SCE Opening Comments, July 24, 2020 at 6-7.

[26] CLECA/DACC Opening Comments, July 24, 2020 at 6.

Relatedly, the Straw Proposal also underscores that the crediting formula for large EITE facilities qualifying as refineries will expire at the end of 2020. Hence, this decision addresses the formula to be used by refineries after December 31, 2020. The Straw Proposal recommends continuation of the existing petroleum refinery allocation formulas after 2020, if the proposed handoff in providing assistance to large EITE facilities does not occur in time for CARB to credit these facilities for the 2021 crediting year.[27] Only SCE spoke directly to this issue, recommending continuation of the current formula.[28] In responding to the Order, however, PG&E recommended CARB should be responsible for crediting refineries.[29]

With respect to the process of crediting large EITE entities, we intend to ensure that there is no gap in or duplication of coverage for EITE entities exposed to indirect greenhouse gas costs through electric purchases. A utility's allocated allowances are not dedicated to a specific credit but rather they create a common pool of value for each utility from which the Commission directs utilities to credit certain groups. Although CARB has decreased the total number of allocated allowances in each utility's common pool, EITE entities will continue to receive credits. After allowing for administrative and outreach expenses and funding legislatively-mandated and Commission-approved clean energy and energy efficiency programs, the Commission requires the payment of EITE

[27] Straw Proposal at 30.

[28] SCE Opening Comments, July 24, 2020 at 6.

[29] PG&E Comments on Order, June 4, 2020 at 5.

credits to be addressed first from the remaining common pool, followed by small business customers, then residential customers.[30] The utilities shall continue to follow the instructions of D.12-12-033, and subsequent EITE-related decisions, and continue to credit EITEs under the approved method until such time CARB begins the process of providing assistance to large EITE entities.

With respect to refineries, consistent with previous determinations in this decision, we find it prudent to continue use of the formula for crediting refineries. The record indicates no concerns with the formula itself, except for the expiration date. Resolution E-4716, which set the refinery assistance formulas, indicated that formulas applied to only Compliance Periods 2 and 3 of the Cap-and-Trade Program (2015-2020).[31] The Commission will continue to use the formulas described in Resolution E-4716 for refineries until such time as CARB begins the process of providing industry assistance to these facilities. As the Straw Proposal anticipated that a process for moving the responsibility of crediting refineries to CARB may not occur by the end of 2020, the recommendation to continue use of the current formula will serve as an interim measure.

4.3. Bear Valley

This decision maintains the allocated allowance current proceed distribution method for Bear Valley customers, as approved in D.12-12-033. As described below, we find that further data collection and analysis is required to

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[30] D.12-12-033 at Section 5.4.

[31] Resolution-4716 at 41, Ordering Paragraph 10. (*See* Straw Proposal at 50.)

determine whether the distribution method for Bear Valley customers should be modified.

The Straw Proposal highlights that recent CARB regulatory amendments prohibit volumetric returns of allowance auction proceeds, which conflicts with the current method used to determine Bear Valley's allowance allocation distribution. The Straw Proposal recommends that beginning in 2021, Bear Valley return allowance auction proceeds to residential, small business, and (if any are identified) EITE customers in the same manner as other utilities.

The Straw Proposal explains that the Commission exempted Bear Valley from the allowance allocation distribution methods required of other utilities. In D.12-12-033, the Commission found that, under the Cap-and-Trade Program, Bear Valley would receive a small number of allowances, making the administrative cost of distributing the allowance proceeds greater than the value of the allowances. The Commission directed Bear Valley to return revenues volumetrically to its customers in proportion to greenhouse gas costs incurred, as the volumetric approach would be cost-effective and administratively simple to implement.[32]

Noting that administrative and outreach expenses may represent a larger proportion of allowance expenses for smaller utilities and indicating that Liberty and PacifiCorp have average administrative expenses of $167K and $61K, respectively, the Straw Proposal estimated a Bear Valley semi-annual California

[32] Straw Proposal at 26 citing D.12-12-033 at Finding of Fact 134.

Climate Credit of $17.[33] In responses to the Scoping Memo, Bear Valley disagrees with the characterization in the Straw Proposal regarding the significance of administrative costs.[34] However, Bear Valley did not offer any estimates regarding its potential future administrative costs.

Both Public Advocates Office and the SBUA agree with the Staff Proposal that Bear Valley should fully participate in the three credits and no longer return the allowance proceeds volumetrically to customers. Further, Public Advocates Office asserts Bear Valley should make annual filings demonstrating greenhouse gas cap-and-trade compliance, including a forecast consistent with the requirement of other utilities. However, Public Advocates Office recommends the Commission allow Bear Valley to file the reports as a standalone application.

This decision determines that, at this time, it is reasonable to maintain the current distribution method for Bear Valley customers. The record is incomplete with respect to a determination regarding the Straw Proposal's findings on administrative and outreach expenses. Further, the record is also incomplete regarding the claim that Bear Valley anticipates that its allocations may decrease in the future if/when CARB adjusts allocations to Electric Distribution Utilities to account for the acceleration of the Renewable Portfolio Standard, which Bear Valley contends is a key input into the calculation of allocations.[35]

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[33] *Id*. at 27.

[34] Bear Valley Opening Comments, July 24, 2020 at 6.

[35] *Ibid*.

We will continue to collect data and analyze these two issues for a determination in the decision on the long-term issues of this proceeding. We direct Bear Valley to file, in this proceeding, detailed administration and outreach expense estimates to substantiate the claim that these expenses are higher than anticipated in the Straw Proposal attached to the Order establishing this rulemaking. Estimates should be based on the assumption that Bear Valley has zero EITE entities and the small business credit is a flat credit distributed in the same months as the residential credits. Bear Valley shall also include information regarding its claim that its allocations may decrease in the future if/when CARB adjusts allocations to Electric Distribution Utilities to account for the acceleration of the Renewable Portfolio Standard. This information shall be filed no later than 30 days after the issuance of this decision.

5. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Hymes 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 on September 21, 2020 by Farm Bureau, CLECA/DACC, CMTA, Green Power Institute, PG&E and SCE. No reply comments were filed.

The comments generally support adoption of the proposed decision.[36] Green Power Institute asserts that the proposed decision should be revised to

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[36] Farm Bureau Comments to Proposed Decision, September 21, 2020 at 1-3; CLECA/DACC Comments to Proposed Decision, September 21, 2020 at 2-3; CMTA Comments to Proposed

address the pandemic and its economic fallout on a preliminary basis at this time but offers no specific action.[37] No specific recommendation for addressing the impact of COVID-19 is contained in the record of this proceeding, except to monitor the situation and determine if and when further action is necessary.

Clarifications and typographical corrections were made throughout the decision in response to the comments.

6. Assignment of Proceeding

Liane M Randolph is the assigned Commissioner and Kelly A. Hymes is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Disruptions from COVID-19 may require changes to the three climate credits to continue to meet the program goals described in D.12-12-033.
2. It is premature to estimate the full impact of COVID-19 on any aspect of the credits.
3. Once we have sufficient data to analyze the impact of COVID-19 on the climate credits, the Commission can determine if further steps are necessary and direct the utilities accordingly.
4. Parties agree that the Commission should coordinate with CARB throughout the life of this proceeding but provided no additional detail.

Decision, September 21, 2020 at 1-2; PG&E Comments to Proposed Decision, September 21, 2020 at 1-2; and SCE Comments to Proposed Decision, September 21, 2020 at 1.

[37] Green Power Institute Comments to Proposed Decision, September 21, 2020 at 1-2.

5. The Commission previously stated in the Order establishing this rulemaking, that we will coordinate efforts with CARB to ensure that agency policies do not conflict.

6. Maintaining the current method for calculating the Small Business Climate Credit, including the current Industry Assistance Factor of 50 percent, will allow the Commission to continue to discuss and analyze other methods, including the flat rate credit, and allow SCE and SDG&E time to complete changes to their billing systems.

7. Maintaining the current 50 percent Industry Assistance Factor for the Small Business Climate Credits is prudent, as utilities would not have sufficient time to implement system changes prior to January 1, 2021.

8. The allowances allocated to utilities from CARB are not dedicated to a specific credit but rather create a common pool of value for each utility from which the Commission directs utilities to credit certain groups.

9. As adopted in D.12-12-033 and subsequent decisions, after allowing for administrative and outreach expenses and clean energy and energy efficiency program funds, the Commission requires the payment of California Industry Assistance to EITE entities to be addressed first from each utilities' common pool, followed by small business customers, then residential customers.

10. Consistent with previous determinations in this decision, it is prudent to continue use of the existing formula for crediting refineries, as an interim measure.

11. The record indicates no concerns with the formula for crediting refineries, except for the expiration date.

12. The Straw Proposal anticipated that a process for moving the responsibility of providing assistance to refineries to CARB may not occur by the end of 2020.

13. The record is incomplete with respect to a determination regarding the Straw Proposal's findings on administrative and outreach expenses for Bear Valley.

14. The record is also incomplete regarding the claim that Bear Valley anticipates that its allocations may decrease in the future if/when CARB adjusts allocations to Electric Distribution Utilities to account for the acceleration of the Renewables Portfolio Standard, which Bear Valley contends is a key input into the calculation of allocations.

15. Changes to the existing crediting methods may require the recalculation and submission of parts of open applications in other proceedings.

Conclusions of Law

1. The Commission should delay any action with respect to COVID-19 in this proceeding until we have sufficient data to analyze the impact of COVID-19 on the climate credits.

2. The Commission should coordinate with California Air Resource Board (CARB) throughout the life of this proceeding to ensure determinations made in this proceeding do not conflict with CARB policies and regulations.

3. The Commission should require utilities to maintain the current method for calculating the Small Business Climate Credit, including the current Industry Assistance Factor of 50 percent.

4. The Commission should require utilities to continue to follow the instructions of D.12-12-033 and D.14-12-037 (as modified by D.15-08-006 and D.16-07-007) until such time as CARB takes on the role of providing assistance to large EITE entities.

5. The Straw Proposal recommendation to continue use of the current formulas for crediting refineries should serve as an interim measure.

6. The Commission should require utilities to continue use of the current formulas for crediting refineries, as an interim measure.

7. The Commission should require Bear Valley to maintain the current proceeds distribution method for its customers.

8. The Commission should require Bear Valley to file additional data on its administrative and outreach expenses for the climate credit processes and to substantiate its claim that CARB adjusts allocations to account for the acceleration of the Renewables Portfolio Standard.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, PacifiCorp d.b.a. Pacific Power, Liberty Utilities (CalPeco Electric) LLC, and Bear Valley Electric Service, a Division of Golden State Water Company are directed to continue to distribute greenhouse gas allowance proceeds, inclusive of interest, resulting from the consignment of the assigned allowances allocated to the utilities by the California Air Resources Board to auction, in the same manner as previously directed in

Decision (D.) 12-12-033, D.13-12-002, and D.14-12-037 (as modified by D.15-08-006 and D.16-07-007).

2. The Industry Assistance Factor for the Small Business Climate Credit adopted in Decision 13-12-002 remains at 50 percent for the year 2021.

3. The formulas for crediting refineries, as adopted in Resolution E-4716, shall be continued.

4. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, PacifiCorp d.b.a. Pacific Power, and Liberty Utilities (CalPeco Electric) LLC, are directed to update and resubmit any portion of any related open applications that may be impacted by changes to any crediting method described in this decision.

5. No later than 30 days after the issuance of this decision, Bear Valley shall file data regarding: 1) administrative and outreach expenses for processing the climate credits and 2) the claim that allocations to Electric Distribution Utilities to account for the acceleration of the Renewables Portfolio Standard are adjusted by the California Air Resources Board.

6. Rulemaking 20-05-002 remains open to consider and address the long-term issues in the proceeding.

This order is effective today.

Dated October 8, 2020, at San Francisco, California.

MARYBEL BATJER
President
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners