

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**Agenda ID# 21306
RESOLUTION E-5238
February 23, 2023**

R E S O L U T I O N

Resolution E-5238. Pacific Gas and Electric Company's Request to Revise its Bundled Procurement Plan.

PROPOSED OUTCOME:

- Approves Pacific Gas and Electric's request to revise its Bundled Procurement Plan.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- There are no costs associated with this resolution.

By Advice Letter 6686-E, Filed on August 19, 2022.

SUMMARY

This resolution approves Pacific Gas and Electric Company's (PG&E's) request to revise Appendix E and Appendix B of its 2014 Conformed Bundled Procurement Plan (BPP). This resolution finds that PG&E's requested revisions are reasonable.

BACKGROUND

The BPP establishes the utility's procurement authority on behalf of bundled service customers, consistent with Public Utilities Code Section 454.5. The Commission approved PG&E's 2014 BPP, with modifications, in Decision (D.) 15-10-013, as modified by D.16-01-015. D.07-12-052 requires all proposed updates to the BPPs to be made via advice letter filings and to include redlined pages of the BPP as well as replacement pages.

In this advice letter, PG&E requests authority to modify two aspects of its BPP. The first aspect is regarding modification to its liquidity management strategy in Appendix E of its Electric Portfolio Hedging Plan. PG&E seeks to modify its liquidity management strategy of its BPP in order to optimize liquidity capacity allocation. The second aspect PG&E requests to modify is Appendix B of the BPP to obtain authority to enter bilateral transactions for forward energy for delivery in the same or prompt Resource Adequacy (RA) compliance years.

PG&E proposes to modify its liquidity management strategy to: (1) improve PG&E's ability to optimize its liquidity capacity allocation based on projected need and seasonal trends, which mitigates need for additional liquidity capacity and reduces customer costs, (2) provide flexibility to utilize liquidity capacity in a timely manner in response to market conditions and procurement needs, and (3) reduce the administrative burden of unnecessary notifications to the Energy Division (ED) and Procurement Review Group (PRG).

Regarding the second aspect of PG&E's request to modify its BPP, PG&E states that it is currently authorized to transact for RA capacity and Import Allocation Rights (IARs) bilaterally for longer than one quarter in duration because they are deemed authorized non-standard products under the BPP.

However, forward energy is not categorized as an authorized non-standard product, and thus PG&E claims that they are unable to benefit PG&E customers through timely procurements of needed forward energy through bilateral transactions for longer than one quarter. As such, in the current competitive forward energy market, PG&E claims that the inability to procure forward energy through bilateral transactions results in PG&E losing ripe opportunities to procure forward energy when such opportunities are available to benefit PG&E customers.

To remove this obstacle, PG&E seeks to modify its BPP to secure the right to be able to transact for forward energy pursuant to bilateral transactions for longer than one quarter in duration solely for the purpose of using the forward energy to meet RA compliance in the same or prompt RA compliance years. PG&E notes that the Commission recently approved a similar request for authorization for authority for such transactions for Southern California Edison in Resolution E-5191.

NOTICE

Notice of AL 6686-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was sent electronically and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 6686-E was not protested.

DISCUSSION

The Commission has reviewed the Advice Letter and finds the changes that PG&E proposes to its liquidity management strategy are reasonable. It is PG&E's objective to stabilize electricity rates for its customers by reducing the exposure of its electric portfolio to commodity price volatility. These changes should help PG&E maintain its ability to operate within its Hedging Plan under Commission approved limits and to adapt its Hedging Plan to changing market conditions. In addition, the proposed modifications to the ED and PRG notification requirements are reasonable regarding administrative efficiency.

The Commission has reviewed PG&E's second proposed modification to its 2014 BPP to secure the right to be able to transact for forward energy pursuant to bilateral transactions for longer than one quarter in duration solely for the purpose of using the forward energy to meet RA compliance in the same or prompt RA compliance years. The Commission finds this request to be reasonable.

We agree that PG&E's 2014 BPP limits on contracting for firm energy more than one calendar quarter forward or for a term of more than one calendar quarter may place it at a competitive disadvantage to contract for firm energy relative to other entities not limited by BPP constraints. Unlike Investor Owned Utilities under the CPUC's jurisdiction, other Load Serving Entities such as Community Choice Aggregators and Energy Service Providers are not subject to the same regulatory procurement restrictions for transacting firm energy to meet their RA obligations. We agree with PG&E that this competitive disadvantage may negatively impact its customers, as there may be financial benefits to signing longer-term contracts. Providing PG&E the ability to negotiate bilateral contracts to purchase forward energy with delivery in the same or prompt compliance year will further enable it to satisfy its RA and reliability procurement obligations.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. PG&E's request for modification to its 2014 BPP regarding liquidity management strategy is reasonable.
2. PG&E's request for modification to its 2014 BPP to secure the right to transact for forward energy pursuant to bilateral transactions for longer than one quarter is reasonable.
3. The Commission recently approved a similar request for Southern California Edison in Resolution E-5191 to transact for forward energy pursuant to bilateral transactions for longer than one quarter.

THEREFORE IT IS ORDERED THAT:

1. The request of the Pacific Gas and Electric Company to update its Bundled Procurement Plan as requested in Advice Letter 6686-E is approved.

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 February 23, 2023 the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director