

Decision 20-12-036 December 17, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Approval of (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2018, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2018 and (iii) Costs Recorded in Related Regulatory Accounts in 2018.

Application 19-05-007

DECISION APPROVING APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY'S CONTRACT ADMINISTRATION, COSTS RELATED TO THE ACTIVITIES RECORDED TO THE ENERGY RESOURCE RECOVERY ACCOUNT AND LOCAL GENERATION BALANCING ACCOUNT AND COSTS RECORDED IN RELATED REGULATORY ACCOUNTS IN 2018

TABLE OF CONTENTS

Title	Page
DECISION APPROVING APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY'S CONTRACT ADMINISTRATION, COSTS RELATED TO THE ACTIVITIES RECORDED TO THE ENERGY RESOURCE RECOVERY ACCOUNT AND LOCAL GENERATION BALANCING ACCOUNT AND COSTS RECORDED IN RELATED REGULATORY ACCOUNTS IN 2018	
Summary	2
1. Background	2
1.1. The Application	4
1.2. The Protest	5
1.3. Prehearing Conference and Scoping Memo	5
1.4. Evidentiary Hearings Taken Off Calendar	7
2. Overview of Proceeding	7
2.1 Management of Utility-Owned Generation Facilities and Reportable Outages	7
2.1.1 Determination	8
2.2 Contract Administration	9
2.2.1 Determination	9
2.3 Least Cost Dispatch and Demand Response	9
2.3.1 Forecasting Accuracy	10
2.3.2 Management of Thermal Resources	11
2.3.3 Determination	11
2.4 Review of the Energy Resource Recovery Account and Other Balancing Memorandum Accounts	11
2.4.1 TCBA	12
2.4.2 LGBA	13
2.4.3 NERBA	13
2.4.4 IEMA	14
2.4.5 LCMA	14
2.4.6 GTME&OMA	14
2.4.7 GTSRACMA	15
2.4.8 ECRME&OMA	15
2.4.9 GTSRBA	16
2.4.10 Determination	16
2.5 Management of Demand Response Programs	16
2.5.1 Determination	17

2.6	Management of Greenhouse Gas/Renewable Resource Compliance ...	17
2.6.1	Determination	18
2.7	Conclusion.....	19
3.	Categorization of Proceeding	19
4.	Compliance with the Authority Granted Herein	19
5.	Motions to Admit Testimony	20
6.	Motions to Seal	21
7.	Waiver of Comment Period	21
8.	Assignment of Proceeding	22
	Findings of Fact.....	22
	Conclusions of Law	23
	ORDER	24

DECISION APPROVING APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY'S CONTRACT ADMINISTRATION, COSTS RELATED TO THE ACTIVITIES RECORDED TO THE ENERGY RESOURCE RECOVERY ACCOUNT AND LOCAL GENERATION BALANCING ACCOUNT AND COSTS RECORDED IN RELATED REGULATORY ACCOUNTS IN 2018

Summary

This Decision approves the application of San Diego Gas & Electric Company for review and approval of contract administration, least-cost dispatch and power procurement activities in 2018. We find that entries in the Energy Resource Recovery Account are reasonable, including those made in the Transition Cost Balancing Account; the Local Generation Balancing Account; the New Environmental Regulatory Balancing Account; the Independent Evaluator Memorandum Account; the Litigation Cost Memorandum Account; the Green Tariff Marketing Education & Outreach Memorandum Account; the Green Tariff Shared Renewables Administrative Cost Memorandum Account; the Enhanced Community Renewable ME&O Memorandum Account; and the Green Tariff Shares Renewable Balancing Account.

Application 19-05-007 is closed.

1. Background

The Commission established the Energy Resource Recovery Account (ERRA) balancing account mechanism in Decision (D.) 02-10-062 to track fuel and purchased power billed revenues against actual recorded costs of these items. In the same decision, the Commission required regulated electric utilities in California to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism, and a schedule for annual ERRA proceedings. The proceedings consist of a forecast application in which the utility establishes fuel and purchased power forecasts for the upcoming calendar year, and then a

second, compliance application, in which the Commission reviews whether a utility has complied with all applicable rules, regulations, decisions, and laws in implementing the most recently approved applicable Long-Term Procurement Plan, by prudently administering contracts, ensuring least-cost dispatch, and managing procurement activities.¹

The scope of compliance review includes utility retained electric generation (URG) fuel expenses, contract administration, California Independent System Operator (CAISO)-related costs, existing qualified facilities (QF) contracts, other power purchase agreements (including renewable resource contracts), and economic dispatch of electric generation resources (including Miramar, Palomar, Desert Star Energy Center (Desert Star), Cuyamaca, Escondido and El Cajon Battery Energy Storage System (BESS) and Ramona Solar Energy Project. The Commission's annual compliance review focuses on prudent contract administration, least-cost dispatch and URG fuel procurement activities.

¹ Public Utilities Code Section 454.

1.1. The Application

On May 31, 2019, San Diego Gas & Electric Company (SDG&E) filed this Application (A.) 19-05-007² requesting review and Commission approval of its contract administration, least-cost dispatch and power procurement activities from January 1, 2018 through December 31, 2018 (Record Period), and costs related to activities recorded in its ERRA balancing account, transition cost balancing account and related regulatory accounts during the Record Period.

SDG&E contends that its ERRA revenue requirement includes recovery of energy and ancillary services load charges, contract costs, generation fuel costs, CAISO-related costs, hedging costs and previously approved equity rebalancing costs related to the financial statement consolidation of the Otay Mesa Energy Center (OMEC). The ERRA also includes: a) in lieu payments to communities where SDG&E is transporting its own gas through its own gas transmission or distribution system, or both; and b) revenues from SDG&E's electric energy commodity cost rate schedules, non-fuel generation revenues, and other Commission-approved accounts.

SDG&E is not seeking a cost recovery or rate change at this time for costs recorded in regulatory accounts in 2018. It requests to return overcollection with respect to its Local Generation Balancing Account (LGBA) and to defer cost recovery of the Green Tariff Shared Renewable Balancing Account (GTSRBA) to its next-filed ERRA Forecast proceeding, *i.e.*, for the year 2021.³ SDG&E contends

² In support of its Application, SDG&E served prepared direct testimony of five witnesses: Mr. Joseph Pasquito, Ms. Khoang T. Ngo, Mr. Daniel L. Sullivan, Ms. Ana Garza-Beutz, and Mr. Carl S. LaPeter.

³ Application at 2.

that doing so will avoid a rate adjustment and promote rate stability for electricity customers.

SDG&E argues that its costs and expenses recorded to the ERRRA during 2018 are appropriate, correctly stated and recoverable in accordance with applicable Commission policy and decisions.

1.2. The Protest

The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) timely filed a protest to SDG&E's application.⁴ In its protest, Cal Advocates notes that it will review SDG&E's various accounts and issues to ensure that these are appropriate and in compliance with Commission decisions which require utilities to prudently administer contracts and generation resources and to dispatch energy in a least-cost manner.⁵ On October 31, 2019, Cal Advocates served prepared testimony in support of its analyses and recommendations concerning the Application.⁶

1.3. Prehearing Conference and Scoping Memo

The assigned Administrative Law Judge (ALJ) presided over a prehearing conference with parties on August 20, 2019. On September 13, 2019, the assigned Commissioner issued the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo), which set an evidentiary hearing schedule for the proceeding and described the scope of the proceeding to be as follows:

- 1) Whether SDG&E administered and managed its generation facilities prudently, to include management of outages and associated fuel costs;

⁴ See Protest of the Cal Advocates Office dated July 5, 2019 (Protest).

⁵ Protest at 3, citing D.02-10-062 at 52 and Conclusion of Law 11 at 74.

⁶ Cal Advocates served testimony prepared by Mr. Patrick Cunningham, Mr. Michael Yeo, Ms. Ayat Osman and Mr. Brian Lui.

- 2) Whether SDG&E administered and managed its QF and non-qualifying facility (non-QF) contracts in accordance with the contract provisions Commission guidelines relating to those contracts;
- 3) Whether SDG&E used the most cost-effective mix of energy resources under its control and achieved least-cost dispatch of its energy resources according to Commission guidelines;
- 4) Whether the entries in the ERRA are reasonable, including entries made in the Transition Cost Balancing Account (FCBA), Local Generation Balancing Account (LGBA), New Environmental Regulatory Balancing Account (NERBA), Independent Evaluator Memorandum Account (IEMA), Litigation Cost Memorandum Account (LCMA), Green Tariff Marketing Education and Outreach Memorandum Account (GTME&OMA), Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA), Enhanced Community Renewable Marketing Education and Outreach Memorandum Account (ECRME&OMA), and Green Tariff Shared Renewable Balancing Account (GTSRBA);
- 5) Whether SDG&E administered its demand response programs to minimize costs to its ratepayers;
- 6) Whether SDG&E's Greenhouse Gas Compliance Instrument procurement complied with its Conformed Bundled Procurement Plan, and was consistent with Commission and state policies and laws;
- 7) Whether the entries in SDG&E's Greenhouse Gas ERRA account are accurate, and whether SDG&E met its burden of proof regarding its claim for these entries;
- 8) Whether the Commission should permit SDG&E to pursue cost recovery of the under-collection amount in SDG&E's LGBA in its 2021 ERRA Forecast proceeding;
- 9) Whether the Commission should authorize SDG&E to pursue adjustment of the under-collection in SDG&E's

GTSRBA in SDG&E's next ERRRA Forecast Proceeding for year 2021;

- 10) Whether the Commission should adopt a new process pertaining to SDG&E for Master Data Request (MDR) discovery requests to be effective for record year 2019; and
- 11) Whether this Application presents any safety issues which the Commission must consider?

1.4. Evidentiary Hearings Taken Off Calendar

In December 2019, the parties informed the ALJ that they had resolved issues of material fact and agreed that evidentiary hearings were no longer desired. On January 31, 2020, SDG&E filed a motion to admit its testimony and a motion to seal a portion of the evidentiary record. Cal Advocates filed a similar motion on February 3, 2020.⁷

The proceeding was reassigned to another ALJ, and on March 24, 2020, the new ALJ held a final status conference with SDG&E and Cal Advocates to confirm their intention to proceed without hearing. The ALJ ordered them to submit a joint brief setting forth their positions on the testimony and evidence.⁸

2. Overview of Proceeding

2.1 Management of Utility-Owned Generation Facilities and Reportable Outages

SDG&E relies on prepared direct testimony of Mr. Carl S. LaPeter to explain its compliance with applicable Commission standards governing the operation of Utility Owned Generation (UOG) resources and the management of planned and unplanned outages during the Record Period.

⁷ SDG&E and Cal Advocates also filed Motions to Seal a Portion of the Evidentiary Record with their motions to admit testimony and evidence.

⁸ See Joint Brief of the Cal Advocates Office and San Diego Gas & Electric Company, dated April 17, 2020 (Joint Brief).

Cal Advocates witness Mr. Michael Yeo conducted a review of Mr. LaPeter's testimony and responses to data requests. He recommended that the Commission order SDG&E to substantiate its claim that "wear and tear" led to the 2nd stage nozzle failure of Miramar Energy Facility Unit 2 (MEF2). Cal Advocates also requested that SDG&E research the cost-effectiveness and reliability of using nozzles made by other manufacturers.⁹

In rebuttal testimony, Mr. LaPeter responded that SDG&E's physical inspections of the nozzles indicated no impact damage or mechanical failures, and that the metal and coating cracks found were characteristic of 2nd stage nozzle wear and tear failure. Additionally, excessive turbine starts and the type of emission control system used at MEF2, are known contributors to accelerated wear and tear damage for this type of turbine.¹⁰ With respect to utilizing nozzles made by other manufacturers, SDG&E indicated that, in the past, it had looked for alternate manufacturers of high pressure turbine (HPT) 2nd stage nozzles, but could not identify an alternate that offered a clear advantage over the product already in use.¹¹

In their Joint Brief, SDG&E and Cal Advocates agree that the UOG issues were satisfactorily resolved.¹²

2.1.1 Determination

We find that SDG&E operated and maintained its utility-owned generation facilities in a reasonable and prudent manner consistent with good utility practice and the Commission's reasonable manager standards.

⁹ See Testimony of Cal Advocates at 3-1.

¹⁰ Joint Brief at 7, citing Rebuttal Testimony of LaPeter at CSL-2.

¹¹ *Id.*, citing Rebuttal Testimony of LaPeter at CSL-3.

¹² Joint Brief at 8.

2.2 Contract Administration

SDG&E relies on prepared direct testimony of Mr. Daniel Sullivan (who analyzes ERRA data by Ms. Khoang G. Ngo) to describe the categories of expenses that were recorded in SDG&E's ERRA, TCBA and LGBA accounts and to explain the contract administration activities associated with SDG&E's power purchase agreements during the Record Period.

Cal Advocates witness Mr. Patrick Cunningham conducted a review of Mr. Sullivan's testimony, responses to data requests and associated documents. Based upon the information provided to the Cal Advocates Office and the statutory requirements for the Energy Resource Recovery Accounts, Cal Advocates does not object to SDG&E's contract administration and does not recommend any disallowance.

2.2.1 Determination

We find that SDG&E operated and maintained its QF and non-QF contracts for generation and power purchase agreements in a reasonable and prudent manner consistent with good utility practice and the Commission's reasonable manager standards.

2.3 Least Cost Dispatch and Demand Response

The Commission's D.02-10-062 instituted rules for utility procurement, established ERRA as the cost recovery mechanism for short-term procurement costs and set minimum standards of conduct. A subsequent decision, D.02-12-074, set forth the standard of conduct that must guide a utility in its short-term procurement plan. It describes least-cost dispatch as a situation in which the most cost-effective mix of total resources is used, thereby minimizing

the cost of delivering electric services, and places the burden of proving compliance with the standard.¹³

SDG&E relies on prepared direct testimony of Mr. Joseph Pasquito to describe the various energy resources in SDG&E's electricity portfolio and to address the manner in which SDG&E complied with its obligation to dispatch its energy portfolio in a least-cost manner, consistent with the Commission's Long-Term Procurement Planning (LTPP).¹⁴

Cal Advocates witness Patrick Cunningham reviewed SDG&E's dispatch and demand response activities for the Record Period to consider whether SDG&E met its responsibilities in accordance with Commission requirements. Mr. Cunningham also reviewed the testimony, workpapers and responses to data requests prepared by SDG&E's witness Mr. Pasquito.¹⁵ Cal Advocates made no recommendation or proposed disallowance regarding least-cost dispatch.

2.3.1 Forecasting Accuracy

Cal Advocates witness Mr. Cunningham analyzed data provided by SDG&E to measure the accuracy of its price and load forecasting throughout the Record Period.¹⁶ To determine the accuracy of SDG&E's forecast, and to discover whether SDG&E tended to over-forecast or under-forecast price and load, Cal Advocates used a mean absolute percentage error (MAPE), which is a measure of the forecast price or load deviation from the actual price and load experienced. Cal Advocates concluded that SDG&E's load forecasting has

¹³ See Testimony of Cal Advocates at 2-1 to 2-2.

¹⁴ Application at 12, Joint Brief at 4 and Direct testimony of Joseph Pasquito.

¹⁵ See Testimony of Cal Advocates at 2-1.

¹⁶ *Id.*, at 2-5.

remained relatively the same with no significant decrease in accuracy.¹⁷

Accordingly, Cal Advocates has no recommendation concerning SDG&E's price and load forecast methodologies.

2.3.2 Management of Thermal Resources

SDG&E is required to bid its utility-retained and contracted thermal resources at their incremental (marginal) costs, subject to safety, regulatory, legal, operational, and financial requirements. Cal Advocates witness Mr. Cunningham analyzed SDG&E's bidding and scheduling activity in testimony of Mr. Pasquito to ensure that SDG&E is managing its thermal resources according to least-cost dispatch principles. Mr. Cunningham concludes that during the 2018 Record Period, SDG&E maintained least-cost dispatch principles with respect to thermal resources.¹⁸

2.3.3 Determination

We find that SDG&E has used a cost-effective mix of resources to achieve least-cost dispatch of energy resources according to Commission guidelines and policies.

2.4 Review of the Energy Resource Recovery Account and Other Balancing Memorandum Accounts

SDG&E relies on prepared direct testimony of Ms. Khoang Ngo to explain the 2018 accounting entries to its various balancing and memorandum accounts. Her testimony, as summarized in SDG&E's application, explains the regulatory basis for SDG&E's requested disposition of the accounts and supports SDG&E's request that the Commission determine that the accounts are reasonable,

¹⁷ *Id.*, at 2-7.

¹⁸ Cal Advocates Testimony at 2-9 to 2-12

accurate and in compliance with Commission directives. SDG&E submits that the ERRA balance as of December 31, 2018 was approximately \$49.7 million undercollected.¹⁹

Cal Advocates reviewed SDG&E's ERRA as well as its balancing and memorandum accounts for the Record Period. In the parties' Joint Brief, Cal Advocates indicates that its expert Mr. Brian Liu, reviewed SDG&E's testimony by Ms. Ngo regarding the accounts, as well as associated documents and data request responses from SDG&E. Cal Advocates also conducted an on-site audit of the accounts. Cal Advocates makes no recommendations and does not propose any disallowance.²⁰

In the Joint Brief, the parties also explain that Cal Advocates' sends a Master Data Request (MDR) seeking discovery from SDG&E, one month after SDG&E's ERRA case is prepared and filed. SDG&E typically responds by July 1 (*i.e.*, Cal Advocates sent a March 27, 2019 MDR to SDG&E which SDG&E responded to on July 1, 2019). In its October 31, 2019 responsive testimony, Cal Advocates addresses the issue of whether the MDR process should be revised in SDG&E's next ERRA compliance filing. The parties agree that this issue should be deferred to SDG&E's next ERRA compliance proceeding.²¹

2.4.1 TCBA

SDG&E requests review and approval of the entries in its Transition Cost Balancing Account (TCBA). The costs recovered in this account relate to the above-market portion of certain qualifying facility and purchase power costs

¹⁹ Application at 6.

²⁰ Joint Brief at 5, citing Cal Advocates Prepared Testimony at 6-11 and 6-12.

²¹ Joint Brief at 3-4.

eligible for recovery pursuant to Assembly Bill 1890. The TCBA includes the revenues received from SDG&E's Competition Transition Charge rate. SDG&E submits that the TCBA balance as of December 31, 2018, was an \$8.824 million overcollection.²²

2.4.2 LGBA

SDG&E requests review and approval of the entries in its Local Generation Balancing Account (LGBA), where SDG&E records the costs and revenues for generation subject to the cost allocation mechanism. As of December 31, 2018, SDG&E submits that the LGBA reflects an overcollection of \$91.08 million. SDG&E requests authorization to return the 2018 overcollection to ratepayers in its ERRA forecast application for 2021.²³ We agree that it would be appropriate to return the overcollection in 2021, or as part of the next ERRA forecast in which it is feasible to do so. SDG&E requests that the Commission find the transactions reflected in the LGBA to be in compliance with Commission directives.

2.4.3 NERBA

SDG&E records the operating and maintenance and capital-related costs associated with certain federal and state environmental programs in the New Environmental Regulatory Balancing Account (NERBA). SDG&E requests review and approval of the entries made during the Record Period, which resulted in approximately a \$0.431 million undercollection.²⁴ SDG&E is not requesting authorization to include the 2018 balance of \$0.480 million in rates as SDG&E is experiencing fluctuations in expenses which may offset the undercollection, and activity in this account has been minimal.²⁵

²² Application at 6.

²³ Application at 7 and Testimony of Khoang T. Ngo at 2.

²⁴ Application at 8.

2.4.4 IEMA

SDG&E records third-party costs associated with the use of independent evaluators in its Independent Evaluator Memorandum Account (IEMA). Independent evaluators are used in SDG&E's long-term procurement activities and Renewable Portfolio Standard programs. In D.11-10-029, SDG&E was authorized to transfer the balance in SDG&E's IEMA to the ERRA on an annual basis. SDG&E transferred the IEMA 2018 undercollection balance of \$0.208 million to the ERRA.²⁶ SDG&E's Application requests confirmation that the amounts transferred from IEMA to ERRA during 2018 comply with applicable Commission decisions.

2.4.5 LCMA

SDG&E's Litigation Cost Memorandum Account (LCMA) tracks the differences between incurred litigation costs and settlement proceeds received. SDG&E submits that, as of December 31, 2018, the balance of the account was an undercollection of \$0.087 million.²⁷ SDG&E does not request recovery of the undercollection due to pending litigation. Once SDG&E has closed all LCMA related litigation, it will evaluate and recommend next steps.

2.4.6 GTME&OMA

SDG&E uses the Green Tariff Marketing Education and Outreach Memorandum Account (GTME&OMA) to record the difference between the revenues collected through the Green Tariff Marketing Education and Outreach charge and the ongoing incremental marketing education and outreach cost incurred to implement the Green Tariff Shared Renewables program. SDG&E

²⁵ Application at 8.

²⁶ Application at 8.

²⁷ Application at 9.

submits that this account had costs totaling \$0.106 million and that the ending balance in 2018 was \$0.152 million.²⁸ SDG&E requests the Commission find the recorded entries appropriate and compliant with Commission directives.

2.4.7 GTSRACMA

The purpose of the SDG&E Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA) is to record the difference between the revenues collected through the Green Tariff Shared Renewables (GTSR) administrative charge and the initial and ongoing incremental administrative costs incurred to implement the Green Tariff Shared Renewables program (GTSRP). SDG&E submits that the ending balance in this account was \$1.89 million.²⁹ SDG&E requests the Commission find the transactions recorded in the GTSRACMA are appropriate and compliant with Commission directives.

2.4.8 ECRME&OMA

SDG&E's Enhanced Community Renewable Marketing Education and Outreach Memorandum Account (ECRME&OMA) records the difference between the revenues collected through the Enhanced Community Renewable Marketing Education and Outreach charge and the initial and ongoing incremental marketing education and outreach costs incurred to implement the Green Tariff Shared Renewables program (GTSRP). The program includes a green tariff option and an enhanced community renewables option. Marketing, education and outreach costs for the enhanced community renewables options are also recorded in this account. SDG&E submits that, after considering activity

²⁸ Application at 9 and Testimony of Khoang T. Ngo at 10.

²⁹ Application at 10.

and interest in the account, the ending balance was \$0.003 million.³⁰ SDG&E requests the Commission find the recorded entries in this account appropriate under Commission directives.

2.4.9 GTSRBA

SDG&E records the difference between the revenues collected from individual customers participating in the GTSR program and the costs associated with maintaining the program. There are separate subaccounts for Green Tariffs (GT) and Enhanced Community Renewables (ECR) within the GTSRBA. In 2018, the ending balance in the GTSRBA was an undercollection of \$0.125 million. SDG&E requests that the Commission confirm that transactions recorded in this account are appropriate and permit SDG&E to request recovery of the undercollected 2018 ending balance of \$0.125 million in its next ERRR Forecast application.³¹

2.4.10 Determination

SDG&E's prepared testimony demonstrates the accuracy and reasonableness of SDG&E's 2018 ERRR, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and GTSRBA accounting entries.

2.5 Management of Demand Response Programs

SDG&E relies on prepared direct testimony of Mr. Joseph Pasquito to describe the various demand response (DR) programs that SDG&E offers its customers. Such programs are an integral part of SDG&E's resource planning and energy management. DR programs are designed to address reliability, economic and emergency conditions and may be triggered by conditions such as heat, system load, weather forecasts and emergencies. When triggers occur,

³⁰ Application at 10.

³¹ Application at 11.

SDG&E has the discretion to dispatch a program which allows it to assure resources are available for times of greater need and optimize the value of the programs. Mr. Pasquito's testimony describes SDG&E's Capacity Bidding Program (CBP), Summer Saver Program (SSP), Reliability Demand Response Resource (RDRR), and Base Interruptible Program (BIP).

SDG&E used the CBP and SSP programs in 2018. CBP is available to all commercial and industrial customers and offers them a monthly capacity payment in exchange for reducing their load when requested. The SSP is a voluntary air conditioner cycling program that requires installation of direct load control switches to obtain predictable load reduction. It cycles off a customer's central air conditioning at two to four-hour intervals (subject to an 80-hour annual maximum). The RDRR is bid into the CAISO. The BIP is dispatched by CAISO only if there is a Stage One emergency. These programs were not used during 2018.

Cal Advocates expert Mr. Cunningham reviewed SDG&E's testimony by Mr. Pasquito, as well as associated documents and data request responses from SDG&E. Cal Advocates makes no recommendations and does not propose disallowance of the program. It concludes that SDG&E has satisfactorily managed and administered its demand response programs.

2.5.1 Determination

We conclude that SDG&E's prepared testimony demonstrates that it is administering its demand response programs to minimize costs to ratepayers.

2.6 Management of Greenhouse Gas/Renewable Resource Compliance

SDG&E relies upon the testimony of Ms. Ana Garza-Beutz to explain its procurement of Greenhouse Gas (GHG) compliance instruments during the

Record Period.³² Her testimony follows the weighted average cost (WAC) methodology established in D.19-04-016, and demonstrates SDG&E procured compliance instruments in a manner consistent with Track III of the of the Long-Term Procurement Plan (LTPP) in D.12-04-046, and the Commission-approved SDG&E 2014 Bundled Procurement Plan implemented by SDG&E's Advice Letter 2850-E. SDG&E requests that the Commission review and approve GHG compliance instrument procurement activity incurred in compliance with the LTPP, AB 32 and recent Commission directives regarding GHG compliance costs, including D.19-04-016.

Cal Advocates conducted discovery and reviewed SDG&E's Application and workpapers to verify whether SDG&E correctly applied the methodologies required by the Air Resources Board (ARB) regulations and relevant Commission decisions. The Cal Advocates witness Ms. Ayat Osman determined that SDG&E recorded direct GHG emissions for the Record Period reasonably and in compliance with Commission directives and ARB regulations.³³ She makes no recommendations nor proposes disallowances regarding SDG&E's testimony, data request responses and related documents.

2.6.1 Determination

We find that SDG&E's GHG compliance instrument procurement complied with its Bundled Procurement Plan and was consistent with Commission and state policies and laws.

³² Application at 13.

³³ Cal Advocates Testimony at 4-1 to 4-11.

2.7 Conclusion

Based on the evidentiary record, we find that SDG&E has prudently administered and dispatched its utility-owned generation resources and portfolio of contracts, including Miramar, Palomar, Desert Star, Cuyamaca, power purchase agreements, qualifying facilities, non-qualifying facilities, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan. Further, we find the entries and costs recorded in the ERRRA and other accounts contained herein are appropriate and correctly stated. We also find SDG&E's procurement of greenhouse gas compliance instruments during the Record Year consistent with Commission directives.

There being no other issues to resolve, this proceeding is closed.

3. Categorization of Proceeding

In Resolution ALJ 176-3439, dated June 13, 2019, the Commission preliminarily categorized A.19-05-007 as ratesetting, and determined that hearings were necessary. In the Scoping Memo, the assigned Commissioner scheduled evidentiary hearings, however, the parties subsequently resolved issues of material fact making hearings unnecessary. Accordingly, we change the preliminary and Scoping Memo determination regarding hearings, to find that no hearings are necessary.

4. Compliance with the Authority Granted Herein

To implement the authority granted herein, SDG&E must file a Tier One Advice Letter within 30 days of the date of this decision. The tariff sheets filed with the Advice Letter shall be effective on or after the date filed, and the Commission's Energy Division shall determine whether they comply with this decision.

5. Motions to Admit Testimony

In its January 31, 2020 motion, SDG&E requests, pursuant to Rule 13.8 of the Commission's Rules of Practice and Procedure, that the Commission receive the public and confidential version of its testimony as exhibits into the record. We identify the public versions of SDG&E's supporting testimony as Exhibits SDG&E-1, -2, -3, -4, -5, -6 and -7.³⁴ We identify the confidential versions of SDG&E's testimony as Exhibits SDG&E-1C, -2C, -3C, -4C and -5C.³⁵

In its February 3, 2020 motion, Cal Advocates also requests that the Commission receive the public and confidential version of its testimony, into the record. Therefore, we identify the public version of the Public Advocates Office's supporting testimony (including attachments and witness qualifications) as CalPA-01 and we identify the confidential version of Public Advocates Office's testimony as CalPA-01C.³⁶

We admit into evidence the public and confidential versions of SDG&E's and Public Advocates Office's testimony.

³⁴ Exhibit SDG&E-1 - Direct (Public) Testimony of Ana Garza-Beutz; SDG&E-2 - Direct (Public) Testimony of Khoang T. Ngo; SDG&E-3 - Direct (Public) Testimony of Joseph Pasquito; SDG&E-4 - Direct (Public) Testimony of Daniel L. Sullivan; SDG&E-5 - Direct (Public) Testimony of Carl S. LaPeter, Exhibit SDG&E-6 - one page errata of Carl S. LaPeter dated August 30, 2019, and SDG&E -7 - Rebuttal (Public) Testimony of Carl S. LaPeter.

³⁵ Exhibit SDG&E-1C - Direct (Confidential) Testimony of Ana Garza Beutz; SDG&E-2C - Direct (Confidential) Testimony of Khoang T. Ngo; SDG&E-3C - Direct (Confidential) Testimony of Joseph Pasquito; SDG&E-4C - Direct (Confidential) Testimony of Daniel L. Sullivan, and SDG&E-5C - Rebuttal (Confidential) Testimony of Carl S. LaPeter.

³⁶ Exhibit PAO-1 served October 31, 2019, is titled "Prepared Testimony on San Diego Gas & Electric Company's Application for Compliance Review of Utility Owned Generation Operations, Electric Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Retained Generation Fuel Procurement, and other Activities for the Period January 1 through December 31, 2018." Exhibit PAO-1C bears the same title but includes Confidential material.

6. Motions to Seal

Pursuant to the Commission's Rules of Practice and Procedure, Rule 11.5, D.06-06-066 and D.08-04-023, SDG&E filed a January 31, 2020 motion requesting that its confidential testimony be filed under seal. We grant confidential treatment, and seal (as detailed in the ordering paragraphs herein) Exhibits SDG&E-1C, -2C, -3C, -4C and -5C.

Cal Advocates submitted a February 3, 2020 motion requesting that the confidential version of its testimony and attachments be filed under seal, citing the same confidentiality matrix and decisions as set forth by SDG&E. We grant confidential treatment, and seal (as detailed in the ordering paragraphs herein) Exhibit CalPA-01C.

Pursuant to Rule 11.5, portions of the record of a proceeding (such as served testimony) may be sealed. The information referenced in SDG&E's and Cal Advocates' motions to file under seal and the information contained in the testimony filed under seal constitute confidential and market sensitive material and include information that falls under categories in the Confidentiality Matrix of D.06-06-066. The documents placed under seal shall remain under seal for the applicable period set forth in the Confidentiality Matrix in D.06-06-066.

7. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Rules 14.6(c)(2) of our Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is being waived.

8. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner. The proceeding was assigned to ALJ Gerald F. Kelly on June 14, 2019, and reassigned to ALJ Patricia B. Miles on February 21, 2020. ALJ Miles is the assigned ALJ.

Findings of Fact

1. SDG&E has prudently administered and dispatched its utility-owned generation resources and portfolio of contracts, including Miramar, Palomar, Desert Star, Cuyamaca, power purchase agreements, qualifying facilities, non-qualifying facilities, renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan.
2. The entries and costs recorded in the ERRA and other accounts contained herein are appropriate and correctly stated.
3. SDG&E's procurement of greenhouse gas compliance instruments during the Record Year is consistent with Commission directives.
4. Parties agree to defer discovery issues related to the Master Data Request to SDG&E's next ERRA compliance case.
5. It is reasonable to permit SDG&E to return the 2018 overcollection in the Local Generation Balancing Account to ratepayers in 2021, or as part of the next ERRA forecast in which it is feasible to do so.
6. It is reasonable to permit SDG&E to request recovery of the undercollected 2018 ending GTSRBA balance of \$0.125 million in its 2021 ERRA Forecast application, or as part of the next ERRA forecast in which it is feasible to do so.
7. SDG&E and the Public Advocates Office requested the admittance of their exhibits into evidence pursuant to Rule 13.8.

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

9. Rule 11.5 addresses sealing all or part of an evidentiary record; and D.06-06-066 and D.08-04-023 addresses our practices regarding confidential information, such as electric procurement data (that may be market sensitive) submitted to the Commission.

10. An evidentiary hearing was scheduled but determined to be not necessary.

Conclusions of Law

1. The Commission should require SDG&E to return the overcollection in the Local Generation Balancing Account to ratepayers in its next ERRA forecast application, or as part of the next ERRA forecast in which it is feasible to do so.

2. The Commission should require SDG&E to request recovery of the undercollected 2018 ending GTSRBA balance of \$0.125 million in its next ERRA Forecast application, or as part of the next ERRA forecast in which it is feasible to do so.

3. The preliminary Scoping Memo determinations regarding hearings should be changed to no hearings required.

4. The Commission should require SDG&E to file a Tier One Advice Letter within thirty days of the issuance of this decision to implement the authority granted in this decision.

5. SDG&E's and the Public Advocates' request to treat selected versions of their testimony as confidential should be granted, as detailed herein.

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

7. Exhibits SDG&E-1C, -2C, -3C, -4C and -5C submitted with SDG&E's application should be sealed and treated confidentially. The documents placed under seal should remain under seal for the applicable period as set forth in the Confidentiality Matrix in D.06-06-066 and D.08-04-023.

8. Exhibit CalPA-01C submitted by the Public Advocates Office should be sealed and treated confidentially. The documents placed under seal should remain under seal for the applicable period as set forth in the Confidentiality Matrix in D.06-06-066 and D.08-04-023.

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

O R D E R

IT IS ORDERED that:

1. The Application of San Diego Gas & Electric Company, Application 19-05-007, is approved consistent with the terms set forth in this decision.

2. San Diego Gas & Electric Company shall return the overcollection in the Local Generation Balancing Account to ratepayers in its next Energy Resource Recovery Account forecast application, or as part of the next ERRA forecast in which it is feasible to do so.

3. San Diego Gas & Electric Company shall request recovery of the undercollected 2018 ending GTSRBA balance of \$0.125 million in its next Energy Resource Recovery Account Forecast application, or as part of the next ERRA forecast in which it is feasible to do so.

4. The determination in Resolution ALJ 176-3439, dated June 13, 2019, and the Assigned Commissioner's Scoping Memo and Ruling that hearings were necessary, is revised to hearings are not required.

5. No later than 30 days from the issuance of this decision, San Diego Gas & Electric Company shall file a Tier One Advice Letter to implement the authority granted herein. The tariff sheets filed in the Advice Letter shall be effective on or after the date filed, subject to the Commission's Energy Division determining the tariff sheets comply with this decision.

6. 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.

7. The prepared testimony of San Diego Gas & Electric Company, consisting of the public and confidential versions of Exhibits SDG&E-1 through -7 are received into evidence.

8. The prepared testimony of the Public Advocates Office consisting of the public and confidential versions of CalPA-01 is received into evidence.

9. San Diego Gas & Electric Company's (SDG&E) January 31, 2020 motion to treat as confidential and seal portions of the evidentiary record, in particular, Exhibits SDG&E-1C, -2C, -3C, -4C and -5C, submitted with SDG&E's Application is approved. The documents placed under seal shall remain under seal for the applicable period as set forth in the Confidentiality Matrix in Decision (D.) 08-04-023 and D.06-06-066. 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 the applicable period, 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.

10. The Public Advocates Office February 3, 2020 motion to treat as confidential and seal portions of the evidentiary record is approved. The documents placed under seal shall remain under seal for the applicable period as set forth in the Confidentiality Matrix in Decision (D.) 08-04-023 and D.06-06-066. 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 the Public Advocates Office believes that it is necessary for this information to remain under seal for longer than the applicable period or for a shorter time, the Public Advocates Office may file a new motion stating the justification of further withholding or for early disclosure of the information from public inspection. This motion shall be filed at least 30 days before the expiration of today's limited protective order.

11. Application 19-05-007 is closed.

This order is effective today.

Dated December 17, 2020, at San Francisco, California.

MARYBEL BATJER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners