PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID# 23951
ENERGY DIVISION **RESOLUTION E-5435**
February 5, 2026

R E S O L U T I O N

Resolution E-5435. Pursuant to Decision 18-06-027, Approving with Clarifications Orange County Power Authority's Tariff to Implement the Disadvantaged Communities Green Tariff Program.

PROPOSED OUTCOME:

- Approves, with clarifications, Orange County Power Authority's (OCPA's) Advice Letter (AL) 13-E/E-A to create a Disadvantaged Communities Green Tariff (DAC-GT) rate in compliance with Decision (D.) 18-06-027.

SAFETY CONSIDERATIONS:

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

ESTIMATED COST:

- The full costs to implement the DAC-GT program have yet to be determined. The impact on rates cannot be estimated at this time as these programs will be funded through public purpose program funds starting July 1, 2026.

By OCPA AL 13-E filed on August 14, 2025, and OCPA AL 13-E-A filed on September 17, 2025.

SUMMARY

This Resolution approves, with clarifications, Orange County Power Authority's (OCPA's) Advice Letter (AL) 13-E/E-A to create a tariff to implement the Disadvantaged Communities Green Tariff (DAC-GT) program.

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 Disadvantaged Communities (DACs), as defined by Decision (D.) 18-06-027 *Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities* (Net Energy Metering DAC Decision or NEM DAC Decision).[1] The DAC-GT program is only available to residential DAC customers who are eligible for either the California Alternate Rates for Energy (CARE) program or the Family Electric Rate Assistance (FERA) program.[2]

The NEM DAC Decision authorized Community Choice Aggregators (CCAs) to develop and implement their own DAC-GT programs. The Decision further outlined that CCAs may access greenhouse gas (GHG) allowance revenues and public purpose program (PPP) funds to support these programs, by submitting a Tier 3 advice letter (AL) demonstrating how their DAC-GT program will abide by all rules and requirements for the program.

To align program capacity allocation with the proportion of residential DAC customers served by CCAs, Resolution E-4999, issued June 3, 2019, allocated capacity to existing CCAs based on the proportional share of residential customers in DACs that each CCA serves.[3] Southern California Edison (SCE) received the initial allocation of 56.5 MW and 14.63 MW for DAC-GT and CSGT program capacity respectively. On June 7, 2024, the Commission further modified the DAC-GT program through D.24-05-065 and consolidated DAC-GT and CSGT program capacities.[4] As a result, SCE filed AL 5382-E which was approved by the Commission on November 15, 2024, to increase its total DAC-GT program capacity to 71.13 MW. As permitted by Resolution E-4999, the Commission has approved capacity transfers between the IOUs and CCAs to account for new CCA formation and existing CCA expansion.[5]

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[1] D.18-06-027 at 74.

[2] *Id*. at 51.

[3] Resolution E-4999 at 13.

[4] The Community Solar Green Tariff (CSGT) enabled utility and CCA residential customers in DACs who may be unable to install solar on their roof to benefit from a local solar project and receive a 20 percent bill discount. Decision 24-05-065, issued June 2024, discontinued the bulk of the program and transferred the remaining capacity to the DAC-GT program.

[5] *Id.* at 64, COL 16 states that it is "reasonable to allocate capacity to CCAs based on the proportional share of residential customers in DACs that each CCA serves, as this will align capacity allocation with the share of residential DAC customers."

Orange County Power Authority (OCPA) is a joint powers authority that was founded by the cities of Buena Park, Fullerton, Huntington Beach, and Irvine on November 20, 2020. On March 9, 2020, the Commission certified OCPA as a CCA and OCPA began serving customer load in SCE's service area in April 2022. On November 24, 2024, the Commission approved the addition of the city of Fountain Valley and the removal of the unincorporated County of Orange and the City of Huntington Beach.

As the Commission allowed under Resolution E-4999, OCPA requested a capacity transfer from SCE to ensure customers in OCPA's territory can participate in the DAC-GT program and receive the benefits, such as bill discounts and access to renewable energy.[6] Based upon the methodology adopted in Resolution E-4999, SCE, in collaboration with OCPA, calculated a capacity transfer of 0.53 MW based on the percent of residential DAC customers in OCPA's service area as of March 2025.[7]

On July 23, 2020, the Commission issued D.20-07-008, the Decision Implementing Automatic Enrollment of DAC-GT. D.20-07-008 directed PG&E to automatically enroll a targeted population of customers in the DAC-GT program. The target population were customers who: 1) were identified as having a high risk of disconnection and 2) met the existing parameters of DAC-GT program eligibility.

Resolution E-5124, issued on April 16, 2021, further allowed participating CCAs to auto-enroll customers as long as 1) auto-enrolled customers meet the eligibility requirements of the DAC-GT program and 2) the criteria are in alignment with the spirit of D.20-07-008 and target eligible DAC-GT customers at high risk of disconnection.

Resolution E-5125, issued on August 6, 2021, required DAC-GT Program Administrators submit their annual budget ALs as Tier 2 ALs instead of Tier 1 ALs to allow for greater opportunity for stakeholder review and additional oversight. The Resolution also required that DAC-GT PAs submit in their annual budget AL an accompanying rationale for above-cap program administration and marketing, education and outreach spending.

The Commission relied upon CalEPA's 2017 DAC designation (based on CalEnviroScreen or CES 3.0) when establishing eligibility rules for the DAC-GT

[6] Resolution E-4999 states that it is "reasonable to allocate capacity to CCAs based on the proportional share of residential customers in DACs that each CCA serves, as this will align capacity allocation with the share of residential DAC customers."
[7] OCPA AL 13-E, Appendix A.

program in the NEM DAC Decision.[8] In May 2022, CalEPA updated its DAC designations as part of CES version 4.0. Resolution E-5212 modified DAC-GT program eligibility to include the updated version of CES 4.0.

On August 14, 2025, OCPA submitted AL 13-E which included its implementation and marketing plans and forecasted budget for Commission approval. On September 17, 2025, OCPA filed supplemental AL 13-E-A to correct minor errors in the original AL and to modify the initial budget forecast:

- OCPA AL 13-E incorrectly stated that DAC-GT is funded solely through public purpose program (PPP) funds. Supplemental AL 13-E-A corrects this to instead say that the above-market generation cost line item is funded by Greenhouse Gas Allowance Proceeds, and three other line items (20% discount, program administration, and ME&O) are funded by PPP funds.
- OCPA AL 13-E incorrectly stated that OCPA will file a Tier 1 budget AL by February 1 each program year. Supplemental AL 13-E-A corrects this to reflect Resolution E-5125, which elevated the budget AL to Tier 2 and D.24-05-065, which changed the yearly due date to April 1.
- OCPA 13-E-A identifies cost reductions in the Marketing, Education and Outreach (ME&O) budget.

Assembly Bill (AB) 1207 (Irwin, Chapter 117, Statutes of 2025) included an urgency clause and became effective on September 19, 2025. The bill, among other changes, amends Section 748.5(c) of the California Public Utilities Code and sunsets the ability of the Commission to use up to 15% of investor-owned utility (IOU) greenhouse gas allowance proceeds for clean energy projects, including DAC-GT projects, starting July 1, 2026. Instead, greenhouse gas allowance proceeds will fund programs subject to legislative discretion as specified in SB 840 (Limon, Chapter 121, Statutes of 2025).

NOTICE

Notice of OCPA 13-E was made by publication in the Commission's Daily Calendar. OCPA states that copies of its AL were mailed and distributed in accordance with Section 4 of General Order 96-B.

[8] CalEnviroScreen (CES) is a mapping tool that helps identify California communities that are most affected by many sources of pollution, and where people are often especially vulnerable to pollution's effects. The Office of Environmental Health Hazard Assessment, on behalf of the California Environmental Protection Agency (CalEPA) develops and updates the CalEnviroScreen tool pursuant to Public Resource Code § 71090.

RESPONSES

On September 2, 2025, SCE filed a timely response to OCPA's AL 13-E.

SCE's Response to OCPA's AL

In SCE's response, the utility stated that it does not object to OCPA's proposal requesting a transfer 0.53 MW of DAC-GT program capacity from SCE to OCPA. Additionally, SCE suggests that OCPA's AL provides the Commission with all the information it requires to dispose of the submittal on its merits and requests that the Commission authorize the capacity transfer.

DISCUSSION

The discussion section addresses aspects of OCPA's proposed program implementation that warrant clarification.

Clarification of OCPAs' Program Implementation

Cost Recovery and Timing of Funds Transfer

SCE and OCPA shall take the following procedural steps regarding ERRA compliance and cost recovery, consistent with the process approved in Resolution E-5124 for all CCAs participating in the DAC-GT program:

1. SCE will include OCPA's PY 2026 and 2027 budget estimate in its 2027 ERRA Forecast filing.
2. After Commission approval of OCPA's Annual Budget Advice Letter, SCE will then include the total budget estimate for the upcoming program year in the ERRA Forecast filing in early June of each year.
3. Once SCE receives approval of its ERRA Forecast from the Commission, SCE will record OCPA's approved budgets in the DAC-GT balancing account.
4. SCE will then remit program funds to the OCPA in four quarterly installments (by January 1, April 1, July 1, and October 1 of each year). If the ERRA Forecast is not approved by January 1 of a given program year, SCE will transfer all past due funds to OCPA within no more than thirty days of issuance of ERRA Forecast approval.
5. Once received, OCPA will track the program funds and costs in a separate account(s). The account(s) will record all generation cost deltas, customer bill

discounts, and program expenses and will be the basis for recording actual expenditures in the Annual Budget Advice Letters.

Program Funding

Supplemental AL 13-E-A corrects AL 13-E to instead say that its above-market generation cost line item is funded by Greenhouse Gas Allowance Proceeds, and three other line items (20% discount, program administration, and ME&O) are funded by PPP funds. However, given the passage of AB 1207, we find that OCPA's DAC-GT program, including all budget line items, must be funded by public purpose program (PPP) funds starting July 1, 2026.

Due to the signing of AB 1207 on September 19, 2025, which ends the Commission's ability to use IOU greenhouse gas proceeds for clean energy projects, we find that OCPA must modify its PY 2026 and 2027 budget to reflect 100% Public Purpose Program funding, starting on July 1, 2026.

Customer Enrollment

OCPA states that "[a] participating customer can remain on the DAC-GT tariff for up to 20 years from the time of enrollment or the duration of the project's term, whichever concludes first."[9] We clarify that participating customers can remain on the DAC-GT tariff for up to 20 years from the time of enrollment ***irrespective*** of the duration of a specific project's term. To date, this 20-year eligibility term for DAC-GT has been applied consistently across Program Administrators.

Program Capacity Transfer

SCE has agreed to OCPA's request to transfer additional DAC-GT program capacity by responding to AL 13-E stating that it does not oppose the transfer. The Commission hereby approves the jointly requested capacity transfers. The updated total capacity allocations in SCE's service territory, are detailed in Table 1:

[9] OCPA AL 13-E, Appendix A, at 19 and Appendix C at 6.

Table 1: Updated IOU/CCA Program Capacity Allocation in SCE's Service Territory

SCE or CCA:	Estimated Residential DAC Customers Served by Entity (as of March 2025)	Percent of Residential DAC Customers in SCE's Service Territory	DAC-GT Allocation (MW)
SCE	773,846	99.26%	70.60
Orange County Power Authority[10]	5,776	0.74%	0.53
Total SCE DAC[11] Residential Customers	**779,622**	**100%**	**71.13**

<u>Auto-Enrollment</u>

OCPA proposes automatically enrolling eligible DAC-GT customers. While neither D.18-06-027 nor Resolution E-4999 direct CCAs to implement automatic enrollment of eligible customers under the DAC-GT program, D.20-07-008, *Decision Implementing Automatic Enrollment of DAC-GT,* implemented auto-enrollment of certain customer groups eligible for DAC-GT enrollment by PG&E. Automatic enrollment means that eligible customers are automatically subscribed to the DAC-GT tariff by a Program Administrator based on certain criteria until the program capacity allocation in MWs is reached. Decision 20-07-008 outlined the rationale for pursuing and accelerating automatic enrollment including fulfilling the objectives of the Commission's Environmental and Social Justice Action Plan and mitigating the economic effects of the COVID-19 pandemic and the statewide stay-at-home orders. Effectively, automatic enrollment lowers barriers to access for customers such as transaction costs, or non-monetized costs, including the time investment to learn about the technology and application process.[12] Eligible customers are enrolled automatically in the DAC-GT

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[10] Includes the communities of Buena Park, Fullerton, and Irvine. Fountain Valley has not been included in this calculation since OCPA is not currently serving those customers.

[11] Decision 18-06-027 at 96, COL 3 defines DACs as census tracts that are among the top 25 percent most impacted census tracts statewide using CalEnviroscreen (CES) scoring. CES is a screening tool developed on behalf of the California Environmental Protection Agency to rank census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors and prevalence of certain health conditions. At the time Resolution E-4999 was issued in June 2019, CES 3.0 was the most current version of the mapping tool. However, in October 2022, Resolution E-5212 updated the DAC-GT geographic eligibility requirements to CES 4.0, which OCPA has utilized here to determine eligibility.

[12] California Energy Commission, Low Income Barriers Study Part A at 50.

tariff by the Program Administrator (IOU or CCA) based on certain criteria approved by the Commission. Customers are then notified of their enrollment in the program and given the option to opt-out.

OCPA has proposed enrolling any eligible residential customers that live in one of the top 10% DACs of CalEnviroScreen 4.0 and who are currently enrolled in CARE or FERA until customer subscriptions reach OCPA's DAC-GT capacity cap. OCPA proposes prioritizing customers who have made partial or full payments to their accounts within the past 8 months. If there is not enough program capacity to auto-enroll all customers in a given category under the DAC-GT program, OCPA states that customers from the respective category will be randomly selected for program enrollment and all remaining customers will be placed on a waitlist.

While OCPA proposes prioritizing eligible customers who have had payments made to their accounts, it does not specify in its AL whether these customer categories have also received late payment or discontinuance notices. We clarify here that OCPA must auto-enroll customers who have received past due or discontinuation notices and authorize OCPA's auto-enrollment proposal based on Resolution E-5124's criteria that 1) the customers who are auto-enrolled meet the eligibility requirements of the DAC-GT program and 2) the criteria are in alignment with the spirit of D.20-07-008 and target eligible DAC-GT customers at high risk of disconnection.

Solicitation Frequency & Review

Resolution E-4999 OP 8 required, within 60 days of issuance of the resolution, the IOUs to submit Tier 2 ALs with their solicitation documents for their first DAC-GT Request for Offers (RFOs). Additionally, that resolution specified "each utility shall issue its RFO within 60 days of the Commission's approval of its solicitation documents."[13]

Resolutions E-5102, E-5124, E-5130, and E-5246, which approved various CCA DAC-GT tariffs, applied similar solicitation requirements to those outlined in Resolution E-4999.

[13] Resolution E-4999 at OP 8.

To maintain consistency across the growing number of CCA-administered programs, participating CCAs:

- May hold solicitations once a year or as needed.[14]
- Shall submit a Tier 2 Advice Letter with their solicitation documents for their first DAC-GT RFOs within 60 days of issuance of the resolution approving their implementation AL. A CCA shall issue its first RFO within 60 days of the Commission's approval of its solicitation documents.
- Shall submit a Tier 2 AL with all executed Power Purchase Agreements for approval no later than 180 days following notification of selected bidders.

COMMENTS

Public Utilities Code section 311(g) provides that this resolution 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 (NEM DAC Decision), creating the DAC Green Tariff (DAC-GT) program, which provides residential customers in DACs increased access to renewable generation.
2. The NEM DAC Decision authorized community choice aggregators (CCAs) to develop and implement their own DAC-GT programs, and authorized them to access greenhouse gas (GHG) allowance revenues and public purpose program funds to support these programs, if each CCA submits a Tier 3 AL demonstrating

[14] D.18-06-027 at 86 required the IOUs to hold solicitations twice a year. Given that participating CCAs have comparatively smaller capacity allocation, it reasonable to CCAs to issue DAC-GT RFOs once a year or as needed.

how their DAC-GT and programs will abide by all rules and requirements for the programs established in the NEM DAC Decision.

3. The NEM DAC Decision required CCAs to file Tier 3 Advice Letters (ALs) to create a DAC-GT tariff.
4. 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 Programs.
5. Resolution E-4999, issued June 3, 2019, allocated capacity to CCAs based on the proportional share of residential customers in DACs that each CCA serves and set out this allocation in Table 1 and Table 2 of that Resolution.
6. On July 23, 2020, D.20-07-008 directed PG&E to automatically enroll eligible DAC-GT customers at high risk of disconnection.
7. Resolution E-5124, issued April 16, 2021, provided further guidance to participating CCAs for auto-enrolling customers.
8. Resolution E-5125, issued August 6, 2021, allowed Program Administrators to adjust their administrative and marketing budget caps for the DAC-GT program by providing further justification in their annual budget advice letter.
9. To satisfy the requirements in the NEM DAC Decision, OCPA filed AL 13-E on August 14, 2025.
10. On September 2, 2025, SCE submitted a timely response to OCPA AL 13-E which did not oppose OCPA's capacity transfer request.
11. On September 17, 2025, OCPA filed AL 13-E-A on September 17, 2025, to correct minor errors in the original AL and to modify the initial budget forecast.
12. On September 19, 2025, Assembly Bill 1207 (Irwin, 2025) was signed into law, which amends Section 748.5(c) of the California Public Utilities Code and ends the ability of the Commission to use up to 15% of investor-owned utility (IOU) greenhouse gas allowance proceeds for clean energy projects, including DAC-GT projects, starting July 1, 2026.
13. It is reasonable for SCE to include OCPA's PY 2026 and 2027 budget estimates in its 2027 ERRA Forecast filing, record OCPA's approved budgets in SCE's DAC-GT balancing account, and for SCE to then transfer program funds to OCPA in quarterly installments.
14. It is reasonable for participating CCAs to automatically enroll eligible DAC-GT customers as long as their enrollment criteria are in alignment with the spirit of D.20-07-008 and target customers at high risk of disconnection.
15. To satisfy the requirements of Assembly Bill 1207, OCPA must modify its PY 2026 and 2027 budget to reflect 100% Public Purpose Program funding, starting on July 1, 2026.

THEREFORE, IT IS ORDERED THAT:

1. Orange County Power Authority's (OCPA's) Advice Letter (AL) 13-E/E-A is approved with the clarifications specified herein.
2. Southern California Edison Company (SCE) shall include Orange County Power Authority's (OCPA's) estimated budgets for Program Year 2026 and 2027 in its 2027 Energy Resources Recovery Account (ERRA) Forecast Filing. Once SCE receives approval from the Commission of its ERRA Forecast, SCE will record OCPA's approved budgets in the Disadvantaged Communities Green Tariff balancing account and transfer program funds in quarterly installments.
3. Orange County Power Authority (OCPA) shall submit a Tier 2 Advice Letter with their solicitation documents for its first Disadvantaged Communities Green Tariff Request for Offer (RFO) within 60 days of issuance of this Resolution. OCPA shall issue its first RFO within 60 days of the Commission's approval of its solicitation documents.
4. Orange County Power Authority shall submit all executed Power Purchase Agreements via a Tier 2 Advice Letter for approval no later than 180 days following notification of selected bidders. If additional time is needed, the director of Energy Division, or his/her/their designee, is authorized to adjust this schedule as necessary.
5. Pursuant to AB 1207 and its amendments to Section 748.5(c) of the California Public Utilities Code, and in compliance with Decision (D.)18-06-027, Orange County Power Authority will fund its Disadvantaged Communities Green Tariff solely from Public Purpose Program funds.

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 February 5, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated February 5, 2026, at San Francisco, California