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Decision 22-01-003 January 13, 2022

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) For Approval of Its 2022 ERRA Forecast Proceeding Revenue Requirement.	Application 21-06-003
And Related Matter.	Application 21-10-011

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S 2022 ENERGY RESOURCE RECOVERY ACCOUNT-RELATED FORECAST REVENUE REQUIREMENT AND 2021 TRIGGER MECHANISM BALANCE

TABLE OF CONTENTS

Title **Page**

Summary of Tables:

DECISION APPROVING SOUTHERN CALIFORNIA EDISON COMPANY'S 2022 ENERGY RESOURCE RECOVERY ACCOUNT-RELATED FORECAST REVENUE REQUIREMENT AND 2021 TRIGGER MECHANISM BALANCE

Summary

This decision approves Southern California Edison Company's (SCE) total 2022 Energy Resource Recovery Account (ERRA) electric procurement cost revenue requirement forecast of $4,768.048 million,[1] modifying SCE's requested revenue requirement of $4,751.850 million by $16.200 million to account for a $17.954 million increase the Solar on Multifamily Affordable Housing (SOMAH) program allocation and $1.754 million decrease from deferred recovery of litigation costs related to SCE's efforts to recover refunds from generators who overcharged SCE during the 2000-2001 California Energy Crisis.

SCE is directed to form a working group within 60 days and to file a petition for modification of either Decision (D.) 17-12-022 or D.20-04-012 within 120 days of the issuance date of this decision. The petition for modification will address whether the current rules for SOMAH require the Investor-Owned Utilities to wait for recorded revenues from the previous four quarters before applying the $100 million amount to the SOMAH allocation in an ERRA forecast or Energy Cost Adjustment Clause proceeding.

SCE's revenue requirement consists of both a generation service and a delivery service component. Within SCE's generation service requirement of $4,622.540 million, SCE is authorized to recover a total of $3,778.330 million in fuel and purchased power costs and transfer the following account balances: $785.502 million from the ERRA Balancing Account (BA), $76.088 million from the Portfolio Allocation Balancing Account (PABA), and -$17.380 million from

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[1] Includes Franchise Fees and Uncollectibles.

the Energy Settlement Memorandum Account. Based on this forecast, SCE's system average rate will increase by 5.2% from rates effective October 1, 2021, to 22.737¢/kilowatt hour in 2022.

Within SCE's delivery service revenue requirement of $145.508 million, SCE is authorized to recover the following: (1) $589.190 million for the New System Generation and System Reliability fuel and purchased power contracts, (2) $4.648 million in spent nuclear fuel costs and $25.928 million for economic demand response programs, (3) -$647.824 million for customer returns of greenhouse gas (GHG) allowance proceeds, and (4) $70.144 million for the Public Purpose Program Charge (including the Tree-Mortality Non-Bypassable Charge, Bioenergy Market Adjusting Tariff (BioMAT) Non-Bypassable Charge, costs for SCE's Preferred Resources Pilot #2, and the portion of the Disadvantaged Communities – Green Tariff and Community Solar Green Tariff program charges providing a volumetric subsidy for qualifying customers). SCE is also authorized to transfer the following account balances: (1) $142.153 million 2021 year-end balance for the New System Generation BA, (2) -$33.080 million 2021 year-end balance for the Tree Mortality Non-Bypassable Charge BA, and (3) -$5.650 million for the 2021 year-end balance for BioMAT Non-Bypassable Charge BA.

This decision approves SCE's forecast GHG costs, including $152.852 million in direct GHG Cap-and-Trade costs and -$732.458 million in net 2022 GHG forecast auction proceeds. SCE is directed to return $647.824 million in GHG auction proceeds to SCE's customers, after setting aside $90.592 million in funding for clean energy and energy efficiency projects and $404,474 for outreach and administrative expenses. This decision also authorizes SCE to return $33.029 million to emissions-intensive and trade exposed customers and

$614.365 million through the California Climate Credit. SCE will return the California Climate Credit through a biannual distribution of $59 to eligible residential and small commercial accounts in 2022.

In addition, this decision approves SCE's ERRA Trigger Mechanism application. Finally, this decision adopts Cost Responsibility Surcharge rates.

SCE's procurement-related revenue requirement will be updated to reflect 2021 year-end balances with recorded actuals through December 2021. SCE will implement the rate changes on March 1, 2022, pending approval of the Tier 1 Advice Letter filed in conformance with this Decision. Consolidated Applications (A.) 21-06-003 and A.21-10-011 are closed.

1. Factual Background

The factual background for Application (A.) 21-06-003 is discussed in Section 1.1. The factual background for A.21-10-011 is discussed in Section 1.2.

1.1. 2022 Energy Resource Recovery Account (ERRA) Forecast Application

In Decision (D.) 02-10-062, the Commission established the ERRA, the power procurement balancing account required by Public Utilities (Pub. Util.) Code § 454.5(d)(3). Pursuant to D.02-10-062 and D.02-12-074, the purpose of the ERRA is to provide recovery of energy procurement costs, including expenses associated with fuel and purchased power, utility retained generation, California Independent System Operator (CAISO) related costs, and costs associated with the residual net short procurement requirements to Southern California Edison's (SCE) bundled electric service customers.

The ERRA regulatory process includes: (1) an annual forecast proceeding to adopt a forecast of the utility's electric procurement cost revenue requirement and electricity sales for the upcoming year, (2) an annual compliance proceeding to review the utility's compliance in the preceding year regarding energy resource contract administration, least cost dispatch, prudent maintenance of Utility Owned Generation and the ERRA Balancing Account (BA), and (3) the quarterly compliance report where Energy Division reviews procurement transactions "to ensure the prices, types of products, and quantities of each product conform to the approved plan."[2]

The Commission adopted the Cost Responsibility Surcharge in D.02-11-022 (as modified by D.03-07-030), which consisted of the Competition Transition Charge (CTC). The CTC is used to recover the above-market costs of resources procured prior to market restructuring after the 2000-01 Energy Crisis.

In D.06-07-030 (as modified by D.07-01-030 and subsequently refined in D.11-12-018, D.14-10-045, D.18-10-019, D.19-10-001, D.20-01-030, D.20-03-019, and D.20-08-004, D.21-05-030), the Commission adopted the Power Charge Indifference Adjustment (PCIA) for determining the above-market costs associated with the utility/California Department of Water Resources (CDWR) Power Charge as an element of the Costs Responsibility Surcharge. The PCIA applies to departing load customers who are responsible for a share of the CDWR power contracts or new generation resource commitments. The PCIA is intended to ensure that departing load customers pay their share of the above-market portion of the CDWR contract and generation resource costs incurred on their behalf, and that bundled customers remain indifferent to customer departures.

The electric utilities are also required to incorporate greenhouse gas (GHG) costs into the generation component of electricity rates through the ERRA

[2] D.02-10-062 at 47, 50.

process.[3] Incorporating the costs of GHG emissions into rates results in a carbon price signal intended to incent an overall decrease in energy consumption and reduction in GHG emissions.[4] Finally, the electric utilities are required to report and return annual GHG allowance revenues to eligible customers. Pursuant to Pub. Util. Code § 748.5(c), the Commission can allocate up to 15 percent (%) of GHG allowance revenues for clean energy and energy efficiency projects which are approved by the Commission, but not funded by another source.

1.2. 2021 ERRA Trigger Mechanism Application

Pursuant to Assembly Bill (AB) 57 (Stats. 2002, Ch. 835), the California Public Utilities Commission (Commission) established the ERRA BA in 2002 to record the investor-owned utilities' fuel and purchased power revenues against actual recorded costs, excluding revenues collected for the CDWR.[5] AB 57 also mandated a rate adjustment to promptly amortize any overcollection or undercollection to ensure that an electric utility's power procurement balancing accounts do not exceed the AB 57 threshold amount of five percent of the electrical utility's actual recorded generation revenues for the prior calendar year, effective until January 1, 2006, and as deemed appropriate by the Commission consistent with the objectives of Pub. Util. Code § 454.5(d)(3) thereafter.[6]

D.02-10-062, which implemented AB 57, requires an electrical utility to file an expedited application when its balance exceeds four percent of the prior year's

[3] D.12-12-033; D.14-10-033.

[4] D.14-10-033.

[5] Pub. Util. Code § 454.5(d)(3), enacted by AB 57.

[6] *Ibid.*

recorded revenue requirement (trigger point) and is expected to exceed five percent of the prior year's recorded revenue requirement (AB 57 threshold amount) in order to promote the timely recovery of an investor-owned utility's procurement costs for undercollections or facilitate reimbursement to ratepayers for overcollections (ERRA trigger mechanism).[7]

In D.06-06-051, the Commission modified SCE's ERRA trigger mechanism to allow SCE to file an Advice Letter (AL) when its ERRA BA balance exceeded the four percent trigger point, if SCE did not propose to change rates and if it expected the ERRA BA balance exceedance to go below the trigger point within 120 days.[8] SCE was still required to file an expedited application when its ERRA BA balance exceeded the trigger point and rate changes were necessary to amortize the balance.[9] SCE was required to monitor its ERRA BA balance on a frequent basis and timely file expedited ERRA trigger applications.[10] In D.19-12-001, the Commission clarified that SCE should file an expedited trigger application if SCE could not reasonably determine that the ERRA BA balance would self-correct within 120 days.

Prior to the Commission's modification of its PCIA methodology in D.18-10-019, SCE recorded the majority of its procurement revenue requirement in the ERRA BA and calculated the PCIA as an estimated value using market price benchmarks.[11] In D.18-10-019, the Commission adopted a methodology to

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[7] D.02-10-062 at 64-66.

[8] D.06-06-051 at 10 (Ordering Paragraph (OP) 3).

[9] *Ibid.* (OP 5).

[10] *Id.* at 9 (OP 2).

[11] Procurement costs of Green Tariff Shared Renewables (GTSR) were recorded in GTSR BA for bundled customers. Procurement costs for New System Generation (NSG) resources were recorded in the NSG BA.

true-up above-market power procurement costs and established the Portfolio Allocation Balancing Account (PABA) to record above market procurement costs for bundled and departed load customers by vintage.[12] Effective January 1, 2020, SCE started recording the costs of short-term market purchases for bundled service customers in the ERRA BA, while recording long-term fixed-price contract costs and utility-owned generation costs for bundled and departed load customers in the PABA.[13] As a result, SCE evaluates its trigger point and AB 57 threshold amount using both the ERRA BA balance and the bundled customer portion of its procurement-related revenue balance recorded in the PABA.

2. Procedural Background

The procedural background for A.21-06-003 and A.21-10-011 are discussed in Sections 2.1 and 2.2, respectively.

2.1. 2022 ERRA Forecast Application

On June 1, 2021, SCE filed A.21-06-003, requesting Commission approval of the 2022 ERRA forecast revenue requirement (Application). On July 12, 2021, California Choice Energy Authority (CalChoice) and the Clean Power Appliance of Southern California (CPA) (collectively, the "SoCal CCAs"), jointly, and Public Advocates Office of the California Public Utilities Commission (Cal Advocates) filed protests to the Application. Direct Access Customer Coalition (DACC) also filed a response to the protest on July 12, 2021. On July 22, 2021, SCE filed a response to the parties' protests and the response.

A prehearing conference (PHC) was held on July 30, 2021, to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter. At the PHC, California Community Choice Association

[12] D.18-10-019 OP 7.

[13] *See* SCE AL 3914-E; Exhibit SCE-01 at 15.

was granted party status on condition that they would participate in this proceeding. The assigned Commissioner issued a scoping memo on August 4, 2021.

SCE served supplemental testimony on September 10, 2021 and held a workshop to discuss its request in this application on September 14, 2021. On September 27, 2021, SoCal CCAs served intervenor testimony. On October 18, 2021, SCE served rebuttal testimony. On October 25, 2021, the parties to the Forecast Application filed a joint case management statement indicating no evidentiary hearings were needed. On October 26, 2021, evidentiary hearings were taken off-calendar by ruling.

SCE served its November Update testimony on November 9, 2021. SCE and SoCal CCAs filed opening briefs on November 16, 2021. SCE, DACC, and SoCal CCAs filed briefs on November 19, 2021.

SCE and the SoCal CCAs filed motions to admit exhibits into the evidentiary record, along with concurrent motions for to seal confidential portions of certain exhibits, on November 19, 2021.

On November 23, 2021, SCE was directed to: (1) either serve updated testimony or explain why it has not updated the vintage for two resources, and (2) file a motion to move its exhibits for the ERRA trigger application, along with any concurrent motions for confidential treatment of exhibits, by December 1, 2021. SCE served errata testimony on December 1, 2021, along with motions to admit four exhibits and file two exhibits under seal. No parties responded to SCE's motions by the December 6, 2021 deadline. SCE's four exhibits were admitted into evidence and granted confidential treatment, as applicable, by ruling, dated December 7, 2021.

On December 3, 2021, the SCE was requested to provide additional information related to the Solar on Multifamily Affordable Housing (SOMAH) proceeding ruling. SCE filed a public and confidential response to the ruling on December 7, 2021. SCE filed a motion for confidential treatment of the confidential portions of its response on December 9, 2021. SCE's motion for confidential treatment was granted by ruling, dated December 9, 2021.

This matter was submitted on December 9, 2021. The Commission has jurisdiction to review an investor-owned utility ERRA forecast application pursuant to Pub. Util. Code § 454.5(d)(3).

2.2. 2021 ERRA Trigger Mechanism Application

On October 29, 2021, SCE filed A.21-10-011, requesting approval of its Expedited ERRA trigger mechanism application (ERRA Trigger Application), which addressed an undercollection in the ERRA Balancing Account (BA) that: (1) exceeded the four-percent ERRA trigger point and was expected to exceed the five percent ERRA threshold pursuant to AB 57, and (2) was not expected to self-correct within 120 days.

On November 5, 2021, Cal Advocates filed a motion for party status. On November 5, 2021, a PHC was also set by assigned ALJ ruling and served concurrently on the service list for A.21-06-003. The assigned ALJ ruling also shortened the protest and reply period and stated the Commission's intent to discuss consolidation of this proceeding with A.21-06-003 at the PHC. On November 12, 2021, the SoCal CCAs filed a response to the ERRA Trigger Application.

A telephonic PHC was held on November 17, 2021, to discuss the issues of law and fact, and to determine the need for hearing and schedule for resolving the matter, and consolidation of A.21-06-003 and A.21-10-011. The assigned Commissioner issued a scoping memo on November 18, 2021.

The Commission has jurisdiction to review an investor-owned utility's ERRA trigger application pursuant to Pub. Util. Code § 454.5(d)(3).

3. Issues Before the Commission

The issues to be determined or otherwise considered are:

1. Whether SCE's requested 2022 ERRA forecast revenue requirement of $3.991 billion is reasonable, including but not limited to consideration of the following:
    a. SCE's forecast of electric sales and electric load;
    b. Fuel and purchased power expenses;
    c. SCE's forecast GHG costs; and
    d. Annual true-ups for balancing accounts such as the (PABA), New System Generation BA; Energy Settlement Memorandum Account (MA), ERRA BA, Bioenergy Market Adjusting Tariff (BioMAT) Non-Bypasssable Charge, and Tree Mortality Non-Bypassable Charge BA.
2. Whether SCE's forecast of GHG allowance revenue return allocations for energy-intensive trade-exposed customers, small business customers and the residential customer California Climate Credit is reasonable.
3. Whether SCE's forecast of GHG revenues and expenses set aside for 1) clean energy and energy efficiency programs and GHG administration, and 2) customer education and outreach plan costs are reasonable.
4. Whether the Cost Allocation Mechanism (CAM) rates are reasonable.
5. Whether SCE's calculation of the PCIA and Competition Transmission Charge rates are reasonable; including discussion of the following;
    a. Treatment of Resource Adequacy (RA) resources and associated costs in the PCIA;

b. Treatment of Renewables Portfolio Standard (RPS) resources with excess RPS value and allocation of RPS sales across vintages;

c. Calculation of the indifference amount;

d. Calculation of the year-end Portfolio Allocation BA balance; and

e. Allocation of indifference charges among vintages and customer classes.

6. Whether SCE's request and methods used to determine the items above comply with all applicable rules, regulations, resolutions and decisions for all customer categories.

7. Whether there are any safety concerns.

The issues to be determined in the ERRA Trigger Application are:

1. Whether SCE complied with the law and Commission orders, including D. 02-10-062, D.04-12-048, D.06-06-051 and D.19-12-001, in addressing the undercollection;

2. Whether the ERRA trigger point-related balance exceeded the trigger point, and whether it was likely that the balance would self-correct within 120 days of the trigger point balance exceedance;

3. The causes of the undercollection (excluding reasonableness review or compliance with SCE's bundled procurement plan);

4. The appropriate amortization period of the ERRA BA balance, if any;

5. The impact on rates of the undercollection recovery; and

6. Whether the proposed allocation of the undercollection among customers for the rate adjustment is reasonable.

Issues raised by parties, not otherwise resolved through the course of this proceeding, include: (1) whether SCE properly accounted for reduction in value of existing RPS solar resources that were modified to include co-located energy storage pursuant to D.19-11-016, as discussed in Section 6.1.2.1, (2) the correct vintage assignments in the PABA for two resources, as discussed in Section 6.1.2.2, (3) the proper balancing account treatment of Green Tariff Shared Renewables program costs, as discussed in Section 6.1.3, (4) the proper balancing account treatment of energy crisis settlement funds, as discussed in Section 6.1.4, and (5) data access issues, as discussed in Section 10. In addition, this decision defers the implementation of the $100 million cap methodology for further consideration in the SOMAH proceeding, as discussed in Section 7.4.1.

4. 2022 Forecast Overview and Methodology

SCE's forecast fuel and purchased power (F&PP) costs are associated with its Utility Owned Generation (UOG) resources, purchased power contracts, financing and various carrying costs. SCE forecasts its 2022 total F&PP revenue requirement at $4,751.850 million[14]

SCE bases its revenue requirement on a forecast of total electricity sales and customers for its service territory in 2022, which it adjusts to account for the bundled customer portion of load. SCE's total retail electricity sales volume in 2020 was 83,533 Gigawatt hours (GWh).[15] SCE's forecast of total electricity sales in 2022 is 79,748 GWh, which is slightly lower than its forecast electricity sales of 82,114 GWh in 2021.[16] This represents a total reduction in annual total retail sales by 1.7% from 2020 to 2021 and a further 2.9% reduction from 2021 to 2022. At the same time, SCE forecasts an increase of 0.7% in total electricity customers in its service territory from 5,211,546 in 2021 to 5,248,950 in 2022.[17] SCE's retail sales

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[14] Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

[15] Exhibit SCE-05-E2 at 14.

[16] *Ibid*.

[17] *Id*. at 16.

forecast is influenced by historical trends in employment growth, residential housing starts, the economic outlook, weather assumptions and other factors (*e.g.*, energy efficiency savings, spending on wildfire mitigation, grid safety and resiliency).

SCE calculates the revenue requirement necessary for procuring bundled customer energy in 2022 using energy need at the CAISO interface, which allows SCE to account for line losses inherent in transporting energy from the CAISO interface to bundled service customers' meters.[18] SCE also adjusts the sales forecast downward 3.11% to adjust for the difference between billed and delivered energy for its bundled service Net Energy Metering (NEM) customers.[19]

Finally, SCE's 2022 forecast of total bundled service customers accounts for the statewide increase in the DA load cap, which started in 2021.[20] It also includes Energy Service Providers and Community Choice Aggregators (CCA)[21] that meet the following criteria: 1) file a binding notice of intent to begin community choice aggregation service, 2) file an initial RA filing, 3) start community choice aggregation service or 4) formally submit an April RA forecast pursuant to Pub. Util. Code § 380.

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[18] *Id*. at 14.

[19] *Id*. at 15.

[20] *Id*. at 16.

[21] SCE included the following CCAs in its 2022 ERRA forecast: (1) Lancaster Choice Energy, (2) Apple Valley Choice Energy, (3) Pico Rivera Innovative Municipal Energy, (4) CPA (Phases 1-5), (5) Desert Communities Energy, (6) Central Coast Community Energy, (7) Pomona, (8) Baldwin Park, (9) Palmdale, (10) City of Santa Barbara, and (11) Orange County Power Authority.

5. SCE's Portfolio of Resources

SCE's portfolio of resources includes a variety of utility owned and contracted resources, as discussed in Sections 5.1 through 5.13 below.

5.1. UOG and Purchased Power Contracts – Hydroelectric, Combined Heat and Power (CHP), Solar Photovoltaic Program, Renewables, Natural Gas

SCE's UOG and purchased power contract resources consist of hydroelectric, fuel cells, CHP and renewable generation resources, nuclear, natural gas and battery storage. SCE's hydroelectric resources consist of 33 powerhouses with a 1,176 Megawatt (MW) nameplate capacity, which are organized into the Western[22] and Eastern[23] Divisions.[24] SCE forecasts a slightly-below-normal hydrological year for 2022 and incorporates planned outages for hydroelectric units.[25]

SCE's solar photovoltaic resources consist of the Solar Photovoltaic Program, which allows SCE to install, own, and operate up to 91 MW of direct current solar photovoltaic projects in SCE's service territory.[26]

SCE's CHP and renewables projects resources consist of projects delivering 10,412 MW of contract capacity, which include 615 MW of CHP capacity and 9,797 MW of renewable capacity.[27] In addition, SCE expects eight projects (four solar, one wind, two biomass, and one CHP) to begin delivering energy

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[22] The Western Division, known as the Big Creek and Southwest Production areas, consist of nine powerhouses in the western Sierra Nevada Mountains.

[23] The Eastern Division consists of 24 powerhouses in the eastern and southern Sierra Nevada Mountain, the San Bernardino Mountains and San Gabriel Mountains.

[24] Exhibit SCE-05-E2 at 28.

[25] *Id*. at 29.

[26] *Id*. at 30.

[27] *Ibid*.

from October 2021 through December 2022, for a total of 33 MW.[28] SCE's CHP and renewables projects include biomass, cogeneration, geothermal, small hydroelectric, solar and wind resources.[29] SCE estimates curtailments of certain solar and wind projects in 2022 for economic reasons.[30]

SCE's natural gas resources consist of five black-start capable peakers owned by SCE and the Mountainview Generating Station. The five black-start capable peaker units have with a total capacity of 245 MW.[31] Natural gas costs incurred by the five peakers are included in the ERRA forecast, while the capacity and non-fuel variable costs associated with these peakers are included in SCE's General Rate Case revenue requirement.[32]

5.2. Interagency Contracts

SCE is a party to two inter-utility contracts with dispatchability, which affects forecast F&PP costs. For 2022, SCE has an entitlement of 280.245 MW of contingent capacity and 238.16 Gigawatts (GW) of firm energy through a contract with the Western Area Power Administration (WAPA) and the Bureau of Reclamation from power generated by the Hoover Dam.[33] However, SCE forecasts 169 GWh net inter-utility contract purchases in 2022, due to the lowered surface elevation of Lake Mead, the forebay of the Hoover Dam.[34]

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[28] *Ibid*.

[29] *Id*. at 30-31.

[30] *Id*. at 30.

[31] *Id*. at 35.

[32] *Ibid*.

[33] *Id*. at 36.

[34] *Ibid*.

SCE also purchases power from the City of Pasadena from the 3 MW Azusa Powerhouse, which SCE transferred to the City of Pasadena through a Corporation Grant Deed. The Corporation Grant Deed requires the City of Pasadena to deliver the entire electrical output of the Azusa Powerhouse to SCE, and the City of Pasadena has 12 months from the time of delivery to request the same amount of energy.[35]

5.3. RA Contracts

In D.06-07-029, as modified by D.10-12-035 and Senate Bill 695, the Commission adopted a CAM to allocate the costs electric utilities incur to meet RA requirements on behalf of customers in an electric utility's service territory. In D.10-12-035, the Commission also allowed SCE to allocate costs associated with CHP generation procured on behalf of direct access customers' Electric Service Providers and CCAs.

SCE forecasts 2022 F&PP costs associated with five types of RA generation resources: 1) New System Generation CAM contracts, 2) System Reliability Modified CAM contracts, 3) Emergency Reliability contracts, 4) Generic and Bilateral contracts used to meet 2022 system capacity requirements, and 5) contracts used to meet local capacity requirements.

First, SCE forecasts costs from New System Generation CAM contracts procured pursuant to D.07-09-044, for which it plans to hold the dispatch rights in 2022.[36] SCE does not use the energy from these contracts to meet bundled load, and the net capacity costs[37] are allocated to benefitting customers through the CAM.

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[35] *Id*. at 38.

[36] *Id*. at 39.

[37] The net capacity costs are the net of estimated expected revenue and production costs.

Second, SCE forecasts costs associated with resources procured in accordance with D.19-11-016's order directing SCE to procure 1,184.7 MW of incremental system RA capacity.[38] In April 2020, SCE executed seven "Fast Track" contracts for new energy storage resources, five of which are co-located with existing RPS solar facilities, in accordance with Resolution E-5101.[39] SCE executed an additional five "Standard Track" contracts for various energy projects pursuant to Resolution E-5142.[40] Costs associated with system reliability resources procured pursuant to D.19-11-016 are recorded in the System Reliability Procurement Memorandum Account for future cost-allocation using the modified CAM methodology, when such methodology is adopted.

Third, the Commission also authorized the IOUs to procure resources for emergency system reliability requirements. In D.21-02-028, the Commission authorized the IOUs to contract for capacity that is available to serve peak and net peak demand in the summer of 2021 and 2022, and seek approval for recovery of rates through CAM. In D.21-03-056, the Commission authorized the IOUs to procure resources to meet the summer 2021 and 2022 planning reserve margin.

Fourth, SCE forecasts RA purchase costs for generic RA using the RA market price benchmark and the revenue from sale of excess RA.[41] Finally, SCE forecasts costs for RA resources procured through Local Capacity Requirement

38 Exhibit SCE-05-E2 at 39-40.

39 SCE Reply Brief at 3; SoCal CCAs Opening Brief at 24.

40 SCE Reply Brief at 3-4.

41 Exhibit SCE-05-E2 at 42.

solicitations in the Western Los Angeles[42] and Moorpark[43] subareas.[44] Starting in 2023, SCE will begin procurement for RA resources as Central Procurement Entity (CPE) for its distribution service area.[45]

5.4. Public Purpose Program Charge

SCE will incur procurement-related expenses for three programs recovered through the Public Purpose Programs charge. First, SCE will incur costs related to electrical energy, capacity, and renewable attributes contracted through its PRP #2.[46] SCE incorporates forecast, monthly in-front-of the meter energy costs[47] from the PRP #2 into the F&PP forecast.

Second, SCE incurs above-market costs associated with biomass contracts procured pursuant to D.18-12-003. The Tree Mortality Non-Bypassable Charge BA records the net costs of tree mortality-related biomass energy procurement mandated by Pub. Util. Code § 399.20.3(f).[48] The net costs include the costs of procurement, but exclude the value received from the utilities for 1) energy or ancillary services sales, 2) the value of renewable energy credits associated with the biomass contracts, and 3) the RA capacity value of the contracts.[49] The net costs also include costs associated with audits of the BioRAM program.[50]

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[42] D.15-11-041.

[43] D.16-05-050; D.19-12-055.

[44] Exhibit SCE-05-E2 at 42.

[45] D.20-06-002.

[46] Exhibit SCE-05-E2 at 42-43.

[47] Behind-the-meter Local Capacity Requirement resources from the PRP reduce the overall bundled load requirement and are not included in the F&PP forecast.

[48] D.18-12-003 at 2.

[49] *Id*. at 2, 25 (OP 1).

[50] Resolutions E-4805 and E-4770; Exhibit SCE-05-E2 at 106-107.

Third, SCE's net costs associated with the BioMAT program are recovered through the BioMAT Non-Bypassable Charge, which is part of the Public Purpose Program Charge.[51] The BioMAT program established a feed-in tariff for bioenergy and required the IOUs to procure an additional 250 MW of renewable feed-in tariff resources from small scale bioenergy projects that commence operations after June 1, 2013.[52] SCE forecasts a net revenue requirement of $6.464 million fuel and purchased power costs associated with the BioMAT Non-Bypassable Charge in 2022.[53]

Finally, SCE recovers the portion of the costs for the Disadvantaged Communities -- Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs, which are not otherwise recoverable through GHG allowance revenue, through the Public Purpose Programs charge, as discussed in Section 7.4.2.

5.5. Green Tariff Shared Renewables Program

In 2015, the Commission established the Green Tariff Shared Renewables program pursuant to Pub. Util. Code §§ 2831 to 2833.[54] The Green Tariff Shared Renewables program provides customers with two options for obtaining a greater mix of renewable energy. Under the Green Tariff option, marketed as the Green Rate program at SCE, customers may choose either a 50% or 100% option for the mix of renewable energy with a corresponding increase in their generation rate. Under the Enhanced Community Renewables option, customers

[51] Prior to D.20-08-043, the BioMAT program costs were recorded in vintages subaccounts of the PABA and recovered through the PCIA surcharge.

[52] Senate Bill 1122 (Rubio, 2012); D.20-08-043.

[53] Exhibit SCE-05-E2 at 108.

[54] D.15-01-051.

may support local renewable energy project agreements with third-party developers.

SCE forecasts 17,301,022 kilowatt hour (kWh) of participation through the Green Tariff Shared Renewables program in 2022.[55] The forecasted kWh to serve Green Tariff Shared Renewables customers is removed from the CHP and Renewables energy and shown separately, as the resources to generate the energy are now online and expected to produce power in 2022.[56]

5.6. Nuclear

SCE has ownership interests in the San Onofre Nuclear Generating Station (SONGS), a nuclear power facility which ceased operations in 2013, and the Palo Verde Nuclear Generating Station (PVNGS), a nuclear power facility in Phoenix operated by the Arizona Public Service.[57] SCE forecasts $4.5 million in costs for interim spent fuel storage costs at SONGS in 2022.[58] SCE forecasts $31.4 million in nuclear fuel expenses and approximately $0.1 million in net interim used fuel storage charges at PVNGS, accounting for a $2.0 million damages award payment from the United States Department of Energy from litigation to recover spent fuel storage costs.[59]

5.7. Catalina Fuel Costs

SCE forecasts a total fuel cost of $5.717 million to provide electricity service to Santa Catalina Island using six diesel generators and 23 propane-fired

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[55] Exhibit SCE-05-E2 at 43.

[56] *Id*. at 43.

[57] *Id*. at 44.

[58] *Id*. at 47.

[59] *Id*. at 46-47.

micro-turbines at the Pebbly Beach Generating Station.[60] This fuel cost forecast includes $5.459 million for diesel fuel based on a forecast use of 46,833 barrels of diesel at an average commodity costs of $116.65 per barrel.[61] It also includes a forecast of $0.258 million in propane costs to operate the microturbines in 2022.[62]

5.8. Demand Response

SCE forecasts a total cost of $25.928 million for 10 GW of energy reductions in 2022 provided by economic demand response programs, including the Summer Discount Plan, Capacity Bidding Program, Critical Peak Pricing, and Smart Energy Program.[63] SCE does not include the costs associated with demand response programs that provide reliability, which are programs that require participants to reduce their load in response to a forecast or actual system emergency.[64] SCE records the cost of all demand response incentives in the Demand Response Program BA pursuant to D.17-12-003.[65]

5.9. CAISO Costs, Load Procurement and PABA Energy Revenue

The forecast CAISO cost is the net cost of the following: grid management charges, Federal Energy Regulatory Commission fees, Congestion Revenue Rights, auction-related CAISO costs, ancillary services, CAISO uplist costs, Standard Capacity Product costs, and other non-energy-related CAISO costs.[66] The forecast load procurement cost is the cost of procuring load, estimated by

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60 *Id*. at 52.

61 *Id*. at 50.

62 *Ibid*.

63 *Id*. at 11, 50.

64 *Id*. at 52.

65 *Id*. at 53.

66 *Id*. at 53-54.

multiplying the hourly load by the south of path 15 zone of the CAISO control area (SP15) price for the corresponding hour.[67] SCE calculates the forecast load procurement charges by multiplying the hourly load with the corresponding hourly SP15 price.[68] SCE calculates the forecast energy revenues by multiplying the forecast production of its CAM and PABA-eligible resources by the corresponding hourly SP15 price.[69]

5.10. Hedging Costs

SCE's forecast hedging costs include energy-related transaction fees and option premiums for hedging SCE's open energy position in 2022.[70]

5.11. Gas Transportation and Storage

SCE forecasts $3.909 million of costs associated with natural gas delivery for 2022.[71] This includes the costs of: (1) a daily reservation charge for Backbone Transportation Service rights of 30,060 MMBtu/day and (2) a fixed monthly customer charge to deliver natural gas to SCE's UOG fuel cells at University of California at Santa Barbara and California State University at San Bernardino.[72] It also includes SCE's forecast costs associated with a month-to-month contract with Southern California Gas Company to transport natural gas to the Mountainview Generating Station along with delivery to SCE's Barre, Center, Grapeland, McGrath and Mira Loma peakers.[73]

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[67] *Id*. at 54.

[68] *Ibid*.

[69] *Ibid*.

[70] *Id*. at 63.

[71] *Id*. at 64-65.

[72] *Ibid*.

[73] *Id*. at 65.

5.12. Financing Costs

SCE has a $3.35 billion multi-year revolving credit facility, also called the "revolver," to serve short-term borrowing requirements.[74] In 2021, SCE extended its credit facility through 2025 in order to maintain a four-year term and increased the size of the revolver by $350 million.[75] Forecast costs and other aspects of the revolver include 1) $20,000 administrative fee, 2) 17.5 basis point annual facility fee, 3) 107.5 basis point participation fee on any outstanding letters of credit, 4) 20 basis point issuer fee on any letters of credit, and 5) London Inter-Bank Offered Rate plus 107.5 basis points borrowing (loan) rate.[76] In 2022, SCE forecasts using funds from the revolver to provide capacity for collateral and supporting balancing accounts.[77]

SCE issued a 3-year $100 million fixed-rate bond in June 2021 to pay for fuel inventories.[78] In 2022, SCE proposes to use a $3 billion commercial paper program to finance fuel inventories in excess of the amount of the $100 million fixed rate bond.[79] In addition, SCE proposed to provide collateral to counterparties in the form of letters of credit rather than cash; fees associated with letters of credit will be charged to the ERRA-related balancing accounts.[80]

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[74] *Id*. at 67-68.

[75] *Ibid*.

[76] *Ibid*.

[77] *Ibid*.

[78] *Id*. at 68-69.

[79] *Id*. at 69.

[80] *Id*. at 68.

5.13. Carrying Costs - Fuel Inventory, GHG Compliance and Collateral

SCE forecasts fuel inventory carrying costs for nuclear, natural gas, diesel and propane.[81] SCE also forecasts GHG procurement compliance carrying costs for 2022, which SCE estimates using historical GHG inventory balances and the ERRA BA interest rates.[82] Finally, SCE forecasts the carrying costs associated with SCE's collateral requirements necessary to procure power.[83] SCE proposes to recover its carrying costs through the ERRA-related balancing accounts.[84]

6. SCE's Revenue Requirement and Ratemaking Proposal

SCE proposes to divide its ERRA revenue requirement between generation service, which applies to bundled customers, and delivery service, which applies to both bundled and unbundled customers. SCE's generation service revenue requirement is discussed in Section 6.1 while SCE's delivery service requirement is discussed in Section 6.2.

SCE forecasts its total system average rates will increase by 5.2% to 22.737¢/kWh in 2022.[85] While SCE initially forecast a rate decrease for 2022, SCE states that its forecast revenue requirement for November 2021 was $308.324 million higher than its forecast in June 2021 due to the following factors: (1) significantly higher market prices for gas, power, and GHG allowances due primarily to higher gas prices and (2) a higher bundled customer load due to the return of departed load customers as a result of Western Community Energy's

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[81] *Id*. at 70-71.

[82] *Id*. at 71.

[83] *Ibid*.

[84] *Id*. at 65-67.

[85] *Id*. at 136 (The rate increase percentage is relative to rates as of October 1, 2021.)

bankruptcy, (3) higher fuel costs and open market exposure to meet bundled service energy needs, and (4) higher Short Run Avoided Cost payments for Qualified Facilities contracts.[86] SCE's forecast revenue requirement is $229.7 million more than the revenue requirement currently reflected in rates.[87] SCE's proposed average rates by customer class are summarized in Table 6-1 below.

Table 6-1. SCE's Proposed 2022 ERRA Forecast Average Rates by Customer Class.[88,89]

Rate Schedule by Customer Group	Total Delivery (¢/kWh)	Total Generation (¢/kWh)	Total (¢/kWh)	% Change from 10/1/2021
Domestic				
• D	17.337	11.692	29.029	3.6%
• D-CARE	6.730	11.706	18.436	3.7%
• D-APS	15.643	11.710	27.353	5.6%
• DE	10.100	11.696	21.795	4.3%
• DM	20.173	11.742	31.915	7.4%
• DMS-1	19.819	11.742	31.561	8.2%
• DMS-2	18.272	11.741	30.013	8.6%
Lighting-Small, Med. Power				
• GS-1	13.468	11.843	25.310	6.2%
• GS-2	15.499	10.971	26.469	10.3%
• TC-1	19.727	8.800	28.527	7.1%
• TOU-GS	13.553	10.044	23.597	10.6%
Large Power				
• TOU-S	11.163	9.219	20.382	10.4%
• TOU-P	9.906	8.742	18.648	13.3%
• TOU-T	4.424	8.017	12.441	17.7%

[86] *Id*. at 19-20.

[87] *Id*. at 6.

[88] Exhibit SCE-05-E2 at 136.

[89] Acronyms for customer classes are defined in Appendix A.

Rate Schedule by Customer Group	Total Delivery (¢/kWh)	Total Generation (¢/kWh)	Total (¢/kWh)	% Change from 10/1/2021
• TOU-8-S-S	11.126	9.022	20.148	10.9%
• TOU-8-S-P	11.346	8.985	20.330	8.7%
• TOU-8-S-T	5.060	7.739	12.798	17.6%
Agricultural & Pumping				
• TOU-PA-2	13.002	10.124	23.126	14.9%
• TOU-PA-3	10.386	8.306	18.692	10.7%
Street & Area Lighting				
• LS-1	45.463	5.815	51.278	24.0%
• LS-2	19.252	5.808	25.060	8.9%
• LS-3	6.154	5.869	12.023	13.0%
• DTL	35.371	5.815	41.186	7.6%
• OL-1	31.881	5.815	37.696	10.9%
Average Rate - All Groups	12.218	10.519	22.737	5.2%

6.1. Generation Service Revenue Requirement

The generation service revenue requirement covers F&PP costs, along with the associated GHG costs of resources, recorded in the following accounts: 1) ERRA BA, 2) PABA, and 3) Green Tariff Shared Renewables BA, and 4) the Energy Settlement MA, as discussed in Sections 6.1.1 to 6.1.4 and summarized in Table 6-2 below. SCE's forecast generation service requirement is $600.5 million more in 2022 than its generation service revenue requirement from rates in effect today.[90]

This decision adopts a total generation revenue requirement of $4,622.540 million, after deferring recovery of $1.754 million in litigation costs, as discussed in Section 6.1.4.

90 Exhibit SCE-05-E at 10.

Table 6-2. Summary of SCE's Proposed and the Commission Adopted Generation Service Revenue Requirement.[91]

Description	SCE Proposed 2022 Revenue Requirement (millions)	Commission Adopted 2022 Revenue Requirement (million)
2022 F&PP Costs (including GHG costs)		
• ERRA BA-related	$3,405.476	$3,405.476
• PABA-related	$371.817	$371.817
• Green Tariff Shared Renewables BA-related	$1.037	$1.037
2021 ERRA BA True-up	$785.502	$785.502
2021 PABA True-Up	$76.088	$76.088
2021 Energy Settlement MA True-Up	-$15.626	-$17.380
Total Generation Service	**$4,624.296**	**$4,622.540**

6.1.1. ERRA BA

The ERRA BA records the difference between SCE's ERRA-related revenue requirement and its F&PP expenses for bundled service customers during the prior year. For 2022, SCE forecasts a total revenue requirement of $3,405.476 million for F&PP costs for wholesale short-term market purchases and F&PP contract costs for resources not eligible for recovery through the PABA, New System Generation BA, or any other account.[92] This includes $0.412 million in F&PP-related subscription fees.[93] Subscription fees are used to "perform key market functions including monitoring independent market data, risk reports, power prices, natural gas prices, emissions prices, and industry news," and to calculate the Short-Run Avoided Cost price for qualifying facilities.[94]

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[91] Exhibit SCE-05-E2 at 11.

[92] Exhibit SCE-05-E at 97.

[93] *Id*. at 65.

[94] *Ibid*.

In its November Update testimony, SCE forecasts a $785.502 million undercollection in the ERRA BA by December 31, 2021, which SCE proposes to collect from bundled service customers in 2022.[95] According to SCE, the undercollection results from significantly higher than forecast gas and electric power prices, which started increasing in the second quarter of 2021.[96] Upon consideration, we find SCE's forecasted ERRA BA revenue requirement and 2021 ERRA BA undercollection recovery proposal reasonable and in compliance with applicable rules, orders and Commission decisions.

6.1.2. PABA

The PABA records the costs of long-term, fixed-price contract costs and utility-owned generation costs for bundled and departed load customers (*see* Section 5 above for specific resource types). SCE forecasts $371.817 million in F&PP costs in the PABA for bundled service customers in 2022 through the generation service component of its revenue requirement.[97]

SCE also forecasts a $76.088 million total undercollection in its 2021 PABA balance by December 31, 2021.[98]

The SoCal CCAs have made many recommendations to correct inaccuracies in SCE's PABA workpapers. SoCal CCAs outstanding issues in PABA relate to the proper accounting for solar resources, co-located with energy storage resources, as discussed in Section 6.1.2.1. Otherwise, we find SCE's proposed 2022 forecast PABA and 2021 PABA year-end true-up reasonable and in compliance with applicable rules, orders and Commission decisions.

[95] *Id*. at 98.

[96] *Ibid*.

[97] *Id*. at 97.

[98] *Id*. at 98.

6.1.2.1. Accounting for Reduction in Value of RPS Resources Modified Pursuant to D.19-11-016 for System Reliability

As discussed further in Section 5.3, SCE executed seven "Fast Track" contracts and five "Standard Track" contracts for various energy projects pursuant to the Commission's direction to procure 1,184.7 MW of incremental system RA capacity in D.19-11-016.[99]

Of these twelve resources, SoCal CCAs requests SCE credit the "lost" energy and RPS value for three solar Power Purchase Agreements (PPA) to the PABA. Since SCE credited the "lost" RA value for these resources to the PABA, the SoCal CCAs argue that departed load customers will not be fully compensated for the full "lost" value of the solar resources unless the energy and REC value is credited to the PABA as well.

In testimony and briefs, SCE states that its accounting methodology already explains the energy and REC value changes to the solar PPAs through the PABA. Unlike the RA value of the solar resource (which SCE moved out of the PABA and recorded into the System Reliability Procurement MA for future cost-allocation using the modified CAM methodology[100]), SCE explains that it retained the energy and REC value of the solar resources in the PABA.[101]

In comments on the Proposed Decision, SoCal CCAs clarify that they do not oppose SCE's accounting treatment of the three resources for purposes of setting PCIA rates.[102] However, SoCal CCAs request that the Commission defer

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[99] SCE Reply Brief at 3-4.

[100] The Modified CAM methodology has yet to be approved and SCE currently records all costs to the System Reliability Procurement MA.

[101] SCE Reply Brief at 5.

[102] SoCal CCAs Opening Comments on the Proposed Decision at 7.

consideration of whether SCE has accounted for these resources in compliance with Resolution E-5101 to the 2021 ERRA compliance proceeding.[103] According to the SoCal CCAs, there is insufficient record evidence in this proceeding "to understand how much the loss in value of the resource is attributed to 'technology-based curtailments' and how much can be attributed to 'project-specific historical performance' based on comparisons to similar resources."[104]

In its reply comments on the Proposed Decision, SCE states that the change to its solar production estimates was calculated using an updated forecast methodology on May 2021 "that included historical 3-year performance as one of the key inputs for the RPS production forecast," which is the same methodology SCE applied to its other RPS contracts.[105]

Upon review, we find that SCE's balancing account treatment of the three solar PPA resources is consistent with the methodology approved for the three PPAs by the Commission in Resolution E-5101.[106] The Commission may consider methodological changes for understanding the loss of value for solar co-located with storage in a relevant proceeding, such as Rulemaking 16-02-007.

6.1.3. Green Tariff Shared Renewables BA

The Green Tariff Shared Renewables BA records the difference between the costs and revenues collected for Green Tariff Shared Renewables-commodity

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[103] *Ibid*.

[104] *Ibid*.

[105] SCE Reply Comments on the Proposed Decision at 1.

[106] Resolution E-5101 approved SCE AL 4218-E, an adopted interim balancing account treatment for resources procured pursuant to D.19-11-016 in the absence of the adopted modified CAM methodology contemplated by the aforementioned decision.

resources, used for both the Green Tariff option[107] and the Enhanced Community Renewables option[108] of the Green Shared Tariff Renewables program.

SCE forecasts Green Tariff participation at 17,301,022 kWh in 2022[109] and forecast revenue requirement of $1.037 million for F&PP costs related to three projects procured on behalf of Green Tariff Shared Renewables program customers.[110]

SoCal CCAs object to SCE's classification of the Green Tariff Shared Renewables resources as part of the PABA. According to the SoCal CCAs, Green Tariff Shared Renewable resources are procured on behalf of bundled customers. Therefore, the net costs should be recorded in the Green Tariff Shared Renewables BA or the ERRA BA. SoCal CCAs contend that SCE's practice is inconsistent with both PG&E and SDG&E, neither of whom record the costs of the Green Tariff Shared Renewables program in the PABA.[111]

While SCE performs a series of debits and credits to the Green Tariff Shared Renewables costs from unbundled customers, the SoCal CCAs indicate that SCE performed these series of debits and credits incorrectly in its June 2021 testimony.[112] SoCal CCAs state that SCE subsequently corrected the Green Tariff Shared Renewables program calculations in the November Update testimony, though SoCal CCAs cite to an incorrect reference to an ERRA BA

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[107] Under the Green Tariff option, customers can choose to allocate either 50% or 100% of their electricity bill to renewable energy.

[108] Under the Enhanced Community Renewables option, customers can support local renewables projects through agreements with third-party energy developers.

[109] Exhibit SCE-05-E at 43.

[110] *Id*. at 97.

[111] SoCal CCAs Opening Brief at 11.

[112] *Id*. at 12.

credit in SCE's November Update testimony as further evidence that SCE's practice of recording the Green Tariff Shared Renewables program balance in the PABA should be amended.[113]

DACC agrees with the SoCal CCAs' arguments, and supports changing SCE's accounting practices so Green Tariff Shared Renewables resource costs are only recorded in the ERRA BA.[114] DACC concurs with the SoCal CCAs in arguing that SCE's approach should align with the other IOUs.[115]

In response, SCE states that all parties are in agreement that the November Update testimony workpapers are accurate despite the error in testimony.[116] While SCE agrees that it incorrectly assigned the RPS value for the Green Tariff Shared Renewables program as a credit to the ERRA BA in its June 2021 testimony, its intended assignment to the ERRA BA and PABA are correct.[117] According to SCE, D.15-01-051 allows SCE "to rely on RPS procurement to supply the [Green Tariff Shared Renewables] program." RPS resources are PCIA eligible. Therefore, SCE first considers all RPS resources PCIA eligible prior to assigning the RPS for other purposes, such as supplying the Green Tariff Shared Renewables program.[118]

SCE explains that it records all PCIA eligible resources in the PABA, in this case all RPS is first recorded as a debit in the PABA. In order assign the cost of RPS resources for bundled service customers, such as for Green Tariff Shared

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[113] *Id*. at 12-13.

[114] DACC Reply Brief at 1-2.

[115] *Id*. at 2.

[116] SCE Reply Brief at 1-2.

[117] *Id*. at 2.

[118] *Ibid*.

Renewables program, SCE states that it subsequently records all actual retained RPS to the ERRA BA as a debit and records a corresponding credit to the PABA.[119] SCE asserts that the purpose of this strategy is to avoid overprocurement of renewables outside of the RPS program.[120]

Reserving judgement on party's views regarding the proper balancing account treatment of Green Tariff Shared Renewables resources, the Commission finds SoCal CCAs' proposal to change SCE's balancing account treatment of Green Tariff Shared Renewables resource costs is outside the scope of this proceeding. However, PG&E, SCE, and SDG&E will soon file applications for the first DAC-GT and CSGT applications for review, expected in April 2022.[121] To encourage consistency and efficiency of programs offering alternative to rooftop solar resources, the electric utilities have been encouraged to address remaining Green Tariff Shared Renewables program issues in these applications.[122] Therefore, SoCal CCAs are invited to discuss the balancing

[119] *Ibid*.

[120] *Ibid*.

[121] D.18-06-027 at 54, 88; In December 2020 the Commission granted a one-year extension to the electric utilities. In October 2021, the Commission granted a further extension of 60 days following the issuance and service of the DAC-GT and CSGT Independent Evaluation Final Report (Report) to allow the utilities to incorporate and respond to the Report's findings. The new due date for the Applications is anticipated to be in April 2022, or the 60th day following issuance and service of the DAC-GT and CSGT Independent Evaluator's Final Report (currently expected by Mid-February 2022.)

[122] We take notice here that on September 15, 2021, the Commission's Energy Division conducted an online workshop to present a proposal template for the DAC-GT and CSGT Applications. The workshop sought feedback about the application process and presented the Energy Division's recommendations that the electric utilities include the Green Tariff Shared Renewables and the Enhanced Community Renewables Programs as part of the DAC-GT and CSGT Applications for review to better align these green access programs or rooftop solar alternatives.

account treatment of the Green Tariff Shared Renewables program in SCE's pending DAC-GT and CSGT applications.

Otherwise, the Commission finds SCE's proposed 2022 Green Tariff Shared Renewable BA amount accurate, reasonable, and in compliance with applicable rules, orders and Commission decisions.

6.1.4. Energy Settlement MA and Litigation Costs Tracking Account (TA) Subaccount

The Energy Settlement MA tracks refunds from generators who overcharged SCE for electricity during the 2000-2001 California Energy Crisis. The Litigation Costs TA is a subaccount in the Energy Settlement MA which tracks litigation costs "set-aside" in Federal Energy Regulatory Commission investigation settlement agreements and actual litigation costs incurred by SCE.

SCE received $17.392 million, $17.587 million including franchise fees and uncollectibles (FF&U), on November 2, 2021 related to refunds from generators who overcharged SCE for electricity during the 2000-2001 California Energy Crisis.[123] Pursuant to D.21-07-015, SCE deferred recovery of $1.754 million in litigation costs to the Litigation Costs TA.[124] In total, SCE has an overcollection of $15.626 million in the Energy Settlement MA and Litigation Costs TA.

SoCal CCAs state that SCE's proposal to return the settlement amount balance using the "One-Time Refunds/Costs Subaccount" of the PABA is overly vague because it does not explain which vintage will be credited.[125] SoCal CCAs

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[123] Exhibit SCE-05-E2 at A-3.

[124] *Id*. at 99.

[125] SoCal CCA's Opening Brief at 30-32.

request that SCE assign the $15.626 million in settlement funds to 2001 vintage customers through the PABA, arguing that

> CCAs customers (and other unbundled customers) that departed IOU service after 2001 have carried the above-market generation costs that resulted from market manipulation and the ensuing California energy crisis in 2001-2001 as bundled customers.[126]

DACC supports SoCal CCA's proposal to allocate the settlement funds to 2001 vintage customers through the PABA, and also indicates "that including the refund in the 'One Time Refunds/Costs' category of SCE's Indifference Amount calculation would accomplish this goal."[127]

SCE disagrees with SoCal CCA's proposal and points to its tariff[128] as directing the transfer to the "One Time Refunds/Costs" sub-account in the PABA.[129] SCE states that the 2001 vintage does not exist and therefore cannot be credited.[130]

Upon consideration, we find that the "One Time Refunds/Costs" subaccount in the PABA is appropriate for recording energy settlement refunds, as it will distribute funds to both bundled and departed-load customers. SCE's Tier 1 AL, which will be filed in compliance with the authority granted herein, shall include a showing of which vintages received the energy crisis settlement fund refunds via the "One Time Refunds/Costs" subaccount of the PABA in its workpapers implementing final rates pursuant to his Decision, and SCE must serve the workpapers on all parties to this proceeding who are authorized to

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[126] *Id*. at 30.

[127] DACC Reply Brief at 2.

[128] Preliminary Statement, Sheet 11, Section WW(3)(aa) "Portfolio Balancing Account."

[129] SCE Reply Brief at 5-6.

[130] *Id*. at 5-6.

receive confidential information pursuant to the Commission's confidentiality protocols.

However, we deny recovery of the $1.754 million in litigation costs through this forecast application in accordance with D.21-07-015, which directed SCE to "identify or establish what benefit its current litigation costs are related to or distinguish these costs from other pending civil litigation for which benefits are not yet known."[131] To date, SCE has made no such showing. SCE's total revenue requirement for the Energy Settlement MA, including the Litigation Costs TA, is changed from -$15.626 million to -$17.380 million.

SCE is permitted to hold $1.754 million in litigation costs in the Litigation Costs TA subaccount and, by extension, $1.754 million in its Energy Settlement MA pending a showing that ties the litigation costs to known or reasonably estimated litigation benefits in an ERRA compliance review proceeding, pursuant to D.21-07-015.

6.2. Delivery Service Revenue Requirement

SCE forecasts a total delivery service revenue requirement of $127.554 million in 2022. The delivery service revenue requirement is recovered from all bundled and departing load SCE customers through allocation mechanisms other than the CTC, PCIA, and the Wildfire Non-Bypassable Charge.

This decision adopts a delivery service requirement of $145.508 million to account for $17.954 million reduction in GHG allowance revenue returned to SCE's customers as a result of the Commission's increased set-aside for the SOMAH program. This change to the revenue requirement adjustment is

[131] D.21-07-015 at 32.

reflected in a reduction to the California Climate Credit, and does not affect SCE's proposed energy rates.

This forecast includes F&PP and GHG costs of resources associated with the following: (1) New System Generation BA and 2021 System Reliability BA, *see* Section 6.2.1, (2) Spent Nuclear Fuel Costs, *see* Section 6.2.2, (3) the distribution sub-account of the Base Revenue Requirement BA, *see* Section 6.2.3, (4) GHG Allowance revenue return, *see* Section 6.2.4, and (5) the Public Purpose Program Charge, *see* Section 6.2.5. SCE's 2022 forecast for its delivery service revenue requirement is $370.8 million more than the revenue requirement from rates in effect today.[132]

Table 6-3. Summary of SCE's Proposed and Commission Adopted Delivery Service Revenue Requirement.[133]

Description	SCE Proposed 2022 Revenue Requirement (millions)	Commission Adopted 2022 Revenue Requirement (million)
New System Generation		
• New System Generation F&PP 2022 Forecast[134] and 2022 System Reliability F&PP	$589.189	$589.189
• New System Generation BA 2021 True-Up	$142.153	$142.153
Spent Nuclear Fuel	$4.648	$4.648
Distribution Rate Component		
• Base Revenue Requirement BA-Distribution F&PP 2022 Forecast	$25.928	$25.928
• GHG Allowance Revenues 2022 Forecast	-$665.779	-$647.824

[132] Exhibit SCE-05-E at 10.

[133] Exhibit SCE-05-E at 92; SCE, Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

[134] Estimate includes indirect GHG costs.

Description	SCE Proposed 2022 Revenue Requirement (millions)	Commission Adopted 2022 Revenue Requirement (million)
Public Purpose Programs Charge		
• Public Purpose Program F&PP Charge 2022 Forecast	$70.144	$70.144
• Tree Mortality Non-Bypassable Charge BA 2021 True-Up	-$33.080	-$33.080
• BioMAT Non-Bypassable Charge BA 2021 True-Up	-$5.650	-$5.650
Total Delivery Service	**$127.554**	**$145.508**

6.2.1. New System Generation and System Reliability F&PP

The New System Generation BA records the benefits and costs of power purchase agreements associated with new generation resources (*see* Section 5.3 for a discussion of applicable contracts). SCE estimates the 2021 year-end balance of the New System Generation BA is an under-collection of $142.153 million.[135]

No parties opposed or commented on this matter. Upon consideration, we find SCE's total requested revenue requirement for New System Generation and System Reliability contracts, along with SCE's request to true-up the New System Generation BA, reasonable and in compliance with applicable rules, orders and Commission decisions.

6.2.2. Spent Nuclear Fuel

SCE forecasts $4.648 million in costs for interim spent fuel storage costs at SONGS and PVNGS in 2022, as discussed in Section 5.6 above.[136]

No parties opposed or commented on this matter. We find SCE's 2022 forecast of $4.648 million for interim spent nuclear fuel storage costs

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[135] Exhibit SCE-05-E at 92.

[136] *Id*. at 92.

reasonable and in compliance with applicable rules, orders and Commission decisions.

6.2.3. Base Revenue Requirement BA

The distribution subaccount of the Base Revenue Requirement BA records the costs associated with SCE's demand response programs, as discussed in Section 5.8 above. No parties opposed or commented on this matter. Upon consideration, we find SCE's 2021 forecast of $25.928 million for demand response programs costs reasonable and in compliance with applicable rules, orders and Commission decisions.

6.2.4. GHG Allowance Revenue Return

SCE requests the GHG allowance revenue return for the Emissions-Intensive and Trade Exposed (EITE) customer return, the small business return and the residential California Climate Credit as a sum total of -$665.779 million through its delivery service revenue requirement. This decision adopts a total GHG revenue return of -$647.824 million to account for $17.954 million reduction in GHG allowance revenue returned to SCE's customers as a result of the Commission's increased set-aside for the SOMAH program. The GHG allowance revenue return is discussed in detail in Section 7 below.

6.2.5. Public Purpose Program Charge

SCE forecasts a total 2022 revenue requirement of $70.144 million for the Tree Mortality Non-Bypassable Charge, the PRP #2, and the BioMAT program, as discussed in Section 5.4 above.[137] It also includes the costs for volumetric subsidies under the DAC-GT and CSGT programs, as discussed in Section 7.4.2.

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[137] *Id*. at 11.

SCE also requests to return an estimated $33.080 million 2021 year-end balance in the Tree Mortality Non-Bypassable Charge BA as well as an estimated $5.650 million in 2021 year-end balance in the BioMAT Non-Bypassable Charge BA.

No parties opposed or commented on SCE's set-aside for Public Purpose Program Charge. After considering the matter, we find SCE's request to recover the $70.144 million for PPP programs through its 2022 revenue requirement, and to true-up its year-end balance for the Tree Mortality Non-Bypassable Charge BA and BioMAT Non-Bypassable Charge BA, as set forth in this ERRA forecast decision reasonable and in compliance with applicable rules, orders and Commission decisions.

7. Greenhouse Gas Forecast Costs, Revenues and Reconciliation

The Commission adopted standard procedures for electric utilities to request greenhouse gas forecast revenue and reconciliation requirements filed after 2013 in D.14-10-033. The decision also adopted Confidentiality Protocols for Cap-and-Trade-related data and required the utilities to use a proxy price in their forecasts. Finally, the decision required the utilities to file GHG Forecast Revenue and Reconciliation Applications annually as part of their ERRA forecast applications. We use the standards adopted in D.14-10-033 to review SCE's current Forecast Application to determine the reasonableness of both the recorded and forecasted variables.[138]

R.20-05-002 reviewed the customer climate credits the State of California provides through the California Air Resources Board's (CARB's) Cap-and-Trade

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[138] Previously, the variables included Recorded and Forecast Volumetric Residential Return. However, in D.15-07-001, the Commission concluded that "The IOUs 2016 ERRA Forecast Filings should reflect that the residential volumetric GHG rate offset will be eliminated in 2016."

Program and adopted revisions to ensure that the credits were compliant with current statutes and regulations, and streamlined certain existing processes. In D.21-08-026, the Commission determined that the volumetric dispersion of the small business California Climate Credit did not comply with CARB's Cap-and-Trade Regulation. To bring the small business return into compliance, starting in 2022 the Commission modified the small business California Climate Credit methodology to a flat rate approach mirroring and equal in size to the residential California Climate Credit.

SCE AL 4587-E-A/E-B/E-C developed new D-series templates to calculate credit amounts accounting for the methodological adjustments in D.21-08-026. Template D-4 and D-5, previously submitted as part of the ERRA application, were removed.

SCE's GHG Cap-and-Trade $152.852 million in forecast costs for 2022.[139] SCE calculates the net GHG allowance revenues available for customer return at $665.88 million.[140] SCE's net GHG revenues consist of the following: 1) forecast GHG auction allowance revenues, 2) a true-up from the 2021 overcollection in GHG allowance revenue, 3) administrative and customer outreach expenses, 4) expenses for approved incremental clean energy and EE projects which may be funded by GHG allowance revenue, and 5) FF&U.

SCE proposes to distribute $33.029 million to EITE customers through the EITE customer return and $632.750 million to residential and small commercial

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139 Exhibit SCE-05-E2 at 86.

140 Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

customers through the California Climate Credit.[141] Finally, SCE proposes to return a biannual residential California Climate Credit of $61 per eligible account.[142] As discussed below, the Commission sets aside an additional $17.954 million for the SOMAH program. Thereby, the Commission approves a distribution of $33.029 million to EITE customers through the customer return and $614.795 million to residential and small business customers through the California Climate Credit, which authorizes a biannual residential Climate Credit of $59 per eligible account.

A summary of SCE's proposed GHG allowance-related revenues and expenses, along with the Commission's adopted GHG allowance-related revenues and expenses (as adjusted for the SOMAH set-aside), are provided in Table 7-1 below:

Table 7-1. Summary of GHG Allowance Auction-Related Revenues and Expenses.[143]

Program	SCE Proposed (millions)	Commission adopted (millions)
GHG auction revenues		
1. 2021 GHG Auction revenue true-up	-$80.813	-$80.813
2. 2022 Forecast GHG auction allowance revenue	-$650.731	-$650.731
3. 2022 Forecast FF&U	-$7.278	-$7.278
GHG Revenue Subtotal	-$738.822	-$738.822
Administrative Expenses		
1. 2021 Outreach and Administrative Expenses	$0.400	$0.400
2. 2021 Forecast FF&U	$0.005	$0.005
Subtotal	$0.405	$0.405

141 Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

142 *Ibid*.

143 Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

Program	**SCE Proposed (millions)**	**Commission adopted (millions)**
Clean Energy and Energy Efficiency Programs ($ GHG Allowance Funding/$ PPP Funding)		
1. SCE 2022 SOMAH	$49.139/$0	$65.073/$0
2. SCE 2021 SOMAH True-Up	$6.271/$0	$8.291/$0
3. SCE 2022 Disadvantaged Communities – Single-Family Solar Homes (DAC-SASH)	$4.600/$0	$4.600/$0
4. SCE 2022 DAC-GT and CSGT	$0.929/$2.308	$0.929/$2.308
5. CPA 2022 DAC-GT and CSGT	$1.696/$0.841	$1.696/$0.841
6. Cal Choice 2022 DAC-GT and CSGT	$0.003/$0.171	$0.003/$0.171
7. SCE Clean Energy Optimization Pilot (CEOP)	$10.000/$0	$10.000/$0
Total Clean Energy and EE Program Set-Asides	$72.639/$3.303	$90.592/$3.303
Total GHG Allowance Returns	-$665.888	-$647.824
1. EITE Customer Return		
2. California Climate Credit	-$33.029	-$33.029
	-$632.750	-$614.795

7.1. Greenhouse Gas Costs

GHG emissions costs are incurred directly or indirectly by a utility as a result of the GHG Cap-and-Trade program. Direct costs include, generally, the costs incurred to purchase compliance instruments for plants run by the utility or the costs of providing physical or financial settlements specifically for GHG emissions from plants not owned or operated by the utility. Indirect costs generally reflect GHG costs embedded in the price of power purchased on the market or through contracts that do not include GHG settlement terms.

SCE's November Update forecasts $152.852 million, including FF&U, for direct GHG costs in 2022.[144] SCE calculates direct GHG costs by multiplying the 2022 forecast price of $26.03/metric ton (MT), which is the Intercontinental Exchange settlement price as of August 26, 2021, by the forecasted GHG

144 *Id*. at 59.

emissions volume for non-imported power.[145] SCE forecasts GHG emissions costs associated with imported power by taking the volume of energy SCE expects to generate or buy by resource type and multiply by the emissions intensity for each resource type.[146]

SCE's Forecast Application proposes to allocate direct GHG costs to the customers who receive a benefit from the resources to which the GHG costs are attributable. SCE includes the direct cost of the GHG compliance instruments in its proposed generation service though the ERRA BA, PABA and the Energy Settlement MA, as shown on Table 6-2. SCE also proposes to include direct GHG costs for the New System Generation BA through its delivery service, as shown on Table 6-3.

No parties opposed or commented on SCE's GHG costs. Upon review, the Commission finds SCE's 2022 forecast GHG costs reasonable and in compliance with applicable rules, orders and Commission decisions.

7.2. Greenhouse Gas Allowance Proceeds

GHG allowance revenue comes from the sale of GHG allowances allocated by the State of California for the benefit of ratepayers, which SCE sells on behalf of ratepayers at quarterly GHG allowance auctions. SCE forecasts its GHG allowance revenue by multiplying a proxy GHG allowance price of $26.03/MT by the total volume of allowances the CARB allocated to SCE (24,999,282 allowances) in 2022.[147] SCE's total forecast GHG allowance revenue in 2022 is $650.731 million. SCE adjusts this forecast to reflect: (1) a refund of

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145 *Id*. at 56.

146 *Id*. at 54.

147 *Id*. at 75.

$80.813 million for an overcollection in the GHG Revenue BA during 2021 and (2) a refund of $7.278 million in FF&U in 2021, for a final 2022 GHG allowance revenue forecast of $738.822 million.[148]

No parties opposed or commented on SCE's GHG proceeds calculations. Upon consideration, the Commission finds SCE's net 2022 forecast allowance proceed amount reasonable and in compliance with applicable rules, orders and Commission decisions.

7.3. Administrative and Customer Outreach Expenses

The recorded and forecast administrative and customer outreach expenses are the costs incurred by a utility for administrative and customer outreach expenditures that relate to the GHG allowance proceeds return program.

SCE's 2021 recorded administrative and customer outreach costs were $255,058.[149,150] SCE's 2022 forecast of administrative and customer outreach expenses is $400,000, consisting primarily of costs associated with the April and October residential Climate Credit bill inserts.[151] SCE also forecasts $4,474 in FF&U, for a total cost of $404,474 for administrative and customer outreach costs.[152]

No parties opposed or commented on SCE's 2022 forecast of administrative and customer outreach expenses as proposed in the

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148 Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

149 Exhibit SCE-05-E2 at 88.

150 Recorded administrative and customer outreach costs for 2021 were $257,911 including FF&U.

151 *Id*. at 88.

152 *Id*. at 88.

November Update. Upon consideration, the Commission finds SCE's 2022 forecast administrative and customer outreach expense costs reasonable and in compliance with applicable rules, orders, and Commission decisions.

7.4. Clean Energy and Energy Efficiency Projects

Under Pub. Util. Code § 748.5(c), the Commission may allocate up to 15% of the revenue received by an electric corporation from its sales of allocated GHG allowances to specific clean energy and energy efficiency projects that are not funded by another source and are already approved by the Commission. SCE's total request for clean energy and energy efficiency projects is $72.639 million.[153] This decision modifies SCE's SOMAH set-aside, adjusting the total set-aside for clean energy and energy efficiency programs to $90.592 million. A summary of SCE's proposed clean energy and energy efficiency programs is provided in Table 7-1 above and discussed in Sections 7.4.1 (SOMAH), 7.4.2 (DAC-SASH, DAC-GT and CSGT), and 7.4.3 (CEOP).

7.4.1. SOMAH

AB 693 (Eggman), Stat. 2015 ch. 582, created the SOMAH program, allocating 10% of auction proceeds or $100 million annually, whichever is less, for fiscal years 2016 through 2026 in funding from Pacific Gas and Electric Company, San Diego Gas & Electric Company, SCE, Liberty Utilities (CalPeco Electric) LLC (Liberty) and PacifiCorp d/b/a Pacific Power's (PacifiCorp) share of greenhouse gas allowance auction proceeds to install solar photovoltaic energy systems on multifamily affordable housing properties throughout California.[154] SCE set aside funding for SOMAH starting in 2017 and the

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[153] *Id*. at 77, fn. 72.

[154] D.17-12-022.

SOMAH program began operating on July 1, 2019. In D.17-12-022, the Commission required that 10% of forecast auction revenue be reserved for SOMAH through each IOU's ERRA applications and established that each IOU shall contribute its proportionate share of $100 million, when necessary, based on its share of allowance sale proceeds from the previous four quarters.[155]

In D.20-01-022, the Commission clarified that prior-year GHG revenue allocations should be trued-up based on 10% allocation of actual GHG revenues received. In D.20-04-012, the Commission extended SOMAH through 2026, directed the utilities to make SOMAH program funding available for the latter half of 2020 as part of their 2021 request for SOMAH program funding, clarified existing requirements, and set additional requirements for the SOMAH budget true-up process.[156]

2021 is the first year that the combined utilities' allocation of 10% of GHG allowance revenues will likely exceed the $100 million amount of total annual allocations for the SOMAH program. Therefore, SCE proposed to true-up the GHG revenues allocated to SOMAH based on recorded GHG allowances, which include forecasted information for October to December of Planning Year (PY) 2021, as detailed in Table 7-2.

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[155] D.17-12-022 (OPs 4 and 7).

[156] The SOMAH program funding is allocated on a fiscal year basis while the Forecast revenue requirement is set for the calendar year, in this case 2022.

Table 7-2. Table of IOU Proposed PY2021 GHG Revenue Reallocation to Account for SOMAH Program $100 Million Annual Amount.[157]

PY	2021 Forecast SOMAH based on 10% GHG Revenue (millions)	2021 Proposed SOMAH Allocation for $100 million amount (%)	2021 Revised SOMAH Set-Asides for $100 million amount (millions)
PG&E	$37.247	35.828%	$35.828
SCE	**$53.060**	**51.039%**	**$51.039**
SDG&E	$11.584	11.143%	$11.143
PacifiCorp	$1.538	1.479%	$1.479
Liberty	$0.531	0.511%	$0.511
IOU Sum	$103.959	100.000%	$100.000

SCEs proposes to true-up its current PY2021 actual set-aside for SOMAH to $51.039 million.[158] Based on SCE's calculation of the total SOMAH program funding for 2016 through 2021, SCE calculates a net true-up amount for SOMAH of $6.271 million for 2022 when the cap is applied for 2021, as shown in Table 7-3.[159] Table 7-3 also shows that the 2021 true-up amount would be $8.291 million using the 10% GHG allowance allocation methodology.

Table 7-3. Table Summarizing the PY2021 SOMAH Program True-Up[160]

PY	Total GHG	10%/$100 million	ERRA Set-aside for PY	Difference
2016	$188,087,539	$18,808,754	$0	$18,808,754
2017	$384,894,152	$38,489,415	$8,077,000	$30,412,415
2018	$389,316,108	$38,931,611	$39,125,783	-$194,173
2019	$421,170,202	$42,117,020	$40,853,635	$1,263,386
2020	$420,965,536	$42,096,554	$73,281,647	-$31,185,111

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157 *Id*. at 80.

158 *Ibid*.

159 *Id*. at 81.

160 *Ibid*.

PY	Total GHG	10%/$100 million	ERRA Set-aside for PY	Difference
2021	$530,597,750	$53,059,775/ $51,039,154	$63,873,613	-10,813,838/ -$12,834,459
Total	**$2,335,031,111**	**$233,503,111/ $231,482,490**	**$225,211,678**	**$8,291,433/ $6,270,812**

SCE also anticipates the IOUs will exceed the $100 million amount based on their total forecast of 10% GHG allowance revenues for 2022, and proposes to allocate GHG allowance funding for SOMAH in 2022 as shown in Table 7-4.

Table 7-4. Table of IOU Proposed 2022 GHG Revenue Reallocation to Account for SOMAH Program $100 Million Annual amount[161]

	2022 Forecast SOMAH based on 10% GHG Revenue (millions)	2022 Proposed Allocation for $100 million amount (%)	2022 Proposed SOMAH Set-Asides for $100 million amount (millions)
PG&E	$46.409	35.045%	$35.045
SCE	**$65.073**	**49.139%**	**$49.139**
SDG&E	$19.440	14.680%	$14.680
PacifiCorp	$1.066	0.805%	$0.805
Liberty	$0.437	0.330%	$0.330
IOU SUM	$132.426	100.00%	$100.000

SCE proposes a total set-aside $49.139 million for SOMAH in 2022. No parties commented on SCE's proposed SOMAH allocation.

SCE's proposal uses to adjust its 2021 true-up and 2022 forecast SOMAH set-aside is based on the $100 million allocation methodology approved in

[161] *Id*. at 80.

D.17-12-022[162] and affirmed in D.20-04-012.[163] However, as SCE discussed in testimony, there is currently disagreement between and potentially among the IOUs, and Energy Division staff regarding:

> whether the rules require the IOUs to wait for recorded revenues for the previous four quarters before the $100 million SOMAH cap is applied. An alternate interpretation is that a capped amount should only apply on a retroactive or recorded basis.[164]

We decline to resolve any interpretations to the SOMAH program methodology in this proceeding, as this issue is more appropriately addressed on an industry-wide basis in Rulemaking (R.) 14-07-002, which established the SOMAH program budget details.

SCE's SOMAH set-aside for 2021 is changed from $51.069 million to $53.060 million, which changes the total 2022 SOMAH true-up amount from $6.271 million to $8.291 million. SCE's SOMAH forecast set-aside for 2022 is changed from $49.139 million to $65.073 million.

To expedite the Commission's consideration of this matter in R.14-07-002 on a schedule that may be timely implemented in next year's ERRA forecast or ECAC proceedings, SCE is directed to establish a working group with the IOUs, within 60 days of the issuance date of this decision, to discuss whether the

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162 "We find that it is reasonable for each IOU to reserve the full 10% of its allowance proceeds as part of its ERRA (or for Liberty and PacifiCorp, [Energy Cost Adjustment Clause (ECAC)]) applications, updating those estimates if appropriate during the proceeding.

However, when the actual funding allocation is made, if the IOUs' reservations add up to more than $100 million, each IOU shall contribute only its proportionate share of $100,000,000, and not more. This share for each IOU should be based on the fraction of total GHG allowance sale proceeds for the four quarters that its allowance sale proceeds represent." (D.17-12-022 at 36, 69-70 (OPs 4, 7).)

163 D.20-04-012 at 9, 14 (OP 6).

164 Exhibit SCE-05-E at 78.

current rules require the IOUs to wait for recorded revenues from the previous four quarters before applying the $100 million amount allocation methodology to the SOMAH set-aside in an ERRA forecast or Energy Cost Adjustment Clause (ECAC) proceeding. While SCE must notify PacifiCorp and Liberty of the workshop and provide notice of any IOU proposal, PacifiCorp and Liberty are not required to attend the working group or join the IOU proposal. SCE must also notice any meeting of the working group on the service list for R.14-07-002 and allow interested parties to the rulemaking to attend the working group meetings.

Within 120 days of the issuance date of this decision, SCE is directed to file a petition for modification of either D.17-12-022 or D.20-04-012, which will address whether the current rules require the IOUs to wait for recorded revenues from the previous four quarters before applying the $100 million amount allocation methodology to the SOMAH set-aside in an ERRA forecast or ECAC proceeding, and propose any additional clarifications required to operationalize the $100 million amount allocation methodology in the event that the IOUs' combined GHG allowance revenue exceeds $1 billion in a planning year.

7.4.2. DAC Programs

In D.18-06-027, the Commission created the DAC-SASH, DAC-GT, and CSGT programs to increase access to solar generation in low-income households. D.18-06-027 set an annual $10 million budget for the DAC-SASH program. SCE proposes to set-aside $4.600 million, its share of the annual $10 million budget, for the DAC-SASH program in 2022.[165]

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[165] Exhibit SCE-05-E at 83.

D.18-06-027 set no budget for the DAC-GT or CSGT programs, but authorized utilities to fund both programs first through available GHG allowance proceeds, and then through public Purpose Program funds if the GHG allowance funds were exhausted. In 2021, CARB informed the IOUs that D.18-06-027's requirement to fund the 20 percent bill discount for DAC and CSGT customers using GHG allowance funds was prohibited by Title 17, California Code of Regulations (C.C.R.) Sections 95892(d)(7)(D), which prohibits "returning allocated auction proceeds to ratepayers in a volumetric manner" where the term "volumetric" is defined as "describ[ing] an electrical distribution utility's or natural gas supplier's direct distribution of allocated allowance auction proceeds to one or more of its ratepayers based on the current and recent amount of electricity, natural gas, or other relevant utility service delivered to those ratepayers, such that higher usage results in ratepayers' receipt of more funds" pursuant to Title 17, C.C.R. Section 95802.[166] According to SCE, CARB also clarified that this prohibition also applies to information technology upgrades and marketing costs supporting the administration of volumetric returns.[167] While SCE included the costs of funding the DAC and CSGT programs though GHG allowance funding in this past year, and there is currently sufficient GHG allowance funding based on the 15% cap for funding clean energy and EE programs, the majority of SCE's current request for DAC-GT and CSGT programs are through Public Purpose Program funding.

SCE is requesting a net set-aside of $3.237 million in 2022, which includes $6.319 million for funding in 2022 and a true-up of $3.082 million in unspent

[166] SCE AL 4613-E; Energy Division Disposition Letter for SCE AL 4613-E (Nov. 15, 2021).

[167] Exhibit SCE-05-E at 82.

DAC-GT and CSGT funds for record years 2019-2021.[168] SCE is proposing to request $0.929 million from GHG funds and recover the remaining $2.308 million through Public Purpose Program funds.[169]

D.18-06-027, as clarified by Resolution E-4999, authorized CCAs to access these same program funding sources to run their own DAC-GT and CSGT programs. CPA and the Joint CCAs have requested to run their own DAC-GT and CSGT programs in 2022.

SCE's application includes a net set-aside of $3.030 million in 2022 for CPA's DAC-GT and CSGT, which includes a total request of $5.561 million for 2022 less $2.531 million in unspent funding set-aside for 2021.[170] SCE proposes to recover $1.69 million though GHG allowance funding, and the remaining $0.841 million through Public Purpose Program funding.[171]

SCE also includes a $174,756 set-aside for the Joint CCAs (which includes CalChoice, Pico Rivera Innovative Municipal Energy, and San Jacinto Power) to launch DAC-GT and CSGT programs in 2022.[172] SCE proposes to recover $3,300 through GHG allowance revenue, and the remaining $171,456 through Public Purpose Program funding.[173]

No parties commented on SCE's set aside for the DAC-GT and CSGT set-aside. Upon consideration, the Commission finds SCE's set aside for DAC-SASH, DAC-GT and CSGT reasonable and in compliance with D.18-06-027,

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[168] *Id*. at 83.

[169] *Ibid*.

[170] *Id*. at 84.

[171] *Ibid*.

[172] *Id*. at 84.

[173] *Ibid*.

CARB regulations, and SCE AL 4316-E. DAC-GT and CSGT program costs related to: (1) the 20% bill discount; (2) all administrative costs; (3) IT costs; (4) marketing, education and outreach costs are properly recorded in the Public Purpose Program Adjustment Mechanism, and recovered through the Public Purpose Programs Charge. Other DAC-GT and CSGT program costs are properly funded through GHG allowance revenue available under the 15% allowance for clean energy and energy efficiency projects.

7.4.3. CEOP

D.19-04-010 approved $20.4 million for the CEOP pilot, a pay-for-performance model energy-efficiency pilot at University of California (UC) and California State University (CSU) schools. The CEOP pilot period began in July 2019. SCE's 2020 ERRA forecast requested $10 million for the CEOP pilot, which was approved in D.20-01-022. Nine months after the start of the CEOP pilot, due to Governor Newsom's March 19, 2020 stay-at-home order necessitated by the COVID-19 pandemic, the UC and CSU systems transitioned to remote learning, resulting in a significant depopulation of university buildings. In May 2020, the settling parties to the CEOP reconvened to discuss modifying the CEOP terms to address the greatly altered electricity use at UC and CSU schools and in August 2020 a PFM of D.19-04-010 was submitted. SCE's 2021 Forecast ERRA did not request additional funds for the CEOP pilot as the future of the program was unclear. In November 2020, the Commission approved a settlement modifying the original CEOP pilot agreement and allowing the CEOP to continue to move forward.[174]

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[174] D.20-11-030.

In this application, SCE requests to set aside $10 million in funding for the CEOP in 2022.[175] Since SCE previously set aside $10 million in the 2020 ERRA Forecast[176] and $0 million in the 2021 ERRA forecast,[177] there is a remaining budget of $10.4 million authorized for the CEOP. Accordingly, SCE's request is consistent with all rules, law and Commission orders and this Decision approves SCE's request to set aside $10 million in funding for the CEOP in 2022.

7.5. EITE Emissions Customer Return

A portion of the GHG allowance proceeds are returned to customers who qualify as EITE. The EITE customer return is set by formula and made to EITE customers once per year.

SCE's 2021 recorded EITE customer return was $33.029 million and SCE's 2022 forecast EITE customer return is $33.029 million.[178] No parties opposed or commented on SCE's 2022 forecast EITE customer return as proposed in the November Update. Upon consideration, the Commission finds SCE's forecast 2022 EITE customer return reasonable and in compliance with applicable rules, orders and Commission decisions.

7.6. California Climate Credit

The California Climate Credit is distributed to residential and small commercial accounts after all applicable GHG-related expenses and customer returns have been made. It appears as a credit on applicable residential and small commercial customers' bills twice a year. The California Climate Credit is

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[175] Exhibit SCE-05-E2 at 85.

[176] D.20-01-022 at 51.

[177] D.20-12-035 at 39.

[178] Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

not related to the volume of electricity used by the applicable account; each residential or small commercial account within a utility's territory receives the same California Climate Credit.

In 2021, the total recorded GHG allowance revenue was approximately $80.813 million more than forecast for 2021.[179] SCE proposes to return the 2021 overcollection through the total 2022 GHG allowance revenue available for distribution through the California Climate Credit.

SCE's 2022 forecast of the total number of households and small businesses eligible for the California Climate Credit is 5,203,679 and the proposed total revenue available for the residential Climate Credit is $632.750 million.[180] SCE proposes a California Climate Credit of $61, to be distributed as a credit on residential and small commercial account customers' bills in April and October of 2022.[181]

No parties opposed or commented on SCE's California Climate Credit in the November Update. To adjust for the change to the SOMAH set-aside, as discussed in Section 7.4.1, this decision changes the total GHG allowance revenue available for customer return from $632.750 million to $614.795 million. SCE's residential and small business climate credit return is changed from $61 to $59, to be returned to SCE's customers biannually in 2022.

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[179] Response of SCE to Email Ruling Requesting Additional Information Regarding Solar on Multi-family Housing Program Set-Aside.

[180] *Ibid*.

[181] *Ibid*.

8. Cost Responsibility Surcharges

The Cost Responsibility Surcharge Indifference Amount[182] is the difference between the total portfolio cost and the forecast value of the portfolio; it includes the CTC and the PCIA charges. Charges for the Wildfire Fund Non-Bypassable Charge are discussed in Section 8.2. The CTC charge is discussed in Section 8.1. PCIA charges are discussed in Section 8.3.

8.1. CTC Surcharge

The CTC surcharge recovers the "above-market" charges for pre-restructuring resources and is the same for each customer class regardless of a customer's departure date. For 2022, SCE forecasts the following CTC costs: (1) $0.00019/kWh for Domestic (D) customers of all vintages; (2) $0.00015/kWh for TOU-GS-1, TOU-GS-2; (3) $0.00014/k Wh for TC-1, TOU-GS-3, TOU-8-Sec, TOU-8-Pri, TOU-PA-2, Standby-Sec, and Standby-Pri customers of all vintages; and (4) $0.00013/kWh for all other customer classes for all vintages.[183]

8.2. Wildfire Fund Non-Bypassable Charge

The Wildfire Non-Bypassable Charge helps fund the Wildfire Fund, which is an insurance fund that allows recovery for prudently incurred utility wildfire costs and provides financial stability to California's electrical corporations.[184] The Wildfire Fund Non-Bypassable Charge replaced the CDWR Bond Charge, which expired on September 30, 2020.[185] For 2022, SCE forecasts a Wildfire Non-

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[182] The Commission adopted the Cost Responsibility Surcharge Indifference Charge in D.02-11-022, as modified by D.03-07-030, D.06-07-030, D.08-09-012, D.11-12-018, Resolution E-4475, D.18-10-019 and D.19-10-001, D.20-08-004, and D.21-05-030.

[183] Exhibit SCE-05-E at A-8.

[184] D.20-10-056.

[185] D.20-09-005.

Bypassable Charge has a forecast 2022 cost of $0.00652/kWh for all customer classes in all vintages, as adopted in D.21-12-006.[186]

8.3. PCIA Surcharge

The PCIA recovers the above-market costs of all non-CTC eligible resources and varies by the generation resources in that vintage. PCIA costs are assigned by customer vintage year, which is determined by the date of a customer's departure from bundled customer service. Customers who depart in the first half of each year are assigned to the prior year's vintage and customers who depart in the second half of each year are assigned to the current year's vintage.[187] For example, 2019 vintage departing load customers are those who departed SCE's bundled customer service between July 1, 2019 and June 30, 2020. SCE's vintages include 2001-2003, 2004-2008, and annually starting in 2009.

In order to calculate its PCIA requirement, SCE first calculates the "above market" or "below market" costs of its portfolio, also called the Indifference Amount. Accounting for true-ups and adjustments, SCE calculates a total 2022 PCIA revenue requirement of $1,446.275 million, $1,462.737 million including FF&U. SCE's forecast of its 2022 PCIA requirement is summarized in Table 8-1.

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186 D.21-12-006 at 18 (OP 1).

187 D.08-09-012 at 108 (OP 9).

Table 8-1. Summary of 2022 Portfolio Costs, Portfolio Market Value, Balancing Account True-Ups, and Total PCIA Revenue Requirement Based on November Update Testimony[188]

PCIA Revenue Requirement	Amount (millions)
Portfolio Cost	$3,109.530
Market Value • Energy Value • RPS Value • RA Value	$3,057.069 $2,164.561 $266.477 $626.032
Total 2022 Indifference Amount	$52.461
Balancing Account True-Ups (no FF&U) • 2021 YE PABA Balance • 2021 YE PABA Undercollection BA (PUBA) Bundled Service Financing Balance • 2021 YE ERRA Balance	 $75.247[189] -$1.701 $776.814[190]
2022 PCIA Revenue Requirement	$902.821
2022 PCIA Revenue Requirement with FF&U	$912.919

For 2022, SCE forecasts a total Indifference Amount of $52.461 million, which is the Total Portfolio Cost[191] of $3,109.530 million less the

188 Exhibit SCE-05-E at 111.

189 $76.088 million with FF&U.

190 $785.502 million with FF&U.

191 The Total Portfolio Cost is based on forecast fixed and variable costs of generation resources SCE forecasts it will use to meet bundled customer needs for the year. (Exhibit SCE-05 at 112.) These include the base generation revenue requirement determined in the General Rate Case Phase 1, fuel costs, direct GHG costs of eligible UOG, RPS-eligible contract costs, QF and non-CAM-eligible CPH contract costs, all bilateral and RFO contract costs (including fuel costs and direct GHG costs as applicable), one-time refunds or adjustments. (Exhibit SCE-05-E at 113.) The Total Portfolio Cost does not include any costs associated with CAM or Local Capacity Requirement-eligible resources, Tree Mortality Non-Bypassable Charge BA, BioMAT Non-Bypassable Charge BA, ISO-load related costs, or Residual Net Position spot market (*i.e.*, "short term") purchases. (Exhibit SCE-05-E at 113.)

$3,057.069 million Market Value[192] of SCE's portfolio. The positive Indifference Amount of $52.461 million indicates that SCE's generation portfolio is "above market" for 2022, which requires a PCIA surcharge on departed load customers' bills and higher electricity rates for SCE's bundled service customers.

After calculating the Indifference Amount, SCE calculates the total PCIA revenue requirement by accounting for applicable balancing account true-ups and other adjustments, including: 1) annual true-ups in the ERRA BA and PABA, 2) the amortization of one-third of the 2020 PUBA undercollection in 2022, and 3) updates to SCE's revenue requirement in the Authorized Generation Base Revenue Requirement[193] in SCE's 2021 Track 1 General Rate Case (GRC) proceeding, A.19-08-013.

In D.18-10-019, the Commission adopted a cap that limited the year-over-year change in PCIA rates. Beginning in forecast year 2020, "the cap level of the PCIA rate [was] set at 0.5 cents (¢)/kWh more than the prior year's PCIA, differentiated by vintage."[194] As a result, if the system average PCIA rate by customer vintage was forecast to increase by more than 0.5 ¢/kWh, then all PCIA rates for that customer vintage were capped. In D.21-05-030, the Commission removed the PCIA rate cap and trigger mechanism and, in relevant part, ordered

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[192] The Market Value of SCE's portfolio is calculated as a sum of the energy value, the RPS value, and the RA value of the portfolio. For each variable, a market price benchmark is multiplied by the applicable volume of the value calculated.

[193] The base generation rate revenue requirement includes the costs of operating, maintaining, and investing in SCE's generation, distribution and general functions, and excludes costs for fuel and power.

[194] D.18-10-019.

SCE to address its projected 2021 year-end PCIA cap under-collection account balance in this 2022 ERRA forecast application.[195]

SCE proposes to collect $20.938 million in 2022, in accordance with D.20-12-035, which directed SCE to collect the 2020 PUBA undercollection over a three-year amortization period in 2021, 2022, and 2023.[196] The $20.938 million amortization amount is included in SCE's proposed PCIA rates for 2022, which are summarized in Table 8-2.

Table 8-2. Summary of Adopted 2022 System Average PCIA Rates.[197]

PCIA Vintage Year	2022 PCIA Rates, System Average ($/kWh)
2001	0.00014
2004	0.00014
2009	0.00319
2010	0.00473
2011	0.00680
2012	0.00738
2013	0.00756
2014	0.00973
2015	0.00626
2016	0.00783
2017	0.00667
2018	0.00804
2019	0.00505
2020	0.00066
2021	0.01573
2022	0.01725

[195] D.21-05-030 at 63 (OP 1).

[196] Exhibit SCE-05-E at 120.

[197] Exhibit SCE-05-E2 at B-8.

9. ERRA Trigger Mechanism Application

SCE's compliance with ERRA trigger mechanism filing requirements is discussed in Section 9.1. The accuracy of SCE's trigger application, the causes of the ERRA trigger-related undercollection, and the rate impact of the ERRA trigger application are discussed in Section 9.2.

9.1. SCE Complied with the ERRA Trigger Mechanism Filing Requirements

SCE's ERRA trigger point for 2021 is $204.521 million and its AB 57 threshold amount is $255.651 million.[198] SCE's ERRA trigger balance of $241.233 million, recorded on September 30, 2021, exceeded its ERRA trigger point. SCE's forecast year-end ERRA trigger-related balance[199] was not expected to self-correct within 120 days.

SCE filed an ERRA trigger mechanism application on October 29, 2021. Since SCE filed an ERRA trigger mechanism application within a month of exceeding the ERRA trigger point, when its balance was not forecasted to self-correct within 120 days, the Commission finds SCE timely filed the ERRA trigger mechanism application.

9.2. Components of SCE's Trigger Application

The Commission's latitude and range of review of ERRA trigger applications is proscribed by Pub. Util. Code § 454.5(d)(3). This is reflected in the review process the Commission established in D.02-10-062, which details the components of an ERRA trigger application, requiring:

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[198] SCE AL 4419-E.

[199] In calculating its trigger-related balance, SCE also included a transfer of the 2020 year-end balance of -$148.0 million in the ERRA BA to the 2020 subaccount of the Portfolio Allocation BA, which was approved in D.20-12-025 but not implemented until October 2021.

> a projected account balance in 60 days or more from the date of filing depending on when the balance will reach the five percent threshold. The application will also propose an amortization period for the five percent of not less than 90 days to ensure timely recovery of the projected ERRA balance. It should also include allocation of the over-and-undercollection among customers for rate adjustment based on existing allocation methodology recognized by the Commission.[200]

When reviewing a trigger application, the Commission must confirm the accuracy of SCE's estimates and confirm that those estimates meet the AB 57 threshold amount within the timeframes established by law in order to approve the application.[201] Where a rate increase is required to correct an undercollected revenue requirement, the Commission conducts a step-by-step review of the request in order to benefit SCE, its ratepayers and the protestants. The step-by-step review of SCE's trigger application includes the following: 1) the accuracy of the ERRA trigger-related balance request and requirement to meet the AB 57 threshold amount; 2) causes of the undercollection; 3) the rate impact of including the undercollection in SCE's rates; 4) allocation of the undercollection amongst SCE's customers; and 5) the amortization period of the undercollection.

9.2.1. Accuracy of the ERRA Trigger Application and Requirement to Meet the Trigger Point and AB 57 Threshold Amount

SCE's ERRA Trigger balance increased to $241.233 million as of September 30, 2021, as shown on Table 9-1.

[200] D.02-10-062 at 65-66.

[201] This is a similar review to the Commission's review for accuracy of SCE's ERRA BA in SCE's 2022 ERRA forecast proceeding.

Table 9-1. SCE's Recorded Values for ERRA Trigger Balance Calculation

Month	Adjusted ERRA Balance (million)	Adjusted PABA Balance (million)	Trigger Balance (million)	Trigger as % of Generation Revenue
January 2021	-$5.781	$93.611	$87.831	1.74%
February 2021	$65.982	-$170.003	-$104.201	-2.03%
March 2021	-$44.020	-$156.711	-$200.731	-3.93%
April 2021	-$21.386	-$76.561	-$97.947	-1.92%
May 2021	$1.853	-$21.834	-$19.981	-0.39%
June 2021	$53.146	$7.391	$60.537	1.18%
July 2021	$126.459	-$62.794	$63.537	1.25%
August 2021	$209.060	-$80.795	$128.266	2.51%
September 2021	$348.055	-$106.822	$241.233	4.72%

SCE forecast an increasing ERRA Trigger balance for the next 120 days in order to determine whether the undercollection would self-correct, as shown in Table 9-2 below.

Table 9-2. SCE's Forecast Values for ERRA Trigger Balance Calculation

Month	Adjusted ERRA Balance (million)	Adjusted PABA Balance (million)	Trigger Balance (million)	Trigger as % of Generation Revenue
October 2021	$422.360	-$24.163	$398.196	7.79%
November 2021	$512.663	$17.272	$529.935	10.36%
December 2021	$698.725	$48.374	$747.100	14.61%
January 2022	$124.102	$560.283	$684.386	13.39%

The Commission is satisfied that parties were provided sufficient time to review the ERRA BA and PABA balances for inaccuracies. While the shortened timeframe imposed by statutes (combined with the uncertainties generally inherent in energy forecasting) create challenges for all parties in the ERRA process, parties have had the opportunity to review the ERRA BA and PABA balances. Therefore, the Commission finds that SCE first exceeded the four percent trigger point as of September 30, 2021, and the ERRA trigger balance was not expected to self-correct within 120 days.

9.2.2. Causes of the ERRA Trigger-Related Undercollection

SCE is required to explain the cause of any undercollection in its ERRA trigger application. SCE's testimony states that the primary driver of the undercollection is higher-than-expected market power prices, which increased SCE's load procurement costs by 38% in the ERRA BA.[202] SCE explains that it used a F&PP forecast power price of $38.70 Megawatt Hours (MWh) to forecast its rates for 2021, while the observed actual year-to-date power prices averaged $47.59/MWh.[203] SCE argues that the higher-than-forecast power prices led to an undercollection in the ERRA BA, which SCE uses primarily to record short-term market costs procured on behalf of its bundled service customers.

According to SCE, market conditions also impacted the PABA to a lesser degree. SCE states that higher market prices resulted in increased market revenues from SCE's long-term, fixed-price contracts and utility-owned generation, which SCE records in the PABA. SCE also states that increased revenue was, to some extent, offset by higher than projected gas prices resulting from supply interruptions caused by the El Paso natural gas pipeline explosion and increased gas demand nationally.[204] SCE explains that the average forecast

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[202] Exhibit SCE-01-Trigger at 11.

[203] *Id*. at 12.

[204] *Id*. at 13-14.

price for natural gas was \$3.05/MMBtu while the actual gas price SCE paid in 2021 averaged \$7.43/MMBtu.[205] This decision finds SCE's explanation of the causes for it ERRA trigger point exceedance on September 30, 2021 reasonable.

9.2.3. Rate Impact and Allocation of Undercollection

In its ERRA Trigger Application, SCE proposed to amortize the Adjusted ERRA BA portion of the ERRA Trigger Balance, \$348.055 million as of September 30, 2021, over a 12-month period, using the generation revenue allocators adopted in Phase 2 of SCE's 2018 GRC.

In its trigger application, SCE calculated that its proposed amortization of the \$348.055 million Adjusted ERRA BA undercollection over a 12-month period would increase rates by an average of 0.7 ¢/kWh, with an estimated average residential bill impact of 2.8%, which is an average monthly bill increase of \$3.85 for non-CARE residential customers and \$2.60 for CARE customers.[206] However, SCE requests the Commission authorize SCE to maintain its ERRA-related rates until March 1, 2022, and allow SCE to adjust its ERRA balance as part of its annual proposed rate change in the 2022 ERRA Forecast Application.[207]

This decision grant's SCE's proposal to amortize the undercollection of the Adjusted ERRA Balance concurrently with the rate change approved in SCE's 2022 ERRA Forecast Application. SCE is authorized to amortize the ERRA BA balance using the updated numbers reflected in the November Update testimony in SCE's 2022 ERRA Forecast Application, as approved in this decision.

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[205] *Ibid*.

[206] *Id*. at 15-16.

[207] *Id*. at 1-2.

10. Data Access

SoCal CCA's request for certain data related to SCE's future procurement activities as a CPE is discussed in Section 10.1. SoCal CCA's request for SCE to make the prior year's PCIA workpapers available in future ERRA forecast applications is discussed in Section 10.2.

10.1. SCE's Procurement Activities as CPE Starting in 2023

In D.20-06-002, the Commission established a central procurement framework, through which named CPEs will enter into contracts for RA starting in 2023. SCE is named as the CPE for its distribution service territory. SCE has included administrative costs and other costs, such as system-related costs, in its 2021 and 2022 ERRA forecast applications, which it recovers through the Centralized Local Procurement BA (a subaccount of the New System Generation BA).[208]

SoCal CCAs bring the Commission's attention to SCE and PG&E's roles under a "hybrid CPE" structure, wherein SCE and PG&E will act simultaneously as both the CPE and the load serving entity in certain transactions where they procure RA on behalf of their respective bundled service customers.[209] SoCal CCAs request the Commission order SCE to demonstrate, starting in the 2023 ERRA Forecast, "how specific resources either 'shown' or sold to the CPE are treated in the PCIA and CAM, and whether any transfer occurs between the two accounts as a result of CPE procurement."[210] While the SoCal CCAs indicate that SCE agreed to provide this information and "greatly appreciates SCE's

[208] Exhibit SCE-04 at 5; SCE Opening Brief at 6.

[209] SoCal CCAs Opening Brief at 15.

[210] *Id*. at 15-16.

cooperation and support in this matter, " they still request a Commission order in this ERRA forecast proceeding for the same.[211]

SCE's response on this matter is limited to its rebuttal testimony, wherein SCE states,

> SCE recognizes the importance of providing transparent, detailed information in future ERRA proceedings related to its role as the CPE; however, the SoCal CCA's request is premature because CPE procurement begins for the 2023 RA compliance year and is therefore not reflected in the ERRA forecast for 2022.[212]

No other parties commented on SoCal CCA's CPE data access proposal.

Upon review, the Commission finds SoCal CCA's request premature and outside the scope of this proceeding. SoCal CCA's request for a Commission order requiring SCE to provide data demonstrating its future role as a CPE in future ERRA forecast proceedings, which SCE has already agreed to provide, is denied without prejudice.

The Commission also notes that SCE and SoCal CCAs are currently discussing changes to their data access through informal discovery. SCE stated in rebuttal testimony that it committed to additional data at the outset of each ERRA forecast, including the adoption of PG&E's master data request approach and is reviewing its confidentiality designations to resolve consistency issues.[213] The Commission looks favorably upon SCE and the parties' informal attempts to resolve their discovery disputes, as well as SCE's suggestion of a meet and confer with parties, and the proposal of a Commission-led workshop (or other

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211 *Id*. at 16.

212 Exhibit SCE-04 at 5.

213 *Id*. at 4.

appropriate forum) to resolve discovery issues in the 2023 ERRA forecast proceeding.[214]

10.2. Prior Year's Final PCIA Workpapers In Future Master Data Requests

SoCal CCAs request the Commission order SCE to include its workpapers from the prior year's ERRA forecast proceeding with each year's new ERRA forecast proceeding.[215] SoCal CCAs found that this year, their comparison between the 2021 ERRA forecast workpapers and this year's workpapers resulted in SCE's correction of over $140 million in errors in incorrect net qualifying capacity values and also informed the SoCal CCAs of the $19.1 million impact of SCE's modified CAM resource procurement on the PCIA.[216] SoCal CCAs request the Commission order SCE to provide the prior year's workpapers in its ERRA Forecast Master Data Request for the purpose of finding inconsistencies going forward.[217]

SCE states that it has provided all available data as directed in D.20-12-035 and is working to streamline data access with the parties.[218] SCE sees no need for Commission action in this proceeding related to data access.[219]

The Commission considers the provision of transparent, detailed, and consistent information critical for ensuring that ERRA forecast proceedings result in just and reasonable rates. A key component of this process is the exchange of information with the other parties in the proceeding, including the CCAs, so that

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[214] *Ibid*.

[215] SoCal CCAs Opening Brief at 16.

[216] *Id*. at 17-18.

[217] *Id*. at 18.

[218] Exhibit SCE-04 at 3-4.

[219] *Id*. at 4.

they may separately validate the data provided by SCE. The unique nature of ERRA forecast proceedings means that the rates for the forecast proceeding are not confined to this proceeding itself. For example, the prior year's ERRA forecast decision has a direct impact on the current ERRA forecast proceeding.

Upon consideration of these factors, SCE is directed to include the confidential workpapers supporting the PCIA rates from the prior year's ERRA Forecast proceeding as part of the Master Data Request it will provide in each subsequent ERRA Forecast proceeding. SCE shall provide the previous-year's final PCIA workpapers for the purpose of enabling parties to evaluate SCE's current ERRA forecast. The term "final PCIA workpapers" refers to the PCIA workpapers submitted in the advice letter implementing the Commission decision in each ERRA forecast proceeding. Access to the final PCIA workpapers is subject to the Commission's existing confidentiality rules and regulations, and will only be provided upon execution of the applicable non-disclosure agreements. The Commission will not revisit the prior year's PCIA rates based on the incorporation of the prior year's final PCIA workpapers in the evidentiary record of a pending ERRA forecast proceeding.

11. Public Comments

Pursuant to Rule 1.18(a) of the Commission's Rules of Practice and Procedure,[220] all written public comments submitted in a proceeding that are received prior to the submission of the record will be entered into the administrative record of that proceeding. Pursuant to Rule 1.18(b), relevant written comment submitted in a proceeding will be summarized in the final decision issued in the proceeding.

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[220] On May 1, 2021, the Commission revised its Rules of Practice and Procedure to formally incorporate public participation into the Commission's decision-making process.

Prior to the submission of the record in this proceeding on November 19, 2021, one public comment was entered into the administrative record in this proceeding and is available for review in the public comments tab of the docket card for this proceeding. The public comment expresses skepticism regarding SCE's proposed rate decrease. No parties to this proceeding responded to, or cited, the public comment in their submissions to the Commission, as allowed by newly adopted Rule 1.18(b). No further party comment was solicited in this proceeding pursuant to Rule 1.18(d).

12. Safety Considerations

The health and safety impacts of GHGs are among the reasons that the Legislature enacted AB 32. Specifically, the Legislature found and declared that global warming caused by GHGs "poses a serious threat to the economic well-being, public health, natural resources, and the environment of California." Potential adverse impacts include "the exacerbation of air quality problems, a reduction in the quality and supply of water to the state from the Sierra snowpack, a rise in sea levels resulting in the displacement of thousands of coastal businesses and residences, damage to marine ecosystems and the natural environment, and an increase in the incidences of infectious disease, asthma, and other human health-related problems."[221]

This decision approves SCE's forecast of GHG costs and allocation of GHG allowance proceeds to maintain a key aspect of the GHG reduction program envisioned by AB 32 and Pub. Util. Code § 748.5 and, as a result, will improve the health and safety of California residents.

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[221] AB 32 § 38501(a).

13. Compliance with the Authority Granted Herein

SCE is authorized to update the final 2021 year-end balances with recorded actuals through December 2021. SCE must submit a Tier 1 AL to the Commission's Energy Division within 30 days of the date of issuance date of this decision in order to implement the rate changes authorized by this decision. The tariff sheets filed in this AL shall be effective on or after the date filed, subject to the Commission's Energy Division determining that SCE's AL complies with this decision.

SCE's procurement-related revenue requirement will not be included in SCE's year-end consolidated revenue requirement and rate change process on January 1, 2022. SCE is authorized to implement the revenue requirement adopted in this proceeding, and as updated to reflect 2021 year-end actuals, in its proposed rate change on March 1, 2022.

14. Comment Period and Party Comments

The proposed decision of ALJ Kline 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 SCE and SoCal CCAs on December 30, 2021, and reply comments were filed by SCE on January 4, 2022. Changes to this decision in response to party comments are incorporated throughout. The comments and reply comments which merely reargue the points raised in earlier filings are not addressed further in this decision.

15. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Zita Kline is the assigned ALJ.

Findings of Fact

2022 Forecast Overview and Methodology

1. SCE's total forecast ERRA revenue requirement for 2022 is $4,768.048 million.

2. SCE predicts a 2.9% decrease in total retail electricity sales from 2021 to 2022, from a total retail sales forecast of 82,114 GWh in 2021 to 79,748 GWh in 2022.

3. SCE forecasts an increase of 0.7% in total electricity customers from 5,211,546 in 2021 to 5,248,950 in 2022.

4. SCE's preliminary forecast includes the statewide increase in the DA load expected to start in 2021 and CCAs that meet the following criteria 1) filed a binding notice of intent to begin CCA service, 2) filed an initial RA filing, 3) started CCA service and 4) formally submitted an April RA forecast pursuant to Pub. Util. Code § 380.

SCE's Portfolio of Resources

5. SCE's UOG and Purchased Power contracts in 2022 consist of 1,176 MW nameplate capacity of hydroelectric power, 91 MW of solar photovoltaic resources, 10,406 MW of CHP and renewables projects resources and 245 MW of natural gas resources.

6. SCE executed two inter-utility contracts for 2022, consisting of 1) an entitlement of 280.245 MW of contingent capacity and 238.16 GW of firm energy through a contract with WAPA and 2) 3 MW of energy from the Azusa Powerhouse through a corporate grant deed.

7. SCE forecast F&PP costs associated with five types of contracts for new generation resources in 2022, including 1) New System Generation CAM contracts, 2) System Reliability Modified CAM contracts, 3) Emergency

Reliability contracts, 4) Generic and Bilateral contracts used to meet 2022 system capacity requirements, and 5) contracts used to meet local capacity requirements.

8. SCE's procurement-related Public Purpose Programs Charge funds: (1) behind the meter resources procured through the PRP #2, (2) net costs associated with biomass generation associated with the Tree Mortality Non-Bypassable Charge, (3) net charges for the BioMAT program, and (4) volumetric electricity service subsidies through the DAC-GT and CSGT programs.

9. SCE forecasts 17,301,022 kWh of participation through the Green Tariff Shared Renewables program in 2022.

10. SCE forecasts $4.5 million in interim spent nuclear fuel costs at SONGS in 2022.

11. SCE forecasts $31.4 million in costs for nuclear fuel expenses and $0.1 million net interim spent nuclear fuel expenses at PVNGS in 2022.

12. SCE forecasts a cost of $5.717 million to provide electricity service to Catalina Island, which includes the $5.459 million in diesel fuel and $0.258 million for propane in 2022.

13. SCE forecasts costs for 10 GW of energy reductions in 2022 to provide economic demand response programs, including the Summer Discount Plan, Capacity Bidding Program, Critical Peak Pricing, and Smart Energy Programs.

14. SCE forecasts F&PP costs in 2022 associated with the net CAISO costs of grid management charges, Federal Energy Regulatory Commission fees, congestion fees, Congestion Revenue Rights actions-related CAISO costs, ancillary services, CAISO uplist costs, Standard Capacity Product costs, and other non-energy related CAISO costs.

15. SCE forecasts 2022 hedging costs for energy-related transaction fees and option premiums for hedging SCE's open energy position in workpapers for 2021.

16. SCE forecasts $3.909 million in 2022 costs associated with natural gas delivery to SCE's UOG fuel cells at UC Santa Barbara and California State University at San Bernardino, Mountainview Generating Station, and a daily reservation charge of for Backbone Transportation Service.

17. SCE has a $3.350 billion multi-year revolving credit facility, also called the "revolver," to serve short-term borrowing requirements.

18. SCE forecasts costs associated with the revolving credit facility in workpapers for 2022, including: (1) $20,000 administrative fee, (2) 17.5 basis point annual facility fee, (3) 107.5 basis point participation fee on any outstanding letters of credit, (4) 20 basis point issuer fee on any letters of credit, and (5) London Inter-Bank Offered Rate plus 107.5 basis points borrowing (loan) rate.

19. SCE forecasts fuel inventory carrying costs for nuclear, natural gas, diesel and propane in workpapers for 2022.

20. SCE forecasts GHG procurement compliance carrying costs for 2022, which SCE estimates using historical GHG inventory balances and the ERRA BA interest rates in workpapers for 2022.

21. SCE forecasts the carrying costs associated with SCE's collateral requirements necessary to procure power in workpapers for 2022.

SCE's Revenue Requirement and Ratemaking Proposal

22. SCE's 2022 forecast bundled service customer rates are as follows:

Rate Schedule by Customer Group	Total Delivery (¢/kWh)	Total Generation (¢/kWh)	Total (¢/kWh)	% Change from 10/1/2021
Domestic				
• D	17.337	11.692	29.029	3.6%
• D-CARE	6.730	11.706	18.436	3.7%
• D-APS	15.643	11.710	27.353	5.6%
• DE	10.100	11.696	21.795	4.3%
• DM	20.173	11.742	31.915	7.4%
• DMS-1	19.819	11.742	31.561	8.2%
• DMS-2	18.272	11.741	30.013	8.6%
Lighting-Small, Med. Power				
• GS-1	13.468	11.843	25.310	6.2%
• GS-2	15.499	10.971	26.469	10.3%
• TC-1	19.727	8.800	28.527	7.1%
• TOU-GS	13.553	10.044	23.597	10.6%
Large Power				
• TOU-S	11.163	9.219	20.382	10.4%
• TOU-P	9.906	8.742	18.648	13.3%
• TOU-T	4.424	8.017	12.441	17.7%
• TOU-8-S-S	11.126	9.022	20.148	10.9%
• TOU-8-S-P	11.346	8.985	20.330	8.7%
• TOU-8-S-T	5.060	7.739	12.798	17.6%
Agricultural & Pumping				
• TOU-PA-2	13.002	10.124	23.126	14.9%
• TOU-PA-3	10.386	8.306	18.692	10.7%
Street & Area Lighting				
• LS-1	45.463	5.815	51.278	24.0%
• LS-2	19.252	5.808	25.060	8.9%
• LS-3	6.154	5.869	12.023	13.0%
• DTL	35.371	5.815	41.186	7.6%
• OL-1	31.881	5.815	37.696	10.9%

Rate Schedule by Customer Group	Total Delivery (¢/kWh)	Total Generation (¢/kWh)	Total (¢/kWh)	% Change from 10/1/2021
Average Rate - All Groups	12.218	10.519	22.737	5.2%

23. SCE's 2022 forecast Generation Service revenue requirement is $4,622.540 million, which will be allocated in balancing accounts as follows:

Description	Forecast 2022 Revenue Requirement (millions)
2022 F&PP Costs (including GHG costs) • ERRA BA-related • PABA-related • Green Tariff Shared Renewables BA-related	 $3,405.476 $371.817 $1.037
2021 ERRA BA True-up	$785.502
2021 PABA True-Up	$76.088
2021 Energy Settlement MA True-Up	-$17.380
Total Generation Service	**$4,622.540**

24. When SCE procured energy storage resources for system reliability purposes pursuant to D.19-11-016, for use with solar PPA resources, it moved the RA value to the System Reliability Procurement MA, and retained the solar PPA resource REC and energy value in the PABA.

25. SCE accounted for the REC and energy value changes to three solar PPA resources co-located with energy storage resources (procured by SCE for system reliability purposes pursuant to D.19-11-016) in the PABA by calculating revised Market Price Benchmarks, and accounted for the RA value change to the solar PPAs as a credit to the PABA and associated debit in the System Reliability Procurement MA.

26. The Green Tariff Shared Renewables BA forecast amount of $1.037 million is accurate.

27. SCE recorded $17.392 million, $17.587 million including FF&U, in refunds from generators who overcharged SCE during the 2000-2001 California Energy Crisis in the Energy Settlement MA, and proposes to return the amount to customers through the "One-Time/Costs" subaccount of the PABA.

28. SCE did not provide sufficient evidence for the Commission to properly characterize $1.754 million in litigation costs and tie them to known or reasonably estimated litigation benefits in an ERRA compliance review proceeding, pursuant to D.21-07-015, prior to requesting recovery in this ERRA forecast proceeding.

29. SCE's 2022 forecast Delivery Service revenue requirement is $145.508 million, which will be allocated as follows:

Description	**2022 Revenue Requirement (millions)**
New System Generation	
• New System Generation F&PP 2022 Forecast[222] and 2022 System Reliability F&PP	$589.189
• New System Generation BA 2021 True-Up	$142.153
Spent Nuclear Fuel	$4.648
Distribution Rate Component	
• Base Revenue Requirement BA-Distribution F&PP 2022 Forecast	$25.928
• GHG Allowance Revenues 2022 Forecast	-$647.824
Public Purpose Programs Charge	
• Public Purpose Program F&PP Charge 2022 Forecast	$70.144
• Tree Mortality Non-Bypassable Charge BA 2021 True-Up	-$33.080
• BioMAT Non-Bypassable Charge BA 2021 True-Up	-$5.650
Total Delivery Service	**$145.508**

[222] Estimate includes GHG costs.

GHG Forecast Costs, Revenues and Reconciliation

30. SCE forecast its 2022 GHG allowance revenue using a forecast proxy price of $26.03/MT.

31. SCE was allocated 24,999,282 allowances by CARB for 2022.

32. SCE's net forecast revenue proceeds from GHG allowances granted by CARB in 2022 is $738.822 million, which includes a $7.278 million refund in 2022 for FF&U, and a refund of $80.813 million from an overcollection in the GHG Revenue BA in 2021.

33. SCE's 2022 forecast administrative and customer outreach expenses to be set aside is $404,474, including FF&U.

34. GHG allowance revenue to be set aside for the 2020/2021 true-up of the SOMAH program is $6.271 million if SCE applies the $100 million amount allocation methodology.

35. GHG allowance revenue to be set aside for the 2020/2021 true-up of the SOMAH program is $8.291 million if SCE applies the 10% GHG allowance allocation methodology.

36. SCE's GHG allowance revenue to be set aside for SOMAH program funding in 2022 is $49.139 million if SCE applies the $100 million amount allocation methodology.

37. SCE's GHG allowance revenue to be set aside for SOMAH program funding in 2022 is $65.073 million if SCE applies the 10% GHG allowance allocation methodology.

38. SCE's total 2022 program forecast of $6.319 million for its DAC-GT and CSGT programs includes a net allocation of $0.929 from GHG allowance revenue in 2022, $2.308 million from Public Purpose Program funding in 2022, and

$3.082 million in previously unspent funding allocated to the DAC-GT and CSGT programs for the 2019-2021 record years.

39. CPA's total 2022 program forecast of $5.561 million for its DAC-GT and CSGT programs includes a net allocation of $1.690 million from GHG allowance revenue in 2022, $0.841 million from Public Purpose Program funding in 2022, and $2.531 million in previously unspent funding allocated to the DAC-GT and CSGT programs for the 2021 record year.

40. Joint CCAs' total 2022 program forecast of $174,756 for its DAC-GT and CSGT programs includes a net allocation of $3,300 from GHG allowance revenue in 2022 and $171,456 from Public Purpose Program funding in 2022.

41. SCE requests $10 million from GHG allowance proceeds to implement the CEOP in 2022.

42. SCE's 2022 forecast EITE customer return is $33.029 million.

43. SCE's 2022 forecast semi-annual California Climate Credit is $59 per eligible residential and small commercial account, based on a forecast of 5,203,679 eligible recipients.

Cost Responsibility Surcharges

44. For 2022, CTC costs are as follows: (1) $0.00019/kWh for Domestic (D) customers of all vintages, (2) $0.00015/kWh for TOU-GS-1, TOU-GS-2, (3) $0.00014/kWh for TC-1, TOU-GS-3, TOU-8-Sec, TOU-8-Pri, TOU-PA-2, Standby-Sec, and Standby-Pri customers of all vintages, and (4) $0.00013/kWh for all other customer classes for all vintages.

45. For 2022, SCE Wildfire Non-Bypassable Charge is $0.00652/kWh for all customer classes in all vintages.

PCIA Revenue Requirement	Amount (millions)
Portfolio Cost	$3,109.530
Market Value	$3,057.069
• Energy Value	$2,164.561
• RPS Value	$266.477
• RA Value	$626.032
Total 2022 Indifference Amount	$52.461
Balancing Account True-Ups (no FF&U)	
• 2021 YE PABA Balance	$75.247[223]
• 2021 YE PUBA Bundled Service Financing (BSF) Balance	-$1.701
• 2021 YE ERRA Balance	$776.814[224]
2022 PCIA Revenue Requirement	$902.821
2022 PCIA Revenue Requirement with FF&U	$912.919

223 $76.088 million with FF&U.

224 $785.502 million with FF&U.

46. SCE's 2022 PCIA rates are as follows:

PCIA Vintage Year	2022 PCIA Rates, System Average ($/kWh)
2001	0.00014
2004	0.00014
2009	0.00319
2010	0.00473
2011	0.00680
2012	0.00738
2013	0.00756
2014	0.00973
2015	0.00626
2016	0.00783
2017	0.00667
2018	0.00804
2019	0.00505
2020	0.00066
2021	0.01573
2022	0.01725

ERRA Trigger Mechanism Application

47. SCE's adjusted ERRA balance of $348.055 million exceeded the 4% ERRA trigger point of $204.51 million in September 2021.

48. SCE calculated a year-end adjusted ERRA balance of $698.725 million, which was 14.61% above its generation revenue, based on rates effective at the time.

49. SCE's adjusted ERRA balance was not expected to self-correct below the AB 57 threshold of $255.651 million within 120 days of SCE's trigger point exceedance.

50. SCE filed a trigger application within 30 days of exceeding its ERRA trigger point.

51. The primary driver of the undercollection resulting in SCE's trigger threshold exceedance was higher-than-expected market power prices, which increased SCE's load procurement costs by 38% in the ERRA BA.

52. SCE's November Update testimony supersedes SCE's prior projections of its year-end ERRA BA and PABA balances in the trigger application.

<u>Data Access</u>

53. SCE is the named CPE in its distribution service territory.

54. To date, SCE has incurred administrative costs and other costs, such as system-related costs, which it recovers through the Centralized Local Procurement BA (a subaccount of the New System Generation BA

55. SCE will enter into contracts for RA, in its role as a CPE, starting in 2023.

56. Allowing parties to independently evaluate the validity of the utility's projections is necessary for ensuring that ERRA forecast proceedings result in just and reasonable rates.

57. The rates calculated in ERRA forecast proceedings are affected by the decisions made about the prior year's PCIA rates.

<u>Other</u>

58. Challenges to facts supporting SCE's proposed 2022 forecast of fuel and purchased power prices; natural gas prices; electricity prices; GHG costs and proceeds; demand response costs; bundled customer electric sales and year-end balancing accounts are waived by parties in this proceeding by virtue of stipulation to waive evidentiary hearing.

Conclusions of Law

1. SCE's forecast of F&PP prices; natural gas prices; electricity prices; GHG costs and proceeds; demand response costs; bundled customer electric sales and year-end balancing account balances are reasonable, as modified in this decision.

2. SCE's 2021 true-up and 2022 forecast GHG allowance set-aside for the SOMAH program should be set at 10% of total GHG allowance revenue.

3. Alternative interpretations of the $100 million amount methodology to true-up SCE's PY2021 SOMAH allocation should be considered on an industry-wide basis in R.14-07-002.

4. SCE complied with the Commission's expedited ERRA trigger mechanism requirements as set in D.02-10-062, and modified in D.06-06-051 and D.19-12-001.

5. SCE's year-end Adjusted ERRA BA balance true-up in the 2022 ERRA Forecast Application should be coordinated with the rate change required in the Trigger Mechanism Application. All 2021 year-end balances will be updated using recorded actuals through December 2021.

6. SCE's year-end ERRA BA balance true-up should occur in March 2022.

7. SCE has properly accounted for the reduction in value of three co-located solar PPAs and energy storage resources procured pursuant to Resolution E-5101.

8. SoCal CCA's proposal to change SCE's balancing account treatment of Green Tariff Shared Renewables is outside the scope of this proceeding.

9. Refunds from settlements received as a result SCE's litigation to collect refunds from generators who overcharged SCE for electricity during the 2000-2001 California Energy Crisis are properly recorded in the Energy Settlement MA, and returned to all bundled customers and unbundled customers who departed service after 2001, through the "One-Time Refunds/Costs" subaccount in the PABA as part of the annual true-up process.

10. SCE should include a showing of which vintages received the energy crisis settlement fund refunds via the "One Time Refunds/Costs" subaccount of the

Portfolio Allocation Balancing Account in the workpapers submitted with its Tier 1 AL implementing final rates pursuant to his Decision.

11. D.21-07-015 deferred recovery of $1.742 million, now $1.754 million due to interest, in recorded litigation costs until SCE provided sufficient evidence for the Commission to properly characterize the litigation costs and tie them to known or reasonably estimated litigation benefits in a future ERRA compliance proceeding.

12. SCE should be permitted to hold $1.754 million in litigation costs in the Litigation Costs TA and $1.754 million in its Energy Settlement MA pending a showing that ties the litigation costs to known or reasonably estimated litigation benefits in an ERRA compliance review proceeding, pursuant to D.21-07-015.

13. SCE should use the 10% GHG allowance allocation methodology in this ERRA forecast proceeding in order to promote a consistent and coordinated application of the $100 million cap methodology for all IOUs in future ERRA forecast proceedings.

14. SCE should convene a working group to consider whether the current rules for SOMAH require the IOUs to wait for recorded revenues from the previous four quarters before applying the $100 million amount methodology in an ERRA forecast or ECAC proceeding, and whether any additional clarifications are required to operationalize the $100 million amount allocation in the event the IOUs' combined GHG allowance revenue exceeds $1 billion in a planning year.

15. SCE should file a petition for modification of either D.17-12-022 or D.20-04-012 within 120 days of the issuance date of this decision, which will include an IOU proposal addressing whether the current rules require the IOUs to wait for recorded revenues from the previous four quarters before applying the $100 million amount to the SOMAH set-aside in an ERRA forecast or ECAC

proceeding, and provide any additional clarifications required to operationalize the $100 million amount allocation in the event the IOUs' combined greenhouse gas allowance revenue exceeds $1 billion in a planning year.

16. Consideration of data access issues related to SCE's potential showing for procurement activities as a CPE in future ERRA Forecast proceedings is premature and outside the scope of this proceeding.

17. As parties to the proceeding, CCAs require access to the final PCIA workpapers from the prior year's ERRA forecast proceeding in order to accurately evaluate the validity of SCE's current ERRA forecast application.

18. The term "final PCIA workpapers" refers to the PCIA workpapers submitted in the advice letter implementing the Commission decision in each ERRA forecast proceeding.

19. Access to the final PCIA workpapers from the prior year's ERRA forecast proceeding is subject to the Commission's existing confidentiality rules and regulations, and will only be provided upon execution of the applicable non-disclosure agreements.

20. The Commission should not revisit the prior year's PCIA rates based on the incorporation of the prior year's final PCIA workpapers in the evidentiary record of a pending ERRA forecast proceeding.

21. SCE should be allowed to implement the revenue requirement adopted herein, as updated with 2021 year-end actuals, on March 1, 2022.

22. ALs to implement changed tariff sheets in accordance with this Decision should be filed as Tier 1 ALs.

23. All rulings issued by the assigned Commissioner and the assigned ALJ should be confirmed.

24. All motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, should be denied.

25. Consolidated applications A.21-06-003 and A.21-10-011 should be closed.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (SCE) is authorized to recover a total 2022 Energy Resource Recovery Account (ERRA) electric procurement cost revenue requirement forecast of $4,768.048 million, consisting of both a generation service and a delivery service component.

Within SCE's generation service requirement of $4,622.540 million, SCE is authorized to recover a total of $3,778.330 million in fuel and purchased power costs and transfer the following account balances: (1) $785.502 million from the ERRA Balancing Account (BA), (2) $76.088 million from the Portfolio Allocation BA, and (3) -$17.380 million from the Energy Settlement Memorandum Account.

Within SCE's delivery service revenue requirement of $145.508 million, SCE is authorized to recover the following: (1) $589.189 million for the New System Generation and System Reliability fuel and purchase power contracts, (2) $4.648 million in spent nuclear fuel costs, (3) $25.928 million for economic demand response programs, (4) -$647.824 million customer return of greenhouse gas allowance proceeds, and (5) $70.144 million for the Public Purpose Program Charge, which includes the Tree-Mortality Non-Bypassable Charge, SCE's Preferred Resources Pilot #2, Bioenergy Market Adjusting Tariff (BioMAT) Non-Bypassable Charge, and a portion of the Disadvantaged Communities -- Green Tariff and Community Solar Green Tariff program funding which provides volumetric subsidies to qualifying customer classes. SCE is also authorized to transfer the following account balances: (1) $142.153 million 2021 year-end balance in the New System Generation BA, (2) -$33.080 million in the 2021 year-end balance for the Tree Mortality Non-Bypassable Charge BA, and (3) -$5.650 million in the 2021 year-end BioMAT Non-Bypassable Charge BA.

SCE is authorized to reconcile greenhouse gas (GHG) costs, revenues and requirements as follows: (1) recover a revenue requirement of $152.852 million in GHG Cap-and-Trade costs, (2) distribute $647.824 million in forecast 2022 GHG allowance auction proceeds to its customers ($738.822 million net auction proceeds, which includes a $80.813 million overcollection in GHG auction revenue during 2021, $650.731 in forecast GHG allowance revenue in 2021, and $7.278 million forecast refund from Franchise Fees and Uncollectibles during 2022), with $90.592 million set aside for clean energy and energy efficiency projects, and $404,474 set aside for outreach and administrative expenses.

2. Southern California Edison Company's rate component for the Green Tariff Shared Renewables Program is approved.

3. Southern California Edison Company's (SCE) request to recover $1.754 million in litigation costs recorded in the Litigation Costs Tracking Account is denied, and review of these litigation costs is deferred to SCE's next Energy Resource Recovery Account compliance proceeding pursuant to Decision 21-07-015.

4. Southern California Edison Company is permitted to hold $1.754 million in litigation costs in its Litigation Costs Tracking Account and, by extension, $1.754 million in its Energy Settlement Memorandum Account pending a showing that ties the litigation costs to known or reasonably estimated litigation benefits in an Energy Resource Recovery Account compliance review proceeding pursuant to Decision 21-07-015.

5. Southern California Edison Company (SCE) must return $647.824 million in net greenhouse gas allowance proceeds to SCE's customers in 2022.

6. This decision authorizes Southern California Edison Company to return $33.029 million to its Energy Intensive and Trade-Exposed customers in 2022.

7. This decision authorizes the forecast amount of $59 semi-annually per residential household or small business for the California Climate Credit program to be returned to residential customers beginning in 2022.

8. Southern California Edison Company shall file a Tier 1 Advice Letter (AL) and revised tariff sheets within 30 days of the issuance of this decision to implement this decision. The AL shall include changed tariff sheets and supporting documentation for:

(a) Residential rate schedules (including master-metered rate schedules) to include the authorized 2022 Climate Credit amount;

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

(c) The amount approved in Ordering Paragraph 1, as updated to reflect 2021 year-end actuals; and

(d) A showing of which vintages received the energy crisis settlement fund refunds via the "One Time Refunds/Costs" subaccount of the Portfolio Allocation Balancing Account in its workpapers implementing the final rates pursuant to this Decision.

9. Southern California Edison Company's request to keep its rates unchanged as a result of the Energy Resource Recovery Account trigger application is granted.

10. SCE will implement the revenue requirement adopted herein, as updated with 2021 year-end actuals, on March 1, 2022.

11. Southern California Edison Company must include the final confidential workpapers supporting the Power Charge Indifference Adjustment (PCIA) rates approved with the prior year's Energy Resource Recovery Account (ERRA) Forecast proceeding as part of the Master Data Request it will provide in each subsequent ERRA Forecast proceeding. Access to these workpapers is subject to the California Public Utilities Commission's (Commission) existing confidentiality rules and regulations and will only be provided upon execution of the applicable non-disclosure agreements. The Commission will not revisit the prior year's PCIA rates based on the incorporation of the prior year's final PCIA workpapers in the evidentiary record of a pending ERRA forecast proceeding.

12. Southern California Edison Company (SCE) must establish a working group with the other Investor-Owned Utilities (IOUs) within 60 days of the issuance date of this decision, to discuss whether the current rules require the IOUs to wait for recorded revenues from the previous four quarters before applying the $100 million amount to the Solar on Multifamily Affordable Housing in an Energy Resource Recovery Account forecast or Energy Cost Adjustment Clause proceeding, and whether any additional clarifications are required to operationalize the $100 million amount allocation in the event the IOUs' combined greenhouse gas allowance revenue exceeds $1 billion in a planning year. While SCE must notify Liberty Utilities (CalPeco Electric) LLC (Liberty) and PacifiCorp d/b/a Pacific Power's (PacifiCorp) of the workshop and provide notice of any IOU proposal, PacifiCorp and Liberty are not required to attend the working group meeting or join the IOU proposal. SCE must also notice any meeting of the working group on the service list for

Rulemaking 14-07-002 and allow interested parties to the rulemaking to attend the working group meeting.

13. Within 120 days of the issuance date of this decision, Southern California Edison Company is directed to file a petition for modification of either Decision (D.) 17-12-022 or D.20-04-012, which will include an Investor-Owned Utility (IOU) proposal addressing whether the current rules require the IOUs to wait for recorded revenues from the previous four quarters before applying the $100 million amount methodology to the Solar on Multifamily Affordable Housing set-aside in an Energy Resource Recovery Account forecast or Energy Cost Adjustment Clause proceeding, and whether any additional clarifications required to operationalize the $100 million amount allocation methodology in the event the IOUs' combined greenhouse gas allowance revenue exceeds $1 billion in a planning year.

14. 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.

15. Consolidated Application (A.) 21-06-003 and A.21-10-011 are closed.

This order is effective today.

Dated January 13, 2022, at San Francisco, California.

ALICE REYNOLDS
President
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
DARCIE HOUCK
Commissioners

APPENDIX A

Acronym List

APPENDIX A

Acronym List

Acronym	Description
AB	Assembly Bill
AL	Advice Letter
ALJ	Administrative Law Judge
BA	Balancing Account
BioMAT	Bioenergy Market Adjusting Tariff
CAISO	California Independent System Operator
Cal Advocates	The Public Advocates Office of the Public Utilities Commission
CalChoice	California Choice Energy Authority
CAM	Cost-Allocation Mechanism
CARB	California Air Resources Board
CCA	Community Choice Aggregator
CDWR	California Department of Water and Resources
CEOP	Clean Energy Optimization Pilot
CHP	Combined Heat and Power
CPE	Central Procurement Entity
CSGT	Community Solar Green Tariff
CTC	Competition Transition Charge
D	Domestic Service
DA	Direct Access
DACC	Direct Access Customer Coalition
DAC-GT	Disadvantaged Communities – Green Tariff
DAC-SASH	Disadvantaged Communities – Solar Affordable Housing
D-APS	Domestic Automatic Powershift Withdrawn 2809-E 12/9/12
D-CARE	Domestic Service – California Alternate Rates for Energy
DE	Domestic Service to Utility Employees
DM	Domestic Service Multifamily Accommodation

DMS -1	Domestic Service, Multifamily Accommodation - Submetered
DMS -2	Domestic Service, Mobilehome Park Multifamily Accommodation, Submetered
DWL	Residential Walkway Lighting
DWRBC	Department of Water Resources Bond Charge
ECAC	Energy Cost Adjustment Clause
EITE	Emissions Intensive and Trade Exposed
ERRA	Energy Resource Recovery Account
F&PP	Fuel and Purchased Power
FF&U	Franchise Fees and Uncollectibles
GHG	Greenhouse Gas
GRC	General Rate Case
GS-1	General Service 1
GS-2	General Service 2
GW	Gigawatt
GWh	Gigawatt Hours
Joint CCAs	CalChoice, Lancaster Energy Pico Rivera Innovative Municipal Energy, and San Jacinto Power
kWh	Kilowatt Hour
LS-1	Lighting – Street and Highway 1
LS-2	Lighting – Street and Highway 2
LS-3	Lighting – Street and Highway 3
MA	Memorandum Account
MT	Metric Ton
MW	Megawatt
MWh	Megawatt Hours
OL-1	Outdoor Lighting 1
OP	Ordering Paragraph
PABA	Portfolio Allocation Balancing Account
PCIA	Power Charge Indifference Adjustment

PHC	Pre-Hearing Conference
PPA	Power Purchase Agreement
PRP	Preferred Resources Pilot
PVNGS	Palo Verde Nuclear Generating Station
PUBA	Portfolio Allocation Balancing Account Undercollection Balancing Account
PY	Planning Year
RA	Resource Adequacy
RPS	Renewables Portfolio Standard
SCE	Southern California Edison Company
SoCal CCAs	CPA and CalChoice, collectively
SOMAH	Solar on Multifamily Affordable Housing
SONGS	San Onofre Generating Station
SP15	South of Path 15
TA	Tracking Account
TC-1	Traffic Control 1
TOU-8-P	Time-of-Use, General Service – Primary Distribution
TOU-8-S	Time-of-Use, General Service – Large Standby
TOU-8-S-P	Time-of-Use, General Service – Large Standby – Primary Distribution
TOU-8-S-S	Time-of-Use, General Service – Large Standby – Secondary Distribution
TOU-8-S-T	Time-of-Use, General Service – Large – Standby - Tiered
TOU-8-T	Time-of-Use, General Service – Large – Tiered
TOU-GS	Time-of-Use General Service
TOU-PA-2	Time-of-Use Agricultural & Pumping 2
TOU-PA-3	Time-of-Use Agricultural & Pumping 3
UOG	Utility-Owned Generation
WAPA	Western Area Power Administration

(END OF APPENDIX A)