

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID #23477
RESOLUTION E-5367
June 12, 2025

R E D A C T E D
R E S O L U T I O N

Resolution E-5367. Pursuant to Decision 24-05-065, Approving with Modifications Pacific Gas & Electric Company's and Southern California Edison Company's DAC-GT Cost Containment Cap Proposal Update.

PROPOSED OUTCOME:

- Approves, with modifications, Pacific Gas & Electric Company's (PG&E's) and Southern California Edison Company's Joint Advice Letter (AL) 7363-E-A and 5362-E-A.

SAFETY CONSIDERATIONS:

- There are no expected safety implications with approval of this Resolution.

ESTIMATED COST:

- The full cost to implement the DAC-GT program has yet to be determined. The impact on rates cannot be estimates at this time as this program is funded through greenhouse gas allowance proceeds and/or public purpose program funds.

By PG&E AL 7363-E and SCE AL 5362-E Filed on August 28, 2024;
supplemental PG&E AL 7363-E-A and SCE AL 5362-E-A Filed on November 6, 2024.

SUMMARY

This Resolution approves, with modifications, Pacific Gas & Electric Company's (PG&E's) Advice Letter (AL) 7363-E-A and Southern California Edison Company's (SCE's) AL 5362-E-A to update the cost containment cap for the Disadvantaged Communities Green Tariff (DAC-GT) program, pursuant to Decision 24-05-065.

BACKGROUND

The Disadvantaged Communities Green Tariff (DAC-GT) program provides 100 percent clean energy at a 20 percent total bill discount to residential customers who reside in DACs, as defined by Decision (D.) 18-06-027 *Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities*.¹ Resolution E-4999, issued on June 3, 2019, approved with modifications, the tariffs to implement the DAC-GT program and established a cost cap of “200 percent of the maximum executed contract price in the previous Renewable Auction Mechanism’s as-available peaking category or the previous Green Tariff, whichever is higher.”² A numeric auction clearing price cap or “cost cap” is a threshold at which an investor-owned utility (IOU) or Community Choice Aggregator (CCA) is not required to execute a Power Purchase Agreement (PPA). A cost containment cap was applied to the DAC-GT program by the Commission in order to limit non-participating ratepayer subsidization of the program and its expenditures.

On May 30, 2024, the Commission issued D.24-05-065 *Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program*, which among other directives, evaluated the current DAC-GT program and determined that it was reasonable for the Commission to update the DAC-GT program’s cost containment cap to reflect current market prices and developer costs. D.24-05-065 Ordering Paragraph (OP) 4 required Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE), and participating CCAs to work together to develop an agreed upon proposal for updating the DAC-GT cost containment cap. The Decision further required that the cost containment cap reflect the option for pairing storage and that PG&E and SCE submit a Tier 2 Advice Letter proposing a method for updating the cost containment cap.

On August 28, 2024, SCE on behalf of itself and PG&E (collectively, the Joint IOUs), submitted joint advice letter SCE AL 5362-E and PG&E AL 7363-E to propose an updated cost containment cap methodology for the DAC-GT program. The Joint IOUs’ note that in order to develop a proposal and update the cost cap, they convened two meetings with participating DAC-GT CCA Program Administrators (PAs) on July 18 and July 24, 2024 and corresponded over email. The participating CCAs (Joint Community Choice Aggregators or Joint CCAs) included Ava Community Energy,

¹ D.18-06-027 at 74.

² Ibid. at 36 and OP 1dd.

Clean Power Alliance of Southern California, the City and County of San Francisco, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pico Rivera Innovative Municipal Energy, San Diego Community Power, San Jacinto Power, and San José Clean Energy.

The Joint IOUs filed both public and confidential versions of the AL. The public filing outlines the two cost containment methodology elements that the Joint IOUs and Joint CCAs agreed upon: a Benchmark Value Reference Price (CBVRP) and a DAC Percentage Multiplier (Multiplier). The public filing also outlines the Joint IOUs' detailed implementation proposal. The confidential filing includes Confidential Appendix A which details the Joint IOUs' characterization of the Joint CCAs' proposal and Confidential Appendix B which summarizes the Joint IOUs' comments on the Joint CCA proposal.

SDG&E was not required to file an AL because D.24-05-065 authorized the utility to terminate its DAC-GT tariff so as not to burden its small number of remaining customers with costs.³ The Decision explains that many of the utility's customers migrated to unbundled CCA service in SDG&E's territory, which meant that these remaining customers would have to pay for a larger share of DAC-GT program costs.⁴

The Joint AL outlines the agreed upon cost containment cap methodology between the IOUs and participating CCAs, and summarizes different IOU and CCA proposals on how to implement the cost containment cap. The agreed upon methodology includes a CBVRP, which is an average of historical executed power purchase agreements (PPAs) for specified technology types over a specified period of time, and a Multiplier, which is a fixed percentage applied to the CBVRP in order to account for the perceived regional differences and above-market costs of DAC-GT projects. When multiplied together, the resulting product of the CBVRP and the Multiplier is the cost containment cap.⁵ Table 1 below summarizes the Joint IOUs' and Joint CCAs' different containment cost cap proposals.

³ D.24-05-065 at 140, COL 30 and OP 3(c).

⁴ Ibid at 139.

⁵ Joint IOU AL SCE AL 5362-E/PG&E 7363-E at 2.

TABLE 1: Joint IOU and Joint CCA DAC-GT Cost Containment Cap Proposals

Components of Cost Containment Cap Framework	Joint IOU Proposal	Joint CCA Proposal
Confidential Benchmark Value Reference Price (CBVRP)	Calculated by each IOU or CCA based on a pool of its competitively solicited PPAs for similar resources and contract types over the past 5 years ⁶	Commission Staff should conduct a statewide survey to establish a single CBVRP that applies uniformly across all Load Serving Entities ⁷
Public DAC Percentage Multiplier	120% Multiplier ⁸	175% Multiplier ⁹
Cost Containment Cap	CBVRP x Multiplier	CBVRP x Multiplier

The IOUs' characterization of the Joint CCAs proposal suggests that the CCAs believe a 175 percent Multiplier is justified because 1) DAC-GT projects are small and subject to siting restrictions in DACs and 2) there is limited experience with procuring small scale solar and storage resources and a higher Multiplier provides necessary flexibility to account for the associated price differences. The Joint IOUs' proposal differs from the Joint CCA proposal as it suggests that a higher Multiplier is no longer appropriate or reasonable given that 1) the Commission has greatly expanded the area available for DAC-GT projects, which should reduce developers' costs and 2) another community solar program, the Enhanced Community Renewables Program, has already adopted a much lower Multiplier of 120 percent in order to limit non-participating ratepayer exposure. After presenting summaries of both proposals, the Joint IOUs request that the Commission should continue to limit customers' exposure by adopting a 120 percent multiplier because the DAC-GT program is partially funded by Public Purpose Program (PPP) charges, which are paid for by all customers.

The Joint IOUs' proposal would allow each IOU and CCA to calculate its own CBVRP to capture contractual differences, locational pricing differences, and other Load Serving Entity (LSE) specific attributes that developers consider when developing a bid price. The CBVRP would be set by pooling prices from a comparable set of competitively solicited power purchase agreements (PPAs) the entity executed for

⁶ Ibid at 3-4.

⁷ Ibid at 4.

⁸ Ibid at 5-6.

⁹ Ibid at 5.

(1) similar resources, e.g., solar, solar with paired energy storage (hybrid or co-located), wind, and (2) similar contract types, e.g., resource adequacy capacity contract, RPS contracts for fully deliverable capacity, or RPS contracts with energy-only capacity, (3) in the last five years. Under this design, each IOU and CCA will perform this survey of its executed contracts, as opposed to the Commission's Energy Division conducting a statewide survey of all pricing for all resources and types of contracts. The Joint IOUs' proposal suggests that this will allow the IOUs and CCAs the flexibility to set the cap for both solar-only and solar and storage resources without imposing an identical methodology on other entities.

Confidential Attachment A summarizes the Joint IOUs' characterization of the Joint CCAs' CBVRP proposal for solar-only projects and solar and storage projects.



[REDACTED]			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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In Confidential Attachment B, the Joint IOUs disagree with the Joint CCAs' proposal

[REDACTED]

The Joint IOUs contend that under the Joint CCAs' methodology, if made public, it would be too easy for developers to discern the price, apply the public multiplier, and bid at the cap. This could effectively eliminate cost competitiveness in the solicitation process and result in ratepayers paying higher-than-necessary subsidies to the program.

[REDACTED]

the IOUs contend that Joint CCAs' CBVRP proposal unnecessarily burdens the Commission's Energy Division by requiring it to conduct a statewide survey of all power procurement projects.

[REDACTED]

On September 17, 2024, the Joint CCAs, the Coalition for Community Solar Access (CCSA), Public Advocate's Office (Cal Advocates), and Solar Energy Industries Association (SEIA) submitted timely protests. On the same day, Dimension Energy, LLC (Dimension) also submitted a response. On September 24, 2024, the Joint IOUs submitted a reply to the protests.

On November 6, 2024, SCE and PG&E jointly submitted supplemental AL SCE 5362-E-A and PG&E AL 7363-E-A, replacing the original AL and its confidential version in their entirety. In their supplemental AL, SCE and PG&E include a discussion in supplemented confidential Appendix A that provides a more detailed justification for the confidentiality of information in Appendices A and B, and provides additional public information in the non-confidential body of the AL. The supplemental also provides a very brief non-confidential summary of the Joint CCAs' proposal, stating that it is to develop a CBVRP for solar-only and both hybrid and co-located solar and storage resources and would require the Commission's Energy Division staff to survey pricing data to set the CBVRP. The Joint IOUs also clarify that their proposal sets a cost containment cap for both solar-only and solar and storage resources. Further, the Joint IOUs' supplemental posits that DAC-GT PAs have broad discretion in implementing customer and procurement programs on behalf of the Commission and therefore PAs should independently survey their own data to set the appropriate CBVRP and undergo a reasonableness check by each IOU's existing Procurement Review Group (PRG) Independent Evaluator.¹⁰ Lastly, the Joint IOUs' supplemental reiterates rebuttal arguments from their reply to the initial protests stating that: 1) the existing 200 percent Multiplier is no longer appropriate or reasonable given the Commission's expansion of DAC-GT's geographic requirements and 2) a 120 percent Multiplier is reasonable and necessary to protect non-participating customers, who partially fund the program through the Public Purpose Program (PPP) charge, from above market costs.

On November 26, 2024, the Joint CCAs submitted a protest and Dimension submitted a response to the supplemental AL.

On December 5, 2024, the Joint IOUs submitted a reply to the Joint CCAs' protest and to Dimension's response.

¹⁰ D.02-08-071 required each IOU to establish a PRG, whose members, subject to an appropriate non-disclosure agreement, have the right to consult with and review the details of 1) each utility's overall interim procurement strategy; 2) proposed procurement contracts with the utilities before any of the contracts are submitted to the PUC for expedited review, and 3) proposed procurement processes including but not limited to Requests For Offers (RFOs), which result in contracts being entered into in compliance with the terms of the RFO.

NOTICE

Notice of SCE 5362-E-A and PG&E 7363-E-A was made by publication in the CPUC's Daily Calendar. SCE states that a copy of the Joint Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS, RESPONSES, AND REPLIES

In its protest of the initial advice letter, the Joint CCAs argue that the Joint IOUs' proposal 1) creates discriminatory results for Program Administrators (PAs) procuring in the same service territory by implementing an IOU- or CCA-specific survey of contracts and resource types, 2) does not provide sufficient parameters to protect customers, 3) should calculate the CBVRP based on a statewide survey conducted by the Commission's Energy Division staff, and 4) that it is unreasonable to establish a standard Multiplier until the CBVRP is known. The Joint CCAs argue that since the cost containment cap will apply to each IOU's service territory (which includes participating CCA service areas) there is no justification for why a cost cap should be different for IOU or CCA resources being procured within the same service territory. The Joint CCAs argue that the Joint IOUs' proposal is vague in defining the type and price of contracts that should be used to calculate the CBVRP. Therefore, the Joint CCAs argue that the Joint IOU proposal fails to protect ratepayers because it does not clearly define the specific pool of resource contracts to be used to set the CBVRP and that any reasonableness review of the IOUs' CBVRPs by an independent evaluator would be subjective.

Further, the Joint CCAs disagree with the Joint IOUs' assertion that requiring the Commission's Energy Division staff to conduct a statewide survey of resource contracts is burdensome because the Joint CCAs argue that the pool of executed contracts is limited. Instead, the Joint CCAs argue that it would be more burdensome for the Commission's Energy Division staff to review and enforce an individual cost containment cap for each PA.

Lastly, the Joint CCAs contend that the appropriate Multiplier cannot be selected without first determining the CBVRP. The Joint CCAs argue that the Joint IOUs' proposal does not determine a set value for the CBVRP and that a 120 percent multiplier is likely too low to ensure program success and would not reflect current market prices.

In their protests to the initial AL, both SEIA and CCSA request that the Commission adopt the Joint CCAs' proposal that includes a 175 percent multiplier and establishing a

CBVRP based on a statewide survey of energy contracts as determined by the Commission's Energy Division staff. SEIA also argues for separate cost containment caps for solar-only and solar and storage projects and that the cost containment caps should be made public.

In Cal Advocates' protest to the original AL, it argues that if the AL is not rejected by the Commission for failing to propose a single joint proposal as required by D.24-05-065 OP 4, then the Commission should adopt a modified version of the Joint IOUs' proposal. Cal Advocates goes further than the Joint IOUs' Multiplier proposal and argues that a 110% rather than 120% Multiplier should be applied for projects located within the 5-mile radius outside of DAC census tracts. Cal Advocates argues that a 110% Multiplier is justified because it would ensure more cost-effective project deployment adjacent to DACs and further limit the cost impact of the program to non-participating ratepayers. Additionally, Cal Advocates argues that the cost containment cap should include IOU- and CCA-specific CBVRPs because different regions across the state have unique resource availability, including transmission and distribution constraints which lead to varying energy costs. Cal Advocates argues that IOU- and CCA-specific CBVRPs would encourage more cost-effective and responsive resource deployment.

Dimension's response to the initial AL agrees with the Joint CCAs' proposal that the CBVRP should be set statewide based on a large pool of contracts including various locations, resource types, and load serving entities in order to best reflect market dynamics in California. Second, Dimension agrees with the Joint CCAs' proposal that a minimum of 175% Multiplier should be used to account for the higher cost of small-scale solar and storage projects. Lastly, Dimension argues that the Joint CCAs' cost containment cap methodology deemed confidential in SCE AL 5362-E and PG&E AL 7363-E should be made public so that developers can have sufficient information in order to submit conforming bids.

Joint IOUs' Reply to Protests and Response

On September 24, 2024, the Joint IOUs submitted a timely reply to the protests and response on the initial Joint AL. The Joint IOUs argue that 1) they have complied with D.24-05-065 OP 4, 2) the CBVRP must remain confidential, 3) specific IOU and CCA CBVRPs must be adopted, and 4) the 120% Multiplier is appropriate.

First, the Joint IOUs refute Cal Advocate's request that the Commission reject the AL, arguing that they carried out the requirements of OP 4 by convening several meetings with the Joint CCAs and corresponding by email before submitting the required AL

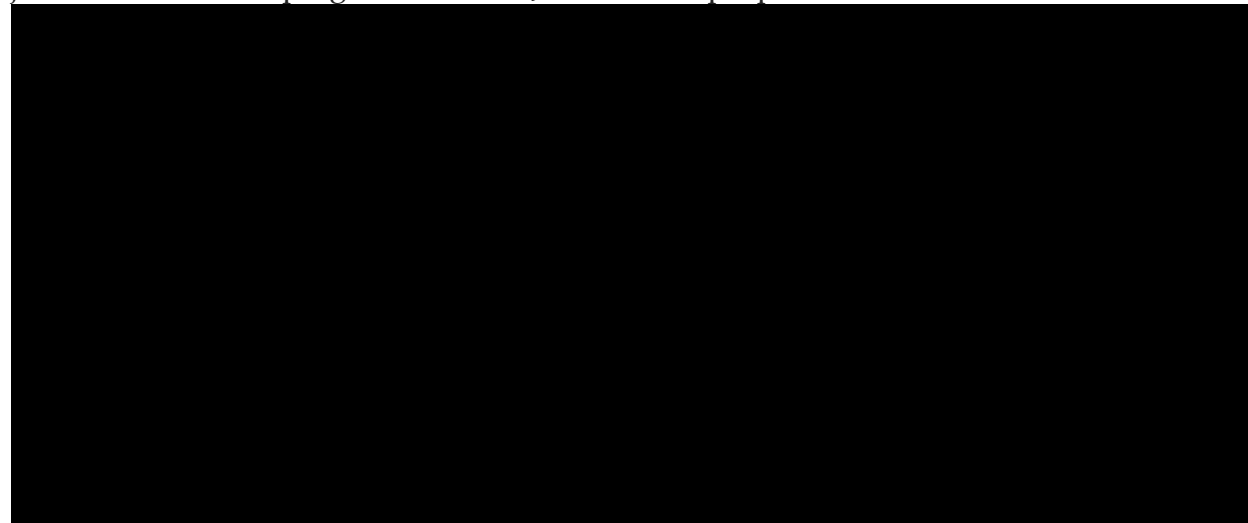
that proposed an update to the cost containment cap methodology. Second, the Joint IOUs refute SEIA and Dimension's request for transparent pricing, stating that publishing the cost containment cap in its entirety would eliminate any incentive for developers to submit competitively priced bids and would instead result in bids priced at the cap – effectively negating its purpose. Third, the Joint IOUs note that Cal Advocates concurs with their proposal for separate IOU and CCA CBVRPs and refute SEIA, CCSA, and Dimension's arguments. The Joint IOUs reiterate that separate CBVRPs are necessary due to each PA's different program MW allocations, needs, and geographies. The Joint IOUs argue that their proposed cost cap is based on prices from a comparable set of competitively solicited PPAs for similar resources over a five-year period for each IOU or CCA and would be independently reviewed before solicitation launch. Fourth, the Joint IOUs argue that SEIA, CCSA, and Dimension's request for a 175% or higher Multiplier is not justified given that PG&E and four participating CCAs have procured all, or nearly all, of their program capacity and the eligible DAC boundaries have been expanded, improving site selection opportunities.¹¹ According to the Joint IOUs, this proves that the success, or lack thereof, of the DAC-GT program to date is not a valid justification for retaining a higher multiplier for project development. Rather, the Joint IOUs argue that maintaining such a high multiplier would overcompensate developers and would be imprudent considering current rate affordability challenges.

Summary of the Supplemental Filing

Following the filing of AL 5362-E/7363-E, Energy Division requested that the Joint IOUs better substantiate why certain information was marked confidential in the AL filing and be more precise in selecting the information marked as confidential. On November 26, 2024, SCE and PG&E submitted their joint supplemental AL for the purpose of (1) providing more detailed justification for the IOUs' position that the Joint CCAs' CBVRP methodology proposal should be confidential and (2) rearranging their joint advice letter to include public information in the non-confidential body of the AL. The Joint IOUs provide additional brief details of the Joint CCAs' proposal, stating that it is to develop a CBVRP for solar-only and both hybrid and co-located solar and storage resources and would require the Commission's Energy Division staff to survey pricing data to set the CBVRP.

¹¹ D.24-05-065 notes that the prior DAC-GT program required that projects be sited in the top quarter of disadvantaged communities within the service territory of the respective utility or CCA, which led to fewer projects being eligible. In order to soften this requirement to enable more projects to be eligible, the Decision expanded the DAC-GT site requirements such that eligible projects are located no more than five miles from any DAC-GT-eligible community.

In Confidential Appendix B of the supplemented AL, the Joint IOUs provide further justification for keeping much of the Joint CCAs' proposal confidential.



Protest and Response to the Joint IOUs' Supplemental AL

On November 26, 2024 the Joint CCAs submitted a timely protest to SCE 5362-E-A and PG&E AL 7363-E-A and Dimension submitted a response.

Energy Division issued a notice to the A.22-05-022 service list reopening the protest period for SCE AL 5362-E-A and PG&E AL 7363-E-A for 20 days after the date of the joint advice letter. Per GO 96-B, new protests were limited to the substance of the supplement and were due November 26, 2024.

The Joint CCAs' protest argues that 1) the Joint IOUs provided no evidence to substantiate their claim that the cost containment cap could become publicly known and the risk is not unique to the Joint CCAs' proposal, and 2) it is unreasonable to broadly, rather than selectively, apply confidentiality concerns to portions of the Joint CCAs' proposal. Doing so has concealed much of the Joint CCAs' proposal from public view, which they argue is not, in itself, confidential. The Joint CCAs argue against the Joint IOUs' claim that the Joint CCAs' proposal releases confidential cost containment cap signals and that developers have engaged in certain types of practices. The Joint CCAs argue that if developers were motivated to discover the cost containment cap, then they could do so under any methodology, not just the methodology used for DAC-GT.

In its response to the supplemental AL, Dimension argues that confidentiality of the Joint CCA proposal 1), lacks justification and 2), weakens collaboration and compromises program outcomes. Specifically, Dimension requests that the Commission

make public the confidential details of the proposed price cap methodologies so that all interested parties, rather than a limited few, have an opportunity to provide feedback. Dimension argues that it is difficult to comment on the Joint IOU and Joint CCAs' proposals if they are mostly kept confidential and that keeping them confidential risks creating unnecessary barriers and failed solicitations. Secondly, Dimension notes that the cost cap methodologies for the current DAC-GT and Green Tariff programs and the previous Renewable Auction Mechanism have been made public without compromising market integrity.

Joint IOUs' Reply to Protest and Response

On December 5, 2024, the Joint IOUs submitted a reply to the Joint CCAs' protest of SCE 5362-E-A and PG&E AL 7362-E-A and Dimension's response. The Joint IOUs refute the Joint CCAs' claim that confidentiality is inappropriate by stating that 1) confidential treatment of the Joint CCAs' methodology for establishing the CBVRP is consistent with Commission decisions, 2) confidential treatment is important to protect the integrity of DAC-GT solicitations and customer affordability, and 3) the Joint CCAs' advocacy for their proposed pricing methodology should be disregarded. The Joint IOUs note that the Commission Matrix of Allowed Confidential Treatment IOU Data (IOU Matrix) defines "market sensitive" information as "information with the potential to affect the market for electricity in some way" and that the party seeking to make such information public bears the burden of providing why such information should be disclosed. The Commission's IOU Matrix is a document that identifies the confidentiality protections to be applied to categories of information relevant to electric procurement.¹² The Joint IOUs reiterate their arguments in favor of confidential treatment from their initial and supplemental AL and argue that the Joint CCAs' have failed to provide any justification for making the Joint CCA proposed methodology public. The Joint IOUs refute Dimension's argument that making the Joint CCAs' methodology public would allow feedback from parties by pointing out that only market participants should compete to bid a winning project without being influenced by knowledge concerning the cost containment cap. Therefore, market participants like Dimension were restricted from accessing the confidential proposal, while parties such as Cal Advocates had full access and opportunity to provide feedback. Further, the Joint IOUs emphasize that the Commission has broad discretion to determine whether confidential information should be shared publicly and argues the Commission should err on the side of confidentiality to protect customers from rising rates. Lastly, the Joint IOUs note that Joint CCAs' protest reiterates prior arguments to adopt their proposed

¹² D.06-06-066 as modified by D.07-05-032, Appendix 1.

methodology rather than following the Division's instructions to limit protests to only the new material in the supplemental AL.

DISCUSSION

Cal Advocate's Request to Reject or Modify the Joint IOUs' AL

We deny Cal Advocates' request in its protest of AL 5262-E/7262-E to reject the Joint IOUs' AL. We find that the Joint IOUs fulfilled D.24-05-065 OP 4 by through meetings and email correspondence and the timely filing of a Tier 2 AL proposing a method for updating the DAC-GT cost containment cap. While the Joint IOUs and Joint CCAs did not fully agree on all areas of the proposed cost containment cap methodology, the Joint IOUs detailed the areas of agreement and disagreement in their AL.

Methodology for Setting the CBVRP

We approve the Joint IOUs' proposal that each DAC-GT Program Administrator should survey its executed contracts and set its own CBVRP by pooling prices from a comparable set of competitively solicited power purchase agreements (PPAs) the entity executed for (1) similar resources, e.g., solar, solar with paired energy storage (hybrid or co-located), wind, and (2) similar contract types, e.g., resource adequacy capacity contract, RPS contracts for fully deliverable capacity, or RPS contracts with energy-only capacity, (3) in the last five years. Each IOU and CCA will perform this survey of its executed contracts and submit for a reasonableness review by an independent evaluator. If a CCA lacks historical executed contracts from which to draw upon for one or more of the categories above, it may use the CBVRP set by the IOU for the service territory in which it is located.

We find that the Joint CCA proposal is not reflective of market conditions and could harm non-participant affordability by increasing the DAC-GT program subsidy. We agree with Cal Advocates and the Joint IOUs that that SEIA, CCSA, and Dimension's request for a 175% or higher Multiplier is not justified given that D.24-05-065 relieved developers of prior DAC-GT Program's complex (and thus, costlier) siting requirements. Our expectation is that by relaxing geographic boundaries for project siting, some DAC-GT projects costs should decline.¹³ Therefore, adopting a 120 percent Multiplier is reasonable and balances protecting nonparticipating customers from above

¹³ D.24-05-065 notes that the prior DAC-GT program required that projects be sited in the top quarter of disadvantaged communities within the service territory of the respective utility or CCA, which led to fewer projects being eligible. In order to soften this requirement to enable more projects to be eligible, the Decision expanded the DAC-GT site requirements such that eligible projects are located no more than five miles from any DAC-GT-eligible community.

market costs and the goals of the program.

Independent Review of Each Program Administrator's CBVRP

We find it reasonable for each DAC-GT Program Administrator to independently survey their own procurement data and set the CBVRP based on the parameters discussed in the methodology section above. Further, we find it reasonable for SCE and PG&E to submit their CBVRP and associated workpapers to each IOU's existing Procurement Review Group (PRG) Independent Evaluator for a one-time initial review and assessment of its reasonableness prior to the launch of future DAC-GT solicitations. SCE and PG&E shall include the PRG Independent Evaluator's DAC RFO report evaluating the reasonableness of each IOU's respective CBVRP as an attachment to their future Tier 2 DAC-GT Power Purchase Agreement Advice Letters directed out of Decision 18-06-027, and Resolutions E-4999, E-5102, E-5124, E-5130, and E-5246.

Since Participating DAC-GT CCA PAs do not participate in IOU PRGs, we authorize them to contract with and recover costs for a similar independent third party to provide a one-time initial review and assessment of the reasonableness of their CBVRP and associated workpapers prior to the launch of future DAC-GT solicitations. These costs should be billed and tracked to each PA's DAC-GT Regulatory Compliance budgets and reported in each PA's Annual Budget Advice Letter. Each DAC-GT CCA PA shall include the independent third party's report on the conclusions of the reasonableness of each participating CCA's respective CBVRP as an attachment to its future executed DAC-GT Power Purchase Agreement Advice Letters.

Multiplier Percentage

We approve the Joint IOUs' 120 percent Multiplier as it accounts for recent modifications to the DAC-GT program which have expanded the area available for DAC-GT projects, which should reduce developers' costs.¹⁴ Additionally, adopting the Joint IOUs' 120 percent Multiplier is consistent with prior Commission precedent in

¹⁴ D.24-05-065 more than doubled DAC-GT program capacity and expanded the program's geographic boundaries to allow for more eligible projects that serve low-income customers.

Decision D.16-05-006 that set a bid price cap of 120 percent for a similar community solar tariff, the Enhanced Community Renewables Program.

While Cal Advocates suggests an even lower 110 percent Multiplier for projects within 5 miles outside of DAC census tract boundaries, we find this adds complexity to the procurement process to require two different Multipliers based on project location. A 120 percent multiplier also accounts for any additional above-market cost that may be associated with DAC-GT's additional program eligibility requirements.

Confidentiality of DAC-GT Cost Containment Cap

We reject SEIA's and Dimension's request that the cost caps be made public. We agree with the Joint IOUs that publishing the cost containment cap in its entirety would eliminate any incentive for developers to submit competitively priced bids and would instead result in bids priced at the cap. Furthermore, we agree with Cal Advocates and err on the side of confidentiality in order to protect customers from rising rates.

Confidential Treatment of Portions of Joint CCAs' Cost Cap Proposal

D.06-06-066, as modified by D.07-05-032, states that the CPUC has "broad discretion to determine whether confidential information submitted by regulated public utilities or other entities to the Commission should be shared with other parties. In exercising this discretion, the Commission will determine whether the public interest in keeping materials confidential outweighs the public interest in making them public." The Commission's IOU Matrix was later adopted to identify data that the IOUs may treat as confidential.

In its Confidentiality Declaration, attached as Appendix C of the AL 5352-E/7363-E, SCE, on behalf of the Joint IOUs, seeks confidential treatment of "pricing information" in Confidential Appendixes A and B. SCE states that Matrix Category VIII.B "Specific quantitative analysis involve in scoring and evaluation of participating bids" applies and that "Pricing information is confidential for three years from the selection of the winning bidders." Further, SCE, on behalf of the Joint IOUs, allowed appropriate parties (non-market participants or participants with non-financial interest) to obtain the confidential version of the AL upon execution of a non-disclosure agreement. Following the filing of AL 5362-E/7363-E, Energy Division requested that the Joint IOUs submit a supplemental AL to 1) better substantiate why certain information was marked confidential and 2) be more precise in selecting the information marked as confidential.

In the case of the Joint IOUs' confidential treatment of the Joint CCAs' methodology for establishing the CBVRP, we find that the Joint IOUs have shown that this procurement information is market sensitive and that publicizing it would lead to higher costs for ratepayers.

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. Please note that comments are due 20 days from the mailing date of this resolution. 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 AND CONCLUSIONS

1. On June 22, 2018, pursuant to AB 327, the Commission adopted Decision (D.)18-06-027 creating the DAC Green Tariff (DAC-GT) program, which provides residential customers in DACs increased access to renewable generation.
2. On June 3, 2019, the Commission issued Resolution E-4999 which approved with modification, PG&E, SCE and SDG&E's tariffs to implement their DAC-GT and CSGT Programs.
3. D.24-05-065 directed SCE and PG&E to file an Advice Letter to work together with participating CCAs and submit a Tier 2 Advice Letter proposing a method for updating the DAC-GT cost containment cap.
4. To satisfy the requirements in D.24-05-065, SCE and PG&E filed Joint AL 5362-E and 7363-E on August 28, 2024.
5. On September 17, 2024, CCSA, the Joint CCAs, Cal Advocates, and SEIA submitted timely protests and Dimension submitted a response to Joint AL SCE 5362-E and PG&E 7363-E.
6. On September 24, 2024, the Joint IOUs submitted a timely reply to the protests.
7. On November 6, 2024, SCE and PG&E jointly submitted supplemental AL SCE 5362-E-A and PG&E 7363-E-A, replacing the original joint AL in its entirety.

8. On November 26, 2024, the Joint CCAs submitted a protest and Dimension submitted a response to the supplemental joint AL SCE 5362-E-A and PG&E 7363-E-A.
9. On December 5, 2024, the Joint IOUs submitted a reply to the Joint CCAs' protest of SCE 5362-E-A and PG&E 7363-E-A and Dimension's response.
10. The Joint IOUs met the requirements under D.24-05-065 OP 4 and it is therefore reasonable to reject Cal Advocates' request that the Commission reject the Joint IOUs' AL.
11. It is reasonable to adopt the Joint IOUs' methodology for setting the CBVRP because it will capture pricing differences in contractual, locational pricing, and other LSE-specific attributes and will encourage more cost-effective and responsive resource development.
12. It is reasonable for SCE and PG&E to submit their Confidential Benchmark Value Reference Price (CBVRP) and associated workpapers to their respective Procurement Review Group (PRG) Independent Evaluators (IEs) for a one-time initial review and assessment and to include each IE report as an attachment to future DAC-GT power purchase agreements (PPA) ALs.
13. It is reasonable for each participating DAC-GT CCA PA to contract with an independent third party to provide a one-time initial review and assessment of their CBVRP and associated workpapers attach the third party's report as an attachment to future DAC-GT PPA ALs.
14. It is reasonable to adopt the Joint IOUs' 120 percent Multiplier because it balances protecting nonparticipating customers from above market costs and the goals of the DAC-GT program.
15. It is reasonable to reject Cal Advocates' 110 percent Multiplier for projects within 5 miles outside of DAC census tract boundaries because it would add complexity to the program and would not account for the additional above-market costs associated with DAC-GT eligibility requirements.
16. It is reasonable to keep the DAC-GT cost containment cap confidential in order to better incentivize developers to submit competitively priced and in order to protect ratepayers from rising rates.
17. The Joint IOUs' request for confidential treatment of pricing information in Confidential Appendixes A and B of their advice letter is consistent with prior Commission decisions and necessary to protect the integrity of DAC-GT solicitations and customer affordability.

THEREFORE IT IS ORDERED THAT:

- 1) The request of the Southern California Edison (SCE) in Advice Letter 5362-E-A and Pacific Gas and Electric Company (PG&E) in Advice Letter 7363-E-A to approve their Disadvantaged Communities Green Tariff (DAC-GT) cost containment cap is approved with modifications.
- 2) Each Disadvantaged Communities Program Administrator (PA) shall survey its executed contracts and set its own Confidential Benchmark Value Reference Price (CBVRP) by pooling prices from a comparable set of competitively solicited power purchase agreements (PPAs) the entity executed for (1) similar resources, e.g., solar, solar with paired energy storage (hybrid or co-located), wind, and (2) similar contract types, e.g., resource adequacy capacity contract, RPS contracts for fully deliverable capacity, or Renewable Portfolio Standard contracts with energy-only capacity, (3) in the last five years. On or before January 1, 2026, given that some solicitations are currently in progress, each PA will update its Request for Offer solicitation materials to reflect the new cost containment cap which is the product of the CBVRP for each technology category multiplied by a 120 percent Multiplier. Before this date, PAs may choose to continue using the prior cost cap methodology.
- 3) Southern California Edison (SCE) and Pacific Gas and Electric Company (PG&E) shall independently survey their own procurement data to set the appropriate Confidential Benchmark Value Reference Price (CBVRP) and submit their CBVRP and associated workpapers to each IOU's existing Procurement Review Group (PRG) Independent Evaluator (IE) for a one-time initial review and assessment its reasonableness prior to the launch of future Disadvantaged Communities Green Tariff solicitations. SCE and PG&E shall each include the PRG IE's report on the conclusions of the reasonableness of their respective CBVRPs as an attachment to its future executed Tier 2 (DAC-GT) Power Purchase Agreement Advice Letters.
- 4) Immediately following the issuance of this Resolution, participating Disadvantaged Communities Green Tariff (DAC-GT) Community Choice Aggregator (CCA) Program Administrators (PAs) are authorized to contract with and recover costs for an independent third party to provide a one-time initial review and assessment of the reasonableness of their Confidential Benchmark Value Reference Price (CBVRP) and associated workpapers prior to the launch of future DAC-GT solicitations. DAC-GT CCA PAs shall independently survey their own procurement data to set the appropriate Confidential Benchmark Value Reference Price (CBVRP). Each DAC-GT CCA PA shall include the independent third party's report on the conclusions of the reasonableness of each participating CCA's respective CBVRP as an attachment to its future executed Tier 2 DAC-GT Power Purchase Agreement Advice Letters.

This Resolution is effective today.

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 12, 2025; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated _____, at <Voting meeting location>, California