

Decision **PROPOSED DECISION OF ALJ LAKHANPAL** (Mailed 6/20/2025)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric  
Company (U39E) for Approval of  
Electric Rule No. 30 for Transmission-  
Level Retail Electric Service.

Application 24-11-007

**DECISION PARTLY GRANTING AND PARTLY DENYING PACIFIC GAS AND  
ELECTRIC COMPANY'S MOTION FOR INTERIM IMPLEMENTATION OF  
ELECTRIC RULE NUMBER 30**

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## ATTACHMENT 1

**DECISION PARTLY GRANTING AND PARTLY DENYING PACIFIC GAS AND ELECTRIC COMPANY'S MOTION FOR INTERIM IMPLEMENTATION OF ELECTRIC RULE NUMBER 30**

**Summary**

Today's decision partly grants Pacific Gas and Electric Company's (PG&E's) January 24, 2025 motion for interim implementation of Electric Rule 30 (Motion). The Motion is filed as part of Application 24-11-007 for an Electric Rule 30 tariff for large transmission-level customers (50-230 kilovolts) seeking retail service. This decision specifically addresses the interim relief sought by PG&E in its Motion for interim implementation while the Commission deliberates on the issues scoped into this proceeding.

This decision allows for interim implementation for transmission-level customers who provide advance or actual cost payments and voluntarily prefund up to 100 percent of specific transmission network upgrades. The decision requires new transmission-level customers seeking retail services to be responsible for the initial costs of all transmission facilities, rather than those costs being borne by ratepayers.

The Motion is partly denied for the interim implementation period regarding any refunds for advances, actual cost payments, or contributions, as well as associated accrued interest. These matters are deferred to the final decision of the proceeding, at which point the Commission will examine cost allocation and causation in light of the entire record.

Similarly, repayments of pre-funded loans are also denied during this interim period, and their full repayment is not guaranteed. The specific cost

causation and allocation mechanisms for these pre-funded loans will be decided in the final decision of this proceeding.

Therefore, no rate recovery is authorized as part of this decision.

PG&E shall maintain complete accounting records for all advances, actual cost payments, contributions, and pre-funded loans received. Importantly, no interest will accrue on funds advanced during the interim implementation period. Consequently, PG&E's request for a memorandum account to record accrued interest on advances is denied.

Pursuant to this decision, PG&E is authorized to utilize a standard form agreements, collect advances, contributions, actual cost payments, and receive pre-funding loans to accelerate the connection of transmission-level customers.

PG&E shall submit a Tier 1 Advice Letter within 15 days of the adoption date of the decision with an interim Electric Rule 30 tariff and associated form agreements that conform to the requirements of this decision.

PG&E shall submit executed form agreements via Tier 2 Advice Letters and provide quarterly progress reports on interim implementation.

The agreements approved under this interim implementation phase pursuant to this decision will remain unchanged for those specific contracts, even if Electric Rule 30 is later modified. However, these contracts will still be subject to the final decisions made on any deferred issues. The Commission acknowledges that parties always have the right to negotiate new terms subject to final review and approval by the Commission in a subsequent filing.

Today's decision is effective until a subsequent or final decision on Electric Rule 30 is issued, without prejudicing the determination of these issues in the final decision in this proceeding.

## **1. Procedural Background**

On November 21, 2024, Pacific Gas & Electric Company (PG&E) filed Application (A.) 24-11-007 (Application) proposing a new electric rule tariff, identified as Electric Rule 30 (Electric Rule 30), to interconnect transmission-level customers seeking retail services.

On December 23, 2024, The Utility Reform Network (TURN) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed their protests to the Application.

The Joint Community Choice Aggregators (Joint CCAs),<sup>1</sup> filed a response to the Application.

On January 2, 2025, PG&E filed a reply to the protests and response.

A prehearing conference (PHC) was held on January 29, 2025, to determine the need for a hearing, set the schedule for resolving the matter, and address other matters as necessary. San Jose Clean Energy's (SJCE's) oral motion for party status as a Joint CCA was granted at the PHC.

On January 24, 2025, PG&E filed a motion for interim implementation, urging the Commission to act expeditiously and approve the interim implementation of Electric Rule 30 (Motion).<sup>2</sup>

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<sup>1</sup> The Joint CCAs consist of Ava Community Energy, Central Coast Community Energy, Marin Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority.

<sup>2</sup> Motion at 4.

On February 10, 2025, the Joint CCAs,<sup>3</sup> TURN and the Cal Advocates filed their responses opposing the Motion.

PG&E filed a reply to the responses on February 18, 2025.

On March 11, 2025, the Assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo).

On March 18, 2025, an Administrative Law Judge (ALJ) ruling was issued requesting additional information from PG&E regarding the Motion (ALJ Ruling).

Shell Energy North America (US), L.P. (Shell Energy) filed a motion for party status on March 20, 2025, which was granted via an ALJ ruling on April 21, 2025.

On March 21, 2025, PG&E served a consolidated Initial Prepared Testimony and additional supplemental testimony in a single exhibit, Supplemental Testimony, organized based on the identified issues in the Scoping Memo.

PG&E and Cal Advocates filed responses to the ALJ Ruling on April 4, 2025.

PG&E, Cal Advocates, TURN, the Joint CCAs, and Shell Energy filed respective replies to the responses on the ALJ Ruling on April 11, 2025.

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<sup>3</sup> The Joint CCAs consist of Ava Community Energy, Central Coast Community Energy, Marin Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority, San José Clean Energy and Silicon Valley Clean Energy.

On June 6, California Community Choice Association (CalCCA) filed a motion for party status.<sup>4</sup> A June 18, 2025, ALJ ruling granted the request.

### **1.1. Factual Background**

In its Application before the Commission, PG&E proposes Electric Rule 30 as an interconnection process and new tariff provisions with requirements for non-residential transmission-level, 50—230 kilovolts (kV) (transmission-level customers) seeking transmission-level interconnection at retail service. Current tariff provisions exist for (a) transmission connections for wholesale generators and wholesale transmission load (Federal Energy Regulatory Commission (FERC) Transmission Operator (TO) tariff), and (b) service and distribution line extensions at distribution levels (Electric Rules 15 and 16), but not for retail customer energization at transmission levels.

The Application asserts that without a retail tariff, PG&E must engage in one-on-one, lengthy negotiations with potential high-voltage load transmission customers, leading to non-typical/ exceptional case filings<sup>5</sup> as Tier 3

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<sup>4</sup> CalCCA represents the interests of 24 community choice electricity providers in California, including the Joint CCAs: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

<sup>5</sup> PG&E filed Tier 3 advice letters as an exceptional case filing for special conditions under Electric Rules 15 and 16 as currently there are no tariffs available to interconnect transmission-level customers seeking retail services. These rules define Exceptional Cases "as when the application of this Rule appears impractical or unreasonable to either party or to ratepayers, PG&E may refer the matter to the CPUC for a special ruling or for special conditions."

Advice Letters for Commission review.<sup>6</sup> PG&E further states that preparing an exceptional case filing requires additional resources and time for PG&E and the customer, and the Commission and stakeholders must then spend the time and resources reviewing the filing.<sup>7</sup>

PG&E states that its proposed Electric Rule 30 seeks to eliminate these negotiations, enabling standardized terms and faster service for energizing transmission-level customers. PG&E asserts that, in addition to the financial, safety, and reliability protections, Electric Rule 30 may provide substantial rate benefits for existing customers and lower monthly customer bills depending on the number of interconnecting transmission customers.

PG&E proposes tariff provisions in its Application for four facility types, with a requirement that customers pay an initial Advance upfront and actual cost payment if costs exceed the Advance for Types 1-3 Facilities (Transmission Service Facilities, Transmission Interconnection Upgrades, and Transmission Interconnection Network Upgrades). As stated in PG&E's Application, and subsequently modified in the Motion, the transmission-level customer is entitled to interest at the interest rate on any advance and/or actual cost payment from the date PG&E receives the advance and/or actual cost payment receives the advance and/or actual cost payment to the date transmission facilities go into service.<sup>8</sup>

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<sup>6</sup> Application at 3.

<sup>7</sup> Application at 3.

<sup>8</sup> Motion at 16.

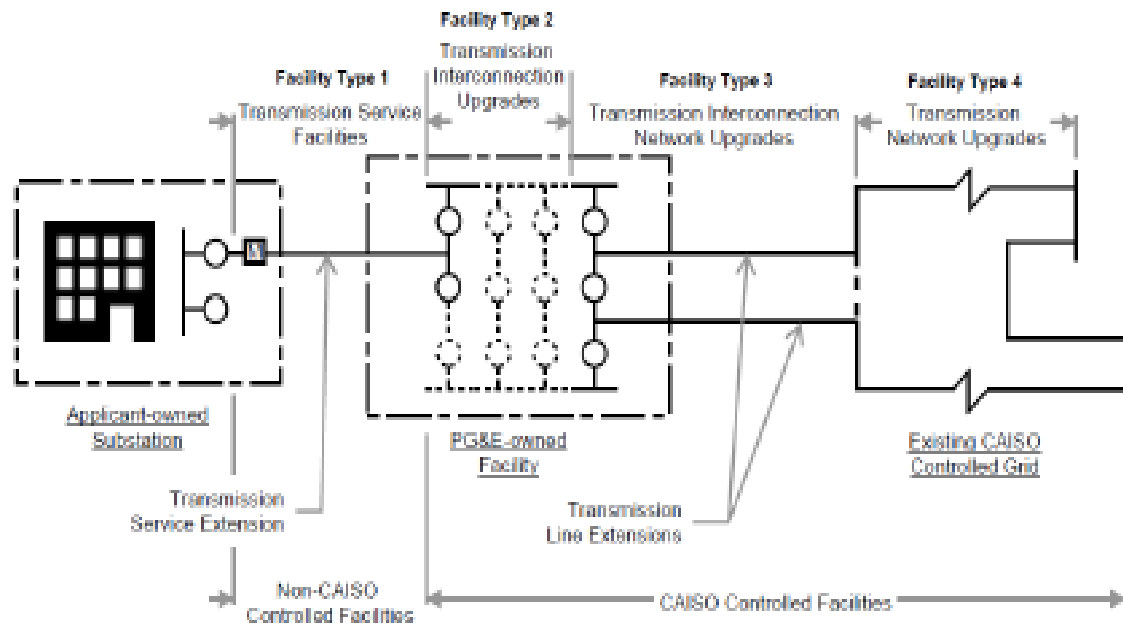
PG&E does not propose requiring the transmission-level customer to pay upfront costs for Type 4 Facilities, which are transmission network upgrades to the existing transmission grid designed to integrate service to large load customers. Instead, PG&E proposes the option for transmission-level customers to provide pre-funding loans from customers for infrastructure upgrades, at the customer's discretion, if the customers wish to accelerate such work.

PG&E describes the four facility types as follows:

- **Type 1: Transmission Service Facilities.** These new transmission facilities are dedicated to providing service to the large load customers only.
- **Type 2: Transmission Interconnection Upgrades.** These are substation or switching station facilities that could be new transmission facilities connecting the transmission network to large load facilities.
- **Type 3: Transmission Interconnection Network Upgrades.** These are modifications to adapt the PG&E transmission network to provide service to the large load customers.
- **Type 4: Transmission Network Upgrades.** These are modifications to the existing transmission grid to integrate service to the large load customers. PG&E describes the need to adapt an existing transmission asset to large customers.

A diagrammatic representation of Facility Types 1-4 is shown below:

**Figure 1.1**



This decision does not take action on all issues scoped into this proceeding and solely addresses PG&E's Motion.

## 1.2. Submission Date

This matter was submitted on April 11, 2025, upon receipt of reply comments on the response to the ALJ Ruling.

## 2. Scope of Issues Adopted Today

The scope of this decision is limited to two key areas:

1. Assessing whether it is just and reasonable to allow PG&E and transmission-level customers to utilize Electric Rule 30 and form agreements on an interim basis until a final decision on the pending Application;
2. Reviewing ratepayer protection measures in the context of proposed Electric Rule 30 costs during this interim implementation.

Any limited interim implementation is intended to provide a transparent interconnection process for large load customers seeking transmission-level

interconnection and enable the Commission's Energy Division to monitor the interim Electric Rule 30, which may inform future improvements in the final decision. The decision on interim implementation does not prejudice the ultimate determination of these and other issues during the Application's final review.

### **3. Motion Summary**

PG&E's Motion seeks Commission authorization for PG&E to: (1) utilize Electric Rule 30, as revised in its Motion, on an interim basis pending the outcome of this proceeding; and (2) execute an agreement with new transmission level customers using the form agreements attached to the Motion.<sup>9</sup> PG&E further states that the Electric Rule 30 would take effect once the interim implementation motion is granted and be used by PG&E until: (1) a subsequent Commission order or a decision on interim implementation; or (2) a final Commission decision in this proceeding.<sup>10</sup>

PG&E states that from 2023, PG&E has received 40 transmission-level service connection applications, and the demand served by these new customers would increase transmission-level electric retail customer interconnection demand by more than 3,000%.<sup>11</sup> PG&E asserts that these transmission-level customers will contribute significantly to investments in California, including new data centers and large EV charging facilities, which will likely incur costs of hundreds of millions of dollars or more for transmission-level interconnections.<sup>12</sup>

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<sup>9</sup> Motion at 3 and 11.

<sup>10</sup> Motion at 11-12.

<sup>11</sup> Motion at 8.

<sup>12</sup> Motion at 9.

PG&E contends that the current negotiation process is lengthy and results in an exceptional filing for Commission approval under the current Electric Rules 15 and 16 by negotiating a non-standard agreement, as no rules cover transmission interconnections.<sup>13</sup>

PG&E claims the benefits from Electric Rule 30, including the requirement that transmission-level customers pay the actual costs for facilities (subject to later refund), mechanisms to lower overall costs such as transmission-level customer contributions,<sup>14</sup> and customer build options,<sup>15</sup> limits on refunds, the potential for bill reductions as a result of the interconnection of large load customers, and reliability benefits.<sup>16</sup>

PG&E proposes a Tier 2 Advice Letter process to approve service connection agreements and quarterly reports to the Commission regarding interim implementation.<sup>17</sup> PG&E states that once an agreement with a specific transmission level customer is approved via the Tier 2 Advice Letter process, it will remain unchanged even if the Commission later directs changes in Electric

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<sup>13</sup> Motion at 9.

<sup>14</sup> Application at 11; Contributions: Electric Rule 30 includes an option, at PG&E's discretion, for transmission-level customers to contribute land, equipment, or in-kind services which could lower the advances and/or actual cost payments they need to provide

<sup>15</sup> Application at 11; Customer-Build Option: Electric Rule 30 includes an option, at PG&E's discretion, for the transmission-level customer to build some of the transmission facilities needed to interconnect the customer's facility which could lower the advances and/or actual cost payments they need to provide and expedite the interconnection process.

<sup>16</sup> Motion at 10-11.

<sup>17</sup> Motion at 13.

Rule 30 and/or the form agreements proceeding.<sup>18</sup> PG&E revises Electric Rule 30 from the Application, which includes an updated definition of the term Interest Period,<sup>19</sup> and clarifies land rights on a customer's premises.<sup>20</sup>

PG&E seeks the authority to establish a new memorandum account to track potential interest payments made under Electric Rule 30.<sup>21</sup>

### **3.1. Initial Response and Reply to Responses on the Motion**

Cal Advocates, TURN, and the Joint CCAs each filed a response to the Motion opposing it, stating that the relief PG&E seeks in its motion is unjustified, premature, and rushes the procedure without fully evaluating the impact on ratepayers.

Cal Advocates argue that PG&E has not met the Commission's standards for interim relief, as it provides no support for its claimed urgency for an interim

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<sup>18</sup> Motion at 14.

<sup>19</sup> Motion at 15-16; Interest Period is defined as the period of time during which interest accrues on an Advance and/or Actual Cost Payment. The Interest Period commences on the date that PG&E receives the Advance or, if there is no Advance, the date PG&E receives the first Actual Cost Payment and ends on the earlier of: (1) energization of the Transmission Facilities; or (2) the estimated in-service date in the Preliminary Engineering Study provided to the Applicant. Interest on any specific Advance and/or Actual Cost Payment starts to accrue when the Advance and/or Actual Cost Payment is received by PG&E and stops accruing at the end of the Interest Period.

<sup>20</sup> Motion at 16; This revision clarifies that land rights on a customer's premises are not considered a "contribution" if those land rights are solely for the provision of retail service to the customer's facility. However, if the land rights can and/or will be used to provide service to other customers as well, then the land rights are considered a "contribution" because they will benefit other customers and thus the value of this contribution can be included in the refund for which the customer is eligible.

<sup>21</sup> Motion at 17.

implementation of Rule 30.<sup>22</sup> Cal Advocates states that PG&E did not plan with the increase in transmission-level service connection applications by data centers and other transmission-level customers, which started occurring in 2023.<sup>23</sup> It further argues that interim implementation would bypass the regulatory process under Public Utilities Code Section 451 and result in unjust and unreasonable ratepayer impact.<sup>24</sup>

The Joint CCAs assert that PG&E has not met its burden of proof to demonstrate significant adverse impacts that necessitate interim, extraordinary relief.<sup>25</sup> Specifically, each intervenor independently highlighted that the impact of Electric Rule 30 is uncertain, including the impact on load and stranded costs, economic benefits, and cost allocation between existing ratepayers and new transmission-level customers. The intervenors uniformly argued that PG&E intends to use its Electric Rule 30 form agreements as a starting point for negotiations with transmission-level customers.<sup>26 27</sup> They assert that PG&E can continue negotiations subject to approval through a Tier 3 Advice Letter, an exceptional case filing.<sup>28 29</sup>

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<sup>22</sup> Cal Advocates Response to the Motion at 2-3.

<sup>23 23</sup> Cal Advocates Response to the Motion at 2-3.

<sup>24</sup> Cal Advocates Response to the Motion at 4-5.

<sup>25</sup> Joint CCA Response to the Motion at 2.

<sup>26</sup> TURN Response to the Motion at 5.

<sup>27</sup> Joint CCA Response to the Motion at 10-11.

<sup>28</sup> Cal Advocates Response to the Motion at 6.

<sup>29</sup> Joint CCA Response to the Motion at 10-11.

In its reply to the responses, PG&E states that specific concerns and gaps in Electric Rule 30 and the form agreements are absent from the responses. It contends that the interim approval is in the public interest and will prevent delays and expedite the contracting process, which is the first step toward construction and energization.

#### **4. ALJ Ruling on the Motion**

The ALJ Ruling requested PG&E respond to 14 questions to help the Commission further review the reasonableness of the Motion and the interim implementation of Electric Rule 30.<sup>30</sup> In summary, the issues addressed as questions in the ALJ Ruling included (1) types of facility needed and statuses of pending transmission-level service connection applications, (2) clarity on scenarios needing multiple facility types, calculations of customers paying upfront costs/advances, contributions with fiscal impact, and calculation of refunds, (3) prioritization of projects, (4) impact of the Motion being partially granted or denied, (5) California Independent System Operator (CAISO) evaluation procedure planning, (6) financial responsibilities for Type 4 Facilities and handling of refunds or loans, (7) setting limits on transmission-level service connection applications submitted for interim approval, (8) grid impact analysis and (9) impact of the Motion on the overall procedural scheduling.

The responses are summarized under topics relevant to this decision.

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<sup>30</sup> ALJ Ruling at 4-7.

#### **4.1. PG&E Response Summary**

##### Type of Facilities and Status of Pending Transmission-level service connection applications

In its reply to the ALJ Ruling, PG&E states that in general, all transmission-level customers will need Facility Type 1, and the use of Facility Types 2-4 will vary on a case-by-case basis depending on the customer's forecasted load and capacity ramp schedule, location, available infrastructure, available capacity, etc.<sup>31</sup> Facility Type 1 is an engineering description used to reference infrastructure work needed for a transmission-level customer to connect directly to the existing transmission system.

PG&E received 40 transmission-level service connection applications in 2023-2024 for transmission-level service demanding 4 megawatts or more, totaling a requested load of 8,422 megawatts.<sup>32</sup> It listed 12 transmission-level customers who advanced to the design phase from the Project Engineering Study (PES) Report, detailing each facility type.<sup>33</sup> PG&E anticipates up to nine transmission-level service connection applications ready for Commission review by June 30, 2025. Without interim approval, PG&E plans to submit these as a Tier 3 Advice Letter for exceptional case review.<sup>34</sup>

##### Cost Estimates, Advances, Contributions, and Refunds

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<sup>31</sup> PG&E Response at 1-2.

<sup>32</sup> PG&E Response at 3 and 9.

<sup>33</sup> PG&E Response at 4.

<sup>34</sup> PG&E Response at 8.

Regarding project cost estimates, PG&E states that for Facility Types 1-3, the PES Report identifies PG&E's interconnection cost estimates, which are specified as advances with a due date in the form agreements signed by PG&E and the transmission-level customer.<sup>35</sup> For Facility Type 4 (upgrades to the existing transmission network), PG&E states that costs are not included in the advances because PG&E ratepayers bear these costs due to the benefit to the entire transmission grid.<sup>36</sup>

PG&E includes an option defined as contributions, at PG&E's discretion, for transmission-level customers to contribute land, equipment, or in-kind services.<sup>37</sup> PG&E states that contributions can apply to Facility Types 1-3, but not Facility Type 4, which pertains to upgrades of PG&E's existing transmission system.<sup>38</sup> PG&E further states that, since contributions are eligible for refunds, transmission-level customers are required to provide a binding cost estimate of the contribution before PG&E receives it.<sup>39</sup> PG&E states that it can review the binding cost estimate and may reject a contribution if it is too expensive or the binding cost estimate exceeds the cost that PG&E would pay for the same equipment, property rights, or in-kind services.

For refunds, PG&E states that under Electric Rule 30, refunds will be calculated for advances, actual cost payments, adjusted contributions, and

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<sup>35</sup> PG&E Response at 5.

<sup>36</sup> PG&E Response at 5 and 15.

<sup>37</sup> PG&E Response at 5-6.

<sup>38</sup> PG&E Response at 5.

<sup>39</sup> PG&E Response at 6.

adjusted applicant build facilities.<sup>40</sup> In its response, PG&E explains that refunds will be determined by the Base Annual Revenue Calculation (BARC)<sup>41</sup> review, established under Electric Rules 15 and 16.<sup>42</sup>

Regarding the Type 4 Facility, PG&E states that once the facility is put into service, the loan will be repaid to the transmission-level customer without interest.<sup>43</sup> In its response to the ALJ Ruling, PG&E states that it will address the timing and terms of repayment in the loan agreement between PG&E and the transmission-level customer for Commission review and approval as part of the Tier 2 Advice Letter process. PG&E further asserts that, if the customer's load does not materialize, the loan would be repaid because Facility Type 4 benefits all transmission customers, not just the transmission-level customer.<sup>44</sup> PG&E references FERC and court decisions in recommending that Facility Type 4 costs be allocated as network upgrade costs to all customers on the premise that system upgrades benefit all customers on an integrated transmission grid even if such costs were triggered by a single customer.<sup>45</sup>

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<sup>40</sup> PG&E Response at 7.

<sup>41</sup> The BARC formula considers the Cost of Service Factor (annualized utility costs), Net Revenue (total rate revenues supporting facility costs), and the appropriate Income Tax Component of Contribution (ITCC) for contributions in aid of construction.

<sup>42</sup> PG&E Response at 7.

<sup>43</sup> PG&E Response at 15.

<sup>44</sup> PG&E Response at 15-16.

<sup>45</sup> Public Service Company, 62 FERC ¶ 61,013 (1993) at 61,061 ("The Commission has reasoned that, even if a customer can be said to have caused the addition of a grid facility, the addition represents a system expansion used by and benefitting all users due to the integrated nature of the grid." (emphasis in original)); *Duke Energy Progress v. FERC*, 106 F.4th 1145, 1155 (D.C. Cir.

Managing Pending Transmission-level service connection applications,  
CAISO Processes

Regarding the ALJ ruling question regarding PG&E's current management, processing, and prioritization of the project transmission-level service connection applications received in 2023 and 2024, PG&E indicated it is either processing them under a Pilot Cluster Process or working directly with each customer.<sup>46</sup>

Regarding CAISO evaluation and transmission upgrades planning, PG&E states that CAISO will review transmission-level service connection applications requiring upgrades for Type 4 Facility through the CAISO Annual transmission planning process (TPP).<sup>47</sup> For Facility Types 1-3, PG&E proposes that these upgrades may go through the TPP process depending on the types of facilities involved and the timing of the request in relation to the TPP. For Facility Types 1-3 that are not reviewed under the TPP, PG&E states it will submit the load information to the CAISO for the CAISO's review and concurrence.<sup>48</sup>

Impact on Pending Transmission-level service connection applications of  
an Interim Decision on the Motion

PG&E asserts that if the Motion is denied, pending transmission-level service connection applications regarding service requests for the facilities

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2024) ("Moreover, 'the integrated transmission grid is a cohesive network, and thus completed upgrades generally benefit all transmission customers.'" (quoting *ESI Energy v. FERC*, 892 F.3d 321, 325 (D.C. Cir. 2018)).

<sup>46</sup> PG&E Response at 9-10.

<sup>47</sup> PG&E Response at 10.

<sup>48</sup> PG&E Response at 10-11.

needed to provide that service will not be directly affected. It contends that approving the interim implementation will reduce the time for negotiating, executing, and approving form contracts for transmission-level service applications.<sup>49</sup> PG&E asserts that it will use the form agreements (Attachment C of the Motion) for new transmission-level customer requests for retail electric service. However, it also contends that potential customers may modify its terms and conditions when a Tier 2 Advice Letter is filed for Commission approval.<sup>50</sup>

Regarding the ALJ Ruling query about the impact of an interim decision without approvals on advances, contributions, or refunds, PG&E argues that not adopting material terms in the interim decision and agreements could harm commercial certainty for many customers.<sup>51</sup> Offering another viewpoint, PG&E states that certain transmission-level customers may accept a preliminary version that could later be adjusted based on the Commission's final decision.<sup>52</sup> PG&E asserts that a customer might ask PG&E to file an exceptional case via the Tier 3 Advice Letter for a contract that cannot be modified.<sup>53</sup>

Pre-funding Loan Provisions for Transmission Network Upgrades (Type 4 Facilities)

The ALJ Ruling asked questions to understand the ratepayer impact of the Type 4 facility's costs due to the proposed loan provisions, the load not

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<sup>49</sup> PG&E Response at 11-12.

<sup>50</sup> PG&E Response at 12-13.

<sup>51</sup> PG&E Response at 17-18.

<sup>52</sup> PG&E Response at 18.

<sup>53</sup> PG&E Response at 18.

materializing, and a scenario in which PG&E's refundable loan provision is denied.

PG&E contends that, pursuant to the FERC and court decisions, all customers benefit from enhancements to the current transmission system associated with the Type 4 Facility when the facility is used and useful.<sup>54</sup> It argues that since transmission-level customers can opt to provide a pre-funding loan for their benefit (*i.e.*, to expedite the work), PG&E determined that the proposed Electric Rule 30 does not mandate advance or actual cost payments for Facility Type 4, and interest on the pre-funding loan was neither suitable nor necessary.<sup>55</sup> PG&E further states that it will repay the loan whether or not the load materializes.<sup>56</sup>

PG&E states that if loan provisions are denied, costs for Type 4 Facilities will be included in TO rates once the facilities are used and useful.<sup>57</sup>

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<sup>54</sup> PG&E Response at 14.

<sup>55</sup> PG&E Response at 14-15.

<sup>56</sup> PG&E Response at 15-16.

<sup>57</sup> PG&E Response at 16.

Limiting the Number of Contracts Reviewed under the Interim Decision

PG&E disagrees with limiting the number of contracts that can be executed during interim implementation, arguing that it could result in some transmission-level customers being unable to execute firm agreements until there is a final Commission decision or needing to go through a lengthy exceptional case filing.<sup>58</sup>

Grid Impact Analysis

The ALJ Ruling sought information from PG&E on its processes for studying grid impact analysis and procurement needs. PG&E states that it prepares a PES Report evaluating the impacts of the proposed facility under various system conditions, including peak demand and generation loss.<sup>59</sup> It further states that CAISO conducts specific Resource Adequacy studies based on system load and generation forecasts.<sup>60</sup> Regarding procurement and mitigation, PG&E states that it has not initiated procurement for any transmission-level service connection applications from 2023 and 2024 because customers have not selected a load service provider.<sup>61</sup> In response to the California Energy Commission's (CEC) informal request for the 2024 Integrated Energy Policy Report (IEPR), PG&E provided information about data center transmission-level service connection applications from the interconnection queue and inquiries.<sup>62</sup>

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<sup>58</sup> PG&E Response at 16-17.

<sup>59</sup> PG&E Response at 20.

<sup>60</sup> PG&E Response at 21.

<sup>61</sup> PG&E Response at 21.

<sup>62</sup> PG&E Response at 21.

### Procedural Schedule

PG&E states that granting the Motion will allow PG&E and transmission-level customers to enter into approved Electric Rule 30 form agreements that can then be submitted to the Commission Staff for review and approval through the Tier 2 Advice Letter process. PG&E has no concerns that granting the Motion will adversely delay or impact the schedule outlined in the Scoping Memo.<sup>63</sup>

#### **4.2. Cal Advocates' Response Summary**

In its response to the ALJ Ruling, Cal Advocates opposes the Motion. In its response to the ALJ Ruling, Cal Advocates argues that the motion prohibits fairness for ratepayers. It argues that PG&E has not provided evidence of financial harm or inability to use the existing exceptional processes, which is insufficient for relief under fairness standards for ratepayers.<sup>64</sup> Cal Advocates proposes that PG&E shareholders, not ratepayers, be responsible for Electric Rule 30 costs due to PG&E's lack of substantiated ratepayer benefits.<sup>65</sup> It argues that Electric Rule 30 should be modified to comply with existing rules and agreements.<sup>66</sup> Cal Advocates opposes provisions related to special facilities, PG&E's discretion on terms and conditions, refund of advance amounts exceeding actual costs plus accrued interest, and reduced Commission oversight.<sup>67</sup>

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<sup>63</sup> PG&E Response at 21-22.

<sup>64</sup> Cal Advocates Response at 2-3.

<sup>65</sup> Cal Advocates Response at 5-6, 9.

<sup>66</sup> Cal Advocates Response at 6.

<sup>67</sup> Cal Advocates Response at 6-7.

### 4.3. Summary of Reply Comments

In its reply, PG&E disagrees with Cal Advocates that PG&E shareholders, rather than ratepayers, should be responsible for Electric Rule 30 costs because PG&E has not substantiated prospective benefits.<sup>68</sup> PG&E argues that Cal Advocates has not offered evidence that Electric Rule 30 will generate profits for PG&E while increasing the risk of annual bill increases for ratepayers.<sup>69</sup> Regarding special facilities costs, PG&E contends that these costs are included under project-specific cost estimates, which form the basis for advance payments from the customer. Additionally, PG&E states that there is a monthly cost of ownership charge for special facilities.<sup>70</sup> PG&E contends that Cal Advocates has not addressed the provisions regarding PG&E's discretion.<sup>71</sup> Additionally, PG&E disagrees with Cal Advocates' objection to the payment of interest on advance payments, as refunds for excess deposits from canceled projects are managed according to PG&E's TO Tariff, which FERC has authorized.<sup>72</sup> Regarding the arguments about the Commission's oversight of dispute resolution, PG&E contends that the Commission has approved an agreement for combined heat and power facilities that includes dispute resolution provisions similar to those in the Electric Rule 30 form agreements.<sup>73</sup>

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<sup>68</sup> PG&E Reply at 2.

<sup>69</sup> PG&E Reply at 2.

<sup>70</sup> PG&E Reply at 3.

<sup>71</sup> PG&E Reply at 4.

<sup>72</sup> PG&E Reply at 4.

<sup>73</sup> PG&E Reply at 5.

In its reply comments, Cal Advocates asserts that PG&E has not provided any information to assist the Commission in determining the critical ratepayer protections. Cal Advocates contends that PG&E's response on the type and status of transmission-level service connection applications is overly general and insufficient to support its request for interim implementation.<sup>74</sup> Cal Advocates contends that PG&E's assertion that the Tier 3 process is essential without Electric Rule 30 is unsupported, as there is no evidence indicating that interim relief is necessary since pending transmission-level service connection applications remain unaffected.<sup>75</sup> Regarding refunds, Cal Advocates states that PG&E has failed to show how and when Base Annual Revenue Calculation (BARC) based refunds will be granted, and whether the refund mechanism is just and reasonable for Type 4 Facilities.<sup>76</sup> Cal Advocates argues that PG&E has failed to meet the legal standard for interim relief.<sup>77</sup>

TURN's reply comments agree with Cal Advocates' response to reject PG&E's Motion. TURN argues that whether existing customers benefit from PG&E's proposal is uncertain, and granting the Motion is unnecessary. TURN states that the massive size of the data center load (70% of the transmission-level service connection applications are data center load) increases the likelihood of causing or accelerating the need for expensive transmission system upgrades, which would be recovered primarily from other customers under PG&E's

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<sup>74</sup> Cal Advocates Reply at 2-4.

<sup>75</sup> Cal Advocates Reply at 5-6.

<sup>76</sup> Cal Advocates Reply at 7-9.

<sup>77</sup> Cal Advocates Reply at 9.

proposal.<sup>78</sup> Regarding refunds, TURN states that PG&E's BARC process does not contain sufficient validation steps to confirm that the forecast revenue will be collected from an Electric Rule 30 customer.<sup>79</sup> TURN further states that there is no refund provision for Type 4 Facility costs to compensate existing ratepayers if the customer leaves PG&E's service territory shortly after it takes service.<sup>80</sup> TURN contends that any agreement executed by a transmission-level customer during the interim implementation period would subsequently be modified to align with the Commission's final decision on the Rule 30 tariff.<sup>81</sup>

The Joint CCAs do not oppose PG&E's request to establish the Electric Rule 30 tariff, however they oppose the Motion.<sup>82</sup> They recommend that, in establishing a tariff on an interim or final basis, the Commission must require PG&E to provide information to CCAs to allow them to fulfill their role as the default electric service providers.<sup>83</sup> The Joint CCAs contend that confidentiality protection exists for CCAs as they are subject to the Commission's jurisdiction over customer information and are bound under existing non-disclosure agreements with PG&E.<sup>84</sup>

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<sup>78</sup> TURN Reply at 3-4.

<sup>79</sup> TURN Reply at 5.

<sup>80</sup> TURN Reply at 5-6.

<sup>81</sup> TURN Reply at 8.

<sup>82</sup> Joint CCA Response at 2.

<sup>83</sup> Joint CCA Reply at 4-5.

<sup>84</sup> Joint CCA Reply at 5-7.

Shell Energy's reply comments recommend that the Commission consider the reliability, rate, and other impacts associated with the load that may be interconnected through an interim implementation, and how load-serving entities might serve that load.

**5. Interim Implementation of Electric Rule 30 is Reasonable**

The decision approves the interim implementation of Electric Rule 30, which will standardize and reduce the time needed for transmission-level negotiations and contract execution, ensuring consistent treatment for customers.

The record shows that over the past decade, PG&E submitted 11 exceptional case filings seeking non-standard interconnection agreements.<sup>85</sup> However, PG&E's request for interim approval of Electric Rule 30 is without precedent, reflecting a significant increase in transmission-level interconnection requests, particularly from data centers and other large-load customers. In 2023–2024, PG&E received 40 transmission-level service connection applications for transmission-level service. Of these, nine are expected to be submitted for Commission review by June 30, 2025,<sup>86</sup> and 12 have already advanced to the design phase at the time of PG&E's filing.<sup>87</sup>

The Commission is not persuaded by Cal Advocates' arguments that PG&E's claims of time and resource savings are unsupported<sup>88</sup> and it has failed

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<sup>85</sup> Cal Advocates Reply Attachment 1: PG&E's response to Cal Advocates' data request-ElectricRule30-Transmission-LevelInterconnections\_DR\_CalAdvocates\_001-Q009.

<sup>86</sup> PG&E has submitted two advice letters as exceptional case filings: 7569-E and 7604-E.

<sup>87</sup> Motion at 8.

<sup>88</sup> Cal Advocates Response at 5-6.

to meet the legal standard for interim relief.<sup>89</sup> First, the record demonstrates that, absent Electric Rule 30, each application would require individual negotiations and exceptional case filings, increasing time and resource demands.<sup>90</sup> Moreover, Cal Advocates has not provided any legal standards for the Commission to use in examining the request. There are no legal standards adopted by the Commission for the facts presented. A Motion such as this is examined and weighed based on the evidence presented and relevant to the case.

If interim approval is not granted, PG&E would need to process these transmission-level service connection applications individually through the exceptional case (Tier 3 Advice Letter) process, which PG&E states has historically taken between 18-22 months to complete.<sup>91</sup> We disagree with TURN's proposed modest delay in allowing PG&E to use the form agreements as the starting point for all negotiations, pending approval through a Tier 3 Advice Letter, an exceptional case filing.<sup>92</sup> Regardless of the timing delay, relying on multiple Tier 3 Advice Letters as a process to approve Electric Rule 30 exceptional filings presents ratemaking, policy, and administrative challenges. Unique, one-off, exceptional case filings can lead to disparate treatment for transmission-level customers and pose cost allocation challenges.

The record demonstrates that, absent Electric Rule 30, individual negotiations and exceptional case filings for each application would significantly

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<sup>89</sup> Cal Advocates Reply at 9.

<sup>90</sup> PG&E Response at 11-12.

<sup>91</sup> Motion at 11.

<sup>92</sup> TURN Reply at 7.

increase time and resource demands. Meanwhile, interim implementation is projected to significantly reduce the time for each application from 18-22 months to 2-5 months, alleviating substantial administrative and timing challenges.<sup>93</sup>

Cal Advocates' argument that PG&E's reliance on the Tier 3 advice letter process is misleading lacks merit.<sup>94</sup> All advice letters, including those for exceptional cases, are processed pursuant to General Order (GO) 96-B, which provides comprehensive rules for classification, content, review, and Commission oversight.<sup>95</sup>

Based on these facts, PG&E is authorized to implement the interim Electric Rule 30 for the study, planning, and design phases to determine engineering and construction responsibilities and costs. This interim approval allows PG&E and transmission-level customers to enter into approved contracts using interim Electric Rule 30 form agreements, which will then be submitted to Commission Staff for review and approval through the appropriate advice letter process.

**6. Requiring Advances, Actual Cost Payments and Pre-funded Loan Provisions is necessary for Ratepayer Protection**

In granting interim implementation of Electric Rule 30, the Commission has carefully considered the concerns raised by Cal Advocates and TURN regarding ratepayer fairness and protections. We agree with Cal Advocates and

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<sup>93</sup> PG&E Response at 12.

<sup>94</sup> Cal Advocates Reply at 5.

<sup>95</sup> Resolutions E-5331, E-5293, E-5121

TURN that while PG&E claims that Electric Rule 30 could reduce rates for existing customers, the cost implications are unknown.<sup>96 97</sup>

Ensuring ratepayer protection during interim implementation, the Commission supports PG&E's proposal to require advances based on project-specific estimates and invoicing customers for actual costs for Types 1–3 Facilities, ensuring that transmission-level customers—not other ratepayers -- bear the initial costs and risks. While these facilities may eventually benefit other ratepayers, the initial benefit accrues to the interconnecting customer. Therefore, it is reasonable to grant interim implementation only to transmission-level customer's application that provide certainty of these funds. Refund and interest provisions associated with Type 1-3 Facilities are discussed in the section below.

For Type 4 Facilities, PG&E proposes that customers have the option to pre-fund Transmission Network Upgrades via a loan agreement to accelerate work and receive expedited retail service.<sup>98</sup> PG&E and the transmission-level customer would determine the terms of the loan. PG&E further proposes that the loan amount is refundable without interest once the facility receives retail service.<sup>99</sup>

PG&E asserts that Type 4 Facilities benefit all customers, and all ratepayers should share these costs, even if triggered by a specific customer.<sup>100</sup> PG&E states

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<sup>96</sup> Cal Advocates Reply at 9.

<sup>97</sup> TURN Reply at 2.

<sup>98</sup> Motion at A-14.

<sup>99</sup> Motion at A-14.

<sup>100</sup> PG&E Response at 13-14.

that if the Commission rejects the optional pre-funding loans for Type 4 it will finance these costs itself, incorporating them into its FERC-jurisdictional Transmission Owner Tariff rates once the facilities are operational.<sup>101</sup> PG&E contends that its limited annual financing capacity prevents it from funding all new customer requests simultaneously.<sup>102</sup>

We see merit in PG&E's proposal to provide the option for transmission-level customers to pre-fund Type 4 Facilities to accelerate project timelines during interim implementation. This mechanism does not adversely affect existing ratepayers and could indeed expedite retail service delivery for these customers.

PG&E's Opening Comments on the proposed decision recommends that during the interim implementation period, a transmission-level customer that does not elect to accelerate network transmission upgrades (i.e., Facility Type 4) should not be required to provide an advance and/or actual cost payments for the costs associated with that transmission network upgrade.<sup>103</sup> We deny PG&E's recommendation and clarify that this interim approval for Electric Rule 30 applies only to transmission-level service connection applications where the Type 4 Facility transmission-level customer provides a pre-funding loan of 100 percent of the actual costs for such upgrades. Interim approval does not apply to transmission-level service connection applications where the Type 4 Facility

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<sup>101</sup> PG&E Response at 16.

<sup>102</sup> PG&E Response at 16.

<sup>103</sup> PG&E Opening Comments at 12-13.

transmission-level customer provides a pre-funding loan for less than 100 percent of the actual upgrade costs.

This condition is critical for several reasons. First, it directly addresses PG&E's asserted limited financing capacity, which prevents the utility from simultaneously funding all new, large customer interconnection requests. The Commission requires transmission-level customers to 100 percent pre-fund these complex and costly upgrades, preventing undue strain on PG&E's immediate capital resources and avoiding delays to other critical system improvements that benefit all ratepayers.

Second, this requirement provides ratepayer protections considering uncertainty regarding 1) sufficient transmission-level customer revenue and load materializing, and 2) PG&E's claims of a Type 4 Facility benefiting all transmission customers. Given the magnitude and complexity of Type 4 Facilities, a 100 percent pre-funding loan mitigates risks for existing ratepayers. This requirement may also enable PG&E to allocate its engineering and construction resources more effectively.

While the Commission will determine the ultimate cost allocation for Type 4 Facilities later in this proceeding, this interim 100 percent pre-funding loan requirement places the initial financing responsibility of these significant upgrades on the direct beneficiary seeking accelerated service. It facilitates the immediate commencement of work on these critical infrastructure improvements, thereby expediting the delivery of retail service to these large transmission-level customers. The absence of this funding would subject these projects to PG&E's limited financial availability.

Additionally, this decision does not authorize any repayment mechanism for these pre-funded loan amounts for a Type 4 Facility at this time. In its Opening Comments on the proposed decision, PG&E recommends that a transmission-level customer requesting accelerated work on network transmission upgrades pre-fund these costs, but be guaranteed a refund on the pre-funded amounts when the upgrades are used and useful. We decline to adopt guarantees in the interim implementation because the cost allocation methodology for such upgrades is being deferred for comprehensive review in the final decision. Approving refunds now, without a finalized cost allocation framework, would prematurely commit ratepayers to a financial outcome without sufficient evidence.

Therefore, customers who choose to pre-fund Type 4 Facilities under this interim implementation bear the risk that the pre-funded amounts may not be fully refundable, depending on the final cost allocation decision.

The Commission agrees with PG&E that pre-funding loan agreement terms and conditions should be included with the form agreements submitted for Commission review as part of the interim implementation. As stated above, Type 4 Facilities that are not pre-funded by a transmission-level customer are not authorized by this decision; however, parties have the ability to negotiate appropriate terms with PG&E, which can then be presented to the Commission for its review and disposition as an exceptional case submittal.

This approach balances the concerns of Cal Advocates and TURN by protecting ratepayers while reducing delays and administrative burdens. It

requires transmission-level customers, not ratepayers, to cover the initial costs of all transmission facilities.

## **7. Refund, Interest, and Memorandum Account Denied for Facility Types 1-3**

The Commission is deferring review of the Base Annual Revenue Calculation (BARC) methodology, which impacts refund calculations, until the final decision on the Application.<sup>104</sup> Therefore, no provisions for refunds of advances and actual costs payments exceeding actual costs, nor any accrued interest on these advanced funds for Facility Types 1-3, are approved for interim implementation.

### **7.1. BARC Formula and Ratepayer Risk**

PG&E states that the BARC formula for Electric Rule 30 is based on Electric Rule 15 and 16, which is calculated by dividing the Cost of Service Factor (CoSF) into the Net Revenue and multiplying by the Income Tax Component of Contributions (ITCC).<sup>105</sup> However, PG&E's use of hypothetical examples to claim that Electric Rule 30's bill reduction benefits are only quantifiable post-transmission-level interconnection creates significant uncertainty for the Commission.<sup>106</sup>

The Commission agrees with TURN that if service costs are significantly higher and broader than those predicted in the BARC model, ratepayers will

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<sup>104</sup> BARC FORMULA = (Net Revenue ÷ Cost of Service Factor) X (1 + Income Tax Component of Contribution).

<sup>105</sup> PG&E Response at 7; BARC FORMULA = (Net Revenue/ CoSF) × (1 + ITCC).

<sup>106</sup> PG&E Motion at 10-11.

bear the burden of the new infrastructure.<sup>107</sup> The Commission is yet to assess the reasonableness of whether, if the load does not materialize, the BARC formula will work and not result in ratepayers covering costs associated with the proposed Electric Rule 30 infrastructure costs.<sup>108</sup>

## **7.2. Refunds and Accrued Interest**

The decision defers the BARC formula review, and no refund provisions are adopted during interim implementation. No interest will accrue on funds advanced on advances, actual cost payments, and contributions before a final decision on the Application. Because these issues are deferred until the final decision, contracts approved in the interim implementation should be subject to provisions regarding refunds, accrued interest, and loan repayments adopted in the final decision of the proceeding. Accordingly, the decision denies PG&E's request to establish a memorandum account to record accrued interest payments.

Our preliminary review of the BARC formula, in the context of Electric Rule 30's potentially high costs (estimated from \$25 million to \$170 million for a single transmission facility),<sup>109</sup> reveals that if revenue from interconnecting customers does not exceed the cost to serve them, existing ratepayers could cross-subsidize these large-load customers.

The Commission finds that in previous exceptional cases, PG&E and its customers negotiated terms involving upfront estimated payments, followed by a final true-up to actual costs, without accruing interest on advances or actual

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<sup>107</sup> TURN Reply at 5-6.

<sup>108</sup> Cal Advocates Reply at 7-9.

<sup>109</sup> Cal Advocates Response at 3.

cost payments.<sup>110</sup> Additionally, under Electric Rules 15, Refunds are made without interest within ninety (90) days after the date of first service to new permanent loads.<sup>111</sup>

While past filings do not set binding precedent, they offer valuable guidance. The approach to doing a final true-up effectively mitigates financial risk by ensuring charges align directly with the actual work performed. However, in this Application, PG&E has deviated from prior exceptional case filings and refund provisions under Electric Rule 15. PG&E has not provided evidence on why interest payments are just and reasonable.

PG&E's Opening Comments on the proposed decision recommend allowing Refunds and interest on costs for Facility Types 1-3 during the interim implementation period. We deny the request.<sup>112</sup>

We need further analysis before we allow interest accrued on advances, actual cost payments and contributions. Additionally, allowing interest to accrue due to project delays, regardless of cause, would unduly burden ratepayers.<sup>113</sup> Allowing interest payments without further review of the BARC formula and associated refunds is neither just nor reasonable, at this time, and contradicts the Commission's aim to protect existing ratepayers from unknown financial implications.

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<sup>110</sup> Cal Advocates Reply Attachment 1: PG&E's response to Cal Advocates' data request-ElectricRule30-Transmission-LevelInterconnections\_DR\_CalAdvocates\_001-Q009.

<sup>111</sup> [https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC\\_RULES\\_15.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_RULES_15.pdf)

<sup>112</sup> PG&E Opening Comments at 3.

<sup>113</sup> PG&E Motion at 15.

To establish an appropriate regulatory ratemaking framework, the Commission requires more comprehensive evidence to assess the reasonableness of the proposed BARC formula. Currently, the Motion lacks a sufficient evidentiary basis to determine cost causation, evaluate the exact share of costs that beneficiaries of Facility Types 1-4 should bear, or fully explore alternative cost-sharing and ratepayer protection measures. Deferring the refund decision allows us to resolve these critical issues with a complete understanding of the financial implications.

Therefore, the Commission denies the interim implementation of all refund provisions. Because these provisions are deferred until the final decision, contracts approved in the interim implementation should be subject to provisions regarding refunds, accrued interest, and loan repayments adopted in the final decision of the proceeding. PG&E should maintain detailed accounting records that accurately reflect the actual costs incurred for these projects and use true-up billing to avoid scenarios that result in the over-collection of estimated project costs and accrued interest. This mechanism avoids potential retroactive ratemaking, as the comprehensive review of refund and accrued interest provisions will occur during the final decision-making process for the Application.

Accordingly, PG&E's request to establish a new memorandum account to track potential interest payments made under Electric Rule 30 is denied.

## **8. Commission Oversight of Interim Implementation**

### **8.1. Form Agreements**

CalCCA's Opening Comments on the proposed decision recommend revising the definition of "Retail Service" in the Electric Rule 30 tariff to clarify that the Rule 30 transmission interconnection does not include generation service. PG&E agrees with this modification. We find this revision reasonable as it clarifies how Electric Rule 30 applies to transmission-level service and interconnection projects.

PG&E shall submit a Tier 1 Advice Letter within 15 days of this decision with a revised interim Rule 30 tariff and associated agreement forms that conform to the requirements of this decision.<sup>114</sup>

### **8.2. Tier 2 Advice Letter**

Consistent with the GO 96-B, PG&E is authorized to submit an executed form agreements to the Commission for review and approval through a Tier 2 Advice Letter process. The Commission agrees with PG&E that a Tier 2 Advice Letter process is applicable here pursuant to the provisions adopted in this interim implementation decision.

Once approved, some non-material changes may be necessary to the form agreements for a specific transmission-level customer. In this circumstance, PG&E will identify in the advice letter filing any changes to the authorized form agreements so that the Commission, Commission Staff, and parties are aware of any changes that have been made. Parties will have an opportunity to review

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<sup>114</sup> Application at 20.

each form agreements executed under interim implementation and, where a party believes it is appropriate, can submit a protest.

The Commission agrees with PG&E that once an executed agreement with a specific transmission-level customer is approved, in accordance with the provisions established in this decision and through the Tier 2 Advice Letter process, that agreement shall remain unchanged even if the Commission later mandates modifications to Electric Rule 30 and/or the form agreements in the course of this proceeding.

The Commission recognizes the significance of providing timely information to the CCAs and other load serving entities to enhance planning and reliability. As part of the interim approval, PG&E should incorporate the information in Attachment 1 of the decision into the Tier 2 Advice Letter process.

As also indicated in Attachment 1, for the Commission's review and assessment of project costs and financial implications, in the advice letter supporting information PG&E should show the cost breakdown for each project by categories that PG&E considers refundable to customers, such as standard facilities and those considered Special Facilities being built to serve customer needs. If an asset does not fall into either category, that should be noted and explained.

If the information requested in Attachment 1 cannot be provided, PG&E shall explain its unavailability.

### **8.3. Informational Submissions**

This section addresses quarterly submissions and the exchange of information between PG&E, the CCAs, and the customers.

The Commission agrees with PG&E's proposal to submit a quarterly report to the Commission and parties in this proceeding on the status of interim implementation.<sup>115</sup> Accordingly, PG&E shall file and serve the quarterly report describing new form agreements executed by transmission-level customers for Electric Rule 30 service, work undertaken for said projects, updates on the transmission interconnection timeline, and any changes to key customer information, and any lessons learned to date based on the interim implementation. PG&E's first report shall be due for the calendar quarter immediately following the adoption date of this decision.

Before filing its quarterly reports, PG&E should coordinate with the Commission's Energy Division staff to formalize reporting requirements and a template for each quarter, as Commission staff may want to revise it based on the necessary information.

Pursuant to Commission Resolution E-5252, PG&E participates in the Transmission Project Review (TPR) stakeholder process. The Commission anticipates that the Facility Type 4 transmission network upgrades contemplated under Electric Rule 30 will be included for review semiannually in the TPR process.

## **9. Pending Motions**

There are two pending motions: one filed and served by PG&E and the other by Cal Advocates. Both seek confidentiality concerning their responses and reply comments related to the ALJ Ruling. PG&E's April 4, 2025 Motion requests

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<sup>115</sup> Motion at 15.

confidentiality of customer-specific data, which may include demand, loads, names, addresses, and billing data. Cal Advocates' April 11, 2025 Motion requests confidentiality of its Reply Brief and Attachments 1 and 2 based on PG&E's data, which is designated confidential under Government Code Section 7922.000.

Pursuant to the Commission's Rules of Practice and Procedure, PG&E's motion, filed April 4, 2025, for leave to file confidential material under seal, certain information in the confidential version of Attachment A to its Response to ALJ Ruling is granted.

Pursuant to the Commission's Rules of Practice and Procedure, Cal Advocates' motion, filed April 11, 2024, for leave to file the confidential version of its Reply Brief and Attachments 1 and 2 is granted.

#### **10. 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.

#### **11. Conclusion**

The Commission approves the interim implementation of Electric Rule 30 for transmission-level customers who provide advances, actual cost payments, including contributions for Facility Types 1-3, and a 100 percent pre-funding loan for Type 4 Facilities.

This decision streamlines the review process and places the responsibility of the initial cost of new transmission infrastructure on the benefiting customers, rather than existing ratepayers. It will also enable PG&E to advance the study, planning, and design phases, ultimately reducing the time and resources required for agreement negotiation, finalization, and Commission review. The decision denies interim implementation of refunds for Type 1-3 transmission facilities, repayment of pre-funded loans, and interest provisions. These issues are deferred to the final decision. The decision also defers repayment of loan for Type 4 Facilities until cost allocation and cost causation issues are decided.

The Commission provides a transparent and regulated framework for utility services, including the interim implementation of Electric Rule 30. The decision to proceed under these interim conditions rests with transmission-level customers. The Commission's decision aims to create a transparent, standardized, and streamlined process that accelerates energization of transmission-level customers while protecting ratepayers.

## **12. Comments on Proposed Decision**

The proposed decision of ALJ Manisha Lakhanpal 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 on July 10, 2025, and reply comments were filed on July 15, 2025.

The final decision may address expanded reporting based on these interim results. This will benefit both the Commission and customers.

Parties should remember that PG&E should coordinate with the Energy Division before submitting quarterly reports. This allows for the formalization and revision of reporting requirements.

Cal Advocates argues that the proposed decision depends on PG&E's speculative and exaggerated claims, as the 40 applications submitted with PG&E are speculative due to the uncertain nature of data centers and their high rate of project abandonment.<sup>116</sup> It further states that the PD gives undue weight to the administrative burden of advice letters when only two advice letters have been filed.<sup>117</sup>

We disagree with Cal Advocates. Despite receiving only two Tier 3 Advice Letters so far, this number already doubles the annual rate of advice letters seen over the last decade. It is important to note that each advice letter requires a Commission resolution and a voting process before the terms and agreements are authorized. Continuing the status quo without a standardized tariff for customers would only deepen regulatory uncertainty for the market. There is no merit in Cal Advocates' argument that the proposed decision's interim implementation should be re-evaluated due to potential inaccuracy in projected transmission-level application volumes.<sup>118</sup> Cal Advocates overlook a crucial point: even if fewer than a dozen applications are submitted during the interim implementation as Tier 2 Advice Letters, this will conserve resources for

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<sup>116</sup> Cal Advocates Opening Comments at 2-5.

<sup>117</sup> Cal Advocates Opening Comments at 5-6.

<sup>118</sup> Cal Advocates Opening Comments at 6.

the customer, PG&E, and the Commission, while also providing a standardized process and valuable experience for energizing large load customers.

### **13. Assignment of Proceeding**

President Alice Reynolds is the assigned Commissioner, and Manisha Lakhanpal is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. On November 21, 2024, PG&E filed A.24-11-007 proposing a new Electric Rule 30 and tariff —an interconnection process and new tariff provisions—for non-residential transmission-level (50 kV—230 kV) customers seeking transmission-level interconnection at retail service.
2. Electric Rule 30 is for energizing transmission-level large load customers and not for generation interconnections at the transmission level.
3. PG&E's January 24, 2025, Motion requests for the interim implementation of Electric Rule 30 while the proceeding is pending before the Commission.
4. Cal Advocates, TURN, and the Joint CCAs oppose the Motion for interim implementation of Electric Rule 30.
5. Currently, PG&E has no approved tariff to provide retail services to non-residential customers seeking retail service at the transmission level.
6. In the past, PG&E relied on the Tier 3 Advice Letter mechanism pursuant to GO 96-B to submit exceptional case filings, such as a transmission-level non-standard agreement, for Commission review and approval.
7. PG&E received 40 transmission-level interconnection requests in 2023–2024, mostly from data centers and large-load customers seeking retail service at transmission levels totaling a requested load of 8,422 megawatts.

8. Without the interim implementation of Electric Rule 30, a transmission-level customer for transmission-level interconnection will need to wait for the final decision in this proceeding, or PG&E will have to engage in individual negotiations and exceptional case filings through an advice letter process for Commission review and approval.

9. The interim implementation of Electric Rule 30 is projected to reduce application processing time from 18–22 months to 2–5 months.

10. Under the proposed Electric Rule 30, tariff provisions will apply to four transmission facility types, with customers paying an advance and/or actual cost payment upfront for Facility Types 1-3 (Transmission Service Facilities, Transmission Interconnection Upgrades, and Transmission Interconnection Network Upgrades).

11. For Type 4 Facilities, encompassing Transmission Network Upgrades, PG&E proposes to accept pre-funding loans from customers for infrastructure upgrades, at the customer's discretion, if the customer would like to accelerate such work. But the absence of this funding would subject these projects to PG&E's limited financial availability.

12. Under the proposed Electric Rule 30, after the Facility Types 1-3 go into service, the transmission level customer will be eligible for a refund if the customer generates sufficient revenue as determined by the BARC review.

13. Similar to the BARC process applied to Gas and Electric Rules 15 and 16, under Electric Rule 30, PG&E proposes that transmission-level customers will be eligible to receive Refunds for Facility Types 1-3 based on the expected 10-year revenue generated from the customer's Facility.

14. The Electric Rule 30 proposal includes provisions for interest to be added to any refund issued to a transmission-level customer for advances and actual cash payments.

15. In the past, in exceptional case filings, PG&E has undertaken final true-ups on advances, without adding interest, so that charges align directly with the actual work performed.

16. For a Type 4 Facility, where a customer requests to accelerate the work, PG&E proposes to repay the loan without interest once the facility receives retail service without an interest payment. The exact timing and terms of repayment will be addressed in the loan agreement between PG&E and the transmission-level customer.

17. If pre-funding loans for Type 4 Facilities are rejected, PG&E will have to finance these costs.

18. PG&E has limited annual financing ability to fund all new customer requests simultaneously.

19. No rates or rate recovery is requested as part of the interim implementation.

20. The exact bill reduction benefits of Electric Rule 30 to existing ratepayers cannot be known until customers interconnect at the transmission level.

21. While Type 1 - 3 facilities may eventually benefit other ratepayers, the initial benefit accrues to the interconnecting customer.

22. If revenue from interconnecting customers does not exceed the cost to serve new customers, existing ratepayers could cross-subsidize these large-load customers.

23. To establish an appropriate regulatory ratemaking framework, the Commission requires more comprehensive evidence to assess the reasonableness of the proposed BARC formula.

24. Deferring the refund decision allows us to resolve these critical issues with a complete understanding of the financial implications.

25. Standardizing terms and conditions for all customers as part of the interim implementation of Electric Rule 30 streamlines the review and approval process, and reduces the time needed to interconnect large-load customers.

26. PG&E proposes a Tier 2 Advice Letter process to file negotiated form agreements for Commission review and approval.

27. All advice letters, including those for exceptional cases, are processed pursuant to GO 96-B, which provides comprehensive rules for classification, content, review, and Commission oversight.

28. While the Commission will determine the ultimate cost allocation for Type 4 Facilities later in this proceeding, this interim 100 percent pre-funding loan requirement places the initial financing responsibility of these significant upgrades on the direct beneficiary seeking accelerated service. It facilitates the immediate commencement of work on these critical infrastructure improvements, thereby expediting the delivery of retail service to these large transmission-level customers.

29. PG&E requests that an approved and executed agreement with a specific transmission-level customer remain unchanged, even if the Commission later modifies Electric Rule 30 and/or the form agreements in this proceeding.

30. CCAs and other load service entities can utilize timely information for resource planning and reliability in response to the system load.

31. As part of the interim implementation, PG&E proposes to submit a quarterly report to the Commission and parties in this proceeding describing new form agreements executed by transmission-level customers for Electric Rule 30 service, work undertaken for said projects, and any lessons learned to date based on the interim implementation.

32. We need further analysis before we allow interest accrued on advances, actual cost payments and contributions. Additionally, allowing interest to accrue due to project delays, regardless of cause, would unduly burden ratepayers.

33. PG&E's April 4, 2025 Motion requests confidentiality of customer-specific data, which may include demand, loads, names, addresses, and billing data.

34. Cal Advocates' April 11, 2025 Motion requests confidentiality of its Reply Brief and Attachments 1 and 2 based on PG&E's data, which is designated confidential under Government Code Section 7922.000.

35. PG&E and CCAs met on July 14, 2025, reaching a common understanding, reflected in their reply comments, that PG&E will provide the CCAs quarterly reports and Interconnection Application information within 20 business days of submission to PG&E.

36. PG&E agrees to modify Electric Rule 30 based on CalCCAs' recommendation to include: (1) notice to customers regarding the role of CCAs; (2) notice to customers regarding information sharing.

37. PG&E agrees to modify its Rule 30 form agreements to remove references that suggest it has sole discretion.

**Conclusions of Law**

1. Given the unprecedented number of pending transmission-level service connection applications received between 2023 and 2024 that are awaiting negotiations with PG&E for retail service at transmission-level interconnection, it is reasonable to consider an interim implementation of Electric Rule 30.

2. It is just and reasonable to adopt ratepayer protection through the interim approval of transmission-level service connection applications, where transmission-level customers bear the initial financial costs, such as advances and pre-funded loans covering 100 percent of project costs, for new transmission upgrades and infrastructure that primarily benefit those transmission-level customers.

3. Deferring the review of the BARC formula, which impacts Refunds, and cost allocation provisions, which impact cost causation and benefits, until the final decision in this proceeding is reasonable, as the Commission has not yet reviewed all intervenor testimony and party briefs on the complete scope of the matter.

4. Approving refunds during interim implementation of Rule 30 without a finalized cost allocation framework is unreasonable.

5. The Commission determines that the practice of conducting final true-ups on advances during interim implementation, as demonstrated by PG&E in its exceptional case filings, ensures cost recovery is aligned with actual expenditures and thereby minimizes financial exposure to the customers, and avoids interest accruing to the detriment of the ratepayers; therefore, denying the memorandum account is reasonable.

6. No interest accrual should be authorized on Advance and / or actual cost payments during interim implementation.

7. PG&E should be authorized to file Tier 2 Advice Letters with a negotiated form agreements for Commission review and approval.

8. Reviewing pre-funded loan terms and agreement as part of the Tier 2 Advice Letter filing is reasonable.

9. PG&E should submit a Tier 1 Advice Letter with a revised Electric Rule 30 and form agreements pursuant to this Decision.

10. An agreement with a specific transmission-level customer, once executed and approved through the Tier 2 Advice Letter process pursuant to the provisions of this decision, should remain in effect without modification, notwithstanding any subsequent decision that changes Electric Rule 30 or the form agreements within this proceeding.

11. Contracts approved in the interim implementation should be subject to provisions regarding refunds, accrued interest, and loan repayments adopted in the final decision of the proceeding.

12. It is reasonable to require PG&E to submit additional information required for grid planning needs as described in Attachment 1 of this decision as part of the Tier 2 Advice Letter.

13. PG&E should be required to submit quarterly status reports to the Commission and the affected CCA as part of the interim implementation.

14. It is reasonable to require PG&E to submit a customer's Application for Transmission Interconnection to the affected CCA within 20 business days of the customer's submission to PG&E.

15. It is reasonable for PG&E to send notices to customers regarding the role of CCAs and information sharing with CCAs within 20 business days of the customer's submission of a Transmission Interconnection Application with PG&E.

16. It is reasonable for PG&E to modify its Rule 30 form agreements to remove references that suggest it has sole discretion.

17. It is reasonable to grant PG&E's April 4, 2025, Motion for Leave to File Under Seal customer-specific data.

18. It is reasonable to grant Cal Advocates' April 11, 2025 Motion for Leave to File Under Seal the confidential Reply Brief and Attachments 1 and 2.

19. The decision should remain in effect until the issuance of a subsequent or final decision concerning Electric Rule 30, without prejudicing the ultimate determination of these issues in the final decision of this proceeding.

20. Application 24-11-004 should remain open.

## **O R D E R**

### **IT IS ORDERED** that:

1. Pacific Gas and Electric Company's (PG&E's) motion for interim implementation of Electric Rule 30 for large transmission-level customers (50-230 kilovolts) seeking retail service is granted in part and denied in part, as elaborated herein:

- a. Interim implementation of Electric Rule 30 shall apply to four types of transmission facilities needing infrastructure upgrades: Type 1 (Transmission Service Facilities), Type 2 (Transmission Interconnection Upgrades), Type 3 (Transmission Interconnection Network Upgrades), and Type 4 (Transmission Network Upgrades).

- b. Under interim implementation, PG&E shall ensure that transmission-level customers provide the full initial costs of Facility Types 1-3, including advances and/or actual cost payments.
- c. Under interim implementation, Type 4 Facilities will be eligible when transmission-level customers provide 100 percent of the project cost as a pre-funded loan.
- d. Refund provisions during interim implementation on advances and/or actual cost payments and contributions for Facility Types 1-3, including the accrual of interest, are denied. These issues are deferred for determination in the final decision of this proceeding. Contracts approved during interim approval will be subject to these provisions adopted in the final decision.
- e. Repayments of the pre-funded loan for the Type 4 Facility during interim implementation are denied. The 100 percent repayment of the pre-funded loan for Facility Type 4 is not guaranteed. These provisions are deferred until the specific cost causation and cost allocation mechanisms for these facilities are determined in the final decision of this proceeding.
- f. No interest shall accrue on advances or actual cost payments under Electric Rule 30 during the interim implementation period.
- g. PG&E's request for a memorandum account to record accrued interest on advances/ and or actual cost payment is denied.

2. Pacific Gas and Electric Company shall maintain complete accounting records with detailed cost breakdowns for all advances, contributions, actual cost payments, and pre-funded loans received under Electric Rule 30.

3. Within 15 days after the date of adoption of this decision, pursuant to Ordering Paragraph 1, Pacific Gas and Electric Company shall submit a Tier 1 Advice Letter with revised Electric Rule 30 tariff and associated form agreements that will be used for interim implementation of Electric Rule 30 tariff.

4. Pursuant to General Order 96-B, Pacific Gas and Electric Company is authorized to submit executed form agreements for negotiated transmission-level service connection applications to the Commission for review and approval through a Tier 2 Advice Letter process. Each Advice Letter shall include information specified in Attachment 1 of the decision.

5. Agreements approved via the Tier 2 Advice Letter process during this interim period, pursuant to this decision, will remain unchanged for those specific contracts, even if Electric Rule 30 is later modified, excluding any future determinations of the deferred issues mentioned in Ordering Paragraph 1.

6. Pacific Gas and Electric Company (PG&E) shall file and serve a quarterly report describing new form agreements executed by transmission-level customers for the Electric Rule 30 service, work undertaken for said projects, updates on the transmission interconnection timeline, any changes to key customer information, and any lessons learned to date based on the interim implementation. PG&E's first report shall be due for the calendar quarter immediately following the adoption date of this decision.

7. Pursuant to Decision 12-08-045, including the non-disclosure agreements between Pacific Gas and Electric Company (PG&E) and each Community Choice Aggregator (CCA), PG&E shall comply with the following requirements:

- a. Submit a customer's Application for Transmission Interconnection to the affected CCA within 20 business days of the customer's submission to PG&E.
- b. Notice customers regarding the role of CCAs and information sharing with CCAs within 20 business days of the customer's submission of a Transmission Interconnection Application with PG&E.

8. This decision is effective until a subsequent or final decision on Electric Rule 30 is issued and does not prejudice the determination of the issues adopted in the final decision of this proceeding.

9. Pacific Gas and Electric Company's April 4, 2025 Motion for Leave to File Under Seal is granted.

10. The Public Advocates Office at the California Public Utilities Commission's April 11, 2025 Motion for Leave to File Under Seal is granted.

11. Application 24-11-007 remains open.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

**ATTACHMENT 1**

**ATTACHMENT 1 – A2411007**

**TIER 2 ADVICE LETTER SUPPORTING INFORMATION**

1. Project information
  - a. Project name
  - b. Customer identification information
  - c. Location(s) of the facility (or facilities)
  - d. Projected energization date
  - e. Identify how PG&E will address any unique operational priorities, constraints or sensitivities (e.g. type of demand, sensitivity to voltage fluctuations, load control options during emergency conditions) associated with the facility or facilities.
  - f. The project's Preliminary Engineering Study Report.
2. Expected maximum peak demand from the project (megawatts)
  - a. Any expected variability in expected demand (megawatts) by year, beginning with the year of energization, including expected timing and duration of the variations.
3. Facility additions, upgrades, and/or modifications necessary to serve the project, by facility Type (1-4), with the following indicated:
  - a. Jurisdiction (federal and/or state);
  - b. Forecasted costs;
  - c. Detailed description of costs;
  - d. Cost categorizing (standard facilities, special facilities, betterment, etc.)

- e. Explanations for why each cost falls into the above cost category or, if a cost does not fall into the above cost categories, an explanation of why not.
- 4. Describe any planned or proposed load management strategies or technologies or onsite generation capabilities, fuel type, fuel type source, and how such devices may broadly be operated.
- 5. Provide a forecast of anticipated annual revenue based on the customer project's forecasted load, including any anticipated reduction or deviation from that load over the projected refund period (10 years).
- 6. Identify the rate schedule and any demand-side management programs the project is expected to utilize.
- 7. Describe if and how the project's load was accounted for in the relevant planning processes, including the CEC's IEPR forecast, the CPUC's integrated resource planning, and the CAISO's transmission planning process.
- 8. Any improvement in the design of Facility Types 1 through 4 in the project that might benefit the general ratepayers and/or future energization applicants.

**(END OF ATTACHMENT 1)**