

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID #20661
RESOLUTION E-5218
June 23, 2022

R E S O L U T I O N

Resolution E-5218. Approval of Pacific Gas and Electric Company's (PG&E) Tier 3 Advice Letter 6451-E to Establish its Borrowed Green Tariff Shared Renewables (GTSR) Pool of Projects to Serve GTSR Customers on a Temporary Basis until PG&E replaces the borrowed GTSR pool with additional new renewable resources.

PROPOSED OUTCOME:

- Approves Pacific Gas and Electric Company's (PG&E) Tier 3 Advice Letter 6451-E to Establish its Borrowed Green Tariff Shared Renewables (GTSR) Pool of Projects to Serve GTSR Customers on a Temporary Basis.

SAFETY CONSIDERATIONS:

- There is no impact on safety.

ESTIMATED COST:

- There is no cost impact: by statute, the GTSR program must maintain ratepayer indifference, meaning that program costs must be borne by GTSR participants.
- For participants, PG&E GTSR rates are determined through the prior year's Energy Resource Recovery Account (ERRA) Decision.

By Advice Letter filed December 20, 2021.

SUMMARY

This Resolution approves PG&E's Tier 3 Advice Letter, which establishes the pool of renewable energy projects which will be used on an interim basis until PG&E procures new renewable energy resources to meet Green Tariff demand.

BACKGROUND

Senate Bill 43

Senate Bill (SB) 43 (Stats. 2013, ch. 413 (Wolk))¹ set a formal requirement for the three large electrical utilities, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), and San Diego Gas & Electric Company (SDG&E), to implement the Green Tariff Shared Renewables (GTSR) Program.

As envisioned by statute, the GTSR Program would expand access to renewable energy to customers without access to onsite rooftop solar. The GTSR program consists of two programs, Green Tariff (GT) and Enhanced Community Renewables (ECR).

PG&E's Green Tariff option, marketed as "Solar Choice," allows a customer to voluntarily pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewable energy.

With ECR, or PG&E's "Regional Renewable Choice" program, a customer agrees to purchase a share of a community renewable energy project (typically solar) directly from a developer, and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

This resolution focuses on PG&E's Solar Choice program.

CPUC Decision 15-01-051 Authorizes the Green Tariff Option

Decision (D.) 15-01-051 authorized the implementation of the SB 43 Green Tariff option. When the GTSR Program first launched, the IOUs were expected to supply GTSR customers their desired renewable power relatively quickly. At the program onset, the IOUs simultaneously began the renewable energy procurement process of siting, bidding for, approving, and interconnecting new, purpose-built projects. The process for establishing renewable energy projects can routinely take eighteen months or more.

To address this lag between the launch of the GTSR program and the time to bring new resources online, the Commission authorized the IOUs to draw on existing excess

1. Public Utilities Code Sections 2831 through 2833.

Renewable Portfolio Standard (RPS) resources² deemed eligible for GTSR in the short-term. This short-term approach was defined in D.15-01-051 as the Interim GTSR Pool. In establishing the Interim pool, the Commission required the IOUs to file Advice Letters with a list of the existing, qualifying RPS projects to be used by each IOU to comprise the Interim GTSR Pool.

The Commission could then compare this list of projects with its existing RPS database—one which includes confidential prices—to evaluate whether the selected projects have prices that are representative of the IOUs' eligible projects. This process ensured that the IOUs did not improperly "cherry pick" projects to artificially inflate or suppress GTSR prices or pass charges on to non-participating ratepayers.

Once the projects procured specifically for the GTSR Program come online, the participating customers were expected to be served exclusively from those resources. The Commission expected that the IOUs would accurately forecast future GTSR demand, so that an Interim Pool would not be needed moving forward. Projects which had been supplying the Interim GTSR Pool would then return to its role in meeting RPS obligations.

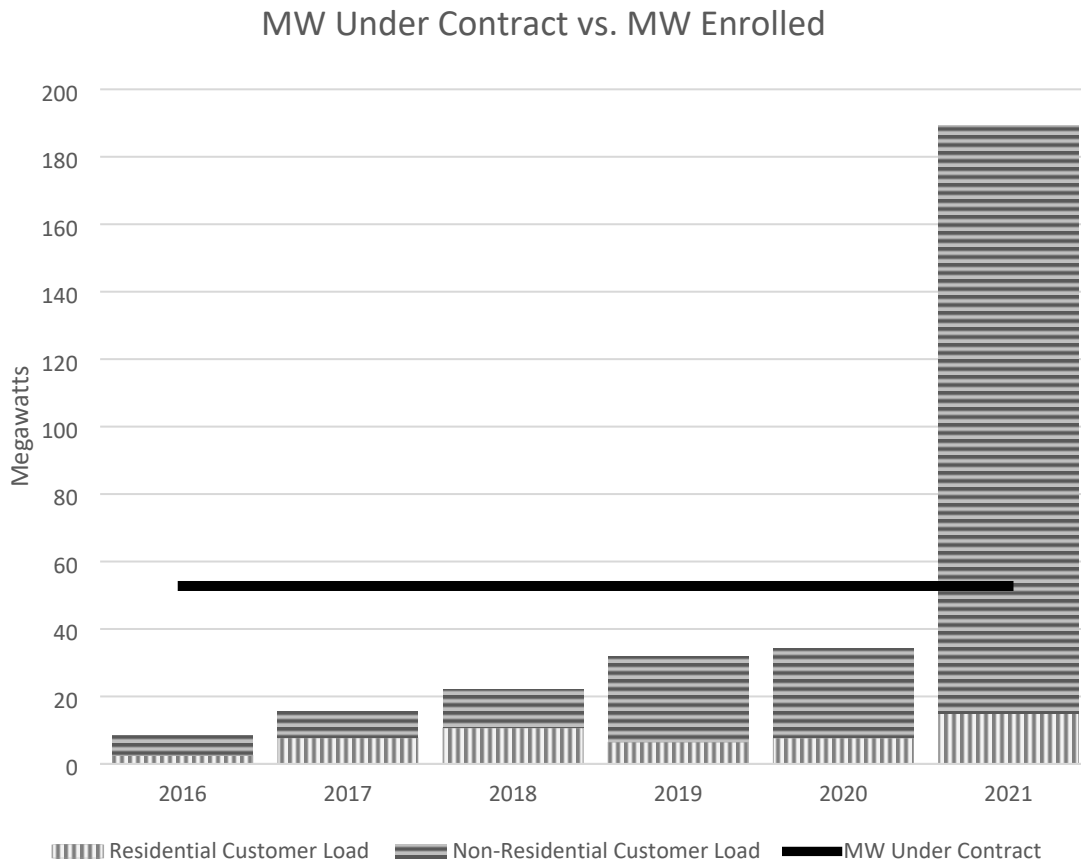
During the ramp-up period, the IOUs simultaneously began the process of procuring new, additional renewable resources. PG&E conducted a joint Renewable Auction Mechanism (RAM)/Solar Choice solicitation on July 7, 2015, which resulted in the addition of 52.75 megawatts (MWs) under contract.³ For several years, PG&E's Green Tariff rate option fulfilled SB 43's mandate by providing customers an affordable option to participate in the GTSR program, with enrollment slowly, but steadily, growing within the 52.75 MWs PG&E procured in its first solicitation.

PG&E's Enrollment Exceeds its Prior Procurement

In 2021, a shift in PG&E's energy procurement costs caused GTSR prices to drop relative to default service. As a result, the premium priced GTSR product could now be offered at a discount. During this same period, the pace of customer enrollment sharply

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2. RPS is one of California's key programs for advancing renewable energy. The program sets continuously escalating renewable energy procurement requirements for the state's load-serving entities, and generation must be procured from RPS-certified facilities. The California Energy Commission verifies RPS claims while the CPUC implements and administers RPS compliance rules for California's retail sellers of electricity.
 3. As approved through PG&E's Advice Letter 4780-E on February 21, 2016.

increased and exceeded the amount of incremental energy PG&E had procured on behalf of the GTSR program, as shown in the chart below.⁴



In response to this situation, PG&E filed a Petition for Modification (PFM) of D.15-01-051, requesting to, on a temporary basis, "allow PG&E to use excess existing renewable resources previously procured separately from its Solar Choice Program to form a temporary resource pool to meet the needs of an unanticipated significant increase in Solar Choice customer enrollments that cannot otherwise be met until a new Solar Choice resource procurement to acquire additional Solar Choice resources is completed."⁵

PG&E further proposed that the price of these dedicated resources should be based on the weighted price of eligible PG&E bundled renewable resource projects with July

4. Derived from Table 2 of the "2021 Annual Green Tariff Shared Renewables Program Report of Pacific Gas and Electric Company (U 39 E)" filed March 14, 2022, at page 5.
5. Emergency Petition for Modification Of Decision 15-01-051 Of Pacific Gas And Electric Company (U 39 E), filed April 30, 2021 at page 1.

2015–2018 online dates, arguing that this would represent a hypothetical portfolio of the additional renewable resource contracts which would have been signed to provide sufficient energy to fill average expected 2021-2023 Solar Choice customers' needs.

In D.21-12-036, the Commission determined⁶ that while PG&E had provided some aggregated information based on a hypothetical portfolio with sufficient quantity to meet the needs of the shortfall, it did not provide enough information to ensure ratepayer indifference or to allay the "cherry picking" concerns described in D.15-01-051. Through data requests, Energy Division obtained and proposed a list of 19 eligible PG&E RPS-eligible projects with a combined capacity of 163 MW⁷ as a "starting point" towards a temporary, one-time borrowed GTSR pool until PG&E met its additional procurement goal of 176.15 MW⁸ (the then-current oversubscription shortfall at the time of D.21-12-036.)⁹ Each of these 19 projects were found to have fit the Interim GTSR Pool criteria established in D.15-01-051.

In Ordering Paragraph (OP) 2 of D.21-12-036, the Commission ordered PG&E to file a Tier 3 Advice Letter within 15 days of the effective date of the decision to establish its Borrowed GTSR Pool. OP 2 directed PG&E to specifically identify and justify the projects that it intends to use to meet its GTSR over-subscription load. The Commission further directed PG&E to use the sample table of 19 projects included in the decision as guidance for its proposed pool.

The Commission also explicitly barred PG&E from enrolling new GTSR customers "until its pool of new GTSR projects are interconnected and providing incremental new energy to California's grid which is sufficient to meet GTSR demand."¹⁰

NOTICE

Notice of PG&E AL 6451-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the advice letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

6. D.21-12-036 at page 26.

7. Id. at page 28.

8. Quarterly Green Tariff Shared Renewables Program Progress Report Of PG&E for Activities Occurring April - June 2021. July 29, 2021. Total Alternate GT Capacity (228.9 MW) - GT Procured (52.75 MW).

9. D.21-12-036 at 31.

10. Id. at 26.

PROTESTS

Advice Letter PG&E 6451-E was not protested.

DISCUSSION

PG&E's Proposed List of Interim Projects Matches the Commission's Proposed Starting Point

In conditionally granting PG&E's Petition for Modification, D.21-12-036 proposed 19 eligible projects as a starting point for PG&E's temporary Borrowed GTSR Pool to bridge the oversubscription shortfall. These 19 projects have a combined capacity of 163 MW and are representative of the eligible projects in PG&E's RPS portfolio that meet eligibility requirements for the GTSR Program. Combined, these cover most of PG&E's Green Tariff Enrollment to Procurement shortfall of 176.15 MW. PG&E followed the Commission recommendation and submitted these same 19 projects for approval in AL 6451-E on December 20, 2021, 15 days from issuance of D.21-12-036.

In addition, AL 6451-E proposes adding renewable energy capacity from the Shafter Solar – RAM 3 project to the list of 19 projects identified by D.21-12-036. PG&E's Advice Letter claims that Shafter is the next most recent renewable energy project to come online that meets the GTSR program requirements.¹¹ While Shafter Solar is a 19.98 MW solar project, only 13.15 MW are eligible under the authorized Borrowed GTSR Pool to fulfill the 175.15 MW shortfall created when PG&E subscribed new Solar Choice customers for which it had no renewable energy.

Energy Division has analyzed the cost and dates of the Shafter project by evaluating PG&E's most recent annual RPS Procurement plan,¹² and confirms that the timing and pricing of the Shafter project is in alignment with the requirements of the GTSR program and D.21-12-036. Likewise, the average price of this contract is consistent with GTSR projects of similar size and vintage. Energy Division finds the addition of the Shafter project to complete PG&E's Green Tariff procurement-to-enrollment shortfall to be reasonable.

11. AL 6451-E at page 3

12. Submission by Pacific Gas and Electric Company (U 39 E) of its Final Conforming 2021 Renewables Portfolio Standard Procurement Plan (Confidential Version) in Rulemaking 18-07-003. Dated: February 17, 2022. Page Appendix M-13, APPA-551.

COMMENTS

This is an uncontested matter in which the Resolution grants the relief requested. Accordingly, and pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is waived.

FINDINGS

1. PG&E adopts the Commission's nineteen suggested projects as the starting point for its Borrowed GTSR Pool.
2. The nineteen suggested projects have a combined capacity of 163 MW and are representative of the eligible projects in PG&E's RPS portfolio that meet eligibility requirements for the GTSR Program.
3. The addition of the 13.5 MW from the Shafter Solar project is consistent with the rules of GTSR.
4. For these 20 projects, PG&E does not "cherry-pick" high or low-priced projects that could have long-term negative impacts on either GTSR or non-GTSR customers.

THEREFORE IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E) is authorized as described in Advice Letter 6451-E to establish its Borrowed Green Tariff Shared Renewables (GTSR) Pool of projects to serve GTSR customers on a temporary basis until PG&E replaces the borrowed GTSR pool with additional new renewable energy resources.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 23, 2022; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director