Decision **PROPOSED DECISION OF ALJ EILEEN ODELL (Mailed 8/13/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Update and Reform Energy Resource Recovery Account and Power Charge Indifference Adjustment Policies and Processes.	Rulemaking 25-02-005

DECISION RESOLVING TRACK TWO ISSUES

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DECISION RESOLVING TRACK TWO ISSUES

Summary

This decision affirms the California Public Utility Commission's (Commission) methodology of valuing Renewable Energy Credits (RECs) generated prior to January 1, 2019, and banked,[1] but used for investor owned utility (IOU) customer (bundled customer) compliance in later years at zero dollars when calculating Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Electric Company's Power Charge Indifference Adjustments (PCIA). The Commission is statutorily mandated to ensure the movement of customers from IOU bundled service to IOU unbundled service does not result in a cost shift between bundled and unbundled customers (departing load). This obligation is referred to as maintaining customer indifference. The PCIA is the Commission's regulatory tool for maintaining indifference between these customer groups.

In Decision (D.) 11-12-018, the Commission adopted a method for allocating the costs of the Renewables Portfolio Standard (RPS)-compliant renewable resources in a utility's portfolio via the PCIA. This method required bundled customers to pay (or "credit") departing load the market value of renewable resources in the years the resources were generated to maintain the indifference described above. Under this methodology, some of the bundled customers that credited the PCIA for a resource in the resource's generation year later departed bundled service; this group of customers is referred to in this decision as "Later Departing Load." These customers might no longer be bundled customers when a

[1] "Banking" refers to the process by which an electrical corporation may apply excess eligible procurement generated in one year to satisfy subsequent years' Renewables Portfolio Standards (RPS) compliance requirements. *See* Decision (D.) 10-03-021 at 66. *See also* Senate Bill (SB) 1078, Stats. 2002, ch. 516 (requiring the Commission to adopt flexible rules for compliance including, but not limited to, permitting electrical corporations to apply excess procurement in one year to subsequent years).

Renewable Energy Credit (REC) that had been generated by these resources and banked is later used to satisfy bundled customer RPS compliance requirements.

This decision addresses the question of whether bundled customers must provide an additional credit to the PCIA again when these RECs are used for bundled compliance to impart value to Later Departing Load to maintain indifference.

We are not persuaded that an incremental credit is warranted. The indifference mandates were satisfied when the costs of RECs generated prior to January 1, 2019, and then banked, were allocated under the methodology adopted in D.11-12-018 and bundled customers do not need to credit the PCIA again when these RECs are used for bundled compliance to maintain indifference for Later Departing Load. The claim that an additional credit is required is a claim that the Commission committed legal error in its 2011 and 2019 decisions by failing to satisfy the indifference mandates. To require redress of this single, alleged cost shift that occurred under a prior methodology now, years after the alleged cost shift was adopted in Commission rules, is inconsistent with the indifference mandates and would be arbitrary. The proposal to value Pre-2019 Banked RECs at a value other than zero is also untimely.

Rulemaking 25-02-005 remains open.

1. Background

The discussion below provides an overview of the Energy Resource Recovery Account (ERRA) regulatory process and retail choice. This section then describes the indifference mandates. This section describes the Power Charge Indifference Adjustment (PCIA) decisions that are relevant to this decision, including: (1) Decision (D.) 11-12-018, under which bundled customers credited departing load for the market value of the Renewable Energy Credits (RECs) at issue, and (2) D.19-10-001, which modified how the California Public Utilities Commission (Commission) values RECs for PCIA purposes. Finally, this section provides

information from the record supporting D.19-10-001, which informs the outcome of this decision.

1.1. Retail Choice and the Indifference Statutes

The Commission's ERRA process provides for recovery of energy procurement costs, including the costs of procurement secured to satisfy Renewables Portfolio Standards (RPS) and resource adequacy (RA) requirements. Issues related to retail choice are among the major areas of consideration in the ERRA process. "Retail choice" refers to customers' option to receive electricity commodity service from an entity other than their incumbent electric investor owned utility (IOU).[2] Non-IOU providers include community choice aggregators (CCAs) formed by local governments and direct access providers.

Before customers who are served generation services from third party load serving entities (referred to as unbundled customers or departing load)[3] left IOU bundled service, their respective incumbent IOUs procured generation resources on their behalf to meet long-term procurement obligations. Public Utilities Code sections 365.2, 366.2, and 366.3[4] mandate that the Commission ensure that the movement of customers from bundled to unbundled service does not result in cost shifts between these customer groups, does not result in a cost increase for bundled customers, and does not result in departing load customers paying for costs not incurred on their behalf. Section 366.2(g) requires that the net unavoidable electricity costs paid by CCA customers must be decreased by the value of any benefits that remain with bundled customers, unless the CCA customers are

[2] Order Instituting Rulemaking (OIR) R.25-02-005 at 11.

[3] Bundled electric service customers refers to customers who receive both energy supply and distribution and transmission service from a single utility. Unbundled customers are those for whom energy is procured by a CCA or direct access/electric service provider and transmission and distribution service through the incumbent electric IOU.

[4] All references to code sections are to the Public Utilities Code unless otherwise stated.

allocated a fair and equitable share of those benefits. These statutes are referred to as the "indifference mandates" throughout this decision.

1.2. Relevant Commission Decisions

The Commission first adopted the Power Charge Indifference Adjustment (PCIA) in D.06-07-030 (later modified by subsequent decisions) as the mechanism to continue to fairly allocate costs between bundled and departing load customers. Pursuant to this decision, the Commission compared a utility's total portfolio costs to its total portfolio generation volume, multiplied by a single market price benchmark (MPB), yielding the total portfolio market value. The difference between the total portfolio costs and total portfolio market value, *i.e.*, the above-market costs of the PCIA-eligible portfolio, is the indifference amount.[5]

Each year, bundled customers credit the PCIA with the market value of a utility's PCIA-eligible portfolio, while bundled customers and departing load are each responsible for a share of the indifference amount. Bundled customers pay their share of these costs via generation rates, while departing load pays their share via a PCIA surcharge.

In D.08-09-012, the Commission adopted a methodology to allocate PCIA-eligible resources by the vintage year in which each resource was committed, to ensure that departing load is only responsible for the costs of resources to which utilities committed prior to their departure from bundled service.[6]

[5] D.06-07-030 at Ordering Paragraph (OP) 6 and Appendix 1. While the Commission has modified the PCIA over time, the "total portfolio cost – total portfolio value = indifference amount" concept has remained the same.

[6] A resource cost is included in the vintage representing the year in which the resource contract is executed or construction begins on a new resource. D.08-09-012 at 66. Departing load customers are responsible for costs included in their assigned vintage as well as the costs in all earlier vintages, representing years in which they still received bundled service.

In D.11-12-018, the Commission adopted the first MPB methodology that recognized the market value of RPS-eligible resources in PCIA calculations.[7] Under this methodology (referred to throughout this decision as the pre-2019 PCIA methodology or pre-2019 methodology), bundled customers credited departing load with the market value of PCIA-eligible renewable energy in an IOU's portfolio at the then-applicable "RPS-Adder" in the year the renewable energy was generated; the timing of valuation was not dependent upon how or whether RECs generated by the renewable energy would ultimately be used.[8] The Commission was aware of the bankable nature of RECs at the time it adopted this decision.[9]

The Commission significantly revised the PCIA in D.18-10-019 and D.19-10-001. D.18-10-019 adopted a true-up of the PCIA benchmarks.[10] D.19-10-001 changed the way RPS-compliant energy is valued in PCIA calculations. Instead of incorporating the value of all renewable energy into the PCIA in the year it is generated, the Commission now values RECs generated each year based on whether the RECs are sold, unsold, or retained for bundled customer RPS compliance. Unsold quantities are valued at zero dollars until used or sold, while sold volumes are

[7] *See* D.11-12-018 at 17.

[8] Under the pre-2019 methodology, if a REC produced by the relevant renewable energy had been sold later for a price that was different from the RPS Adder, this difference would not have been accounted for in the PCIA. This could have benefited either customer group, depending on whether the actual sale price was greater or less than the RPS Adder. This dynamic also means that bundled customers could have credited departing load for a resource that was never actually used on its behalf. Each of these issues could be claimed as past cost shifts.

[9] Exhibit (Ex.) JIOU-02 at n.33, noting that "[t]he Commission authorized the banking of RECs in D.10-03-021, which was stayed in D.10-05-018 until D.11-01-025, issued January 14, 2011 – or ten months prior to the issuance of D.11-12-018." *See also* D.11-12-018 at 21, citing D.11-01-25 [sic]. D.11-01-025 states: "[o]nce renewable energy credits are retired . . . for use for compliance with the California renewables portfolio standard, *they may be banked for compliance with the California renewables portfolio standard in future years*." *Id*. at OP 11, emphasis added. *See also supra*, n.1.

[10] D.18-10-019 at OP 6. D.19-10-001 at OP 4 and Attachment B.

valued at the actual sales price, and volumes used for bundled customer compliance are valued at the RPS MPB.[11]

The updated methodology adopted in D.19-10-001 for valuing RPS resources retained for bundled customer compliance was proposed to the Commission by a working group co-chaired by Pacific Gas and Electric Company (PG&E) and California Community Choice Association (CalCCA).[12] The final working group report drafted by the co-chairs (Working Group Report) contained a "clean slate, end-to-end" benchmark and true-up proposal[13] with limited areas of non-consensus between the co-chairs.[14] For example, CalCCA and PG&E disagreed over the appropriate valuation of unsold RECs. CalCCA proposed that these RECs be valued in the year of generation at the RPS MPB, while PG&E proposed that they be valued in the years in which they are sold at actual transacted prices.[15] The Working Group Report noted, however, that, despite that dispute, the co-chairs agreed that the principles of the joint proposal "apply to RPS generated commencing January 1, 2019 and going forward. Existing RECs that were generated in 2018 or before have already been bought and paid for by bundled customer[s] at previous years' RPS Adders."[16] The Commission adopted a finding of fact (FOF; here, FOF Eight) in this decision that states, "[t]he methods adopted in this Decision apply to RECs

[11] D.19-10-001, Attachment B at 2, Table III.

[12] *See* Rulemaking (R.) 17-06-026, Pacific Gas and Electric Company (U 39-E) and California Community Choice Association Working Group One Report on Brown Power, RPS and RA True-Up (Issues 1 Through 7) Exhibit A at 14-16 (May 31, 2019) (Working Group Report). *See also* D.19-10-001 at 28-29 and Attachment B, Table 1.

[13] Working Group Report Exhibit A at 1.

[14] Working Group Report at 2-3.

[15] The Commission adopted PG&E's proposal. D.19-10-001 at 35.

[16] Working Group Report Exhibit A at 14. *See also* Working Group Report Exhibit D, Slide Deck: Working Group Meeting #3 on Scoping Memo Issues 1-7, May 16, 2019, at slides 35 and 36.

generated commencing January 1, 2019 and going forward."[17] Thus, RECs that were generated prior to January 1, 2019, and banked are referred to as "Pre-2019 Banked RECs."

1.3. Procedural Background

The Commission opened R.25-02-005 on February 20, 2025. The assigned Commissioner issued a scoping ruling on April 8, 2025, identifying issues to be resolved in Track One of the proceeding. The Commission resolved Track One issues in D.25-06-049.

On December 26, 2025, one of the co-assigned Administrative Law Judges (ALJ) issued a ruling setting a prehearing conference (PHC) and directing parties to meet and confer and to file a joint PHC statement regarding a proposed scope of issues for an expedited Track Two of this proceeding. The ruling noted the Commission's intent to address issues related to the appropriate valuation of Pre-2019 Banked RECs in PCIA calculations in this expedited Track Two so that the Commission could adopt a related decision in time for it to be incorporated into 2027 ERRA forecast October Updates.

The Commission held a PHC on January 23, 2026, to consider procedural matters and the scope of issues for Track Two.

The assigned Commissioner issued an amended scoping memo and ruling (Amended Scoping Memo) on February 3, 2026. This Amended Scoping Memo was also served on the service list for Rulemaking (R.) 17-06-024, the Commission's prior rulemaking examining PCIA issues.

PG&E, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E) (collectively, the Joint IOUs), and CalCCA served opening testimony on March 2, 2026. The Joint IOUs, CalCCA, and the Public Advocates Office

[17] D.19-10-001 at FOF 8.

at the California Public Utilities Commission (Cal Advocates) served reply testimony on March 23, 2026.

On March 27, 2026, the ALJ issued a ruling issuing a Staff Report and Proposals on Pre-2019 Banked Renewable Energy Credits (Staff Report); parties were invited to provide opening and reply comments on the staff proposal concurrently with opening and reply briefs, respectively.

On May 12, 2026, the Joint IOUs and CalCCA served opening testimony responding to the Staff Report. These parties and Cal Advocates served reply testimony responding to the Staff Report on May 22, 2026. An assigned ALJ conducted an evidentiary hearing on June 2, 2026.

On June 16, 2026, the Joint IOUs and CalCCA submitted opening briefs. On June 16, 2026, CalCCA filed a motion requesting an oral argument be held before the Commission. On June 25, 2026, the Joint IOUs, CalCCA, and Direct Access Customer Coalition and Alliance for Retail Energy Markets (DACC/AReM) submitted reply briefs.

1.4. Submission Date

The matter will be submitted on August 31, 2026, upon conclusion of the oral argument.

2. Jurisdiction

Public Utilities Code sections 365.2, 366.2, and 366.3 mandate that the Commission maintain indifference between bundled customers and departing load. Public Utilities Code section 451 requires that the Commission ensure that all charges received by the IOUs are just and reasonable.

3. Issues Before the Commission

Section 1.2 describes how, under the pre-2019 methodology, bundled customers credited departing load for the market value of Pre-2019 Banked RECs in the year the RECs were generated, regardless of whether those RECs were later used for compliance. This means that some bundled customers paid the market

value of the RECs in the year of generation under the pre-2019 PCIA framework and then departed bundled service before those RECs were used for compliance. CalCCA asserts that these Later Departing Load customers received no value or benefit for the payment they made for Pre-2019 Banked RECs in violation of the indifference mandates.[18]

Under the post-2018 methodology, this dynamic does not exist. This is because bundled customers now pay the market cost of a REC only in the year the REC is sold or retained for bundled customer compliance. Under the post-2018 methodology, a REC retained to be used for bundled customer compliance is valued at the RPS MPB in the year it is used.[19] This decision resolves the issue of whether, to maintain indifference, bundled customers must credit the PCIA again for Pre-2019 Banked RECs when they are used for bundled customer compliance so that Later Departing Load customers receive value for those RECs.

We are not persuaded that an additional valuation is required. The indifference mandates do not require a non-zero valuation because the Commission-determined benefits of the RECs were fully allocated under the pre-2019 methodology. A non-zero valuation for Pre-2019 Banked RECs is inconsistent with D.11-12-018, which required bundled customers to credit the PCIA for renewable energy only in the year of generation. CalCCA's proposal is inconsistent with D.19-10-001, which exempted Pre-2019 Banked RECs from the new PCIA methodology that would require bundled customers to credit the PCIA for RECs used to satisfy bundled customer compliance requirements only in the years they are used for that purpose. Bundled customers satisfied the indifference statutes when they credited the PCIA with the market value of Pre-2019 Banked RECs in the years they were generated, and to require them to pay an additional cost to use the RECs now would

[18] Ex. CCA-01 at 1.

[19] D.19-10-001 at Attachment B, Table I, Table III.

be inconsistent with the indifference statutes. To require redress of this single, alleged cost shift that occurred under a prior methodology now, years after the alleged cost shift was adopted in Commission rules, would be arbitrary. Finally, as discussed below, CalCCA's claim that a non-zero valuation of Pre-2019 Banked RECs violates the indifference statutes is untimely.

To address this issue and explore its nuances for our record, the Amended Scoping Memo listed the following issues for consideration:

1. Is the proposal to value Pre-2019 Banked RECs at a value other than zero dollars consistent with applicable law and Commission precedent? This question includes but is not limited to the following sub-questions:
    a. Do the indifference principles and mandate to prevent cost shifts contained in Public Utilities Code Sections 365.2, 366.2, and 366.3 and prior Commission Decisions require that when an Investor Owned Utility (IOU) uses Pre-2019 Banked RECs for compliance on behalf of its bundled service customers, Later Departing Customers must receive a credit from bundled service customers for the use of the Pre-2019 Banked REC?
    b. Are there potential "downstream" consequences or other policy considerations stemming from the proposal to value Pre-2019 Banked RECs at a value other than zero dollars that would render the proposal unreasonable pursuant to Public Utilities Code section 451, or any other statute or Commission decision?
    c. Are there characteristics of RECs generated prior to January 1, 2019, that make them categorically different from RECs generated after January 1, 2019, impacting whether it is reasonable for the Commission to adopt a valuation methodology for Pre-2019 Banked RECs that assigns them other than a zero-dollar valuation?
    d. Did bundled service customers who paid the cost of RECs at the time they were generated and banked under the methodology in effect prior to adoption of the methodology adopted in D.19-10-001 permanently give up their claim to those RECs if they departed from

bundled service while those RECs were still retained by an IOU?

2. If the answer to Issue 1 is determined to be yes, should the Commission direct IOUs to apply a value other than zero dollars when Pre-2019 Banked RECs are valued for ratemaking in the 2026 and later ERRA Forecast proceedings? If so, how should such value be determined and allocated while adhering to indifference principles for all customers? This question includes but is not limited to the following sub-questions:
    a. Is it reasonable for RECs generated prior to January 1, 2019, to be valued using MPBs developed using data from later years? If not, is there another value that would be appropriate?
    b. Does the methodology used to allocate the value of RECs, expenses, or revenues from RPS-eligible resources prior to 2019 impact the manner or extent to which the Commission should allocate the value of Pre-2019 Banked RECs to bundled and unbundled customers, and, if so, how?
    c. If the Commission is to establish a valuation for Pre-2019 Banked RECs other than zero dollars, how should the Commission modify the PCIA ratemaking, balancing accounts, and/or tariffs to effectuate the valuation?

4. Summary of Party Positions on Scoping Memo Issues

4.1. Joint IOUs

The Joint IOUs argue that neither the indifference mandates nor prior Commission decisions require bundled customers to pay Later Departing Load for use of Pre-2019 Banked RECs in the years the RECs are used for compliance because the indifference mandates were already satisfied under the pre-2019 methodology.[20] Because the Commission allocated the costs and benefits of the

[20] Joint IOUs Opening Brief at 13.

resources that generated Pre-2019 Banked RECs years ago pursuant to the pre-2019 methodology, CalCCA has failed to demonstrate that there is a current cost shift to Later Departing Load, the Joint IOUs argue.[21]

As described further below, the Joint IOUs argue that making whole one group of customers who were harmed by an alleged past cost shift (by requiring bundled customers to pay more now), without also making whole the other customers who were harmed by other past cost shifts would be arbitrary[22] and unfair "cherry picking."[23] The Joint IOUs further state that to require bundled customers to pay additional departing load when Pre-2019 Banked RECs are used for compliance would result in an impermissible cost shift to bundled customers because Pre-2019 Banked RECs have no remaining market value.[24] Finally, the Joint IOUs argue that CalCCA's proposal to value Pre-2019 Banked RECs at a value other than zero is untimely.[25]

In arguing that the indifference mandates have already been satisfied, the Joint IOUs assert that California law delegates responsibility to the Commission to ensure indifference,[26] and requires no specific parameters for how or over what

[21] Joint IOUs Opening Brief at 11. "There is no evidence that Later Departed Customers are currently experiencing 'cost increases as a result of the allocation of costs that were not incurred on behalf of the departing load.'" Joint IOUs Opening Brief at 11, 13. Joint IOUs further state that, when they were bundled customers, Later Departing Load received the direct benefit of the resources that generated Pre-2019 Banked RECs, including market revenues earned in the CAISO market, which reduced the costs of bundled service rates paid by Later Departing Load. *Id.* at 15, 19-20. Joint IOUs argue that Later Departing Load also received greenhouse gas (GHG) free benefits from the resources as bundled service customers; Joint IOUs note that current CCA customers like Later Departing Load voluntarily enroll in programs that allow the CCAs to exceed RPS minimums, indicating their customers received value from the retained GHG-free attributes of the resources they paid for as bundled customers. *Id* at 20.

[22] Ex. JIOU-01 at 25, 62.

[23] Ex. JIOU-01 at 20. Joint IOUs Opening Brief at 10, 12.

[24] Joint IOUs Opening Brief at 29.

[25] Joint IOUs Opening Brief at 39.

[26] Ex. JIOU-01 at 6.

period benefits left with bundled customers must be reflected in PCIA rates.[27] According to the Joint IOUs, the pre-2019 methodology adopted in D.11-12-018 did not allow RECs to be valued in a year other than their generation year and did not operate to give Later Departing Load any rights to Pre-2019 Banked RECs.[28] The pre-2019 methodology did not consider how RECs produced by a utility's renewable portfolio would be used when the PCIA costs were allocated.[29] Instead, pursuant to the pre-2019 methodology, the net unavoidable electricity costs paid by departing load customers (*i.e.*, the PCIA rates) were reduced by the value of benefits (energy, RPS, and RA attributes) that remained with bundled service customers in the years the relevant resources were generated. This satisfied the indifference mandates, including Public Utilities Code section 366.2(g), the Joint IOUs state.[30]

Citing D.19-10-001's FOF Eight, the Joint IOUs argue that the Commission clearly intended for the post-2018 methodology to be adopted on a prospective basis, with Pre-2019 Banked RECs specifically exempted from the new methodology that would allocate the costs of RECs in the years banked RECs are used for compliance.[31] The Joint IOUs argue that, in fact, none of the PCIA modifications adopted in R.17-06-024 were adopted retrospectively.[32] The Commission corrected for a lack of a PCIA true-up and MPB calculations that allegedly overstated the market value of PCIA-eligible portfolios, but adopted only prospective reforms.[33] Thus, the Joint IOUs argue that to retroactively and arbitrarily require a credit to

[27] Ex. JIOU-01 at 23.

[28] Ex. JIOU-01 at 25. *See also* Joint IOUs Opening Brief at 16-17.

[29] Ex. JIOU-02 at 8.

[30] Joint IOUs Opening Brief at 21. JIOU-02 at 17.

[31] Ex. JIOU-01 at 1-2.

[32] Ex. JIOU-01 at 24, citing D.18-10-019 at 3, which states: "[this decision's] revised methodology will be used to calculate the PCIA that takes effect as of January 1, 2019."

[33] Ex. JIOU-01 at 10.

Later Departing Load for use of Pre-2019 Banked RECs without making bundled customers whole for the cost shifts they incurred under the pre-2019 PCIA methodology would ultimately exacerbate those cost shifts in violation of the indifference mandates.[34]

The Joint IOUs dispute that individual customers, such as Later Departing Load, need to be made whole under prior Commission decisions or under the indifference mandates. Instead, the Joint IOUs argue, the PCIA allocates costs among groups on a vintaged basis to departing load or bundled customers collectively. The Joint IOUs cite to D.06-07-030, in which the Commission declined to allow a portion of a Cost Responsibility Surcharge undercollection to follow any bundled customers that departed bundled service prior to full recovery of the undercollection. In that decision, the Commission found that while bundled customers were owed the recovery of the undercollection that would ultimately offset bundled rates, "[t]he entitlement of bundled customers, on a group basis […] does not entitle specific bundled customers to individual 'refund amounts.'"[35] The Joint IOUs argue that the same rationale should be applied here and that to do otherwise would be "a substantial deviation from longstanding PCIA methodology."[36]

Finally, the Joint IOUs argue that the indifference mandates do not require adoption of CalCCA's proposal because the indifference statutes do not recognize the group that CalCCA refers to as Later Departing Load. Sections 365.2, 366.2(a)(4) and (d)(1), and 366.3 "which form the underpinnings of the prior PCIA methodology … focus solely on allocation of costs between customers who have already departed bundled service and remaining bundled service customers[,]" the Joint IOUs state.[37]

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[34] Ex. JIOU-01 at 28.

[35] Joint IOUs Opening Brief at 34-35, citing D.06-07-030 at 39.

[36] Ex. JIOU-01 at 47.

[37] Joint IOUs Reply Brief at 14.

There is no "requirement that remaining bundled service customers 'pay back' customers who choose to leave bundled service for benefits they 'leave behind' when they depart"[38] after costs have been allocated; this would constitute a cost increase for bundled customers stemming directly from the departure of customers from retail service, in violation of the indifference mandates, the Joint IOUs argue.[39]

In sum of the above, the Joint IOUs argue that CalCCA's proposal is simply a claim that the Commission "got it wrong in the prior PCIA methodology – or in the current one"[40] and that CalCCA seeks to rectify an alleged past cost shift, rather than a current cost shift.[41] Thus, the Joint IOUs assert that CalCCA's argument is untimely, coming over a decade after D.11-12-018 was adopted and years after CalCCA agreed that D.19-10-001's new methodology should not apply to RECs generated prior to January 1, 2019.[42] Citing the Commission's Rules of Practice and Procedure (Rules),[43] California law,[44] and the equitable doctrine of laches,[45] the Joint IOUs state

[38] Joint IOUs Reply Brief at 11.

[39] *Id.* Consistent with the post-2018 methodology, the Joint IOUs argue that while departing load customers have no right to the value of benefits of resources generated *prior* to their departure, when the above-market costs of resources are allocated to them *after* their departure, they are owed a share of the benefits of these resources.

[40] Joint IOUs Opening Brief at 10.

[41] Joint IOUs Opening Brief at 11.

[42] Joint IOUs Opening Brief at 39-40.

[43] Commission Rules of Practice and Procedure (Rules) require an application for rehearing of a decision to be filed within 30 days after the date the Commission mails the decision and require a petition for modification to be filed within one year of a decision's effective date, unless the Commission grants the petitioner leave to late file. Rules 16.1(a) and 16.4(d). Joint IOUs Opening Brief at n.166 and n.167.

[44] The Joint IOUs cite to Pub. Util. Code § 1731(a), stating in relevant part "[a] cause of action arising out of any order or decision of the commission shall not accrue in any court to any corporation or person unless the corporation or person has filed an application to the commission for a rehearing within 30 days after the date of issuance . . . ." Joint IOUs Opening Brief at n.166.

[45] The Joint IOUs state:

> [t]he defense of laches arises when a party has unreasonably delayed asserting its rights . . . the private party subject to agency action, and the agency against which writ relief is sought,

Footnote continued on next page.

that CalCCA was obligated to assert its claim before or directly after D.11-12-018 and D.19-10-001 were adopted.[46] Granting the claim now, the Joint IOUs argue, would prejudice stakeholders who relied on the methods adopted in D.11-12-018 and the prospective nature of D.19-10-001 when they did not advocate for the remedy of other past cost shifts and when making procurement and market offer decisions.[47]

As described further below, the Joint IOUs dispute the reasonableness of assigning new value to Pre-2019 Banked RECs not only on legal grounds, but also because they claim that Pre-2019 Banked RECs lack the characteristics of Portfolio Content Category (PCC) 1 RECs, (sales prices for which currently make up the RPS MPB), and so it would be unreasonable to value Pre-2019 Banked RECs using the current RPS MPB.[48] Joint IOUs also note the current RPS MPB is based on market transactions, not avoided cost of RPS compliance. The Joint IOUs argue that because Pre-2019 Banked RECs are not saleable or tradeable, there is no market, and so no market value, for these resources.[49] Thus, to use the RPS MPB, or any other value, to value Pre-2019 Banked RECs again results in a cost shift to bundled customers in violation of the indifference mandates, the Joint IOUs argue.[50]

> can raise the defense of laches in an appropriate case. . . . In administrative law, the proponent of a laches defense must establish (1) "unreasonable delay" *and* (2) "acquiescence" in the act about which the other party complains *or* "prejudice" resulting from the delay. . . . Joint IOUs Opening Brief at n.165, citing Rutter Group California Practice Guide – Administrative Law.

[46] *See* Joint IOUs Opening Brief at 40-41.

[47] *Id*.

[48] Ex. JIOU-01 at 44-45. Joint IOUs note that, unlike the PCC 1 RECs transactions for which form the basis of the RPS MPB, Pre-2019 Banked RECs cannot be sold or transferred, lack energy attributes, would not be eligible to be claimed as GHG-free and are ineligible to be categorized as a renewable resource for Power Content Label purposes. *Id*. *See also* Joint IOUs Opening Brief at 25-27.

[49] Joint IOUs Opening Brief at 29. Staff Report at 8.

[50] Joint IOUs Opening Brief at 29.

The Joint IOUs state that to require a non-zero valuation would conflict with the Commission's Voluntary Allocation and Market Offer (VAMO) decision. The VAMO decision ordered the allocation of excess/and or uneconomic resources while requiring that implementation avoid unintended consequences.[51] The Joint IOUs state that the VAMO decision resulted in some IOUs being left in a physical short RPS position and so potentially reliant on Pre-2019 Banked RECs for compliance.[52] The Joint IOUs argue that requiring a non-zero valuation of Pre-2019 Banked RECs, which was not contemplated in the VAMO decision, would change the economic assumptions underlying and consequences of VAMO, and so would violate the VAMO decision's direction to tailor portfolio optimization proposals to minimize the risk of unintended outcomes.[53]

Finally, the Joint IOUs assert that a non-zero valuation for Pre-2019 Banked RECs would have negative downstream consequences on procurement and REC prices.[54] They assert that IOU procurement decisions will be impacted in ways that could lead to stranded assets and increased costs not only for bundled customers but also for departing load, given the potential for the use of Pre-2019 Banked RECs to be made uneconomic due to a non-zero valuation.[55]

4.2. CalCCA

CalCCA argues that Public Utilities Code section 366.2(g) requires bundled customers to pay Later Departing Load for the use of Pre-2019 Banked RECs to

[51] D.21-05-030 COL 4.

[52] Joint IOUs Opening Brief at 24.

[53] Joint IOUs Opening Brief at 24-25.

[54] Ex. JIOU-01 at 34. Joint IOUs Opening Brief at 24-25.

[55] *See generally* Ex. JIOU-01 at 35-37. Joint IOUs Opening Brief at 24-25.

satisfy bundled customer compliance obligations in the year they are used to satisfy those compliance obligations.[56]

CalCCA argues that, by virtue of their contribution to the original market value of the RECs paid under the pre-2019 methodology when they were part of bundled load, Later Departing Load customers purchased a share of each Pre-2019 Banked REC, and are entitled to a proportional benefit when the REC is used to satisfy bundled customer RPS compliance obligations.[57] Because Later Departing Load customers purchased a portion of Pre-2019 Banked RECs, CalCCA argues, current bundled customers would not be "paying twice for the same REC"[58] if they were to credit Later Departing Load in the years the RECs are used for compliance; bundled customers would simply be buying out Later Departing Load customers' portions of the RECs.[59]

In other words, these Later Departing Load customers did not give up the shares of the Pre-2019 Banked RECs they paid for under the pre-2019 methodology when they left bundled load, CalCCA argues. By banking those RECs, CalCCA argues, "the IOUs deferred conveying the value of the RECs to customers[,]"[60] and to deny Later Departing Load the benefits of those resources now when the value is realized would result in a cost shift to these customers, violating indifference mandates.[61] CalCCA argues that it does not ask the Commission to revisit the pre-2019 methodology as its proposal "has nothing to do with the way the Commission addressed indifference between bundled service customers as they existed at the

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[56] Ex. CCA-01 at 16. Alternatively, CalCCA proposes an allocation of the Pre-2019 Banked RECs to Later Departing Load to satisfy Public Utilities Code section 366.2(g). *Id.*

[57] *See* CCA-01 at 8-9.

[58] Ex. CCA-01 at 25.

[59] Ex. CCA-01 at 25-26.

[60] Ex. CCA-01 at 27.

[61] Ex. CCA-01 at 16. *See* CalCCA Amended Opening Brief at 19.

time the RECs were generated."[62] Instead, CalCCA states it seeks to address a current cost shift that exists between Later Departing Load and bundled customers today.[63]

CalCCA interprets the pre-2019 methodology as having conveyed no value to bundled customers from the original credit paid. Current bundled customers receive value when Pre-2019 Banked RECs are used for compliance, CalCCA argues, and Later Departing Load should also receive the value of this benefit at the same time.[64] CalCCA argues that the value owed is the compliance value or the avoided cost of buying additional RECs on the market, which, CalCCA argues, is the current RPS MPB.[65] While arguing that Later Departing Load has not given up a right to Pre-2019 Banked RECs for which they paid, that is not to say that these customers have an individual right to these RECs, CalCCA states.[66] Instead, CalCCA argues, its proposal uses the same customer groups that the Commission has already acknowledged in the PCIA framework – customer vintages.[67] CalCCA also distinguishes D.06-07-030 in this way, adding that Public Utilities Code section 366.2(g) had not been adopted when D.06-07-030 was decided, and that its adoption requires adopting CalCCA's valuation proposal.[68]

CalCCA states that the Commission's past rulemaking decisions "and statements made by parties in working groups during prior rulemakings"[69] are not binding in this case because the Commission has noted in ERRA forecast cases that

[62] CalCCA Amended Opening Brief at 67-68.

[63] CalCCA Amended Opening Brief at 68-69.

[64] Ex. CCA-01, Attachment A at A-2 through A-3.

[65] *See* Ex. CCA-01 at 28. *See also* CalCCA Amended Opening Brief at 23.

[66] CalCCA Amended Opening Brief at 54.

[67] *Id.*

[68] CalCCA Amended Opening Brief at 54-55.

[69] CalCCA Amended Opening Brief at 35.

this issue was not conclusively resolved. Even if these decisions did resolve the issue, CalCCA argues, the Commission is not bound by them, particularly if it finds they did not effectuate indifference.[70] CalCCA argues that its past statements "are not relevant to the ultimate question before the Commission: how should the Commission value Pre-2019 Banked RECs in the PCIA to best achieve indifference and its other policy objectives?"[71]

CalCCA proposes two methods for crediting Later Departing Load customers when Pre-2019 Banked RECs are used for bundled customer compliance: the first is by requiring bundled customers to pay a vintage-specific credit at the current RPS MPB in the year the RECs are used for bundled compliance. The credit would be accounted for in the vintages in which the RECs were generated, so that the credit goes only to those customers that originally contributed to the cost of the Pre-2019 Banked RECs under the pre-2019 methodology. Because of the way PCIA accounting works, bundled customers would receive a portion of this credit back; CalCCA states that bundled customers and Later Departing Load would each receive the current-year RPS MPB value of Pre-2019 Banked RECs in proportion to the share of the REC for which they originally paid in the generation years.[72]

CalCCA states that, for RPS compliance purposes, Pre-2019 Banked RECs and post-2018 banked RECs are indistinct, and so the RPS MPB should be applied to represent the avoided cost of purchasing RPS resources from the market to meet a shortfall in compliance obligations.[73] Post-2018 banked RECs are valued using the RPS MPB under the post-2018 framework, and so it is the appropriate valuation

[70] *Id*.

[71] *Id.*

[72] Ex. CCA-01 at Attachment A, A-2 through A-3.

[73] Ex. CCA-01 at 26-27. *See also* CalCCA Amended Opening Brief at 51-53.

measure for Pre-2019 Banked RECs, CalCCA states.[74] CalCCA's second proposal would, each year, allocate the share of Pre-2019 Banked RECs that CalCCA states were paid for by Later Departing Load but needed for bundled customer compliance to the LSEs that serve Later Departing Load customers.[75]

CalCCA states that RECs are different from other resources in that they can be banked for later use, and this characteristic leads to the question of how and when value should be provided to departing load for the resources for which they paid but that the IOU stores for later use.[76] CalCCA says that the pre-2019 methodology only intended to address indifference between then-bundled and then-departed customers;[77] by solving for a different question, that of indifference between currently bundled customers and Later Departing Load, CalCCA's proposal "does not upset the prior PCIA methodology and ratemaking treatment."[78] CalCCA suggests that the only aspect of D.19-10-001's methodology rendered prospective by the terms of D.19-10-001's FOF Eight is the creation of a category of unsold RECs that are not valued for PCIA purposes until sold.[79]

CalCCA states that, while a non-zero valuation order may cause the IOUs to revisit their procurement strategies, there are no downstream consequences or policy considerations that negate the Commission's statutory obligation to maintain indifference.[80] Further, they argue that the Joint IOUs exaggerate the impact of the non-zero valuation proposal on affordability, the RPS market, and the ability of the

[74] *See* CalCCA Amended Opening Brief at 3, 53.

[75] Ex. CCA-01 at 22-23.

[76] Ex. CCA-01 at 9. CalCCA Amended Opening Brief at 12.

[77] Ex. CCA-02 at 10.

[78] Ex. CCA-01 at 29. *See also* CalCCA Amended Opening Brief at 67-69.

[79] *See* Ex. CCA-01 at 26.

[80] Ex. CCA-01 at 26.

IOUs to optimize their portfolios.[81] They state that the VAMO decision does not preclude adoption of a non-zero valuation because it did not identify IOU REC banks as contributing to their excess resources, and that even when adopting VAMO, the Commission recognized that the volume of IOUs' excess resources could decline over time.[82] Valuing Pre-2019 Banked RECs at the RPS MPB would not destroy the REC market, CalCCA argues, but would "ensure the IOUs face the appropriate incentives when determining the appropriate mix of resources to procure and use to meet their RPS compliance obligations."[83]

4.3. Cal Advocates

Cal Advocates states that CalCCA's proposal of allocating the value of Pre-2019 Banked RECs according to vintage load share of the year in which those RECs were generated "is a simple and effective way of improving customer indifference with respect to the PCIA."[84] Cal Advocates states that it is not clear that the Commission intended to omit Pre-2019 Banked RECs from D.19-10-001. They state that Pre-2019 Banked RECs are "absen[t] from the discussion in D.19-10-001[,]" and that this absence is "not dispositive[.]"[85]

Cal Advocates states that CalCCA's testimony indicates that a significant portion of Later Departing Load customers have not received the benefits of the compliance value of Pre-2019 Banked RECs, and that if Pre-2019 Banked RECs provide current RPS compliance value to bundled customers, that value constitutes a benefit remaining with bundled service that the statute requires be fairly and equitably credited to departing load. Cal Advocates also states, however, that "any

[81] CalCCA Amended Opening Brief at 36.

[82] CalCCA Amended Opening Brief at 47-48.

[83] CalCCA Amended Opening Brief at 49.

[84] Ex. CalAdv-01 at 1.

[85] Ex. CalAdv-01 at 4.

change to the current process regarding Pre-2019 Banked RECs will shift costs onto bundled customers."[86]

Cal Advocates states that "[a]dopting a proposal to address one cost shift does not require the Commission to simultaneously resolve all potential cost shifts" and that the "complexity of assessing other PCIA-related cost shifts should not deter the Commission from addressing the significant cost shift that would result from allocating 100% of the compliance value of Pre-2019 Banked RECs only to customers who remain bundled."[87]

Cal Advocates argues that while the RPS MPB "is the best existing metric for valuing banked RECs[,]" it should not be used to value Pre-2019 Banked RECs without adjustments.[88] In support of this position, Cal Advocates states that Pre-2019 Banked RECs lack the attributes of PCC 1 RECs, market transactions for which form the basis of the current RPS MPB.[89]

4.4. AReM/DACC

AReM/DACC filed a reply brief "focus[ing] on a limited number of issues where clarity is needed."[90] First, AReM/DACC argue, Pre-2019 Banked RECs have value "that must be accounted for[,]"[91] and that this value is the avoided cost of purchasing PCC-1 RECs for compliance. But for the existence of Pre-2019 Banked RECs, the IOUs would have to use other RECs for compliance and "[i]t is this displacement that creates the value of the banked REC."[92] AReM/DACC further argue that Pre-2019 Banked RECs' lack of PCC-1 attributes is not a bar to using the

[86] Ex. CalAdv-02 at 2.

[87] Ex. CalAdv-01 at 6.

[88] Ex. CalAdv-01 at 1.

[89] Ex. CalAdv-01 at 7.

[90] AReM/DACC Reply Brief at 3.

[91] *Id.*

[92] AReM/DACC Reply Brief at 2.

RPS MPB to value such RECs; while Pre-2019 Banked RECs may lack the energy and RA attributes of PCC-1 RECs, ARem/DACC state, these attributes are all accounted for separately in the PCIA calculations.[93]

Second, AReM/DACC state that an increase to bundled rates to compensate Later Departing Load does not, in and of itself, violate indifference mandates. "The PCIA is a zero-sum, cost allocation issue[,]" AReM/DACC argue and concurs with CalCCA that "[c]orrecting for a clear cost shift today does not do violence to the policy balance the Commission struck prior to 2019."[94]

Third, AReM/DACC state that the Joint IOUs' claims regarding downstream consequences are "weak speculative assertions[,]" and that "[a]sserting that charging one set of customers rather than another for a set of costs somehow impacts . . . procurement strategy and creates additional costs is bizarre."[95] They agree with CalCCA that the Joint IOUs' concern that they may need to procure other RECs if a non-zero valuation is ordered belies the Joint IOUs' argument that the RECs have no value.[96]

5. Summary of Staff Report and Party Positions on Staff Report

This section briefly describes the Staff Report and party positions on the Staff Report. The Staff Report "presents alternative approaches to the Joint IOUs' and [CalCCA's] proposals" for valuing Pre-2019 Banked RECs, but states that it "does not draw a conclusion regarding the balance of indifference between departed load and bundled load."[97] Despite this, the Staff Report presents four alternative methods for

[93] AReM/DACC Reply Brief at 3.

[94] *Id.*

[95] AReM/DACC Reply Brief at 4

[96] *Id*.

[97] Administrative Law Judge's Ruling Issuing Staff Report at Attachment 1, Staff Report and Proposals on Pre-2019 Banked Renewable Energy Credits at 1 (Mar. 27, 2026, hereinafter Staff Report).

valuing Pre-2019 Banked RECs that would each value the RECs at other than zero dollars.

For the reasons we reject any non-zero valuation of Pre-2019 Banked RECs as discussed in Section 6 of this decision, we reject the Staff Report's proposals. We also note that the Staff Report did not purport to conduct an analysis of Commission precedent or procedural requirements.

The Staff Report states:

> [i]n a finding of fact, D.19-10-001 stated that "[t]he methods adopted in this Decision apply to RECs generated commencing January 1, 2019, and going forward." However, D.18-10-019 and D.19-10-001 did not provide a methodology for valuing RECs generated before January 1, 2019. In one interpretation of this unresolved treatment of pre-2019 banked RECs, a banked REC generated before 2019 would continue to be valued using the original pre-2019 PCIA methodology, which valued those RECs at $0 for the use of banked RECs for bundled customer compliance when calculating the PCIA.[98]

Noting that "CalCCA makes a compelling argument that departed customers paid for a portion of these RECs," the Staff Report nevertheless finds the RPS MPB an inappropriate valuation for Pre-2019 Banked RECs given that such RECs cannot be sold.[99] The Staff Report introduces four proposals for valuing Pre-2019 Banked RECs at values between the current RPC MPB and zero dollars:

- Valuing Pre-2019 Banked RECs at the current RPS MPB after the RPS MPB has been weighted by the current load share (Load Share Weighted RPS MPB Value);
- Valuing Pre-2019 Banked RECs at the Department of Energy (DOE) REC value. This value was a component of the RPS Adder used under the pre-2019 methodology to value the renewable energy component of utilities' PCIA eligible portfolios (DOE REC Value).

[98] Staff Report at 4.

[99] Staff Report at 8.

- Valuing Pre-2019 Banked RECs at 50 percent of the RPS MBP (50/50 Split Value).
- Separating the bucket of Pre-2019 Banked RECs forecast to be needed for bundled customer compliance each year into two buckets based on current departing vs. bundled load share. The bucket attributable to bundled load share would be valued at zero while the bucket attributed to departing load share could be valued at any of the other proposed valuations (Load-Share Weighted RPS MPB, DOE REC value, 50/50 Split, or at the full RPS MPB) (Adjusted Weighting Mechanism Value).

5.1. CalCCA

CalCCA opposes the four proposals in the Staff Report, arguing that the proposals are not designed to estimate the compliance value that CalCCA claims the Staff Report "identifies as the appropriate basis for valuation."[100] CalCCA asserts that, instead of providing Later Departing Load with the payments CalCCA argues are required by the indifference mandates, the Staff Report proposals "are presented as a compromise designed to limit the financial impact on [bundled customers] relative to the status quo."[101, 102]

5.2. Joint IOUs

The Joint IOUs also oppose use of any of the four proposals in the Staff Report to value Pre-2019 Banked RECs. Because all proposals would value Pre-2019 Banked RECs at a value other than zero, the Joint IOUs assert that implementation of any of the proposals would over value Pre-2019 Banked RECs, would cause bundled

[100] Ex. CCA-03 at 2.

[101] Ex. CCA-03 at 2-3.

[102] CalCCA states that, if its RPS MPB or allocation proposals are not adopted, the Commission should consider valuing Pre-2019 Banked RECs using a weighted formula: 90 percent of the current-year RPS MPB plus 10 percent of the market price for PCC-3 RECs. CalCCA states that this formula reflects a blended avoided cost of market REC procurement foregone by the IOUs when they use Pre-2019 Banked RECs for compliance, weighted by the statutory compliance tier limits that govern the mix of PCC-1 and PCC-3 RECs an IOU may procure. Ex. CCA-03 at 4.

rates to increase due to departing load and so would constitute a cost shift for bundled customers. For the same reasons CalCCA's proposals should be rejected, the IOUs claim the Staff Report's proposals must also be rejected.[103, 104]

5.3. Cal Advocates

Regarding the Staff Report, Cal Advocates states that "[w]hile the Commission should prioritize achieving customer indifference as much as possible, any change to the current process regarding Pre-2019 Banked RECs will shift costs onto bundled customers."[105] Cal Advocates states that the Commission should adopt the Adjusted Weighting Mechanism proposal with modifications suggested by the Joint IOUs, except that Cal Advocates makes no recommendation regarding the MPB that should be applied pursuant to this mechanism (other than that the DOE REC Value, Load Share Weighted RPS MPB Value, and 50/50 Split Value should be rejected).[106]

6. Pre-2019 Banked RECs Have No Additional Value for PCIA Ratemaking

The proposal to assign any additional value to Pre-2019 Banked RECs beyond zero dollars is not consistent with applicable law or Commission precedent. It is not disputed that Later Departing Load was not part of departing load when the Commission allocated the costs and benefits of Pre-2019 Banked RECs under the pre-2019 methodology. However, for the reasons discussed below, this is not dispositive. Bundled customers satisfied the indifference mandates, including section 366.2(g), when they credited departing load with the market value of Pre-

[103] Ex. JIOU-03 at 2-3.

[104] Ex. JIOU-03 at 18 et seq. While the Joint IOUs oppose all of the proposals in the Staff Report, they state that if the Commission were to adopt one of the proposals, the Commission should adopt a modified version of the Adjusted Load Share Weighting Value that uses a MPB based on PCC 3 REC transactions. The Joint IOUs argue that even an MPB based on PCC 3 RECs would over value Pre-2019 Banked RECs, but state that it would be the closest proxy valuation. Ex. JIOU-03 at 25-26.

[105] Ex. CalAdv-02 at 2.

[106] Ex. CalAdv-02 at 6-8. *See also supra*, n.104 for the Joint IOU proposed modifications to the Adjusted Weighting Mechanism modifications.

2019 Banked RECs in the years the RECs were generated, in compliance with the methodology adopted in D.11-12-018. D.19-10-001 exempts Pre-2019 Banked RECs from the methodology that would require bundled customers to credit the PCIA for RECs when they are used for bundled compliance. Because the indifference statutes have already been satisfied under D.11-12-018, to require bundled customers to pay an additional cost to use these RECs would violate indifference mandates and would result in unreasonable rates for bundled customers. To retroactively make whole only the customers who claim to be harmed by this single, alleged cost shift that occurred under a prior PCIA methodology would be arbitrary. Finally, the proposal to value Pre-2019 Banked RECs at other than zero dollars is untimely because the issue should have been raised on rehearing of D.11-12-018 or D.19-10-001 and the delay prejudiced other stakeholders. For these reasons, we are not persuaded by the CalCCA and the Staff Report's proposals to value Pre-2019 Banked RECs at a value other than zero, and decline to adopt them.

A non-zero valuation for Pre-2019 Banked RECs is not required by the indifference mandates. The Legislature delegated to the Commission the task of creating a cost recovery and allocation framework[107] and did not specify how or over what time frame costs must be allocated or benefits remaining with bundled customers must be reflected in PCIA rates.

In D.11-12-018, the Commission adopted a PCIA framework that allocated the costs and benefits of the renewable resources that produced Pre-2019 Banked RECs in the years the renewable resources were generated. Bundled customers paid the market values and a share of the above-market costs of RPS-eligible resources in the year of generation via generation rates.[108] Departing load's PCIA rates

[107] *See e.g.*, Pub. Util. Code § 366.2(j): "The commission shall not implement community choice aggregation until it implements a cost-recovery mechanism, consistent with subdivisions (d), (e), (f) and (h)." *See also* §§ 365.2, 366.3.

[108] JIOU-01 at 9.

contemporaneously decreased by the remaining benefits of those resources as determined by the Commission – their market values – satisfying section 366.2(g).[109] This is all the indifference mandates required.

CalCCA asserts, however, that there is still remaining value in Pre-2019 Banked RECs that must again reduce departing load rates pursuant to section 366.2(g) – this time, Later Departing Load rates. CalCCA asserts that, now that Pre-2019 Banked RECs are to be used for bundled compliance, Later Departing Load is owed a share of the compliance value or the avoided costs of purchasing additional RECs,[110] by virtue of Later Departing Load's purchase of a share of Pre-2019 Banked RECs under the pre-2019 framework.

CalCCA's position is inconsistent with prior Commission decisions. Contrary to CalCCA's assertions regarding the intent of D.11-12-018, the Commission did not adopt partial or incomplete credits and did not state an intention that the payments ordered by D.11-12-018 would represent only a share of a REC. Further, CalCCA provides no citations to D.11-12-038 (or D.19-10-001) that support its conclusion that these decisions were interim solutions or were intended to achieve indifference for only some customers.[111] The Commission did not order that any segment of departing load was owed a credit based on the avoided cost of compliance. Instead, the Commission adopted a valuation methodology in D.11-12-018 that credited

[109] JIOU-02 at 17

[110] It is unclear why CalCCA did not and does not contest the appropriateness of the use of prior market values to compensate departing load under the pre-2019 methodology, despite the fact that use of such values deprives that customer group of the avoided cost or "compliance value today." *See* Ex. CCA-01 at 20, noting that departing load customers that received credits for Pre-2019 Banked RECs were fully compensated under the prior framework.

[111] CalCCA states that "[t]he pre-2019 PCIA framework was intended to achieve indifference between Previously Departed Customers and Then-Bundled Customers." Ex. CCA-02 at 10. *See also* CalCCA Amended Opening Brief at 34-35 in which CalCCA states that D.11-12-018 (and D.19-10-001) were among other PCIA decisions that were adopted as a "clearly interim solution" to the issue of Pre-2019 Banked RECs. CalCCA provides no citations to these decisions to support that they were intended to be interim in nature.

departing load the market value of renewable energy into the PCIA *only* in the generation year.[112] The Commission did this while recognizing that RPS-eligible energy can provide value to bundled customers by virtue of being used for compliance,[113] and while recognizing that PCIA rates must be offset by the benefits accruing to bundled customers.[114] The Commission was also aware, and stakeholders knew or reasonably should have known, that the renewable energy the Commission ordered to be valued in the year of generation produced RECs that could be banked and used for future compliance.[115] Yet this decision did not confer a right to a deferred benefit on Later Departing Load or recognize this customer group in any way. There is no indication in D.11-12-018 that the Commission believed its adopted methodology did not satisfy the indifference statutes.

To support its contention that Later Departing Load never received value for its contribution to the market value of Pre-2019 Banked RECs, CalCCA states that *no* bundled service customers received the benefits of or value for banked RECs when the original credit was paid.[116] However, again, this was not the way the PCIA or these RECs were conceived of under the pre-2019 framework. This is because the pre-2019 framework did not consider whether a REC would be sold, used for compliance, or whether it might ultimately never be used when its value was

[112] Ex. JIOU-02 at 8.

[113] *See* D.11-12-018 at 24, where the Commission required incorporation of the market value of pre-2004 resources in the RPS Adder in part because the IOUs confirmed they claim RPS compliance credit for resources procured before 2004.

[114] *See* D.11-12-018 at 101, FOF 25, in which the Commission found that a proposal to prevent negative indifference amounts from offsetting one component of the indifference amount, the Competition Transition Charge (CTC), would violate indifference mandates because it would account for costs paid by bundled customers without "recognizing the offsetting benefits accruing to bundled customers from [] using more below-market utility resources."

[115] *See supra*, n.1 and n.9.

[116] *See* Ex. CCA-01 at 11-12.

incorporated into the PCIA – there was no future event the Commission was waiting for to find the indifference requirements satisfied.[117]

We need not find that the Commission must treat departing load and bundled load as collectives in the PCIA to find CalCCA's proposal inconsistent with prior Commission decisions. It is enough to find that the Commission did not recognize Later Departing Load in D.11-12-018. To be clear, this means that the alleged cost shift CalCCA seeks to rectify pursuant to section 366.2(g) *existed under the pre-2019 framework*,[118] even though the Commission was aware that PCIA rates must be offset by the remaining benefits of the resources at issue.[119] CalCCA's assertion that it does not propose to revisit the pre-2019 methodology fails for this reason.[120]

Thus, we agree with the Joint IOUs' characterization of CalCCA's argument: CalCCA is arguing that the Commission erred in D.11-12-018 and that the pre-2019 PCIA methodology *should have* entitled Later Departing Customers to some future value for the Pre-2019 Banked RECs under the indifference mandates.[121] It did not.

CalCCA's proposal is also inconsistent with D.19-10-001. The Commission has the discretion to make modifications to the PCIA effective on a prospective basis. In D.19-10-001, the Commission found that "[t]he methods adopted in this Decision apply to RECs generated commencing January 1, 2019 and going forward."[122]

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[117] JIOU-02 at 41-42.

[118] *See* Ex. JIOU-01 at 26 and *id.* at n.57. *See also* CalCCA-02C at Attachment A, Select Discovery Responses, in which CalCCA provides confidential evidence showing that an IOU used banked RECs to satisfy RPS compliance obligations while the pre-2019 methodology was in effect. There is no evidence that the PCIA methodology in effect at the time required bundled service customers to pay Later Departing Load for use of those RECs in the year they were used for compliance. No party challenged D.11-12-018 for not requiring such a credit, and no party challenged the applicable PCIA rates that did not include the credit CalCCA now claims is required by law on this basis.

[119] *Supra,* n.114.

[120] *See e.g.,* Ex. CCA-02 at 8.

[121] Ex. JIOU-02 at 12.

[122] *Supra*, n.17.

CalCCA does not explicitly mention, let alone explain, D.19-10-001's FOF Eight except to suggest that it only applied to the category of unsold RECs.[123] CalCCA's position is unsupported. Prior to D.19-10-001, all RECs were valued in the generation year, regardless of how they would be used, and no REC was classified as unsold or retained. D.19-10-001 changed this methodology. Because valuing a banked REC in the year it is used for compliance rather than the year it was generated was a new method adopted by D.19-10-001, it is subject to the finding that the new methods adopted in that decision are prospective.

CalCCA's arguments to the contrary are not persuasive, given the record supporting D.19-10-001, which indicates that parties were aware of the issue of Pre-2019 Banked RECs and had come to an undisputed resolution.[124] As working group leads, CalCCA and PG&E presented their RPS valuation proposals to other working group members. In presenting their respective proposals, both leads clearly stated that each proposal was made under "Guiding Principles" that the proposed methods would:

> apply to RPS generated commencing January 1, 2019 and going forward. Existing RECs that were generated in 2018 or before have already been bought and paid for by bundled customer[s] at previous years' RPS Adders.[125]

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[123] *See* Ex. CCA-01 at 26-27. *See also* JIOUs Opening Brief at n.162.

[124] For this reason, Cal Advocates' argument that D.19-10-001 contains no discussion of Pre-2019 Banked RECs is unpersuasive. The Commission does not regularly discuss undisputed issues at length in its decisions.

[125] *Supra,* n.12. *See also* Joint IOUs Opening Brief at 40. When acknowledgment of this principle was omitted from the proposed decision that became D.19-10-001, the Joint IOUs commented that it should be included in the final decision because "[i]t is important that the final Decision reference and adopt this point from the Working Group 1 Report so that the IOUs have clarity regarding how to calculate the PCIA rate going forward." R.17-06-026, Joint IOUs Opening Comments on the Proposed Decision Refining the Method to Develop and True Up Market Price Benchmarks at 5 (Sept. 26, 2019). The finding was subsequently included in the final decision without opposition from CalCCA. *See generally* CalCCA's Reply Comments on Proposed Decision on Working Group Issues 1-7 and 11 (Oct. 1, 2019).

For these reasons, CalCCA's proposal is not consistent with D.11-12-018 or D.19-10-001.

Because the costs of Pre-2019 Banked RECs were fully allocated under the Commission's pre-2019 framework, and because the Commission exempted Pre-2019 Banked RECs from its post-2018 framework, allocating an additional cost to bundled customers to use these RECs would violate indifference mandates. We agree with AReM/DACC that the PCIA is a zero-sum mechanism – increased costs for one group that are necessary to achieve indifference cannot in and of themselves violate indifference. However, as here, when we find that the indifference mandates have already been satisfied with respect to the allocation of costs and benefits of a given resource, to require an additional payment from bundled customers for use of that resource due to the departure of additional departing load *would* violate the indifference mandates.

6.1. CalCCA's Claim Is Untimely; Addressing a Single Past Alleged Cost Shift Would Create Inconsistent Treatment

CalCCA's proposal is also untimely and we decline to adopt it. Public Utilities Code section 1731 states:

> A cause of action arising out of any order or decision of the commission shall not accrue in any court to any corporation or person unless the corporation or person has filed an application to the commission for a rehearing within 30 days after the date of issuance . . .[.]

Implementing this provision, Rule 16.1(a) requires that applications for rehearing of a Commission decision shall be filed within 30 days after the date the Commission mails the decision except in cases not here relevant, in which such applications must be filed in ten days.

As noted above, the alleged cost shift CalCCA seeks to address was created by and intrinsic to the pre-2019 methodology. Thus, CalCCA is essentially arguing that the RPS valuation methodology adopted by D.11-12-018 was legal error, in violation

of the indifference mandates. However, neither CalCCA nor its members sought rehearing of D.11-12-018 on these bases.[126] Neither CalCCA nor its members sought rehearing or filed a petition for modification of D.19-10-001 to challenge the exact FOF that precludes the relief they now request. A claim that the Commission erred in either decision would fall outside of the 30 days from issuance of a decision during which an application for rehearing may be filed.

CalCCA argues that its claims are not untimely because "no harm to Later Departing Customers occurred until the IOUs sought to use the Pre-2019 Banked RECs"[127] for bundled customer compliance and CalCCA raised the challenges in the applicable ERRA forecast cases when the issue arose.[128] CalCCA claims that "under California Law, a cause of action does not accrue until a party suffers harm."[129] CalCCA's argument is not consistent with section 1731, which uses the prescriptive phrase "shall not accrue unless . . .[.]" CalCCA failed to satisfy the necessary condition precedent to sustain a cause of action.[130]

There are circumstances in which the Commission can change its prior decisions absent a timely application for rehearing.[131] CalCCA asserts that Commission decisions are not binding and the Commission may modify its decisions "especially if it determines those decisions did not comply with the indifference

[126] *See* Joint IOUs Opening Brief at 41-42.

[127] CalCCA Reply Brief at 29.

[128] *Id.* at 30.

[129] CalCCA Reply Brief at 29.

[130] CalCCA's claim here is also undercut by the fact that Pre-2019 Banked RECs were in fact used for bundled customer compliance while D.11-12-018 was the controlling decision, and nothing in D.11-12-018 required an additional credit to be paid by bundled service customers at that time. *See supra*, n.118.

[131] *See* Pub. Util Code §1708 and Rule 16.4 (allowing for the filing of a petition for modification of a Commission decision within 1 year of the issuance of that decision, or when a late-filed petition is justified).

mandates."[132] However, we have recognized that modification of a Commission decision pursuant to section 1708,

> is an extraordinary remedy that must be exercised with care to keep with the principles of *res judicata* given that '[s]ection 1708 represents a departure from the standard that settled expectations should be allowed to stand undisturbed.'[133]

We do not here find that our prior decisions failed to comply with the indifference statutes in the manner alleged by CalCCA, but if we did, CalCCA has failed to justify its delay in challenging D.19-10-001 and equity would weigh against modifying this decision. The Joint IOUs assert that CalCCA's claim is barred by the equitable doctrine of laches, stating,"[i]n administrative law, the proponent of a laches defense must establish (1) 'unreasonable delay' *and* (2) 'acquiescence' in the act about which the other party complains *or* 'prejudice' resulting from the delay . . . ."[134] The Commission has found the equitable doctrine of laches to bar untimely claims, stating, "[t]he doctrine of 'laches' is based upon grounds of public policy, which for the peace of society requires discouragement of stale demands . . . Laches is not merely an affirmative defense but a fundamental defect in the cause of action."[135] In later denying rehearing of the previous holding, the Commission cited the lack of participation in the relevant proceeding by the party against whom laches was asserted, despite that party's awareness of the proceeding. While the party claimed the rejection of its petition for modification would result in

[132] CalCCA Amended Opening Brief at 35.

[133] D.23-04-006 at 4.

[134] Joint IOUs Opening Brief, n.165, citing Rutter Group California Practice Guide – Administrative Law at [10:185 – 10:186].

[135] D.15-05-004 at 22-23, citing California Alliance for Utility Safety and Education vs. San Diego Gas & Electric Company, D.97-12-117, 1997 Cal. PUC LEXIS 1145, *3 quoting In re Alternative Regulatory Frameworks (1994) 55 CPUC2d 681, 687.

unfairness, the Commission concluded that the delay in bringing the claim "itself contained an element of unfairness."[136]

Here, again, CalCCA never challenged D.19-10-001 and the facts indicate CalCCA acquiesced in the aspects of D.19-10-001 that CalCCA now finds objectionable.[137] We agree with the Joint IOUs that the delay prejudiced other stakeholders who relied on the prospective nature of D.19-10-001 and CalCCA's related assertions when they did not advocate for the redress of other past cost shifts or against CalCCA's interpretation of what Public Utilities Code section 366.2(g) requires with regard to Pre-2019 Banked RECs in the lead up to the VAMO decision and when they made procurement, allocation, and market offer decisions while implementing the VAMO decision.[138] As noted above, actual harm is not a condition precedent to challenging a Commission decision. CalCCA has not justified

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[136] D.15-12-053 at 10.

[137] We note here that TURN commented in response to CalCCA's working group proposal to value unsold RPS at the RPS MPB *in the year of generation* that if unsold RPS was valued in the year of generation, it should not be valued again later (for example, as a retained REC when used for compliance). TURN stated:

> [i]f the CalCCA proposal is adopted, a clarification must also be adopted that the proposed valuation of unsold RPS for PCIA purposes will occur once and only once. Once a value has been imputed to a unit of unsold RPS for a single PCIA computation, no other adjustments will be imputed to that unit of unsold RPS in any future PCIA computation. With this principle, CalCCA's proposal would result in all unsold RPS volumes being valued at the MPB in the first year this method applies and no further valuations of such RPS volumes would be made for PCIA purposes in future years. Working Group Report Exhibit B, TURN's Informal Comments on the Phase 1 Working Group Draft Final Report at 3-4.

There is no indication of CalCCA opposing this recommendation in the record of R.17-06-024. This is another example of CalCCA seemingly acquiescing or failing to oppose recommendations to which it here objects, in addition to its endorsement of the Guiding Principle that RECs generated prior to January 1, 2019 and banked have already been bought and paid for by bundled customers and so the new valuation methodology adopted in D.19-10-001 should not apply to such RECs.

[138] *See* Ex. JIOU-02 at 14-16.

its delay in challenging or requesting modification of D.19-10-001. We agree with the Joint IOUs that CalCCA's proposal is barred by laches.

Customers may make the decision to stay with an IOU or to leave bundled service based on the information they have regarding cost responsibility. To change the understanding bundled customers (and departing load) had regarding cost responsibility now, years after the involved rates were settled, would undermine transparency and customer choice, which are essential to the concept of retail choice.[139]

The window of opportunity for CalCCA and others to assert this argument now, years after the market value of these RECs were incorporated into final rates pursuant to final Commission decisions, exists in part due to the bankable nature of RECs. CalCCA recognizes this characteristic and argues that this bankable nature is what gives rise to the alleged cost shift they seek to remedy.[140] However, again, the Commission was aware of the bankable nature of RPS compliance instruments at the time it adopted the decision that required bundled customers to pay for RECs in the year they were generated and that omitted credits for customers who were not yet departing load. The Commission was also aware of the requirement that our PCIA framework must avoid cost shifts. Yet the Commission's 2011 decision did not adopt a framework that required the RECs to be valued again in the year the RECs are used to satisfy bundled customer compliance obligations to impart additional value to Later Departing Load.

The bankable nature of RECs does not require the Commission to accept CalCCA's arguments; in fact, fairness leads us to the opposite conclusion. Alleged cost shifts from prior PCIA frameworks, *e.g.*, the likely overvaluation of RA resources

[139] Joint IOUs Reply Brief at 5-6.

[140] Ex. CCA-01 at 9. CalCCA Reply Brief at 9.

under the prior RA MPB methodology,[141] have not been retroactively undone. The Commission is not required to retroactively make whole those who claim to have been rendered not indifferent under prior methodologies, and the adoption of updated methodologies should not, each time, create a class of customers that requires redress. It would be arbitrary to adopt a rule to retroactively redress one alleged past cost shift in isolation, simply because the bankable nature of RECs ostensibly creates the window to do so.

While CalCCA notes that the Commission ordered Pre-2019 Banked RECs to be valued at the RPS MPB in PG&E's 2023, 2024, and 2025 ERRA Forecast cases,[142] the Commission has ordered zero dollar valuations thereof in all SCE ERRA forecast cases in which this was a disputed issue.[143] In several decisions across the IOUs' ERRA Forecast cases, the Pre-2019 Banked REC valuation methodologies were explicitly adopted on an interim basis, pending resolution of SCE's application for rehearing of D.23-06-006 and, later, pending resolution of this issue in a rulemaking, rather than in individual forecast cases.[144] This decision does not impact the outcomes of cases that were decided previously, except to the extent that the decision resolving PG&E and SCE's 2026 ERRA applications required the IOUs to incorporate the impacts of this decision in their 2027 ERRA forecast October Updates, impacting the 2026 true-ups and 2027 forecasts.[145]

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[141] *See* Ex. JIOU-01 at 20.

[142] Ex. CCA-01 at 31.

[143] *See* D.25-12-028 at 112, citing D.23-11-094 (SCE's 2024 ERRA Forecast Decision) at 53, which states "[w]e agree with SCE that the Commission has not, to this date, found that SCE's bundled service customers owe additional credits to [departing load] customers when SCE uses RECs banked in or before 2018." That conclusion was unchanged by D.25-12-028 or D.24-12-039, the decisions resolving, respectively, SCE's 2026 and 2025 ERRA Forecast cases.

[144] *See e.g.,* D.23-11-094 at 112 and D.23-12-022 at 17.

[145] *See* D.25-12-028 at 113; *see* D.25-12-027 at 32.

6.2. Other Scoped Issues

The discussion above addresses Scoping Memo Issue 1, Issue 1(a), and Issue 1(d). Scoping Memo Issue 2 asks,

> If the answer to Issue 1 is determined to be yes, should the Commission direct IOUs to apply a value other than zero dollars when Pre-2019 Banked RECs are valued for ratemaking in the 2026 and later ERRA Forecast proceedings? If so, how should such value be determined and allocated while adhering to indifference principles for all customers?

Because we find the answer to Scoping Memo Issue 1 to be "no," we need not address Issue 2's sub questions. Thus, the discussion below has no bearing on whether a non-zero valuation is required by the indifference mandates; however, a short discussion of party responses and the Commission's position further illustrate the reasonableness of our outcome in this decision.

Scoping Memo Issue 1(b) asks whether there are potential downstream consequences or other policy considerations that would render a non-zero valuation unreasonable pursuant to Public Utilities Code section 451 or other statute or Commission decision.

As noted above CalCCA argues that no other policy consideration trumps the Commission's obligation to ensure indifference. They also argue, and AReM/DACC agrees, that any downstream impacts that would occur are minimal in the near term, and that the Joint IOUs' description of the impacts of a non-zero valuation are dependent on many factors and so are uncertain.[146]

The Joint IOUs argue that a non-zero valuation will negatively impact their procurement strategies and had such a proposal been contemplated at the time, would materially change the consequences of, and the economic assumptions underlying the VAMO decision.[147] The IOUs suggest that their determinations of

[146] *See generally* CalCCA Amended Opening Brief at 40-46. AReM/DACC Reply Brief at 4.

[147] Joint IOUs Opening Brief at 24.

which resources were excess and so subject to VAMO would likely have changed if the IOUs were aware that a portion of the RECs in their portfolios would be subject to revaluation because parts of them were owned by customers yet-to-depart.[148] "[A] non-zero valuation could create a disincentive to use the Pre-2019 Banked RECs for RPS compliance if alternative procurement is a more economic option for the IOUs."[149] The Joint IOUs argue that this could result in market inefficiencies including stranding assets that were already included in bundled customer rates. The need to procure replacement RECs could then increase RPS costs for all LSEs, harming bundled and unbundled customers.[150]

CalCCA acknowledges that the IOUs may revisit their procurement strategies in response to the Commission's decision in this proceeding.[151] CalCCA argues, however, that utilities frequently change procurement strategies to reflect regulatory policy and that a non-zero valuation for Pre-2019 Banked RECs "does not create an impermissible market outcome; it ensures that the costs and benefits of procurement decisions are allocated fairly among customers."[152]

We need not decide the extent to which a non-zero valuation could create market inefficiencies to find that bundled service customers have already satisfied the indifference mandates under the pre-2019 methodology. We do agree with the Joint IOUs, however, that the Commission did not establish an expectation in the VAMO decision or elsewhere that Pre-2019 Banked RECs would be considered again in the PCIA once VAMO successfully reduced excess resources and risked a

[148] Ex. JIOU-01 at 32.

[149] Ex. JIOU-01 at 35.

[150] *Id.*

[151] Ex. CCA-02 at 26.

[152] Ex. CCA-02 at 26.

compliance shortfall for the IOUs.[153] The downstream consequences of a zero-dollar valuation for Pre-2019 Banked RECs would therefore, again, undercut expectations set by Commission decision.

Scoping Memo Issue 1(c) asks whether there are characteristics of RECs generated prior to January 1, 2019, that make them categorically different from RECs generated after that date, impacting whether it is reasonable to value Pre-2019 Banked RECs at a value other than zero dollars. Because we find that the pertinent and controlling difference between these two groups of RECs is that the costs of Pre-2019 Banked RECs have already been fully allocated under the pre-2019 methodology, satisfying the indifference mandates, we need not address parties' arguments regarding other aspects of the comparability of the RECs at issue.

Scoping Memo Issue 2(a) asks whether it is reasonable to value Pre-2019 Banked RECs using MPBs developed from transactions occurring in later years. Consistent with our finding above, because the RECs have already been valued under the pre-2019 methodology, we find the answer to be no. Again, our answer here does not depend on the similarities or differences between the RECs themselves; because the Commission-approved value of the RECs at issue was allocated under the prior PCIA methodology, it would be unreasonable to revisit or augment that valuation.

Scoping Memo Issue 2(c) asks how the Commission should modify PCIA ratemaking or balancing accounts if a non-zero valuation is ordered. We do not order a non-zero valuation and so this question is moot.

7. 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(a) requires that all

[153] *See* Ex. JIOU-01 at 32.

written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are 14 public comments posted to the Docket Card. In D.25-06-025 the decision resolving Track 1 of this proceeding, the Commission addressed nine comments that were on the Docket Card at the time that decision was adopted on June 27, 2025. Five additional comments were added to the Docket Card on June 26, 2025, preventing them from being addressed in the June 27, 2025, decision. Four of the June 26, 2025, comments oppose the Track One decision, alleging that the decision would increase PCIA rates and negatively impact CCAs. The fifth June 26, 2025, comment opposes implementation of the PCIA or any additional payment from customers who have left PG&E's bundled service.

8. Conclusion

The indifference mandates were satisfied with respect to Pre-2019 Banked RECs when the costs of the RPS-compliant resources that generated these RECs were allocated in the years the RECs were generated under the pre-2019 methodology. For the reasons noted above, the indifference mandates do not require and it would be inconsistent with prior Commission PCIA rulemaking decisions to require bundled customers to credit the PCIA again in the years Pre-2019 Banked RECs are used for bundled customer compliance.

Because the indifference mandates have already been satisfied, requiring another payment from bundled customers when the RECs are used for bundled compliance would violate the indifference mandates. To retroactively make whole one group of customers that were allegedly harmed under a prior cost shift, but not others harmed by other cost shifts, would be arbitrary and unreasonable. Finally, CalCCA's proposal to do so is untimely. For these reasons, we decline to adopt CalCCA's proposal.

9. Comments on Proposed Decision

The proposed decision of ALJ Eileen Odell 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. Opening comments were filed on September 2, 2026, by CalCCA and by the Joint IOUs, and reply comments were filed on September 8, 2026, by CalCCA and by the Joint IOUs.

The Commission considered the opening comments and reply comments to the proposed decision and revised the decision as described below in response.

This decision's finding that CalCCA's delay in challenging D.19-10-001 was unreasonable and that CalCCA acquiesced in what it now objects to are unchanged. The decision's finding that other parties were prejudiced by CalCCA's lack of legal challenge to D.19-10-001 in the lead up to and implementation of the VAMO decision are also unchanged, though we revise the decision to clarify the facts that form the basis of the prejudice finding in response to CalCCA's comments.[154]

We revise the decision in section 6 and add a finding of fact to address CalCCA's assertion that it did not "sleep on its rights" in failing to file an application for rehearing or petition for modification of D.11-12-018. This revision summarizes confidential information included by CalCCA as evidence in the record of this proceeding that demonstrates that an IOU used Pre-2019 Banked RECs to satisfy compliance obligations under the pre-2019 methodology.

We revise the decision to exclude CalCCA's failure to challenge D.11-12-018 from our consideration of laches because we do not here find acquiescence or sufficient evidence to support prejudice following from its failure to challenge that decision. We maintain our finding that what CalCCA alleges is an error of law in

[154] *See* CalCCA's Opening Comments on the PD at 12.

D.11-12-018 that was not timely brought under Public Utilities Code section 1731 and Rule 16.1(a).

To this end, we revise the decision as recommended in comments from the Joint IOUs: we add a conclusion of law affirming our finding that CalCCA's claim of legal error with respect to the RPS valuation methodologies adopted in D.11-12-018 and D.19-10-001 are untimely under Public Utilities Code section 1731 and Rule 16.1(a). We further adopt the recommended modification of FOF 9 to clearly find that the alleged cost shift CalCCA is attempting to rectify pursuant to Public Utilities Code section 366.2(g) is in fact an allegation of a cost shift under the pre-2019 framework.[155]

We have made other minor, non-substantive changes throughout the decision to better reflect the Commission's intent.

10. Assignment of Proceeding

Commissioner Matthew Baker is the assigned Commissioner and Eileen Odell is an assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Legislature delegated to the Commission the task of creating a cost recovery and allocation framework to ensure bundled customer indifference and to ensure that the implementation of a community choice aggregation program does not result in a shifting of costs between the customers of the community choice aggregator and the bundled service customers of an electrical corporation. The Legislature further required that the estimated net unavoidable electricity costs paid by the customers of a community choice aggregator shall be reduced by the value of any benefits that remain with bundled service customers, unless the customers of the community choice aggregator are allocated a fair and equitable share of those benefits. The Legislature did not specify how or over what time frame

[155] Joint IOUs Opening Comments on the PD at 3-4.

costs must be allocated or benefits remaining with bundled load must be reflected in PCIA rates.

2. In D.11-12-018, the Commission revised the PCIA market price benchmark to incorporate an adder to reflect the market value of RPS-compliant renewable resources in the PCIA.

3. In D.11-12-018, the Commission adopted a PCIA framework that allocated the costs and benefits of the renewable resources that produced Pre-2019 Banked RECs in the years the renewable resources were generated; the timing of valuation was not dependent upon how or whether the RECs would be used. The pre-2019 methodology did not require bundled customers to credit any segment of departing load the value of the resources in later years if the resources were later used to satisfy bundled customer compliance obligations.

4. The Commission did not find in D.11-12-018 that the market value credit bundled customers were required to pay to departing load customers for renewable energy via the adopted methodology was incomplete or partial. The Commission did not recognize "Later Departing Load" as a customer group in D.11-12-018 in any way.

5. When the Commission adopted D.11-12-018, it was aware that RPS-eligible energy could provide value to bundled customers by being used for compliance and was aware that PCIA rates must be offset by the benefits remaining with bundled customers. There is no indication in D.11-12-018 that the Commission believed its adopted methodology would not achieve indifference.

6. In 2002, the Legislature adopted SB 1078, Stats. 2002, ch. 516, tasking the Commission with developing flexible compliance rules that would allow electric corporations to use excess resources generated in one year to satisfy renewable standards requirements in future years. Pursuant to this direction, the Commission

authorized the banking of RECs in D.10-03-021, which was stayed in D.10-05-018 until D.11-01-025, issued January 14, 2011.

7. When the Commission adopted D.11-12-018, stakeholders knew or reasonably should have known that the renewable energy the Commission ordered to be valued in the year of generation produced RECs that could be banked and used to satisfy bundled customer compliance obligations in future years.

8. Under the pre-2019 framework, bundled customers paid the market value of all RECs, including Pre-2019 Banked RECs, in the years the RECs were generated. The costs allocated to departing load were reduced by the market values of RPS-eligible resources paid by bundled customers each year. Any subsequent use of Pre-2019 Banked RECs for bundled compliance reflects value already recognized in rates at generation.

9. Pre-2019 Banked RECs were actually used to satisfy IOU compliance obligations under the D.11-12-018 framework; D.11-12-018 did not require that bundled service customers pay an additional credit to the PCIA to compensate Later Departing Load when those banked RECs were used for compliance.

10. The alleged cost shift CalCCA is attempting to rectify pursuant to Public Utilities Code section 366.2(g), is, in fact, an allegation of a cost shift under the pre-2019 framework.

11. The Commission significantly revised the PCIA methodology in D.18-01-019 and D.19-10-001, including by requiring bundled customers to credit departing load for the REC components of a utility's portfolio in the year the RECs are sold or used for bundled customer compliance.

12. In the Working Group Report that formed the basis of D.19-10-001's RPS valuation framework, co-chairs CalCCA and PG&E stated that the proposed "principles apply to RPS generated commencing January 1, 2019 and going forward.

Existing RECs that were generated in 2018 or before have already been bought and paid for by bundled customer [sic] at previous years' RPS Adders."

13. CalCCA did not oppose the Joint IOUs' recommendation that the Commission include in the final decision that would become D.19-10-001 the following consensus language from the Working Group Report: that the RPS valuation methods adopted in that decision would apply to RECs generated on or after January 1, 2019 and that existing RECs that were generated in 2018 or before have already been bought and paid for by bundled customers at previous years' RPS Adders.

14. The Commission stated in FOF 8 in D.19-10-001 that "[t]he methods adopted in [that] Decision apply to RECs generated commencing January 1, 2019 and going forward."

15. CalCCA's claim that a zero dollar valuation for Pre-2019 Banked RECs denies value to Later Departing Load in violation of the indifference statutes is a claim that the Commission committed legal error in D.11-12-018 and D.19-10-001.

16. CalCCA did not file an application for rehearing of D.11-12-018 or of D.19-10-001 within the timeframe required by Pub. Util. Code section 1731 for a cause of action to accrue or within the timeframe required by Rule 16.1(a).

17. No party filed an application for rehearing of D.11-12-018 or D.19-10-001 on the basis that Later Departing Load would not be indifferent under those decisions' adopted PCIA methodologies.

18. The Joint IOUs and other stakeholders relied on CalCCA's statements in the Working Group Report and the prospective nature of FOF 8 in D.19-10-001 when making procurement, allocation, and market offer decisions and when determining not to advocate for redress of prior alleged cost shifts in working group negotiations and PCIA proceedings.

19. D.25-12-028 and D.25-12-027 required SCE and PG&E, respectively, to apply the methodology adopted in this decision in their October Updates, impacting the 2026 ERRA true-ups and 2027 forecast.

20. The Staff Report presented four proposals that would each value Pre-2019 Banked RECs at a value other than zero dollars, though the Staff Report did not purport to conduct an analysis of Commission precedent or procedural requirements.

Conclusions of Law

1. Bundled customers of SDG&E, SCE, and PG&E satisfied the indifference mandates, including section 366.2(g), when bundled customers credited departing load the market value of Pre-2019 Banked RECs in the years they were generated, in compliance with the indifference methodology adopted in D.11-12-018.

2. The Commission adopted the RPS valuation methodologies in D.19-10-001, including the methodology that values retained RPS in the year it is used for bundled customer compliance, on a prospective basis, applicable only to RECs generated beginning January 1, 2019.

3. To require current bundled service customers to pay an additional cost for use of Pre-2019 Banked RECs in the years they are used for bundled customer compliance is inconsistent with D.11-12-018 and D.19-10-001.

4. Because the indifference mandates were satisfied under the pre-2019 methodology, to require current bundled customers to pay an additional cost to use the resources for which costs have already been allocated under the pre-2019 methodology would violate the indifference mandates.

5. It would be arbitrary to retroactively make whole customers who claim they were made not indifferent under a prior methodology in isolation of other prior alleged cost shifts.

6. CalCCA's claim of legal error with the RPS valuation methodology is untimely under Public Utilities Code section 1731 and Rule 16.1(a).

7. CalCCA's proposal is unreasonably delayed, CalCCA acquiesced in the adoption of D.19-10-001 on a prospective basis, and adoption of CalCCA's proposal now would prejudice other stakeholders who relied on the prospective nature of D.19-10-001 when they did not advocate for the redress of other past costs shifts or against CalCCA's interpretation of what Public Utilities Code Section 366.2(g) requires with regard to Pre-2019 Banked RECs in the lead up to the VAMO decision and when making procurement, allocation, and market offer decisions while implementing the VAMO decision. Thus, CalCCA's proposal should be barred by laches.

8. The Commission should value Pre-2019 Banked RECs at zero dollars in the PCIA.

O R D E R

IT IS ORDERED that:

1. Renewable Energy Credits generated prior to January 1, 2019, and banked shall be valued at zero dollars for the purpose of calculating Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company's annual Power Charge Indifference Adjustment indifference amounts.

2. The methodology adopted in this decision shall be effective immediately and shall be incorporated into each investor owned utility's 2027 Energy Resource Recovery Account October Updates, impacting 2026 true-ups and 2027 forecasted rates.

3. Rulemaking 25-02-005 remains open.

This order is effective today.

Dated , at San Marcos, California.