PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID #24621
ENERGY DIVISION **RESOLUTION E-5473**
November 19, 2026

REDACTED RESOLUTION

Resolution E-5473. San Diego Gas & Electric Company's request to amend Renewable Energy Credit Portfolio Sales Agreements with San Diego Clean Power and Clean Energy Alliance

PROPOSED OUTCOME:

- Approves amendments to Portfolio Sales Agreements from San Diego Gas & Electric Company (SDG&E) to San Diego Clean Power and Clean Energy Alliance, extending the terms of the agreements. The amendments are approved without modification

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- Revenues are unknown and confidential. They are expected to impact ratepayers between 2032 and 2042 by extending Portfolio Sales Agreements (PSAs) past when they would have otherwise expired.

By Advice Letter 4803-E, Filed on February 12, 2026.

SUMMARY

This Resolution approves amendments to extend two Portfolio Sales Agreements (PSAs) between San Diego Gas & Electric (SDG&E) and San Diego Clean Power (SDCP) and Clean Energy Alliance (CEA).

As part of the Voluntary Allocation and Market Offer (VAMO) process, SDG&E entered into PSAs with SDCP and CEA with terms set to expire in 2034 and 2032, respectfully. These PSAs resold long-term PCC 1 bundled RECs and energy from a pool of 26 PCIA[1]-eligible facilities under contract to SDG&E.

In AL 4803-E, SDG&E requests amendments to extend the terms of the PSAs to encompass the full terms of the source contracts.

Table 1: Summary of the RPS Portfolio Sales Agreements

Counterparty	Product	Contract Price ($/MWh)	Original Contract Term	Amended Contract Term
San Diego Clean Power	PCC 1 bundled RPS energy and RECs from various facilities	Index[2] + Forecast PCIA Market Price Benchmark RPS Adder (in $/MWh) for deliveries for the applicable calendar year, subject to true-up to the final RPS Adder	10 years	20 years*
Clean Energy Alliance			11.5 years	20 years

*Assuming all PCIA eligible source contracts expire as planned in 2042.

BACKGROUND

Overview of the RPS Program

The California RPS program, administered by the CPUC and California Energy Commission, was established by Senate Bill (SB) 1078, and has been subsequently

[1] Power Charge Indifference Adjustment (PCIA)
[2] The "Index Price" is defined as the CAISO Integrated Forward Market Day-Ahead price for NP15 ("Delivery Point") for each applicable hour as published by the CAISO.

modified by SB 107, SB 1036, SB 2 (1X), SB 350 and SB 100.[3] The RPS program is codified in Public Utilities Code §§ 399.11-399.33.[4]

The RPS program requires each retail electricity seller to procure eligible renewable energy resources equal to 33 percent of retail sales by December 31, 2020, and 60 percent by 2030,[5] with a goal for 100 percent of the State's electricity retail sales to come from renewable and zero carbon resources by 2045.[6]

Additional background information about the CPUC's RPS program, including links to relevant laws and CPUC decisions, is available at:

https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/rps and https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/rps/rps-program-overview/rps-decisions-and-proceedings.

Overview of PCIA and VAMO

The CPUC opened Rulemaking (R.) 17-06-026 on June 26, 2017, to review, revise and consider alternatives to the PCIA. Phase 2 of the Rulemaking included a working group process on investor-owned utility (IOU) RPS portfolio optimization. The final Decision on Phase 2 in the PCIA proceeding, D.21-05-030, was issued on May 24, 2021.

D.21-05-030 ordered the Investor Owned Utilities (IOUs) to offer voluntary allocations of PCIA-eligible RPS resources to PCIA-eligible load serving entities (LSEs) which would be priced at Index + RPS market priced benchmark (MPB), and then sell any unallocated resources through a market offer process. PCIA-eligible LSEs had the option to receive an RPS allocation from the IOUs' PCIA-eligible RPS energy portfolios based upon each LSE's customers forecasted, vintaged, annual load share.

[3] SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session); SB 350 (de León, Chapter 547, Statutes of 2015; SB 100 (de León, Chapter 312, Statutes of 2018), effective on January 1, 2019.
[4] All further statutory references are to the Public Utilities Code unless otherwise specified.
[5] D.19-06-023 established a methodology to calculate procurement requirement quantities for the compliance periods covered in SB 100.
[6] SB 100 (De León, Chapter 312, Statutes of 2018) effective on January 1, 2019.

The CPUC opened R.18-07-003 on July 23, 2018, to continue the implementation, administration, and development of California Renewables Portfolio Standard Program. In this Rulemaking, the CPUC issued D.22-01-004 approving retail sellers' 2021 RPS Procurement Plans and ordering IOUs to propose pro forma contracts for voluntary allocation transactions. IOU portfolio allocations through the VAMO were available starting 2023.

More recently, R.25-05-020 was opened to further consider PCIA matters in several different tracks. For instance, in Track 1 the resource adequacy MPB was considered and modified, but the CPUC declined to consider the RPS MPB. More recently, the proceeding scope was amended to add additional issues, including whether and how the RPS MPB should be modified to include longer-term resources or other changes.

Portfolio Sales Agreements (PSA) Background

On January 19, 2022, SDG&E filed AL 3936-E requesting approval of long-term RPS sales agreements to SDCP and CEA. The PSAs' sales quantity switched from an initial fixed delivery schedules to SDCP and CEA's respective elected VAMO allocation quantities once VAMO deliveries began. The energy and associated Renewable Energy Credits (RECs) are sourced from a pool of operating RPS-eligible facilities that are under contract to SDG&E with 10 or more years remaining in their terms. Sale revenues are credited to the Portfolio Allocation Balancing Account (PABA) to offset above market costs collected in the PCIA. The CPUC approved AL 3936-E on May 19, 2022 in Resolution E-5206.

NOTICE

Notice of AL 4803-E was made by publication in the Commission's Daily Calendar. A copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 4803-E was not protested.

DISCUSSION

The Commission has reviewed AL 4803-E and finds that SDG&E's request for approval of the contracts amendments as presented is reasonable, as discussed below.

In AL 4803-E, SDG&E requests amendments to extend the term lengths[7] of the PSAs to encompass the full term of the REC source or underlying contracts. The PSAs' term lengths, as previously approved in Resolution E-5206, were ten and twelve years. The proposed amended PSAs would terminate in 2042, which effectively extends deliveries pursuant to the PSAs by ten years for SDCP and eight years for CEA. The PSAs are otherwise unchanged and all other contract terms and conditions remain in full force and effect.

Although the SDCP and CEA PSAs were largely identical, one variance in contract terms was in their delivery period term, with SDCP's ending in 2033, and CEA's ending in 2032. The proposed amendment extends the PSA end dates to include the entirety of the contracts being resold. As a result, the contracts now have similar total lengths.

The delivery period terms and resulting contract lengths, both original and amended, are summarized below, in Table 2

Table 2: Summary of contract delivery period terms

	SDCP	CEA
Original delivery period	The first day of the month following the month of CPUC approval (the start date) until midnight on December 31, 2033	The first day of the month after the month of CPUC approval (the start date) through midnight on the last day of the month in which the tenth (10th) anniversary of the start date occurs
Original Effective dates	6/1/2022 - 12/31/2033 (11 years, 7 months)	6/1/2022 – 6/30/2032 (10 years, 0 months)

[7] Term length is the period (e.g., years) which deliveries will occur pursuant to the PSAs

Amended delivery period	The first day of the month following the month of CPUC approval (the start date) until the date Seller no longer receives Product from any of the contracts in the Project	The first day of the month after the month of CPUC approval (the start date) through the date Seller no longer receives Product from any of the contracts in the Project, but no later than December 31, 2042
	The longest-dated projects in the portfolio are Wister solar and Midway solar, with start dates of 7/15/22 and 20 year terms, resulting in deliveries ending on 7/15/2042	
Amended Effective dates	6/1/2022 – 7/15/2042 (20 years, 1 month)	6/1/2022 – 7/15/2042 (20 years, 1 month)

Confidential Appendix A contains the resultant contract volumes from this extension.

Energy Division evaluated the PSA amendments based on the following criteria:

- Consistency with SDG&E's 2025 RPS Procurement Plan and RPS Portfolio Need;
- Consistency with VAMO;
- Cost Reasonableness and Valuation;
- Project Viability Assessment and Development Status; and
- Safety Considerations

Consistency with SDG&E's 2025 RPS Procurement Plan and RPS Portfolio Need

Pursuant to statute, SDG&E's RPS Procurement Plan (RPS Plan) includes an assessment of RPS supply and demand to determine the optimal mix of renewable generation resources; a description of existing RPS portfolio; a description of potential RPS compliance delays; a status update of projects within its RPS portfolio; an assessment of the project failure and delay risk within its RPS portfolio; and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.[8] California's RPS statute also requires that the CPUC review procurement for consistency with its CPUC-approved procurement plan.[9]

[8] Pub. Util. Code § 399.13(a)(5).
[9] SDG&E's 2025 RPS Procurement Plan was approved by D.25-12-025.

SDG&E's 2025 RPS Plan states that it makes RPS procurement decisions based on comparing its risk adjusted RPS position forecasted to its RPS program compliance requirements. SDG&E is well positioned to exceed the current 2026 annual 49 percent RPS target, as well as future compliance periods, due to its REC bank and likely future RPS-eligible procurements.

In its 2025 RPS Plan, SDG&E indicated that, in order to optimize its RPS portfolio, it might issue competitive solicitations for the sale of RPS-eligible energy and RECs and engage in bilateral negotiations as appropriate. In approving SDG&E's 2025 Procurement Plan and framework for assessing potential RPS sales, D.25-12-025 authorized SDG&E to conduct RPS sales solicitations and other measures to optimize its portfolio, subject to CPUC review and approval.[10]

SDG&E's Procurement Plan does anticipate a future RPS shortfall and bank usage, however these amendments would not impact REC volumes until 2032, far enough in the future that SDG&E has ample opportunity to address any potential shortfall.

The sale of renewable generation and associated RECs is consistent with SDG&E's renewable resource needs, as outlined in its 2025 RPS Plan. Therefore, the PSA amendments are consistent with SDG&E's RPS portfolio needs identified in its 2025 RPS Procurement Plan, as approved by D.25-12-025.

Consistency with Voluntary Allocation and Market Offer (VAMO)

D.21-05-030 ordered the IOUs to offer voluntary allocations of PCIA-eligible resources to PCIA-obligated LSEs and then sell any unallocated resources through a market offer process.[11] The volumes of energy and associated RECs supplied under the PSAs are decided by SDCP's and CEA's allocations and elections, consistent with the approved VAMO methodology and come from a pool of PCIA-eligible facilities.

Because VAMO sales revenues go towards the PCIA, extending the agreement would continue to reduce the PCIA balance, benefiting all customers. On the other hand, not extending the sale could at best result in the redundant effort of additional sales, or at worst risk the RECs being stranded or unsold and being valued at zero in the PCIA,

[10] D.25-12-025, Section 6.4 SDG&E Draft 2025 RPS Plan.
[11] D.21-05-030, Section 5.1 Voluntary Allocations, Section 5.2 Market Offer.

which results in both bundled and unbundled ratepayers paying the entire costs of the contracts.

Resolution E-5206 approved the PSAs as consistent with VAMO. As this amendment is from the same pool of PCIA-eligible resource, maintains the allocations under VAMO, and acts only to extend their term lengths, the amendment is also consistent with VAMO.

Cost Reasonableness and Valuation

The PSA prices are based on the PCIA RPS Market Price Benchmark (MPB), which was approved as the pricing mechanism for voluntary allocation contracts in D.21-05-030 and determined reasonable in Resolution E-5206. As the MPB is calculated by the CPUC, it is designed, implemented, and updated to reflect the market as a whole, without favoring any one participant.

Use of a variable price prevents a typical CPUC cost reasonableness analysis, as the unknown price precludes calculating a specific amount for cost and value comparison. However, the reasonableness of the approach may still be considered based on how variable prices would behave as compared to fixed prices over the life of the contract, as well as the nature of the benchmark.

Fixed price contract negotiations represent participants' collective estimates of the future value of the contract, with the opposed interests of the counterparties acting as a balancing factor. Market prices are difficult to predict, however, and change over the life of the contract, making it likely that a fixed price amendment would ultimately benefit one party or the other, depending on whether it ended up being set too high or too low relative to the eventual market prices.

By contrast, the RPS MPB-based pricing simply follows the market. This removes upside gain but likewise eliminates downside risk. As this transaction is for VAMO allocations, and VAMO is intended as tool to rebalance portfolios among the LSEs while being cost-indifferent to retail customers, use of this LSE neutral pricing approach is reasonable.

Therefore, the total expected revenues of the amended sales agreement are reasonable as they are extensions of the original PSAs' prices, which use a reasonable, CPUC-

approved pricing methodology that adjusts based on the market. Accordingly, payments received should be credited against costs recorded to the PABA vintage subaccounts on a pro-rata basis, consistent with D.19-10-001.

Project Viability Assessment and Development Status

The generation to be delivered pursuant to the PSAs will originate from a pool of SDG&E's PCIA-eligible long-term contracts. These facilities have been certified by the California Energy Commission (CEC) as RPS-eligible and are currently generating renewable energy. The extension of the PSAs with SDCP and CEA does not change the operating status of these existing projects.

It is reasonable to expect that the generating facilities under these contracts will continue to be viable and will continue to operate under their existing contracts such that SDG&E can meet the terms of the PSAs.

Safety Considerations

Public Utilities Code § 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities to ensure public safety, health, and comfort.

The PSAs with SDCP and CEA are for the sale of renewable generation and associated RECs from RPS-eligible facilities. The PSAs do not alter existing power purchase agreements or facility operations, resulting in no incremental safety implications. Their extension should likewise not impact facility operations and would not have a safety impact.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. The Portfolio Sale Amendments (PSAs) are consistent with SDG&E's 2025 Renewables Portfolio Standard (RPS) Procurement Plan, as approved by D.25-12-025.

2. The PSA amendments maintain the allocations under Voluntary Allocation and Market Offer (VAMO) as approved in Resolution E-5206, and such are also consistent with VAMO.

3. The total expected revenues of the amended sales agreements are reasonable as they are extensions of the original, reasonable PSA prices, and payments shall be credited against costs recorded to the PABA vintage subaccounts on a pro-rata basis, consistent with D.19-10-001.

4. It is reasonable to expect that the generating facilities under this contract will continue to be viable and will continue to operate under their existing contracts such that SDG&E can meet the terms of the amended PSAs.

5. The confidential appendices marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

THEREFORE IT IS ORDERED THAT:

1. San Diego Gas & Electric Company's Advice Letter 4803-E, requesting approval of amendments to Portfolio Sales Agreements with San Diego Clean Power and Clean Energy Alliance, is approved without modification.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on November 19, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added upon adoption of the resolution

Dated _____, at <Voting meeting location>, California.

Confidential Appendix A

Amended PSA volumes

[REDACTED]