Decision 24-08-008 August 1, 2024

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Its Clean Energy Optimization Pilot.	Application 18-05-015

DECISION DENYING PETITION FOR MODIFICATION OF DECISION 19-04-010

Summary

This decision denies the Petition for Modification of Decision 19-04-010 filed by Southern California Edison Company on November 27, 2023.

Consistent with Rule 16.4 of the Commission's Rules of Practice and Procedure, the Commission finds insufficient justification for the request to modify Decision 19-04-010 to extend and expand the Clean Energy Optimization Pilot and authorize up to an additional $44.3 million in cap-and-trade allowance revenues for the pilot.

This proceeding is closed.

1. Background

On May 15, 2018, Southern California Edison Company (SCE) filed Application (A.) 18-05-015 requesting authority to use funds from its cap-and-trade allowance revenues (GHG revenues) to conduct a Clean Energy Optimization Pilot (CEOP) to help the Regents of the University of California (UC) and California State University (CSU) meet internal greenhouse gas (GHG) emissions reductions goals set by the university systems.

The assigned Administrative Law Judge (ALJ) held a prehearing conference (PHC) on July 6, 2018, to discuss procedural matters. The Commission's Energy Division held a workshop on the CEOP on August 16, 2018. Parties filed post-workshop comments and reply comments on the CEOP on August 30, 2018, and September 10, 2018, respectively.

SCE, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the Natural Resources Defense Council (NRDC), UC, and CSU (together, the Settling Parties) filed a motion for approval of a settlement agreement on December 4, 2018 (Settlement Agreement).

On May 1, 2019, the Commission issued Decision (D.) 19-04-010 to approve the Settlement Agreement, including a total budget of $20.4 million from GHG revenues for a four-year pilot period. The approved CEOP was designed to provide incentive payments for GHG emissions reductions rather than for gas or electricity savings or equipment.

On August 17, 2020, SCE filed a Petition for Modification of D.19-04-010 to modify the timing and duration of the CEOP to account for delays due to the COVID-19 pandemic (2020 Petition). The 2020 Petition attached amended settlement terms signed by the Settling Parties to extend the duration of the pilot to account for a pause in operations of campuses and to extend deadlines for

evaluation reports. On November 24, 2020, the Commission granted the 2020 Petition in D.20-11-030.

On November 27, 2023, SCE filed a Petition for Modification of D.19-04-010 (2023 Petition) to (a) authorize a $6 million increase to the budget for the CEOP from GHG revenues for the authorized duration of the pilot, (b) extend the pilot duration by three years and three months and authorize a new budget of $22.7 million in GHG revenues for the extended pilot period, (c) expand CEOP participation to additional CSU campuses and provide an additional $15.6 million in GHG revenue funding, and (d) increase the annual budget limit from $10 million to $15 million.

On January 19, 2024, Cal Advocates filed a response to the 2023 Petition. On February 9, 2024, SCE filed a reply to the response to the 2023 Petition.

This matter was submitted on February 9, 2024, upon the filing of SCE's reply to the responses to the 2023 Petition.

2. Issue Before the Commission

The issues before the Commission are whether the 2023 Petition is reasonable and in compliance with Rule 16.4 of the Commission's Rules of Practice and Procedure (Rules).

3. Whether the 2023 Petition is Reasonable

Rule 16.4 governs petitions for modification of Commission decisions. Rule 16.4(d) provides that petitions for modification should be filed within one year of the effective date of the decision proposed to be modified or explain why the petition could not have been presented within one year of the effective date of the decision.

SCE argued that it was not able to file the 2023 Petition within one year of the effective date of D.19-04-010 because it could not file the 2023 Petition until

the CEOP Year 2 Annual and Mid-Term Progress Report (Mid-Term Report) was filed on March 31, 2023. SCE argued that it could not have proposed additional pilot costs prior to the Mid-Term Report.

SCE argued that the Commission should approve the 2023 Petition because it is necessary to provide bridge funding for the pilot while the Commission considers an application for a longer-term program based on the pilot. SCE asserted an intention to file an application for a long-term program based on the pilot in the future.

We disagree that it is necessary to provide bridge funding for the pilot. The Commission has not directed SCE to file an application to convert or expand this pilot into a long-term program.

SCE also argued that the Commission should approve the 2023 Petition because the pilot is at risk of depleting its authorized budget prior to the completion of the pilot, resulting in the risk that campuses will not have sufficient funding for GHG reduction projects. We disagree that it is necessary to increase the budget for the approved pilot period. UC and CSU systems may use numerous utility incentive programs to meet their GHG reduction goals. Therefore, it is not necessary to increase the budget for the authorized pilot period.

It is reasonable to deny the 2023 Petition.

4. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be

summarized in the final decision issued in that proceeding. There are no public comments on the Docket Card of this proceeding related to the 2023 Petition.

5. Comments on Proposed Decision

The proposed decision of ALJ Stephanie Wang 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. Comments were filed on July 17, 2024 by SCE and UC/CSU, and reply comments were filed on July 24, 2024 by Cal Advocates.

6. Assignment of Proceeding

President Alice Reynolds is the assigned Commissioner and Stephanie Wang is the assigned ALJ in this proceeding.

Finding of Fact

1. The 2023 Petition was not filed within one year of the effective date of D.19-04-010.
2. SCE could not file the 2023 Petition before it filed the Mid-Term Report on March 31, 2023.
3. The Commission has not directed SCE to file an application to convert or expand this pilot into a long-term program.
4. UC and CSU systems may use numerous utility incentive programs to meet their GHG reduction goals.

Conclusions of Law

1. It is reasonable to deny the 2023 Petition.
2. Application 18-05-015 should be closed.

O R D E R

IT IS ORDERED that:

1. The Petition for Modification of Decision 19-04-010, filed by Southern California Edison Company on November 27, 2023, is denied.
2. Application 18-05-015 is closed.

This order is effective today.

Dated August 1, 2024, at San Francisco, California.

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

Commissioner Matthew Baker recused himself from this agenda item and was not part of the quorum in its consideration.