

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

February 13, 2026

Agenda ID #24044
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 24-06-001:

This is the proposed decision of Administrative Law Judge Andrew Dugowson. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's March 19, 2026, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC: asf

Attachment

Decision **PROPOSED DECISION OF ALJ DUGOWSON (Mailed 2/13/2026)****BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2023, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account, Local Generating Balancing Account, and Modified Cost Allocation Mechanism Balancing Account in 2023, and (iii) Costs Recorded in Related Regulatory Accounts in 2023.

Application 24-06-001
(Filed June 3, 2024)

**DECISION APPROVING WITH MODIFICATION SAN DIEGO GAS &
ELECTRIC COMPANY'S APPLICATION FOR APPROVAL OF ENERGY
RESOURCE RECOVERY ACCOUNT COMPLIANCE
FOR RECORD PERIOD 2023**

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**DECISION APPROVING WITH MODIFICATION SAN DIEGO GAS &
ELECTRIC COMPANY'S APPLICATION FOR APPROVAL OF ENERGY
RESOURCE RECOVERY ACCOUNT COMPLIANCE
FOR RECORD PERIOD 2023**

Summary

This decision grants, with the modifications contained in this decision, the Application of San Diego Gas & Electric Company (SDG&E) for approval of its Energy Resource Recovery Account Compliance for Record Period 2023. SDG&E, in discussion with the intervenors to this application, agreed to update its valuation of its Resource Adequacy portfolio, to correct its accounting of its Renewables Portfolio Standard compliance position, and to allocate the revenue from certain battery energy storage systems to a broader set of customers. This decision adopts those proposed changes. This decision finds that SDG&E's prudently-managed activities resulted in a recording a net undercollection of \$214.580 million (though this number excludes the amounts in two accounts whose balances are confidential). Finally, this decision authorizes SDG&E to recover the stranded costs from its Green Tariff Shared Renewables programs from all ratepayers via the Public Purpose Programs charge in the equitable manner described herein.

Application 24-06-001 is closed.

1. Background

On June 3, 2024, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 24-06-001 seeking Commission review and approval of its contract administration, least-cost dispatch and power procurement activities in

2023 as well as certain costs related to those activities recorded within multiple memorandum and balancing accounts. The memorandum and balancing accounts for which SDG&E seeks a determination of prudent administration reflect a total undercollection of \$224.433 million and a total overcollection of \$9.853 million, resulting in a net undercollection of \$214.580 (note that this total does not count confidential amounts recorded to two subaccounts).¹ On July 5, 2024, the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) and, jointly, San Diego Community Power (SDCP) and Clean Energy Alliance (CEA) (together, the Joint Community Choice Aggregators, or Joint CCAs)) timely filed and served protests to the application. On July 15, 2024, SDG&E filed and served a reply to the protests. On July 24, 2024, the assigned Administrative Law Judge (ALJ) issued a ruling scheduling a prehearing conference (PHC) for August 5, 2024. On August 5, 2024, the assigned ALJ held the PHC to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

¹ Undercollections for which SDG&E seeks a determination of prudent administration include \$218.648 million in the PABA (Application at 7), \$2.705 million in the TCBA (Application at 8), \$0.690 million in the MCAMBA (Application at 10), \$0.584 million in the NERBA (Application at 10), \$1.662 million in the GTSRACMA (Application at 12), \$0.141 million in the GTSRBA (Application at 13), \$0.003 million in the ECRME&OMA (Application at 13), and a confidential amount in the LGBA (Application at 8). Overcollections for which SDG&E seeks a determination of prudent administration include \$0.153 million in the GTME&OMA (Application at 12), \$5.052 million in the DACSASHBA (Application at 14), \$3.020 million in the DACGTBA (Application at 15), \$1.628 million in the CSGTBA (Application at 15), and a confidential amount in the TMNBCBA (Application at 14). Acronyms are defined later in this document.

On September 19, 2024, the assigned Commissioner issued their Scoping Memo and Ruling (Scoping Memo). On October 24, 2024, the assigned ALJ issued a ruling granting Cal Advocates' and SDG&E's request for an extension of time to file intervenor and rebuttal testimony. On December 20, 2024, Cal Advocates and the Joint CCAs filed intervenor testimony; on February 21, 2025, SDG&E filed its rebuttal testimony. On March 7, 2025, Cal Advocates, the Joint CCAs, and SDG&E jointly filed and served a joint report summarizing the undisputed and disputed material facts in the case. On April 11, 2025, Cal Advocates, the Joint CCAs, and SDG&E together filed a joint motion to enter testimony and exhibits into the evidentiary record and each individually filed a motion to seal all or a portion of the evidentiary record. On April 18, 2025, the Joint CCAs and SDG&E filed and served opening briefs, and SDG&E filed a motion to file its opening brief under seal. On May 9, 2025, the Joint CCAs and SDG&E filed reply briefs.

2. Submission Date

This matter was submitted on May 9, 2025 upon the filing and service of reply briefs.

3. Issues Before the Commission

The issues before the Commission, as presented in the Scoping Memo, are:

1. Whether SDG&E's 2023 fuel and purchased power expenses complied with SDG&E's Commission-approved procurement plan and were recorded accurately.
2. Whether SDG&E administered and managed its own generation resources prudently, to include the management of outages and associated fuel costs, according to Standard of Conduct (SOC) 4.

3. Whether SDG&E administered and managed its Qualifying Facility (QF) and non-QF contracts for generation and power purchase agreements in accordance with the contract provisions and otherwise followed Commission guidelines relating to those contracts and their amendments according to SOC 4.
4. Whether SDG&E used the most cost-effective mix of energy resources under its control and achieved Least Cost Dispatch of its energy resources according to SOC 4.
5. Whether SDG&E administered its demand response programs to minimize costs to its ratepayers according to SOC 4.
6. Whether the entries recorded during the record year in the following accounts are correctly stated and in compliance with Commission directives:
 - a. the Energy Resource Recovery Accounts (ERRA);
 - b. Portfolio Allocation Balancing Account (PABA);
 - c. Undercollection Balancing Account (CAPBA)
 - d. Transition Cost Balancing Account (TCBA);
 - e. Local Generating Balancing Account (LGBA);
 - f. Modified Cost Allocation Mechanism Balancing Account (MCAMBA);
 - g. New Environmental Regulatory Balancing Account (NERBA);
 - h. Independent Evaluator Memorandum Account (IEMA);
 - i. Litigation Cost Memorandum Account (LCMA);
 - j. Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA);
 - k. Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA);

- l. Enhanced Community Renewable ME&O Memorandum Account (ECRME&OMA);
 - m. Green Tariff Shared Renewable Balancing Account (GTSRBA);
 - n. Tree Mortality Non-Bypassable Charge Balancing Account (TMNBCBA);
 - o. Disadvantaged Communities – Single Family Solar Homes Balancing Account (DACSASHBA);
 - p. Disadvantaged Community-Green Tariff Balancing Account (DACGTBA); and
 - q. Community Solar Green Tariff Balancing Account (CSGTBA).
7. Whether SDG&E's Greenhouse Gas Compliance Instrument procurement was consistent with applicable standards and in compliance with SDG&E's Commission-approved procurement plan.
 8. Whether the entries in SDG&E's Greenhouse Gas Revenue Balancing Account and Greenhouse Gas-related entries in other ERRA sub-accounts are accurate, and whether SDG&E met its burden of proof regarding its claim for these entries.
 9. Whether the Commission should authorize SDG&E to pursue adjustment of the undercollection in SDG&E's New Environmental Regulatory Balancing Account in the Annual Electric Regulatory Account Update filing.
 10. Whether the Commission should authorize SDG&E to pursue adjustment of the overcollection in SDG&E's Tree Mortality Non-Bypassable Charge Balancing Account in the Annual Electric Public Purpose Program Account Update filing.
 11. Whether the Commission should authorize SDG&E to recover the undercollected amounts in its Green Tariff

Shared Renewables-related balancing accounts, and if so, from whom those costs should be recovered.

12. Whether all other SDG&E activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions.

4. Discussion

4.1. San Diego Gas & Electric Company's Application

California law requires the Commission to annually review the large investor-owned utilities' (IOUs') procurement activities, and this review takes place through the ERRA forecast and compliance proceedings. During the ERRA forecast, the Commission reviews and approves the IOU's projected procurement costs. During the ERRA compliance review – the purpose of the instant application – the Commission determines whether the utility's actual procurement activities during the prior year were consistent with the activities approved in the ERRA forecast as well as the utility's Bundled Procurement Plan (BPP)² and other applicable standards.

The compliance review process differs from a traditional reasonableness review in that it reviews process rather than outcomes. Here, the Commission assesses whether the utility took actions that were consistent with approved standards. Traditional reasonableness reviews determine whether the outcomes of those actions were reasonable. Should the Commission determine that the utility complied with the BPP and other applicable standards, the costs recorded in the utility's ERRA and related balancing accounts are deemed recoverable.

² The Commission approved SDG&E's BPP in 2012 through D.21-04-046.

In the instant application, SDG&E asks the Commission to determine that certain activities were prudent (scoped issues 1 through 5 and 7), that its record-keeping is accurate (scoped issues 6 and 8), that SDG&E may recover certain undercollected costs (scoped issue 9). No party contested these requests. The Joint CCAs contested four discrete issues, discussed in more detail below. Cal Advocates did not contest any of SDG&E's requests, but recommended process improvements; these are also discussed below.

4.2. Intervenors and Contested Issues

The only intervenors in this proceeding were Cal Advocates and the Joint CCAs. The Joint CCAs were the only party to contest the reasonableness of SDG&E's application, as Cal Advocates' filings focused on suggestions for process improvements. Cal Advocates' recommendations are addressed at the end of this section.

The Joint CCAs submitted testimony that recommended four changes to SDG&E's application: first, SDG&E should count the Resource Adequacy (RA) capacity it withheld from the market as retained RA; second, SDG&E should update the count of Renewable Energy Certificates (RECs) it retained to meet its 2023 compliance target; third, SDG&E should distribute the revenues from certain batteries to all its customers instead of just sending those revenues to bundled customers; fourth, SDG&E should only be authorized to recover costs incurred due to the Green Tariff Shared Renewables (GTSR) program from GTSR customers.³

³ CCA-01 at 3-4.

4.3. Retained Resource Adequacy

The Joint CCAs contended, and SDG&E ultimately agreed, that SDG&E's initial application undervalued some of its RA assets, which would ultimately cause SDG&E to overcharge all its customers – including CCA customers – for the net cost of operating its supply portfolio.⁴

The Commission has determined that, for the sake of the Portfolio Allocation Balancing Account, utilities should value RA as follows: RA the utilities use for compliance (Retained RA) should be valued at the Final RA Adder calculated by Commission staff, RA that utilities sold should be valued at their actual transaction price, and RA that utilities were unable to sell or use should be valued at zero.⁵

SDG&E, in response to a data request from the Joint CCAs, indicated that it did not offer all its Excess RA for sale during its RA solicitations because it held back a portion of its RA capacity (an "RA Buffer") to ensure it was able to meet RA compliance requirements for its bundled customers.⁶ SDG&E's application treated the RA Buffer as unsold RA, therefore assigning it zero portfolio value. The Joint CCAs argued that SDG&E should treat the RA Buffer as Retained RA, and the Joint CCAs proposed a methodology to calculate the value SDG&E should assign to that Retained RA.⁷ As noted above, SDG&E agreed that it should assign a non-zero value to the Retained RA, but in their rebuttal

⁴ SDGE-11 at 3.

⁵ D.19-10-001, Attachment B, Table IV.

⁶ CCA-01 at 8 to 10.

⁷ CCA-01 at 10 to 12.

testimony, SDG&E offered a different proposal for calculating the value of that retained RA.⁸ In their joint report on the meet and confer process, filed on March 7, 2025, by all parties after the SDG&E offered its counterproposal, the parties indicated that this issue of Retained RA was no longer contested as they agreed on the appropriate valuation methodology.⁹ Further, the Joint CCAs did not comment on this issue in their opening reply briefs. Accordingly, the Commission adopts SDG&E's recommendation as the Consensus proposal and directs SDG&E to take the necessary actions to implement it.

4.4. Retained Renewables Energy Certificates

The Joint CCAs contended, and SDG&E acknowledged, that SDG&E's application undervalued its Renewables Portfolio Standard (RPS) position because it reflected less Retained RPS credit than was required for RPS compliance. SDG&E conveyed to the Joint CCAs that it had sufficient unsold RPS in 2023 to cover its short position.¹⁰ The Joint CCAs assert that the additional Retained RPS should be valued at the RPS Adder SDG&E used for the rest of its Retained RPS, which works out to a value of \$3.2 million.¹¹ SDG&E agreed and updated journal entries to reflect the change, resolving the issue to both parties' satisfaction.¹² The Commission adopts this change.

⁸ SDGE-11 at 3 to 7.

⁹ Joint Report re Meet and Confer at 3 to 4.

¹⁰ CCA-01 at 13 to 14.

¹¹ CCA-01 at 15.

¹² SDGE-11 at 7.

4.5. Allocation of Revenue from Certain Battery Energy Storage Systems

The Joint CCAs request the Commission direct SDG&E to allocate the revenues from the Miguel Vanadium Redox Flow battery energy storage system and the Ramona Air Attack Base battery energy storage system to a distribution balancing account, to align the collection of costs and revenues associated with these storage resources in the distribution rate.¹³ SDG&E agrees and requests the Commission authorize SDG&E to book the California Independent System Operator net revenues for those battery systems to SDG&E's Electric Distribution Fixed Cost Account for 2023.¹⁴ This clarifies the order from the Commission in D.24-12-074: SDG&E is authorized to make this accounting change for 2023.¹⁵ The Commission grants this request.

4.6. Recovery of Green Tariff Shared Renewables Program Costs

Senate Bill (SB) 43 (Wolk, Chapter 413, Statutes of 2013), later amended by Assembly Bill (AB) 2838 (O'Donnell, Chapter 418, Statutes of 2022) directed electric corporations with more than 100,000 customers to each create a Green Tariff Shared Renewables (GTSR) program that would allow enrolled customers to purchase additional renewable energy on their behalf.¹⁶ SDG&E's programs, EcoShare and EcoChoice, opened for enrollment in November, 2016. Both programs faced challenges with customer enrollment: EcoShare never enrolled

¹³ CCA-01 at 03 to 04.

¹⁴ SDG&E Opening Brief at vi.

¹⁵ D.24-12-074 at 407.

¹⁶ Pub. Util. Code Section 2832(a).

any customers,¹⁷ and EcoChoice eventually had all its enrolled customers drop out. While EcoChoice did enroll some customers, enrollment began to drop in 2019. SDG&E and the Joint CCAs disagree over the cause for the drop, but regardless of the cause, the reduced enrollment caused the EcoChoice rates to increase; this created a negative feedback loop of increasing rate and decreasing participation, and eventually all the EcoChoice customers left the program.¹⁸ SDG&E first sought to suspend the GTSR program via advice letter on December 17, 2021. Energy Division denied SDG&E's request and directed SDG&E to instead file an application to request to suspend the program. SDG&E filed such application on May 31, 2022, and the assigned ALJs issued a ruling on August 25, 2022 authorizing SDG&E to immediately suspend its EcoChoice program.

SDG&E seeks to recover certain costs it incurred as part of the GTSR program from all its ratepayers via the Public Purpose Program charge (PPP), and the Joint CCAs oppose SDG&E's request. The Joint CCAs argue that SDG&E mismanaged the program by: pricing its offerings below cost, likely to compete with CCAs, which were proliferating at the time;¹⁹ "imprudently and unnecessarily" waiting multiple years to seek recovery of its undercollections;²⁰ and, not having contingency plans in place to mitigate the impact of delays in resource procurement.²¹ Additionally, the Joint CCAs argue that Pub. Util. Code

¹⁷ SDGE-12 at 4.

¹⁸ SDGE-12 at 4.

¹⁹ CCA-01C at 18.

²⁰ CCA-01C at 24 to 25.

²¹ Joint CCA Opening Brief at 9.

Section 2833(q) prohibits the Commission from recovering program costs from customers that did not participate in the programs.²² Accordingly, the Joint CCAs contend, the Commission should authorize SDG&E only to recover program costs from former GTSR participants and/or SDG&E shareholders.²³

SDG&E disagrees with the Joint CCAs, arguing that it procured resources for EcoChoice pursuant to Commission direction²⁴ and that it first sought cost recovery in 2018, but the structure of the ERRA filing process²⁵ and the early termination of the program hampered its ability to recover costs in a timely fashion.²⁶ SDG&E adds that it did not structure its programs in such a way as to compete with CCAs because statute prohibits it from doing so.²⁷ In sum, SDG&E argues that it “followed all Commission guidance in creating and administering the GTSR program, and the circumstances leading to the suspension of the GTSR program before SDG&E had the ability to recover the undercollected amounts were beyond SDG&E’s control.”²⁸ At the time of the instant application, SDG&E’s GTSR programs have zero participants; furthermore, SDG&E states,

²² Joint CCA Opening Brief at 5, citing to 2833(q), which stipulates that “[the Commission] shall ensure that charges and credits associated with a participating utility’s green tariff shared renewables program are set in a manner that ensures nonparticipant ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation customers and ensures that no costs are shifted from participating customers to nonparticipating ratepayers.”

²³ CCA-01C at 32.

²⁴ SDGE-12 at 9 to 10.

²⁵ SDGE-12 at 12.

²⁶ SDGE-12 at 12 to 13, SDG&E-12 at 15.

²⁷ SDGE-12 at 8.

²⁸ SDGE-12 at 16.

thousands of former GTSR participants no longer have active accounts (i.e., have left SDG&E's service territory).²⁹ If SDG&E were to recover the outstanding costs only from customers that previously participated in the EcoChoice program, the per-customer costs would be very high. As such, SDG&E argues that recovering GTSR costs only from program participants would be infeasible and unfair.³⁰

This decision authorizes SDG&E to recover its outstanding GTSR costs (i.e., the balances in the GTME&OMA, GTSRACMA, ECRME&OMA, and GTSRBA) from all its customers via the PPP. The record indicates that SDG&E administered its EcoChoice and EcoShare programs consistent with statute and Commission direction, and structural challenges inherent in the program design resulted in stranded costs that would be improper to recover from previous program participants. It would be inequitable and unreasonable to recover the stranded costs from past program participants, as they had no reason to expect that participation carried the risk of a large bill nearly a decade after they left the program; if customers knew that was a risk, it is likely no one would have enrolled in the first place. Likewise, the record does not support the conclusion that SDG&E mismanaged the programs. Accordingly, since SDG&E complied with statute and Commission direction in its creation and administration of its programs, it would be improper for the Commission to require SDG&E's shareholders to foot the bill.

²⁹ SDG&E Opening Brief at 11.

³⁰ SDGE-12 at 7.

As such, it is reasonable and efficient for the Commission to authorize SDG&E to recover the outstanding costs through the PPP. The requirement from 2833(q) “that no costs are shifted from participating customers to nonparticipating ratepayers” does not apply when there are no longer any participating customers.³¹ As noted earlier, it would be inequitable and unreasonable to recover the stranded costs from past program participants, as they had no reason to expect that participation carried the risk of a large bill nearly a decade after they left the program; if customers knew that was a risk, it is likely no one would have enrolled in the first place. As such, the Commission finds that it is reasonable and equitable to authorize SDG&E to recover the undercollected amounts in its Green Tariff Shared Renewables-related balancing accounts from all customers through the PPP.

Rather than spread these undercollected costs evenly across SDG&E’s all of its customer classes on the same cost per kilowatt-hour basis, this decision instead directs SDG&E to apportion the costs among its customer classes based on each class’s GTSR program participation. To do so, within 60 days of the issuance of this decision, SDG&E shall file and serve a Tier 1 Advice Letter (AL) that estimates the total GTSR load served to each customer class, apportion the outstanding balance between the customer classes based on those ratios, then set class-specific cost per kilowatt adders to recover the portion of the GTSR costs assigned to that class. SDG&E shall serve the AL to the service lists for the instant proceeding as well as A.22-05-022 et al. SDG&E shall modify the PPP surcharge

³¹ Pub. Util. Code Section 2833(q).

accordingly in its next consolidated end of year rate change AL for each affected rate class.³²

4.7. Uncontested Issues

In their March 7, 2025 joint report, Cal Advocates, the Joint CCAs, and SDG&E indicated the remaining contested issues raised in the Scoping Memo were (1) whether SDG&E required explicit Commission authorization to change the allocation of revenue for the aforementioned battery systems and (2) whether the Commission should authorize SDG&E to recover GTSR costs in this proceeding. This decision has already addressed both issues: the Joint CCAs and SDG&E proposed, and this decision approves, a solution to the question of battery revenue allocation, and this decision authorizes SDG&E to recover its outstanding GTSR costs via the PPP. Accordingly, all contested issues have been addressed. Therefore, the Commission finds:

- SDG&E's fuel and purchased power expenses complied with SDG&E's Commission-approved procurement plan and were recorded accurately.
- SDG&E administered and managed its own generation resources prudently, to include the management of outages and associated fuel costs, according to Standard of Conduct (SOC) 4.
- SDG&E administered and managed its Qualifying Facility (QF) and non-QF contracts for generation and power purchase agreements in accordance with the contract

³² SDG&E uses the Consolidated End of Year Advice Letter filings to consolidate the electric rate adjustments authorized by the Commission and the Federal Energy Regulatory Commission which occurred through various filings to be effective in the new year. The advice letter is typically filed between November and January, depending on the year.

provisions and otherwise followed Commission guidelines relating to those contracts and amendments according to SOC 4.

- SDG&E used the most cost-effective mix of energy resources under its control and achieved Least Cost Dispatch of its energy resources according to SOC 4.
- SDG&E administered its demand response programs to minimize costs to its ratepayers according to SOC 4.
- The entries recorded during the record year in the following accounts are correctly stated and in compliance with Commission directives:
 - the Energy Resource Recovery Accounts (ERRA);
 - Portfolio Allocation Balancing Account (PABA);
 - Undercollection Balancing Account (CAPBA)
 - Transition Cost Balancing Account (TCBA);
 - Local Generating Balancing Account (LGBA);
 - Modified Cost Allocation Mechanism Balancing Account (MCAMBA);
 - New Environmental Regulatory Balancing Account (NERBA);
 - Independent Evaluator Memorandum Account (IEMA);
 - Litigation Cost Memorandum Account (LCMA);
 - Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA);
 - Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA);
 - Enhanced Community Renewables ME&O Memorandum Account (ECRME&OMA);
 - Green Tariff Shared Renewable Balancing Account (GTSRBA);
 - Tree Mortality Non-Bypassable Charge Balancing Account (TMNBCBA);

- Disadvantaged Communities – Single Family Solar Homes Balancing Account (DACSASHBA);
- Disadvantaged Community-Green Tariff Balancing Account (DACGTBA); and
- Community Solar Green Tariff Balancing Account (CSGTBA).
- SDG&E’s Greenhouse Gas Compliance Instrument procurement was consistent with applicable standards and in compliance with SDG&E’s Commission-approved procurement plan.
- The entries in SDG&E’s Greenhouse Gas Revenue Balancing Account and Greenhouse Gas-related entries in other ERRA sub-accounts are accurate, and SDG&E met its burden of proof regarding its claim for these entries.
- All other SDG&E activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions.

Furthermore, the Commission:

- Authorizes SDG&E to pursue adjustment of the undercollection in SDG&E’s New Environmental Regulatory Balancing Account in the Annual Electric Regulatory Account Update filing.
- Authorizes SDG&E to pursue adjustment of the overcollection in SDG&E’s Tree Mortality Non-Bypassable Charge Balancing Account in the Annual Electric Public Purpose Program Account Update filing.

Upon review, we determine the uncontested issues, as presented in SDG&E’s Application, are reasonable and adoption is in the public interest.

4.8. Cal Advocates’ Process Recommendations

Cal Advocates does not contest the reasonableness of SDG&E’s application, but recommends the Commission require SDG&E to adopt three process changes.

First, Cal Advocates recommends SDG&E adopt certain accounting practices to improve intervenors' ability to review SDG&E's documents. Cal Advocates notes that SDG&E's settlement data do not consistently record identifying information and have other aspects that make review difficult.³³ SDG&E responds that its system is new, that SDG&E is still learning to use the software and is working to streamline workpapers, but that the specific changes requested by Cal Advocates are not possible due to system constraints.³⁴ It is crucial for intervenors to have access to standardized, accurate, and clear information provided in response to data requests. As SDG&E provides responses to data requests using information produced by this system, SDG&E is directed to consult with intervenors to understand and, where feasible, implement, changes that could improve the quality and timeliness of data provided to those intervenors.

Second, Cal Advocates recommends the Commission order SDG&E to install a backup server to ensure certain information is not lost in case of a computer failure. Cal Advocates noted that a computer failure caused SDG&E to lose certain records of a generator's performance during an outage.³⁵ Accordingly, Cal Advocates recommends the Commission order the installation of a backup server.³⁶ SDG&E responds that it has already taken measures to

³³ CALAD-1 at 4-14 to 4-15.

³⁴ SDGE-9 at 2.

³⁵ CALAD-1 at 2-2.

³⁶ CALAD-1 at 2-38.

preserve data in case of future issues.³⁷ Accordingly, the Commission declines to direct SDG&E to take further action on this specific issue.

Third, Cal Advocates recommend SDG&E continue working with its forecast provider to improve accuracy.³⁸ SDG&E responds that it expects its forecasting issues were due to large load migration, and states that it will consider additional measures if accuracy does not improve.³⁹ The Commission declines to order additional action in this area because this proceeding is not the appropriate forum to address this issue.

5. 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. No members of the public submitted comments to this proceeding.

6. Procedural Matters

On April 11, 2025, Cal Advocates, the Joint CCAs, and SDG&E together filed a joint motion to enter testimony and exhibits into the evidentiary record and each individually filed a motion to seal all or a portion of the evidentiary record. These motions are granted. On April 18, 2025, SDG&E filed a motion to

³⁷ SDG&E-10 at 2.

³⁸ CALAD-1 at 3.

³⁹ SDG&E-8 at 2.

file their opening briefs under seal. This motion is granted. All motions not ruled on are deemed denied.

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding.

6.1. Identification and Receipt of Exhibits into the Evidentiary Record

This decision hereby marks, identifies, and receives into evidence the following documents:

Exhibit	Witness/ Sponsor	Description
SDGE-1	Scates	Prepared Direct Testimony of Andrew Scates on Behalf of SDG&E (June 3, 2024) **PUBLIC VERSION**
SDGE-1C	Scates	Prepared Direct Testimony of Andrew Scates on Behalf of SDG&E (June 3, 2024) **CONFIDENTIAL VERSION**
SDGE-2	Hua	Prepared Direct Testimony of Brenda Hua on Behalf of SDG&E (June 3, 2024) **PUBLIC VERSION**
SDGE-2C	Hua	Prepared Direct Testimony of Brenda Hua on Behalf of SDG&E (June 3, 2024) **CONFIDENTIAL VERSION**
SDGE-3	Richardson	Prepared Direct Testimony of Matt Richardson on Behalf of SDG&E (June 3, 2024) **PUBLIC VERSION**
SDGE-3C	Richardson	Prepared Direct Testimony of Matt Richardson on Behalf of SDG&E (June 3, 2024) **CONFIDENTIAL VERSION**
SDGE-4	Elliott	Prepared Direct Testimony of Stephen M. Elliott on Behalf of SDG&E (June 3, 2024) **PUBLIC VERSION**

SDGE-4C	Elliott	Prepared Direct Testimony of Stephen M. Elliott on Behalf of SDG&E (June 3, 2024) **CONFIDENTIAL VERSION**
SDGE-5	Miller	Prepared Direct Testimony of Sheri Miller on Behalf of SDG&E (June 3, 2024) **PUBLIC VERSION**
SDGE-5C	Miller	Prepared Direct Testimony of Sheri Miller on Behalf of SDG&E (June 3, 2024) **CONFIDENTIAL VERSION**
SDGE-6	Counts	Prepared Direct Testimony of Kevin Counts on Behalf of SDG&E (June 3, 2024)
SDGE-7	Mondragon	Prepared Direct Testimony of Josue Mondragon Regarding Record Year 2023 Public Safety Power Shutoff Unrealized Sales and Revenue Calculations on Behalf of SDG&E (June 3, 2024)
SDGE-8	Scates	Prepared Rebuttal Testimony of Andrew Scates on Behalf of SDG&E (February 21, 2025)
SDGE-9	Hua	Prepared Rebuttal Testimony of Brenda Hua on Behalf of SDG&E (February 21, 2025)
SDGE-10	Counts	Prepared Rebuttal Testimony of Kevin Counts on Behalf of SDG&E (February 21, 2025)
SDGE-11	Miller	Prepared Rebuttal Testimony of Sheri Miller on Behalf of SDG&E (February 21, 2025)
SDGE-12	Various	Prepared Rebuttal Testimony Regarding Undercollections in Green Tariff Shared Renewables Program Balancing Accounts on Behalf of SDG&E (February 21, 2025) **PUBLIC VERSION** CORRECTED
SDGE-12C	Various	Prepared Rebuttal Testimony Regarding Undercollections in Green Tariff Shared Renewables Program Balancing Accounts on Behalf of SDG&E (February 21, 2025) **CONFIDENTIAL VERSION** CORRECTED

CALAD-01	Various	Prepared Testimony on Application of San Diego Gas & Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Period January 1 through December 31, 2023 (December 20, 2024) **PUBLIC VERSION**
CALAD-01C	Various	Prepared Testimony on Application of San Diego Gas & Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Period January 1 through December 31, 2023 (December 20, 2024) **CONFIDENTIAL VERSION**
CCA-01	Bencomo-Jasso	Prepared Direct Testimony of Carlo Bencomo-Jasso on Behalf of San Diego Community Power and Clean Energy Alliance in San Diego Gas and Electric Company's 2023 ERRa Compliance Proceeding (December 20, 2024) **PUBLIC VERSION**
CCA-01C	Bencomo-Jasso	Prepared Direct Testimony of Carlo Bencomo-Jasso on Behalf of San Diego Community Power and Clean Energy Alliance in San Diego Gas and Electric Company's 2023 ERRa Compliance Proceeding (December 20, 2024) **CONFIDENTIAL VERSION**
CCA-02	SDG&E	SDG&E Response to SDGP/CEA Data Requests 6-1 through 6-4 and 6-7 through 6-9
CCA-03		Excerpt from PG&E's 2025 ERRa Forecast proceeding
CCA-04		Excerpt from PG&E's 2022 ERRa Forecast proceeding
CCA-05		Excerpt from PG&E's 2020 ERRa Forecast proceeding

CCA-06		SDG&E's GTSRBA Preliminary Statement
CCA-07		SDG&E's GTSRACMA Preliminary Statement
CCA-08		SDG&E's LGBA Preliminary Statement
CCA-09		SDG&E's Reply to the Joint CCAs' protest of AL-4607

7. Comments on Proposed Decision

The proposed decision of ALJ Andrew Dugowson 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 _____, and reply comments were filed on _____ by _____. (ALJ, please be sure to complete the STAR instruction sheets fully).

8. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Andrew Dugowson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. San Diego Gas & Electric (SDG&E) and the Joint California Community Choice Aggregators (Joint CCAs) both support, and no party opposes, three changes to SDG&E's Application. These changes, detailed in this decision, include:

- a. SDG&E updating the total value of its Resource Adequacy to reflect the value of the Resource Adequacy it did not offer for sale to the market.

- b. SDG&E updating the value of its Renewables Portfolio Standard Position to reflect the correct amount of Retained Renewable Energy Certificates.
 - c. SDG&E allocating to both bundled and unbundled customers the 2023 revenue earned by certain battery energy storage systems (i.e., booking the revenue to the Electric Distribution Fixed Cost Account).
2. SDG&E created and administered its Green Tariff Shared Renewables programs consistent with statute and Commission direction.
3. The record does not support the conclusion that SDG&E mismanaged its Green Tariff Shared Renewables program.
4. Structural challenges inherent in the design of SDG&E's Green Tariff Shared Renewables programs caused program costs to rise while customer enrollment dropped, ultimately resulting in stranded costs.
5. Customers who previously participated in SDG&E's Green Tariff Shared Renewables programs had no reason to expect that participation carried the risk of a large bill nearly a decade after they left the program.
6. Public Utilities Code Section 2833(q) does not prohibit the Commission from authorizing SDG&E to recover the programs' stranded costs from its ratepayers via the Public Purpose Program charge.
7. SDG&E can approximate each customer class's responsibility for causing the Green Tariff Shared Renewables program to incur costs by estimating the amount of Green Tariff Shared Renewables load delivered to each customer class.
8. SDG&E demonstrates, and no intervenor contests, that:

- (a) SDG&E's fuel and purchased power expenses complied with SDG&E's Commission-approved procurement plan and were recorded accurately.
- (b) SDG&E administered and managed its own generation resources prudently, to include the management of outages and associated fuel costs, according to Standard of Conduct (SOC) 4.
- (c) SDG&E administered and managed its Qualifying Facility (QF) and non-QF contracts for generation and power purchase agreements in accordance with the contract provisions and otherwise followed Commission guidelines relating to those contracts and amendments according to SOC 4.
- (d) SDG&E used the most cost-effective mix of energy resources under its control and achieved Least Cost Dispatch of its energy resources according to SOC 4.
- (e) SDG&E administered its demand response programs to minimize costs to its ratepayers according to SOC 4.
- (f) The entries recorded during the record year in the following accounts are correctly stated and in compliance with Commission directives: the Energy Resource Recovery Accounts; Portfolio Allocation Balancing Account; Undercollection Balancing Account; Transition Cost Balancing Account; Local Generating Balancing Account; Modified Cost Allocation Mechanism Balancing Account; New Environmental Regulatory Balancing Account; Independent Evaluator Memorandum

Account; Litigation Cost Memorandum Account; and, Tree Mortality Non-Bypassable Charge Balancing Account.

- (g) SDG&E's Greenhouse Gas Compliance Instrument procurement was consistent with applicable standards and in compliance with SDG&E's Commission-approved procurement plan.
- (h) The entries in SDG&E's Greenhouse Gas Revenue Balancing Account and Greenhouse Gas-related entries in other ERRRA sub-accounts are accurate, and SDG&E met its burden of proof regarding its claim for these entries.
- (i) The Commission should authorize SDG&E to pursue adjustment of the undercollection in SDG&E's New Environmental Regulatory Balancing Account in the Annual Electric Regulatory Account Update filing.
- (j) The Commission should authorize SDG&E to pursue adjustment of the overcollection in SDG&E's Tree Mortality Non-Bypassable Charge Balancing Account in the Annual Electric Public Purpose Program Account Update filing.
- (k) All other SDG&E activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions.

Conclusions of Law

1. It is reasonable for the Commission to direct SDG&E to update the total value of its Resource Adequacy to reflect the value of the Resource Adequacy it did not offer for sale to the market, as described in this decision and supported by intervenors.

2. It is reasonable for the Commission to direct SDG&E to update the value of its Renewables Portfolio Standard Position to reflect the correct amount of Retained Renewable Energy Certificates, as described in this decision and supported by intervenors.

3. It is reasonable for the Commission to authorize SDG&E to book the 2023 revenue from the battery energy storage systems described in this decision to its Electric Distribution Fixed Cost Account.

4. It is reasonable for the Commission to require SDG&E to, within 60 days of the issuance of this decision, file and serve a Tier 1 Advice Letter that estimates the total Green Tariff Shared Renewables load served to each customer class, apportion the outstanding balance between the customer classes based on those ratios, then set class-specific cost per kilowatt adders to recover the portion of the Green Tariff Shared Renewables costs assigned to that class.

5. It is reasonable to require SDG&E to serve that Advice Letter to the service lists for the instant proceeding and for [A.22-05-022](#) et al.

6. It is reasonable to require SDG&E to modify the Public Purpose Program surcharge to account for these changes in its next consolidated end of year rate change Advice Letter for each affected rate class.

7. It is reasonable to conclude that SDG&E's fuel and purchased power expenses complied with SDG&E's Commission-approved procurement plan and were recorded accurately.

8. It is reasonable to conclude that SDG&E administered and managed its own generation resources prudently, to include the management of outages and associated fuel costs, according to Standard of Conduct (SOC) 4.

9. It is reasonable to conclude that SDG&E administered and managed its Qualifying Facility (QF) and non-QF contracts for generation and power purchase agreements in accordance with the contract provisions and otherwise followed Commission guidelines relating to those contracts and amendments according to SOC 4.

10. It is reasonable to conclude that SDG&E used the most cost-effective mix of energy resources under its control and achieved Least Cost Dispatch of its energy resources according to SOC 4.

11. It is reasonable to conclude that SDG&E administered its demand response programs to minimize costs to its ratepayers according to SOC 4.

12. It is reasonable to conclude that the entries recorded during the record year in the following accounts are correctly stated and in compliance with Commission directives:

- (a) the Energy Resource Recovery Accounts;
- (b) Portfolio Allocation Balancing Account;
- (c) Undercollection Balancing Account;
- (d) Transition Cost Balancing Account;
- (e) Local Generating Balancing Account;
- (f) Modified Cost Allocation Mechanism Balancing Account;
- (g) New Environmental Regulatory Balancing Account;
- (h) Independent Evaluator Memorandum Account;
- (i) Litigation Cost Memorandum Account;
- (j) Green Tariff Marketing Education & Outreach Memorandum Account;

- (k) Green Tariff Shared Renewables Administrative Cost Memorandum Account;
- (l) Enhanced Community Renewable ME&O Memorandum Account;
- (m) Green Tariff Shared Renewable Balancing Account;
- (n) Tree Mortality Non-Bypassable Charge Balancing Account;
- (o) Disadvantaged Communities – Single Family Solar Homes Balancing Account;
- (p) Disadvantaged Community-Green Tariff Balancing Account; and
- (q) Community Solar Green Tariff Balancing Account.

13. It is reasonable to conclude that SDG&E's Greenhouse Gas Compliance Instrument procurement was consistent with applicable standards and in compliance with SDG&E's Commission-approved procurement plan.

14. It is reasonable to conclude that the entries in SDG&E's Greenhouse Gas Revenue Balancing Account and Greenhouse Gas-related entries in other ERRRA sub-accounts are accurate, and that SDG&E met its burden of proof regarding its claim for these entries.

15. It is reasonable to authorize San Diego Gas & Electric Company to pursue adjustment of the undercollection in SDG&E's New Environmental Regulatory Balancing Account in the Annual Electric Regulatory Account Update filing.

16. It is reasonable to authorize San Diego Gas & Electric Company to pursue adjustment of the overcollection in SDG&E's Tree Mortality Non-Bypassable Charge Balancing Account in the Annual Electric Public Purpose Program Account Update filing.

17. It is reasonable to conclude that all other SDG&E activities subject to Commission review in this proceeding complied with applicable Commission decisions and resolutions.

O R D E R

IT IS ORDERED that:

1. This decision grants, with the modifications contained in this decision, the Application of San Diego Gas & Electric Company (SDG&E) for approval of its Energy Resource Recovery Account Compliance for Record Period 2023.
2. San Diego Gas & Electric Company shall implement the changes, as described in this decision, necessary to:
 - a. Update the total value of its Resource Adequacy to reflect the value of the Resource Adequacy it did not offer for sale to the market.
 - b. Update the value of its Renewables Portfolio Standard Position to reflect the correct amount of Retained Renewable Energy Certificates.
3. San Diego Gas & Electric Company is authorized to book the 2023 revenue from the battery energy storage systems described in this decision to its Electric Distribution Fixed Cost Account.
4. San Diego Gas & Electric Company shall, within 60 days of the issuance of this decision, file and serve a Tier 1 Advice Letter that calculates the total Green Tariff Shared Renewables load served to each customer class from its launch through its termination, apportions the outstanding balance between the customer classes based on those ratios, and sets class-specific cost per kilowatt adders to recover the portion of the Green Tariff Shared Renewables costs

assigned to that class. The supporting documentation shall be provided in both PDF and Excel format.)

5. San Diego Gas & Electric Company shall serve the Advice Letter described in Ordering Paragraph 4 to the service lists for the instant proceeding and for [A.22-05-022](#) et al.

6. SDG&E shall modify the Public Purpose Program surcharge to account for these changes in its next consolidated end of year rate change Advice Letter for each affected rate class.

7. A.24-06-001 is closed.

This order is effective today.

Dated _____, at Sacramento, California